



Conflict Areas and Negotiation Strategies in Imperfectly
Competitive market conditions: the Nexus between
Hotels and Tour Operators

By

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For Nikoletta and Iliana,

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ABSTRACT

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The tourism market, with emphasis the nexus of tour operators and hotels, in Europe and especially in the Mediterranean region is an oligopoly-oligopsony market dominated by a small number of vertically and horizontally integrated mass tour operators. Previous research emerged power imbalance and certain conflict areas between tourism producers and mass tour operators. This research implements Conflict and Negotiation Theories for the evaluation and elaboration of disputants' (tourism producers and mass tour operators) behavior in order to investigate potential ways of restoring power imbalance, of decreasing tourism producers' dependence on mass tour operators and of achieving more efficient negotiation outcomes for the embedded parties that can be also applied to other industries.

The purpose of this research is: 1) to elaborate disputants' (hotels and mass tour operators) behavior, 2) to restore the power imbalance using Conflict and Negotiation theories, 3) to create alternative strategies of Negotiation for the benefit of all the embedded parties and 4) to develop new theoretical paths applicable in tourism market and in other markets as well.

Qualitative approach was selected based on literature findings that emerge the failure of mathematical and statistical approaches pertaining to conflict and negotiation issues. Qualitative recorded unstructured interviews were undertaken based on open form questions in Greece. Thematic content analysis method was used for findings' analysis.

Research confirmed the power imbalance between tourism producers and mass tour operators, created the "Negotiation Base" for detecting the areas of common interest preferences and shaped the "Model of Negotiation Process", where disputants use the Negotiation Base and activate sources of power to negotiate efficiently under certain conditions. The assumption of "fixed market pie" was challenged emerging that rivals can a) claim share of different pies, b) enlarge the pie in two dimensions: diameter (the number of tourists) and volume (the level of consumption of goods and services) via Principled Negotiation.

The theoretical implication of the research is that disputants can use the "Negotiation Base" to define interest preferences, to identify common areas of interests in order to implement the "Model of Negotiation Process" by activating respective sources of power for an efficient negotiation that leads to a number of alternative mutually beneficial solutions for all the embedded parties. The practical implication of the research is that players of low negotiation power can: grow stronger, restore power imbalance and get engaged efficiently in negotiation, when they work on the factors that decrease the level of their dependence on their rivals and reinforce factors that can boost their negotiation power.

KEYWORDS

Conflicts, Negotiations, Tourism Distribution Channels, Power Imbalance

ΠΕΡΙΛΗΨΗ

Παπαδοπούλου – Κελίδου, Λεμονιά, *Συγκρούσεις και Στρατηγικές Διαπραγμάτευσης σε συνθήκες ατελούς ανταγωνισμού: η Σχέση μεταξύ Ξενοδοχείων και Ταξιδιωτικών Πρακτόρων (TourOperators)*, Διδάκτωρ Φιλοσοφίας, Μάιος 2019, Πανεπιστήμιο Αιγαίου, Χίος, Ελλάδα.

Η τουριστική αγορά, με έμφαση τη σχέση ξενοδοχείων και ταξιδιωτικών πρακτόρων, στην Ευρώπη και ιδίως στην περιοχή της Μεσογείου αποτελεί μία ολιγοπωλιακή – ολιγοψωνιακή αγορά, στην οποία κυριαρχεί ένας μικρός αριθμός κάθετα και οριζόντια ολοκληρωμένων tour operators μαζικού τουρισμού. Προηγούμενες έρευνες κατέδειξαν την έλλειψη ισορροπίας ισχύος και την ύπαρξη περιοχών σύγκρουσης μεταξύ των παραγωγών τουριστικών προϊόντων και των tour operators μαζικού τουρισμού. Στην παρούσα έρευνα εφαρμόζονται οι Θεωρίες Σύγκρουσης και Διαπραγμάτευσης, με σκοπό την ανάλυση και αξιολόγηση της συμπεριφοράς των αντίπαλων πλευρών (παραγωγοί τουριστικών προϊόντων και tour operators μαζικού τουρισμού), με στόχο τη διερεύνηση πιθανών μεθόδων αποκατάστασης της ανισορροπίας ισχύος, τη μείωση της εξάρτησης των παραγωγών τουριστικών προϊόντων από τους tour operators μαζικού τουρισμού και τη βελτιστοποίηση των αποτελεσμάτων της διαπραγμάτευσης για τα εμπλεκόμενα μέρη, τα οποία μπορεί να αξιοποιηθούν και σε άλλες βιομηχανίες.

Στόχο της παρούσας έρευνας αποτελεί: 1) η ανάλυση της συμπεριφοράς των αντίπαλων πλευρών (ξενοδοχεία και tour operators μαζικού τουρισμού), 2) η αποκατάσταση της ανισορροπίας ισχύος με τη χρήση των θεωριών Σύγκρουσης και Διαπραγμάτευσης, 3) η δημιουργία εναλλακτικών στρατηγικών Διαπραγμάτευσης προς όφελος όλων των εμπλεκόμενων μερών και 4) η ανάπτυξη νέων θεωρητικών διεργασιών που μπορεί να εφαρμοστούν στην τουριστική αγορά, καθώς και σε άλλες αγορές.

Η ποιοτική προσέγγιση επιλέχθηκε βάσει ευρημάτων από τη βιβλιογραφία, τα οποία καταδεικνύουν την αδυναμία των μαθηματικών και στατιστικών προσεγγίσεων αναφορικά με ζητήματα σύγκρουσης και διαπραγμάτευσης. Μη δομημένες ποιοτικές συνεντεύξεις διενεργήθηκαν με τη μέθοδο των ερωτήσεων ανοιχτού τύπου στην Ελλάδα. Για την ανάλυση των ευρημάτων χρησιμοποιήθηκε η μέθοδος της θεματικής ανάλυσης περιεχομένου.

Τα αποτελέσματα της έρευνας επιβεβαίωσαν την έλλειψη ισορροπίας ισχύος μεταξύ των παραγωγών τουριστικών προϊόντων και των tour operators μαζικού τουρισμού, έθεσαν τη «Διαπραγματευτική Βάση» για τον εντοπισμό των πεδίων κοινού ενδιαφέροντος και διαμόρφωσαν το «Μοντέλο της Διαπραγματευτικής Διαδικασίας», κατά την οποία οι αντίπαλες πλευρές προβαίνουν σε χρήση της Διαπραγματευτικής Βάσης και ενεργοποίηση των πηγών ισχύος με σκοπό την αποτελεσματική, υπό ορισμένους όρους, διαπραγμάτευση. Η υπόθεση της σταθερής «πίτας» της αγοράς αμφισβητήθηκε καταδεικνύοντας ότι οι αντίπαλοι μπορούν α) να διεκδικήσουν μερίδιο από διαφορετικές «πίτες», β) να διευρύνουν την «πίτα» σε δύο διαστάσεις: σε διάμετρο (αριθμός τουριστών) και όγκο (επίπεδο κατανάλωσης προϊόντων και υπηρεσιών) μέσω της Διαπραγμάτευσης βάσει Αρχών. Οι θεωρητικές προεκτάσεις της έρευνας συνίστανται στο γεγονός ότι οι αντίπαλες πλευρές μπορεί να χρησιμοποιούν τη "Διαπραγματευτική Βάση" με σκοπό τον καθορισμό των προτιμήσεων και των πεδίων ενδιαφέροντος, καθώς και την

αναζήτηση κοινών τόπων, με στόχο την εφαρμογή του «Μοντέλου της Διαπραγματευτικής Διαδικασίας», ενεργοποιώντας τις αντίστοιχες πηγές ισχύος για την επίτευξη της αποτελεσματικής διαπραγμάτευσης, η οποία θα οδηγήσει στην εξεύρεση μίας σειράς εναλλακτικών, αμοιβαία επωφελών λύσεων για όλα τα εμπλεκόμενα μέρη. Οι πρακτικές προεκτάσεις της έρευνας συνίστανται στο γεγονός ότι παίκτες χαμηλής διαπραγματευτικής ισχύος μπορεί: να ισχυροποιηθούν, να αποκαταστήσουν τυχόν ανισορροπίες ισχύος και να εμπλακούν αποτελεσματικά στη διαπραγμάτευσή τους προβούν σε επεξεργασία των παραγόντων εκείνων, οι οποίοι συμβάλλουν στη μείωση του βαθμού εξάρτησής τους από τους αντιπάλους τους, και στην ενίσχυση των παραγόντων που μπορεί να δώσουν ώθηση στη διαπραγματευτική τους ισχύ.

ΛΕΞΕΙΣ ΚΛΕΙΔΙΑ

Συγκρούσεις, Διαπραγματεύσεις, Κανάλια Διανομής στον Τουριστικό Τομέα, Ανισορροπία ισχύος

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LIST OF ABBREVIATIONS

BATNA – Best Alternative to A Negotiated Agreement

ICT – Information Communication Technology

LCCs – Low Cost Carriers

SMTEs - Small Medium Tourism Enterprises

OTAs - Online Travel Agents

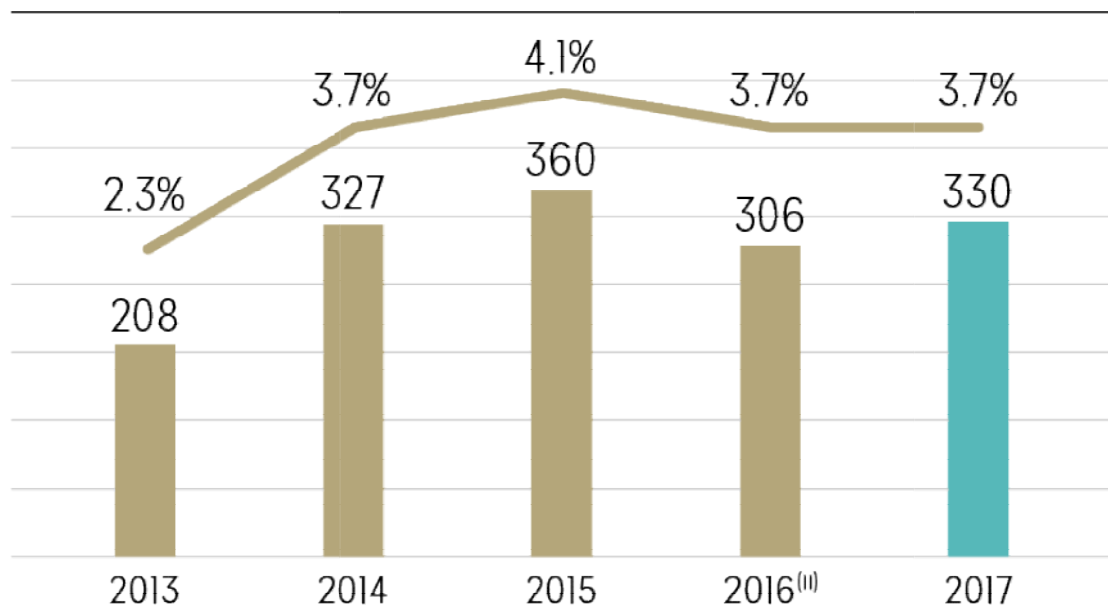
TOs – Tour Operators

INTRODUCTION

TUI, Thomas Cook, Der Touristik and Kuoni are the largest European tour operators (Fvw medien gmbh, 2019) counting under their control a significant number of tour operators, travel agencies, hotels, airlines, aircrafts, serving a tremendous number of travelers per year and recording billions of annual sales. The number of passengers/tourists being served by the pre mentioned large tour operators, the amount of sales per annum, the realized horizontal and vertical integration as described below draw high attention on the research of the role of large/mass tour operators in the tourism industry and more specifically on their relationship with hotels.

Thomas Cook success story (Thomascookcom, 2018) started in 1841 when the Baptist preacher used his social awareness, regarding alcohol, to persuade the Midland Railway Company to dispose a train for a shilling per head for the transfer of temperance supporters to a temperance meeting 12 miles away. The success of that trip was followed by a three year period of organized rail trips at almost no cost. In 1845 Thomas Cook realized his first rail trip to Liverpool at low prices (15 shilling first-class passengers and 10 shilling second class passengers). That was the beginning of a profitable business providing various railway routes in Britain that were expanded in 1855 to other European destinations enabling Thomas Cook to offer the first “holiday package” for non-UK places. In 1863 the collaboration with Lyons and Mediterranean Railway reassured for Thomas Cook the ability to issue tickets in English and French for the route Paris-Alps. The very first working-class customers were gradually replaced by middle-class customers demanding better quality accommodation, clearing the ground for the partnership with hotels in 1874. In 1869 two steamers were hired to expand trips to North America, China, India etc. In 1875 cruise trips officially take place by Thomas Cook. In 1902 the Thomas Cook’s newspaper named “Excursionist” was converted into the magazine “Traveller’s Gazette”. In 1919 the promotion of holidays air trips was the beginning of a new area for Thomas Cook. The first holiday package including flights & hotel accommodation took place in 1927 for six people travelling from New York to Chicago while the first chartered aircraft appeared in 1939. In 1981 a private view

data platform enabled Thomas Cook’s customers to get access to the reservation system. In 1995 the website is being established whereas in 1996 horizontal integration leads to the acquirement of Sunworld and Time Off (short-haul and EU tour operators). In 1998 the Flying Colours Leisure Group is being also acquired and in 1999 a merger between Thomas Cook and Carlson Leisure Group successfully takes place. The JMC is being created in 1999 including all the pre mentioned acquired companies and is emerged as the strongest tour operator and airline business. In 2003 Thomas Cook Airlines is a fact. In 2016 Thomas Cook begins the Casa Cook, one of Thomas Cook’s hotel brandname for independent travelers (Thomascookcom, 2018).



Source: Thomas Cook Group, Annual Report and Accounts 2017 (Thomas Cook, 2018).

The above diagram indicates the rising performance of Thomas Cook regarding sales and profits as they have been reported in the Annual Report 2017.

The brief history of the mass tour operator Thomas Cook reveals the horizontal (mergers with other tour operators) as well as the vertical (airline, maritime companies, hotels etc) integration the company went through to enlarge its market share. Thomas Cook is one of the largest tour operators in the tourism market

reporting sales of £9bn in 2018, 190 own brand hotels, 93 aircrafts, 20m customers, 22.000 employees in 17 countries achieving 1.7m downloads of mobile apps and targeting in “profitable growth”, (Annualreportscom, 2019).

TUI Group, German Tour Operator, is one of the largest and most powerful mass tour operators in the world tourism market, reporting 1.600 travel agencies and online portals, clustered tour operators like TUI Deutschland, 150 aircrafts, airlines like TUI Airways, TUI Fly, TUI Belgium etc, 380 hotels and 6 cruise vessels offering luxury cruises, while the recorded sales for 2018 are €19.5bn while TUI Group is listed on London and Frankfurt stock exchange markets (Tuigroupcom, 2019). The TUI policyLOUNGE web portal is a gate of access and communication for TUI Group with political representatives regarding tourism policies (Tuigroupcom, 2019). The horizontal (travel agencies and clustered tour operators) and vertical integration (hotels, airlines, cruise vessels) of the TUI Group along with its access in high level political decision making processes is evident led by the target of enlarging its tourism market share.

Der Touristik tour operator originated in 1917 as Der Deutsches in Berlin, equally shared between Norddeutsche Lloyd and Hamburg America Line (Dertouristikcom, 2019). In 1980 Lufthansa buys a good share in the company. In 1983 the company is renamed as Dertour. In 2006 Dertour expands its business under the brand Dertour deluxe and initiates a collaboration with FCM Travel Solutions, Australian Company and Austrian tour operators. In 2012 Dertour enters the gay market under the tourism product “Gay Travel” and acquires the Czech tour operator Exim Tours. Counting more than 60 companies in 2014, Der Touristik acquires the large European Tour Operator Kuoni counting now 28.500 employees, 48 hotels, 16 tour operators, 2.400 travel agencies, 1 airline, 7.1 million passengers/customer per year and 6.5bn euros reported in 2017 indicating Der Touristik as a big player in the tourism industry (Dertouristikcom, 2019).

Various researches have been undertaken regarding the relationship between large tour operators and hotels (Buhalis 1999, 2000; Douglas et al., 2006; Papatheodorou, 2003, 2004, 2006; Xu et al., 2017; Bastakis et al., 2004; Cndela et al., 2012; Zhang et

al.,2009; Tsartas, 2011; Koutoulas et al., 2009)without using well established conflict and negotiation theories (Thomas et al., 1977; Walton and Mckersie, 1965; Thomas 1992a, 1992b; Sheppard, 1992, 1984; Schelling, 1960; Ruble et al., 1976; Raiffa, 1982; Rahim, 1992; Nikolopoulos, 2011; Likert et al., 1976; Fisher and Ury, 1981) as a scientific base of analysis. Buhalis (2000) was the only one who dealt specifically with conflict areas between tour operators and tourism suppliers using indirectly conflict and negotiation theory.

The real reasons for not including existing conflict and negotiation theories in conflict analysis research are not known. It could be assumed though that the main target of the respective researches was to illustrate as precisely as possible the real world cases rather than to build up on existing theories. In any case, the purpose of this thesis is to bridge that scientific gap and to investigate the role of the mass tour operators in the European tourism market by working upon the following research questions:

Can **Conflict** and **Negotiation Theories** contribute in the **restoration of market flow** and power imbalance among tourism producers and travel intermediaries in the tourism distribution channels in oligopsony-oligopoly market conditions?

Can **Conflict** and **Negotiation Theories** be used to chalk up an **elaboration in depth** of the disputants' behavior?

Can **Conflict** and **Negotiation Theories** be used to **create alternative mutually beneficial strategies of negotiation for the disputants** as a resolution to the pertinent aforementioned raised conflicts of interests?

Can **Conflict** and **Negotiation Theories** lead us to **new theoretical paths** concerning restoration of market flow and power balance when intermediaries intervene in the market acting as oligopsonists-oligopolists?

The analysis of the relationship between hotels and mass tour operators is of high interest. The enlarging market share they achieve via tour operators' pre mentioned horizontal and vertical integration looks very challenging and emerges research questions over conflict areas and negotiations with hotels, using conflict and negotiation theories as the main pillar of the research.

For the purpose of our analysis the term “tourism intermediaries” is used for large tour operators as described before and the term “tourism producers” is attributed to accommodation providers. The characterization of the tourism market as oligopsonistic-oligopolistic is referred to the tour operating of the tourism market with emphasis the nexus of hotels and mass tour operators. The research is focused only on mass tour operators and their relationship with tourism suppliers. Tourism suppliers are various types of hotels as they are described in chapter 5 – Methodology.

Chapter 1 is focused on the exploration of the literature pertaining to market conditions and intermediaries. This will help to understand the market flow and what happens when intermediaries exist. A theoretical understanding will then shed light on the tourism market structure.

Chapter 2 explores the literature pertaining to the transaction cost theory in order to detect what are the transaction costs in the hotel – travel intermediaries relationship, where and when they are detected, why and how they may affect the market process.

Chapter 3 illustrates the Conflict theory and its usefulness, to present hitherto literature findings and approaches pertaining to the hotel – tourism intermediaries relationship, to detect research gaps and to illustrate where, when, why and how Conflict Theory can bridge those gaps.

Chapter 4 presents the Negotiation theory and its usefulness, to present hitherto literature findings and approaches pertaining to the hotel – tourism intermediaries relationship, to detect research gaps and to illustrate where, when, why and how Negotiation Theory can bridge those gaps.

The purpose of Chapter 5 is to explore (a) the general framework of the qualitative and quantitative research approaches, (b) the hitherto used research approaches in negotiation issues, with the pros and the cons and to end up with a justified choice of research methodology for the analysis of conflicts and strategies of negotiations in

the tourism industry and more specifically in the case of tourism producers and tourism intermediaries relationship.

Chapter 6 presents and accurately illustrates the findings of both the preliminary and primary research, in order to address in Chapter 7 the research's objectives and the research gaps/questions that have emerged in the previous chapter.

CHAPTER 1- MARKET CONDITIONS AND INTERMEDIARIES: THE TOURISM MARKET STRUCTURE

1.1 INTRODUCTION

The purpose of this chapter is to explore the literature pertaining to market conditions and intermediaries. This will help to understand **the market flow** and **what happens when intermediaries exist**. A theoretical understanding will then shed light on **the tourism market structure**. The structure of the chapter is shown below:



1.2 MARKET CONDITIONS

1.2.1 MARKET STRUCTURES, CONDUCTS AND POWER

Market conditions and market structure are decisive and pivotal determinants of firms' performance (Stabler et al., 2010). The Structure-conduct-performance paradigm (Chamberlin, 1993) indicates that market structures affect firms' mode of conduct and performance without excluding the opposite. This implies the "endogenous determination" of the structure and the bidirectional relationship among them. Stabler et al. (2010) claim that *market structure* is determined by the number of buyers, the number of firms, the size of the firms, the barriers of entry, the cost conditions, the diversification, the integration, the concentration and the product differentiation. The *conduct* is determined by the pricing behavior, advertising, marketing strategy, collusions, innovation and legal arrangements. *Performance* is expressed in relation with the consumer satisfaction, the firms' expansion, the profitability and the size of the market piece of each firm in the market pie.

Porter (1985) detected five forces that affect and elaborate the industry competition and the long run profitability: bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitute products/services, intensity of rivalry. Those five forces affect prices, profit margins, market share, level of output, investments and potential profits (Karel et al, 2013; Baroto et al., 2012). Rivals' intensity depends on the level of fixed costs, on the rate of growth of the industry, on the level of product differentiation and on the risk of the industry exit (Porter, 1985). Bargaining power of both suppliers and buyers in Porter's model is defined as their ability to influence the market price and quality of the product. Potential entrants have to overcome: economies of scale, existing level of product differentiation, necessary level of investment, access to distribution channels, experience and know-how of already established companies in the industry, government regulation pertaining to licensing, manpower and technology issues for a successful entrance in the industry (Dauda et al., 2010; Banker et al, 2014; Leitner and Guldenberg, 2010; Omsa et al, 2017; Parnel and Hershey, 2005; Pearce and Robinson, 2009).

Porter (1980, 1985) outlined that any engraved firm strategy aims at maximizing performance either by cost leadership, differentiation or focus (offering of products/services either to the whole market industry or to selected segments of the industry), i.e. cost minimization, product differentiation or market focus strategies. Performance is related to profit maximization (Omsa et al., 2017). Porter's (1985) model of 5 forces was used by Yani

(2010) to illustrate firm's ability to detect those forces as a prerequisite for forming a strategy. Porter (1985) emerged the idea that the higher the competition in the market the more urgent the need to adopt a strategy (Chen et al., 2005). Bordean et al (2011) opposed Porter's (1980; 1985) cost leadership strategy having found that hotels' performance and profits in USA was not affected by cost leadership. Banker et al (2014) confirmed and reinforced Porter's theory, indicating that both cost leadership and differentiation strategies have a significant effect on performance. Dauda et al. (2010), Karel et al. (2013) and Baroto et al. (2012) found that bigger companies pay more attention to shaping and selecting a strategy than smaller companies. Porter's theory was challenged by Leitner and Guldenberg (2010) who supported the idea that a combination of strategies for higher profitability than the implementation of a single strategy. Nandakumar et al. (2011) disagreed with Leitner and Guldenberg (2010) advocating that the adoption of a single appropriate strategy can lead to enhanced performance results. Other researchers (Parnel and Hershey (2005)) found firms' performance is being affected by management in marketing and Information Technology Systems, challenging Porter's (1980, 1985) theory. Pearce and Robinson (2009) agreed with Porter's (1980, 1985) theory focusing on the implementation level of the chosen each time strategy for an enhanced performance. Despite the various approaches regarding the strategy issue it can be distinguished that there is an urgent need for a firm to adopt and implement a strategy for a sustainable good performance in the market (Lagos, 2011; Andrikopoulos, 2015).

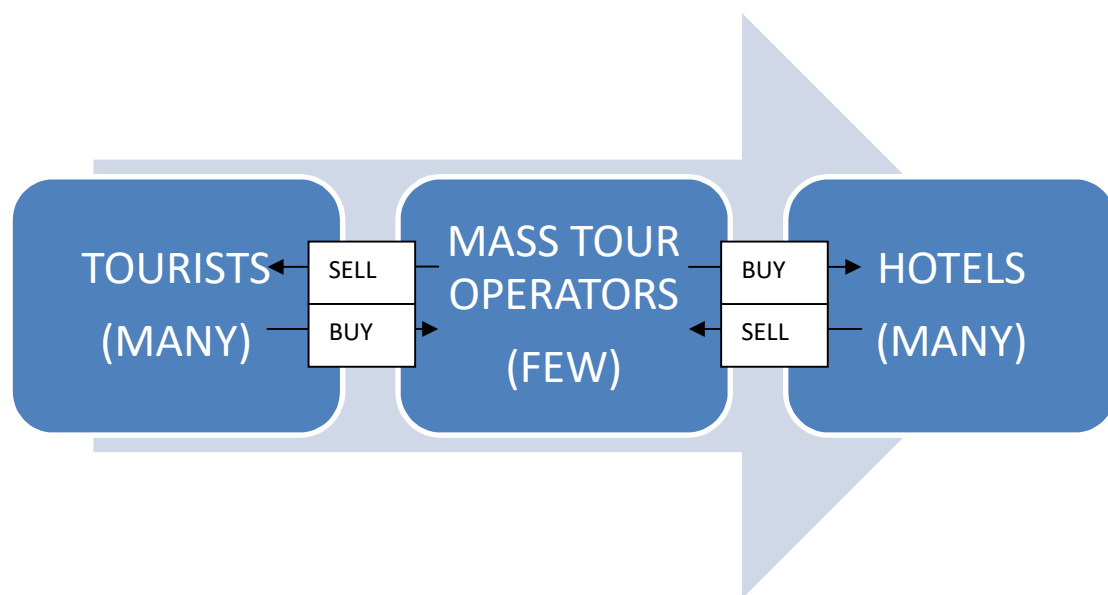
Market structures are identified as: *perfect competition, contestable markets, monopoly, monopolistic competition and oligopoly*, (Klepper et al., 2006; Etro et al., 2010, Stabler et al., 2010). *Perfect competition* is the market structure where the level of competition among plentiful firms is extremely high, there are no entry/exit barriers, optimal level of production and profit maximization occurs when marginal cost equals marginal revenue equals price. The market forces of supply and demand lead the market to the point of $MC=MR=P$, (Stabler et al., 2010). In perfectly competitive structures, firms have no market power to raise profitably the market price, (Massimiliano, 2010). The weak assumptions of that structure are: the perfect information, the perfectly elastic demand, the homogeneous products (perfect substitutes) and the profit maximization is the utter goal of every firm, (Klepper et al., 2006). *Monopoly* is also an extreme market structure, characterized by barriers to entry, products with no close substitutes, a single seller, many buyers, where the each time monopolist takes the absolute control and has the absolute market power to set the price and the quantity of output, usually at consumers' expense by raising supernormal profits

(Stabler et al., 2010; Lerner, 1934). Public competition policies are being used to restore the social welfare (Stabler et al, 2010). The case of *monopolistic competition* is an intermediate situation where numerous suppliers have control over the price and the output with low level of interdependence among them and can charge prices making supernormal profits in the short run, while in the long run demand leads the market to the breakeven point at which price is still larger than the marginal cost, (Stabler et. al, 2010; Koska et al., 2014, Papatheodorou, 2006). *Contestable markets* have low entry/exit costs, enough information available, firms have equal access to technology and are characterized by producers' inability to instantly change the prices along with consumers' potential of direct response to any price change, i.e. producers have limited market power over price and output (Brock, 1983). *Oligopoly* (Zutshi et al., 2018) is the market structure dominated by a small number of large sellers having adequate market power to influence the price and the output level for the maximization of their profits, is characterized by interdependence among producers (a firms' decisions influence the decision making process of the rest and vice versa), establishes high cost entry barriers and requires an enormous investment along with consumer loyalty for any candidate, makes the access to information easy enough compared to other market structures, products may be homogeneous or differentiated and is driven by a relatively elastic demand, (Neary, 2016; Fowlie et al., 2016; Stabler et al., 2010). *Oligopolistic competition* (Hommes et al., 2018) may lead either to a monopoly or to a perfectly competition contact (Papatheodorou, 2006). Firms collaborate in order to influence market price and to share the benefits at consumers' expense, creating a cartel and acting as monopolists (Arkolatis et al., 2018). Alternatively, competition may lower prices and increase production levels to address the increased demand. This is approaching a perfectly competitive market structure, (Paltseva, 2015). The significant level of interdependence among the producers in the oligopoly market structure may be analyzed via the game theory (Chu et al., 2018), the Stackelberg's mode of conduct, to Cournot's and Bertrand's models, shedding light on the understanding of the players behavior. *Oligopsony* is the reverse side of oligopoly where few buyers are confronted with plentiful sellers and market power is in buyers' hands, (Goodwin, 1994; Wirl, 2009).

Taking into account the data that have been displayed in the introduction section, regarding the tourism intermediaries, along with the Porter (1985) model it is clear that the European tourism market is an oligopoly market. There are only a few large tour operators controlling via mergers and acquisitions smaller tour operators, travel agencies, online travel agencies, hotels and airlines. Tour operators, as intermediaries, have a twofold role: they act as sellers

when they sell their holiday packages to tourists and as buyers when they “buy” rooms from hotels (the tourism suppliers) (Buhalis, 2000; Encinas, 2013). In that case we have an oligopoly-oligopsony case. Hotels are the suppliers of the tourism product, i.e. they sell their rooms to tour operators. In that case there are many sellers and a few buyers (tour operators) (oligopsony).

Figure 1.1 Relationship between tourists, mass tour operators and hotels



When tour operators intermediate between tourists and hotels the transactions that take place are illustrated in the diagram above. Between tourists (many) and tourism intermediaries (few) the market is oligopoly because few sell and many buy. Between mass tour operators (few) and hotels (many) the market is oligopsony because many sell and few buy. In that case, when mass tour operators intervene the market works under oligopoly-oligopsony conditions following the theory that has been presented before. The bargaining power of tourism intermediaries, as Porter (1985) defined it, is high because they act as oligopolists, when they deal with tourists, and as oligopsonists when they buy rooms from hotels. The barriers of entry in the world of mass tour operators, due to the high level of access to the tourism distribution channels after their vertical and horizontal integration (see Introduction), emerge as tough and difficult to cross. This makes them even stronger in the tourism market. The question is how hotels can deal with them when they need to do

so. Are there any conflicts between them? If so, who has the dominant role? Do the hotels have the power to negotiate with them? A couple of questions start to arise.

1.2.2 GAME THEORY: THE INITIAL APPROACH IN EXPLORING AND PREDICTING RIVAL'S BEHAVIOR

Game theory has been broadly used to explain disputants' behavior, (Stabler et al., 2010). Game theory is a decision making theory targeting at finding equilibriums (Nash equilibriums) among interdependent rivals under uncertainty while Nash equilibrium is the condition where a disputant cannot become better off by changing his strategy given others' strategies fixed (Hidalgo-Gallego et al., 2017).

For the purpose of this research it is crucial and significant to explore the origins and the followed paths of the Game Theory. Game theory (Zeuthen, 1930; Nash, 1950; Von Neuman and Morgenstern, 1947) as it is explained below is the introduction and the first approach in the aftermath developed Conflict and Negotiation theories. The very first assumptions of the Game Theory, like maximizing expected utility, fixed preferences, perfect information etc, have been replaced with new approaches of taking into account asymmetric information, psychological factors et (Hicks, 1963; Cross, 1965, 1977). Exploring the origins of Conflict and Negotiation theories gives a holistic view of the path of those theories and makes it easier to detect weakness, failures and to create new theoretical paths with practical value for the tourism market.

Stackelberg's (1934) mode of conduct, the situation where one firm is the *leader* and the other one is the *follower*, flourishes in an oligopoly market. Entry barriers are rather high for new firms, presupposing that the leader is sure that the follower is keeping an eye on its actions, assuming perfect information, giving an advantage to the player that is moving first and competing on the quantity of a presupposed homogenous product. In this case the firms' market power is their ability to affect the product price via their quantity decision making process and their utter goal is profitability. Antoine Augustin Cournot (1801-1877) introduced the *Cournot Model*, inspired by the observation of a duopoly competition. This describes a market structure of a fixed number of firms (N) in the market that produces a homogeneous product, competing in quantities, not cooperating with each other, choosing

at the same time strategically and independently the level of their production in order to maximize their profits. The majority of tourism producers in Greece offers a homogeneous not differentiated product and do not cooperate with each other (Buhalis, 2000). The assumptions of perfect information, of “ideal response” to a given other firms’ output levels in the Cournot model leads to firms monopolistic behavior (perfectly incompetitive market) whereas as the number of firms (N) tends to infinity prices converge to marginal cost and the market approaches the perfectly competitive structure (Varian, 2006; Stabler et al., 2010; Martin, 1993; Holt, 2005). The possession of a large amount of information by mass tour operators due to the horizontal and vertical integration does lead to a monopolistic behavior indicating an incompetitive market (Papatheodorou, 2004; Buhalis, 2000). Josef Louis Francois Bertrand (1822-1900) introduced the *Bertrand model* indicating that firms choose prices, the product is homogeneous, firms cannot cooperate, the unit cost of production is the same for all firms, players compete over price and not over quantity and based on the weak assumptions that consumers are price driven and not quality driven buyers, that information asymmetries do not exist and that firms necessarily have the capacity to produce quantities for the whole market (limitless production) (Sharkey et al., 1993). According to Bertrand’s model, market power is defined in terms of affecting market price. Francis Ysidro Edgeworth introduced the capacity constraint aspect of the market leading to the *Bertrand-Edgeworth model* where firms’ physical production constraints (Edgeworth, 1889) exist and the market approaches the monopolistic competition structure. Shubik (1959) developed the Bertrand-Edgeworth model supporting the idea that firms have also “profit constraints” meaning that they are willing to produce only up to their profit maximizing level of output which is determined in turn by the set price.

Zeuthen (1930) indicated “who” and “when” should concede to avoid loss by creating a two-type behavior (remain rigid or concede) model where the maximum ideal bearable risk of a prospective loss, if both sides remain firm, is being calculated. Nash (1950) and Von Neuman and Morgenstern (1947) pointed out that disputants will make the choice that maximizes their expected utility assuming that they knew each other’s preferences and that preferences were fixed. Their model was criticized for its unrealistic highly restrictive assumptions and for its narrowness concerning the number of variables taken into account for the explanation and prediction of the rivals’ behavior (Malhotra and Bazerman, 2008). Pen (1959) seriously questioned Zeuthen’s (1930) and Nash’s (1950) assumptions, supporting the idea that bargainers do not possess complete information, do not aim at simply maximizing their expected utility, they do have preferences influenced by psychology

and market factors and their perceptions and predispositions over taking risks also vary (Hicks, 1963; Cross, 1965, 1977). It is worth noticing that despite the criticism and the questioning of the assumptions of the game theory it is used even today as a tool of understanding and sometimes predicting rivals' behavior. This research challenges also the assumptions of fixed preferences, perfect information, along with assumptions of common interests, common goals (Buhalis, 2000) and fixed market pie reinforcing Pen's (1959) research.

1.2.3 COMMON TACTICS USED TO REINFORCE MARKET POWER

Some of the common tactics that firms follow to reinforce their position, their market share and their market power are: *pricing discrimination, product differentiation, vertical integration, horizontal integration and conglomerate integration*, (Stabler et al., 2010, Papatheodorou, 2006). Benassy (1989) discussed the idea of *product differentiation* that was coined by Edward Chamberlin in 1933. Product differentiation may be realized in terms of quality, features and design, marketing actions for promoting it, availability in various places during various periods of time and it can be divided in *Simple Differentiation* (driven by a range of product characteristics), *Horizontal Differentiation* (products' differentiation cannot be assessed in terms of quality) and *Vertical Differentiation* (products' differentiation is linked to the level of their respective quality), (Chamberlin, 1993; Benassy, 1989). Marketing theory (Hsu, 2011; Brooksbank et al., 2018; Dirisu et al., 2013; Shafiwu et al., 2013) suggests that product differentiation aims at presenting products to potential customers as "unique" in order to increase sales and profits, leading to the so called "competitive advantage" (Schulz et al., 2016; Buhalis, 1999; Slater, 1996; Oliver, 1997; Kumar et al., 2016; Davcik et al., 2016).

Price discrimination is another tactic of attracting more customers, of enlarging the market share, of increasing profitability and hence of strengthening the market power of a firm, (Esteves, 2014; Aguirre, 2010). In imperfect competition conditions firms benefit by charging higher prices to customers expressing inelastic demand and lower to customers expressing more elastic demand, i.e. by distinguishing customers at various groups and

receiving marginal profit maximizing revenues, (Hazledine, 2006; Liu, 2013, Stabler et al.,2010).

Vertical integration (Childs et al., 2018; Nocke et al. 2018; Casson, 2018) may be defined as the acquisition of firms of the supply chain of the intermediate goods/services needed for the production or distribution of the final food/service, (Alfaro et al., 2016). Vertical integration may lead to monopolistic behaviors undermining competition, creating the urgent need for public authorities' intervention via the implementation of competition policy, (Papatheodorou, 2006). Vertical integration mitigates information asymmetries, reduces uncertainty and increases market power (Stabler et al, 2010; Hymer, 1976). *Horizontal Integration* (Lee, 2018) is the acquisition of firms producing goods/services at the same level of the supply chain, experiencing benefits, like economies of scale, increased market power to influence price and hence profitability, that sometimes may result in monopolistic behavior and the need for public intervention and competition policies (Cai, 2009; Papatheodorou, 2006). *Conglomerate integration* is a multi-industry type of company formed to fix profits and to decrease the cost of capital (Stabler et al., 2010).

The explored tactics are useful for the research. In chapter 5 and 6 where methodology and results are displayed it will be detected whether tourism enterprises are aware of those tactics and whether they use them in practice to achieve their goals.

1.3 THE ROLE OF INTERMEDIARIES IN THE MARKET

Intermediaries are specialized enterprises that enhance the communication between sellers and buyers, facilitate the distribution of goods/services, open up new markets mitigating the risk and uncertainty associated with operating in a new market, (Ellis, 2003; Lehtiner et al., 2015). Intermediaries buy the products from the initial producers and sell them to the final consumers.

“The intervention of intermediaries in the supply chain often distorts market flow” (Encinas, 2013). According to his research, intermediaries act as oligopsonists when they

buy/demand goods/services and as oligopolists when they sell/supply goods/services, illustrating a twofold role in the market. He reinforces his arguments by stating that their oligopsonistic-oligopolistic behavior is positively correlated with the amount of goods/services that pass through their hands, i.e. the more goods/services they distribute the more they behave like oligopsonists/oligopolists. In practical terms mass intermediaries' twofold market operation is interpreted in lowering market prices as buyers (oligopsonists) and in increasing market prices as sellers (oligopolists), i.e. buy cheap-sell expensive, increasing their profitability and affecting final consumers' demand (higher price lower demand) and initial producers' quantity supplied (higher price lower quantity supplied in the market), (Encinas, 2013). When intermediaries do not have that dual role they facilitate the transportation of goods and services and they reduce producers' distribution costs, (Mankiw, 2009). Among others Encinas (2013) confirmed that firms are interested in profit maximization, as the neoclassical theory advocates, and that almost all enterprises set their prices by adding the percentage of the desired profit over the average cost and not over the marginal cost simply because, as he claims, no businessman is aware of the marginal cost.

1.4 THE TOURISM MARKET

The tourism market is composed of three major players: tourism producers (suppliers), consumers and intermediaries of the tourism product all acting in the *tourism distribution channels* (Buhalis et al., 2015). Tourism distribution channels are places where information is diffused to all members, i.e. suppliers, intermediaries and consumers, (Douglas, 2008; Buhalis, 2000). This is especially the case for leisure holidays and seaside places.

Some of the key functions of the tourism distributional channels are that they "identify consumers' needs, requests and expected experiences, they facilitate the selling process by reserving and issuing travel documents, they provide information by using leaflets, maps, brochures, video, CDs, as well as internet and social media. They guide, advice and consult consumers, they promote particular products, packages in co-operation with suppliers, they handle complaints for both customers and industry,...", (Buhalis, 2000). Tourism distribution Channels' performance starts with the determination of consumers' needs (Kotler et al, 1996) regarding transport, accommodation and attractions (Douglas Pearce, 2008) followed

by respective channel functions (Frazier, 1999) to address those needs. Stern and El-Ansary (1992) identified eight flows in the tourism distribution channels namely: three unidirectional from producers to consumers: physical, possession and ownership, two unidirectional from consumers to producers: ordering and payment, and four bidirectional: promotion, negotiation, financing and risking. Since then technology does much of it (Buhalis, 2000a). The significance that has been attributed to the tourism distribution channels as bridging “the gap between the producer of a product and the user of it”, (Lewis E., 1968) has been enriched with the idea of “bridging the discrepancy between the assortment or range and quantity of goods and services provided by suppliers and those demanded by tourists”, (Douglas, 2008) without neglecting the importance of the provision of adequate information, in the right form, at the right time, to the right place (Douglas, 2008).

Producers are the suppliers of the tourism product. Suppliers are also of different size (large, medium, small) and are located in various destinations (well known, less well known, unknown, central or peripheral). The tourism industry is dominated by small and medium sized enterprises (SMTEs), (Cooper and Buhalis, 1992; Buhalis, 1999b).

Intermediaries usually accomplish the bundling function (combination of transport, accommodation and attraction) to create a single integrated tourism product, (Douglas, 2008). Intermediaries may be: big tour operators, small tour operators, traditional travel agents, online travel agents and handling agencies and many others. For the scope of this analysis only big/mass tour operators will be taken into account since they seem to affect the aggregate tourism demand, without implying that the rest are for any reason underprivileged. “Most conflicts between hotel and tour operators are generated by large/mass operators, rather than small/niche ones”, (Buhalis, 2000).

Consumers are divided into: independent (investigation-booking-purchasing procedure done by themselves), packaged (buying the all-inclusive product made by intermediaries) and customized (acquiring divisional and not all-inclusive product from intermediaries again), (Douglas, 2008). There are also corporate buyers but they are beyond the target of this research.

The goal of suppliers and intermediaries in the tourism distribution channels is to maximize their profitability (Buhalis, 2000; Papatheodorou, 2004). Intermediaries work on the enlargement of their market share by buying and selling the tourism product at low prices

usually implementing a volume business and a low cost strategy. Suppliers on the other hand, aim at an increased yield and return of investment, despite the fact that their structural and functional weaknesses often make them to unconditionally accept predetermined contract room prices below their average costs. This in turn makes them suffer economic losses instead of profits (Buhalis, 2000). “The price, that hotels are forced to charge tour operators for their services is the most important conflict from the hoteliers’ point of view”, (Buhalis, 2000). The perceived major conflict seems to be the price conflict. It is early detected though by Buhalis’ (2000) research that SMTEs often face weaknesses “reduces the possibilities to identify and utilize alternative distribution methods”. This indicates that the room-price war may not be the only reason for suppliers’ bad economic performance and shedding almost twenty years ago light on the negotiation theory and the tools that may be used for the resolution of the aforementioned perceived conflict. A conflict though cannot be isolated from the environment it takes place (Sheppard, 1992). Much of the work reported in Buhalis (2000) though was before the internet period and before the entrance of low cost carriers (airlines) in the tourism industry. In the pre internet era intermediaries imposed absolute oligopsony market conditions in the tourism distribution channels (few buyers of the tourism product) (Buhalis, 2000) as there were no credible and cost effective alternatives for bookings and transportation, especially to islands, where affordable charter flight was a precondition for travel. Low Cost Carriers like Ryanair, Easyjet, Eurowings entered the market offering also cheap holiday packages (Easyjetcom, 2019; Eurowingscom, 2019). Ryanair recently announced the discontinuity of the Ryanair Holidays (Travelmolecom, 2019), although that service was still valid when research and interviews were taken. This distorted the market flow, reduced tourism demand and made it more elastic to suppliers as well as lowered prices for buyers (and hence increasing their profit margins), (Encinas, 2013; Lee et al., 2014).

Tourism suppliers’ weaknesses have been identified by Buhalis (1999b), who detected that tourism SMTEs (i.e. the majority of tourism suppliers) suffer from lack of professional management, marketing and information technology (IT) expertise that make them unable to promote their goods and services online and globally. Berne et al. (2015), Buhalis (2003) acknowledged that ICT (Information and Communication Technologies) have changed the structure of the tourism distribution channels. Berne et al (2015) allege that ICT significantly contributes in “fomenting innovation, in decreasing production and distribution costs, in achieving a higher quality tourism product...and in the ease of creating more flexible and adaptable products”. Tourism SMTEs have the potential to create opportunities via the good

use of ICTs, via eWOM (e-word of mouth, Viglia et al (2016) and can efficiently perform beyond the survival level (Berne et al (2015). Buhalis and Law (2008) suggested that ICTs affect the competitiveness of both destinations and enterprises while online reactions to consumers' requests do affect consumer satisfaction level and decision making process (booking-purchasing behavior). They have noticed though that despite the rich availability of ICTs provisions "psychological barriers often prevent customers from completing transactions online" since then though things have changed. ICTs constitute the "info-structure" that contributes not only to organizations' external communication but also addresses the interoperability and interaction issues, (Buhalis & Law 2008; Xu F. et al, 2017). Interoperability brings "the right information at the right time to the right user at the right cost" and gets information from different partners. Moreover interaction and gamification processes enable tourists to get "visualized tourism information" and encourages participatory and co-creative experiences, (Buhalis & Law 2008; Xu F. et al,2017). SMTEs weaknesses to exploit all the aforementioned opportunities affect significant to their overall performance in the tourism distribution channels. This is not the case for large suppliers. Douglas and Tan (2006) on the other hand assert that large suppliers have a distinct perception of the market needs and are aware of the appropriate marketing mixtures and techniques to address those needs. Since then Buhalis has been discussing about Smart Tourism Destinations bringing all players together to co-create experiences and address their challenges (Boes et al., 2016; Mariani et al., 2013).

SMTEs weaknesses are being deteriorated by the fact that "the increasing concentration of the tourism intermediaries. Their rigid control of the distribution channel determine tourism demand flows by ruling the accessibility of destinations as well as their promotional activities", (Buhalis, 1999; Papatheodorou, 2003,1999; Stavrinoudis, 2006). Intermediaries' vertical integration (defined as "common ownership of firms supplying different components of tourism supply", (Stabler et al., 2010) enables them to control the airlift (charter flights) and the accessibility of various destinations. This is especially the case for insular destinations where accessibility is of pivotal significance for the tourism product (Buhalis, 1999a, Papatheodorou, 1999, 2003, 2006). Since then, though things have changed. Dynamic package holidays exist without relying on charter flights. Low cost carriers like Easyjet and Eurowings Airlines enable tourists to fly and have cheap holiday packages (Easyjetcom, 2019; Eurowingscom, 2019), while the sharing economy Airbnb also provides low cost accommodation (Businessinsidercom, 2019) at various destinations. Ryanair has

130m on an annual basis, 2000 daily flights in 37 countries, connecting 215 different destinations and occupying 14.500 aviation professionals (Ryanaircom, 2019).

The dominance of intermediaries in the tourism distribution channels, along with their control of the accessibility of destinations (especially peripherals), along with their intention to expand their businesses, along with the majority of the suppliers (SMTEs) suffering managerial, marketing, ICT issues increase the level of dependence of suppliers on intermediaries and allow the latter to chalk up prices below average cost level, undermining suppliers' profit levels and creating economic losses (Stavrinoudis, 2006; Lee et al., 2014). Tour operators had three sources of power: information, charter flights and prices (Buhalis, 2000) and this has changed.

Pondy (1967) indicates that the basic causes of conflict are: interdependence, differences in targets, bureaucracy, performance standards and competition over scarce and saturate resources. The dependence of suppliers on intermediaries, especially in insular destinations, is indicated as a critical aspect of negotiation.

SMTEs are also confronted with transaction costs. The participation and engagement of a single enterprise in the market can be defined as the transaction cost of the enterprise, (Cheung, 1978). In a firm providing services, the transaction cost is the cost of bringing customers into the firm (marketing, corporations, third party intermediaries, etc). Williamson (1985) picking up the torch from Coase stipulates the existent costs of "drafting, negotiating, and safeguarding any exchange or transaction" as a "friction" obstructing and disturbing transactions). Intermediaries' vertical integration reassures them not only the pre mentioned accessibility, but also the adequate information to implement certain techniques in order to press the room rates down. This is increasing hotels' transaction costs since the latter's view of the tourism market and communication with consumers depends primarily on intermediaries, (Buhalis, 2000).

Apart from the hard economic impacts, culture also plays a significant role. Concerning consumers' and intermediaries' behavior, Hansen et al (2012), Hofstede (2011) and Hofstede et al. (2012) advocate that culture is a crucial factor that determines not only human behavior, but also needs and preferences and hence it should be seriously taken into account. Cantoni & Danowski (2015) underline the importance of the expression, the receiving and understanding, the speaking and listening in the communication process. Buhalis (2000) asserted that "tour operators from different countries have different

attitudes and priorities”, indicating the significance of the culture issue. Many of the tourism organizations were not based on rational tourism development but were supported by political motivations (Buhalis, 1999a).

1.5 Chapter Literature Findings - Gaps - Questions Raised

The previous sections covered a broad range of theories and models pertaining to market flow, market strategies and tactics followed by a description of the tourism market based on literature review. Combining theories with tourism market case we come up with the following ascertainties, raised issues/questions and detected gaps

Table 1.1: Chapter Literature Findings

CHAPTER FINDINGS	CONSISTENT WITH	IN CONTRAST WITH
Tourism suppliers’ and intermediaries utter goal is profitability.	Buhalis, 2000, 1999 Papatheodorou, 2004 Encinas, 2013 Porter, 1985 Baroto et al, 2012 Omsa et al, 2017	
Intermediaries act as oligopolists-oligopsonists, distort market flow, increase transaction costs, and complicate distribution.	Encinas, 2013 Papatheodorou, 2006 Stabler et al, 2010 Wirl, 2009 Buhalis & Laws, 2001	Ellis, 2003 Lehtiner et al, 2015 Mankiw, 2009
The majority of tourism enterprises are SMTEs suffering marketing, management and ICT issues.	Buhalis, 1999,2000 Cooper & Buhalis, 1992 Law et al., 2015 Papatheodorou, 2004, 2006	
Tourism Intermediaries had the airlift control and determined the tourism demand, especially in peripheral areas.	Stabler et al., 2010 Buhalis, 1999a, 2000,1999b Papatheodorou, 1999, 2003, 2004, 2006 Law et al., 2015	
Low Cost Carriers entered the market offering cheap holiday packages, changing the tourism market and the level of tour operators’ airlift control	Eurowingscom, 2019 Easyjetcom, 2019	
Culture is a crucial determinant in human behaviors and preferences. Culture is crucial in tourism	Hansen et al., 2011 Hofstede, 2011 Hofstede et al., 2012 Cantoni & Danowski, 2015	

market.	Buhalis, 2000
Tourism principals perceive a price conflict with tourism intermediaries.	Buhalis, 2000 Papatheodorou, 2004, 2006 Stabler et al, 2010
Tourism market intermediaries structure is oligopoly-oligopsony raising in cases oligopolistic competition	Stabler et al., 2010 Buhalis, 2000 Papatheodorou, 2004, 2003, 2006
Mass Tourism intermediaries grow via vertical integration increasing their market power.	Stabler et al, 2010 Buhalis, 2000 Alfaro et al, 2016 Papatheodorou, 2006 Cai, 2009 Porter, 1985 Banker et al, 2014
Market power is the ability to influence market price and quantity increasing profitability and market share.	Stabler et al, 2010 Papatheodorou, 2004 Papatheodorou, 2006 Buhalis, 2000, 1999, Buhalis & Laws, 2001 Porter, 1985 Karel et al, 2013 Baroto et al, 2012 Omsa et al, 2017 Lee et al, 2014
Intermediaries have a low cost strategy while hotels neither offer a differentiated product nor have a low cost strategy	Porter, 1985 Buhalis, 2000 Papatheodorou, 2003, 2004, 2006 Karel et al, 2013 Omsa et al, 2017 Banker et al, 2014 Baroto et al, 2012 Cooper et al, 1992 Stavrinoudis, 2006

Hitherto literature findings give a general picture of the tourism market, the embedded players, the perceived, by the tourism suppliers, area of price conflict and the apparent tactics of the tourism intermediaries to enlarge their market share. Tourism suppliers do not seem to react. Implemented theories (game theory etc) do not give a deep understanding of the rivals' behavior increasing the difficulty of working on any potential resolution. Existing theories regarding conflicts and negotiations have never been not only used, but even referred, in that tourism issue. The weakness and the "research gaps" that arise may be illustrated in the following table:

Table 1.2: Weaknesses- Raised Issues-Research Gaps

WEAKNESSES – RAISED ISSUES – RESEARCH GAPS
Can Conflict and Negotiation Theories contribute in the restoration of market flow and power imbalance among tourism producers and travel intermediaries in the tourism distribution channels in oligopsony-oligopoly market conditions?
Can Conflict and Negotiation Theories be used to explore the disputants’ behavior, the motives/interests that foment them and the way they affect their behavior?
Can Conflict and Negotiation Theories be used to create alternative mutually beneficial strategies of negotiation for the disputants as a resolution to the pertinent aforementioned raised conflicts of interests?
Can Conflict and Negotiation Theories lead us to new theoretical paths concerning restoration of market flow and power balance when intermediaries intervene in the market acting as oligopsonists-oligopolists?

The main objective of the research is to examine the potential contribution of the conflict and negotiation theories in the resolution of the raised issue in the tourism market bridging the gap of the existence of the aforementioned theories and the lack of their implementation in the tourism theory and research.

The specific objectives and research questions will be created at the end of each chapter and will be summarized in the methodology chapter for the creation of the appropriate methodological approach that will address those specific objectives, that will in turn lead to answers regarding the raised issues illustrated before (Table 2) and hence to the capture of the main objective.

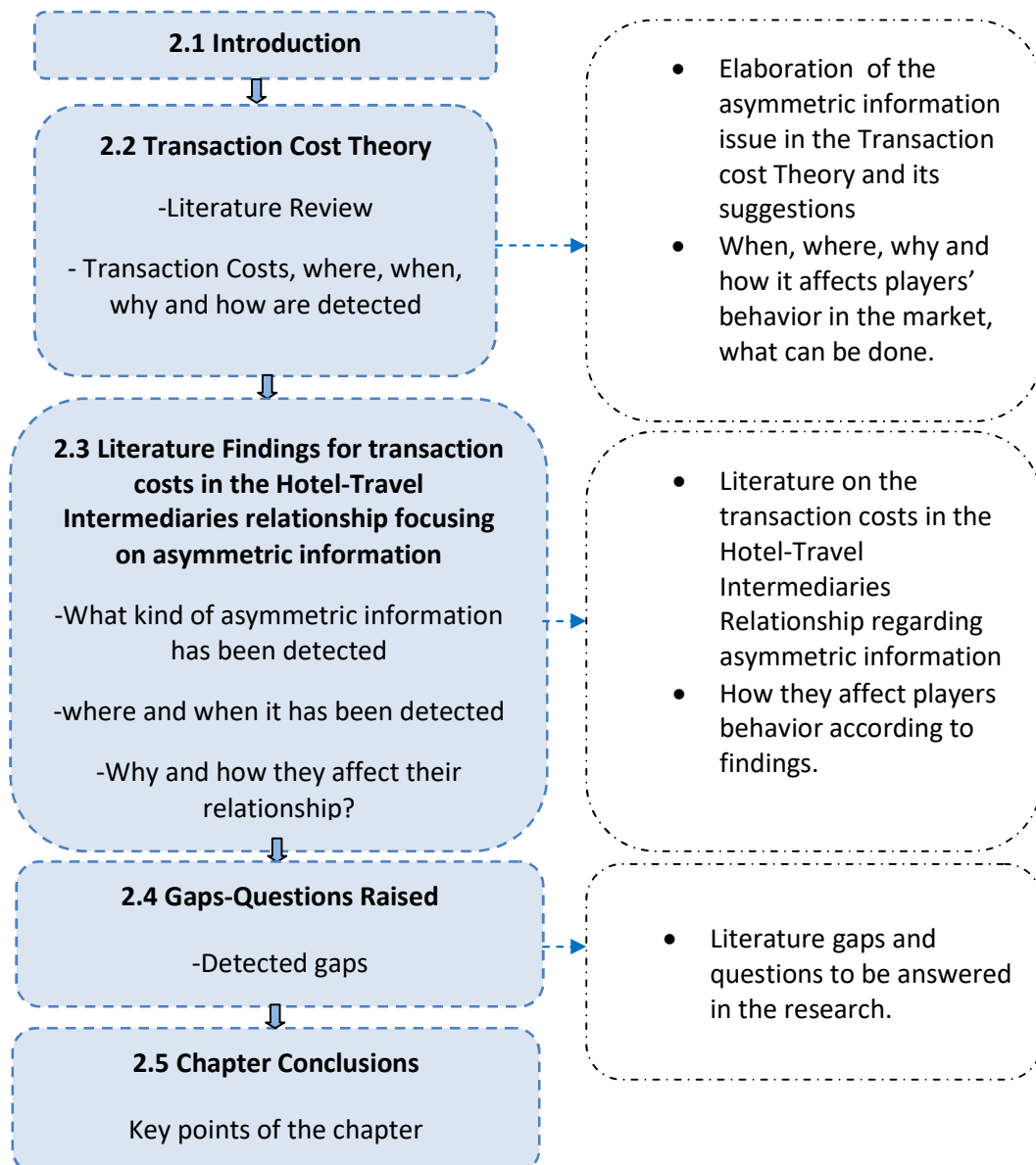
1.6 Chapter Conclusions

Various theories have been used for the research of the tourism market and the tourism market flow. Researchers have come up with significant findings concerning the role of the tourism intermediaries and their action in the tourism market. Very few of them though have focused on the conflict issues among tourism producers (initial suppliers of the tourism product) and tourism intermediaries as well as on the resolution paths that could be engraved using conflict and negotiation theories. The target of that research is to go further and to step on uncharted territories and to examine the contribution of conflict and negotiation models in the tourism research for the first time ever.

CHAPTER 2- TRANSACTION COST THEORY: ASYMMETRIC INFORMATION IN THE TOURISM DISTRIBUTION CHANNEL

2.1 INTRODUCTION

The purpose of this chapter is to explore the literature pertaining to the transaction cost theory focusing on the asymmetric information issue in the tourism distribution channels in order to detect **what** are the related transaction costs in the hotel – travel intermediaries relationship, **where** and **when** they are detected, **why** and **how** they may affect the **market process**. The structure of the chapter is shown below:



2.2 TRANSACTION COST THEORY- AN ASYMMETRIC INFORMATION APPROACH

This chapter addresses the transaction cost theory focusing on asymmetric information approach, in order to investigate the extent of the asymmetric information between mass tour operators and tourism producers and its effect in negotiations. According to principal agent theory, mass tour operators (agents) are being appointed by tourism producers (principals) to enter new markets and to reduce transaction costs. Research indicates that agents perform at principals' expense increasing instead of decreasing transaction costs. The aim of this chapter is to explore literature findings and to build a base regarding the asymmetric information issue. This base will be used in primary research to compare research findings with literature findings and to build up research's arguments and scientific contribution.

2.2.1 THE ORIGINS AND THE HISTORY OF THE TRANSACTION COST THEORY

Hotels and tourism intermediaries have transactions in the tourism market. Any transaction is addressed with certain transaction costs, while the target is to minimize that costs as literature below indicates. Elaborating the transaction costs regarding the asymmetric information between the two disputants will significantly contribute in the research. The market power of each party will be better perceived and evaluated when negotiation issues emerge (chapter 4 and chapter 7) and discussion will lead to justified suggestions and recommendations. Fernando et al. (2010) explain that "efficiency in Transaction Cost Theory is conceptualized as pareto efficiency where governance modes are compared according to their ability to facilitate transactions until the point at which it is impossible to make one party better off without making the other party worse off". Therefore, detecting transaction costs regarding asymmetric information will be a tool for investigating how these transactions could be facilitated. Tourism intermediaries are chosen to

reduce search, negotiation, information, risk (Waikar et al., 2016), uncertainty, marketing and generally transaction costs (Williamson, 1985; Peng et al., 1998; Hessels et al., 2010). The question is whether that role is successfully fulfilled according to literature and according to this research's findings (chapter 6 and chapter 7). Some researchers (Peng et al., 1998, Peng et al., 2001; Peng et al., 2000; Popp, 2000; Petersen et al., 2000; Ellis, 2003) linked the performance of the intermediaries abroad with the *knowledge* of foreign markets and their *ability to handle negotiations, representing suppliers*.

Before exploring literature findings regarding asymmetric information approach it is interesting to shed some light on the origins of the transaction cost theory. This will help to have a clearer picture of the theory addressing the asymmetric information issue and how this theory can contribute in the research.

Stabler et al. (2010) define transaction costs as “costs incurred in searching for and procuring information, which helps to reduce uncertainty in executing transactions”. Coase (1937, 1960, 1984) was the first who brought the notion of “transaction cost” officially in the core of economic theory. The term transaction cost is initially rendered in his classic paper “The Nature of the Firm” (1937) where he elucidates the “alternative methods of coordinating production” are the market and the firm. Neoclassical Theory (Cohen et al. 1983; Girardi, 2017; Knight, 1993) advocated that the firm is a “black box” turning inputs into outputs, with zero transaction costs, absolute rational behavior, perfectly informed market in a perfectly competitive market, where a market price mechanism leads to a Pareto Optimum Equilibrium (Maskin, 1999; Lucas, 1984; Breeden, 1985). In 1960 Coase's article “The Problem of Social Cost” the existence of zero transaction costs is being upset and the existence of positive transaction costs are being deployed. Williamson (1975, 1979, 1981, 1985, 1989) indicates that when transaction costs are zero, parties bargain at no cost and reach an efficient result. The detection of the existence of transaction costs is important for the overall performance of enterprises and for their transactions, including also negotiations. “The existence of vertical integration may suggest that the costs of operating competitive markets are not zero” (Arrow, 1969). This indicates that mass tour operators' vertical integration does not mean that

transaction costs for them are zero. Katona (1951) rebutted the Neoclassical assumption of profit maximization as an incentive of a firm's existence in the market. He argued that firms exist to fulfill managers' goals and targets (Kogut et al., 1992; Kracht et al., 2011, Geyskens et al., 2006; Dow, 1987; Cheung, 1987). Coase (1937) underlines that, "the main reason why it is profitable to establish a firm would seem to be that there is a cost of using the price mechanism". It emerges an assumption that all firms in the market have the same interest and the same goal, i.e. profit maximization. Research challenges that assumption and investigates whether the opposite can be justified.

Firms come to a point where they have to decide whether to coordinate production with the firm or to address the market (Harrigan, 1985; Li et al., 2016; Fernandez-Olmos et al., 2016; Balakrishnan et al., 1986).

Coase Theorem (Hanlel et al, 2009; Hoffman et al, 1982; Allen, 2015) underlines that a Pareto optimal equilibrium will be reached when transaction costs are low "regardless of which party is "responsible" for the externality", (David Autor, 2010) and if property rights are complete. "The Coase Theorem is interpreted as asserting that equilibrium level of an externally (eg pollution) is independent of institutional factors (in particular, assignment of liability for damage), except in the presence of transaction costs", (Hurwicz, 1995). On the contrary, when transaction costs are high Coase (1937, 1960, 1984) calls on Nash's (1953) theory indicating the solution of noncooperative Nash equilibrium. Nash (1953) rebutted the theretofore perception that noncooperative Nash equilibria were inefficient. Coase distinguishes three types of transaction costs: (1) the search and information costs, (2) the bargaining and decision costs and (3) finally the policing and enforcement costs (Hoffman et al, 1982; Allen, 2015). Search and information costs refer to the costs that a firm may undertake in order to carry through with the search of market prices. The bargaining and decision costs cover the costs that will have to be paid if a firm has to bargain with other producers in the market and has to make decisions upon those bargains. Finally the policing and enforcement costs allude to the control of the correct implementation of long term contracts of a firm for the supply of a product or service. This is related closely to the research and leads the research to investigate

what are the transaction costs for tourism producers regarding 1) searching information, 2) bargaining and 3) implementing accommodation contracts.

The focal realm of research of the Transaction Cost Theory is “why some economic transactions are internalized within the boundaries of firms while others are procured to external parties” (Martins et al., 2010). The answer is that when market fails transactions are internalized, whereas when market succeeds production is also fulfilled outside the firm (Li et al, 2016; Fernandez-Olmos et al, 2016).

Williamson (1985) picking up the torch from Coase stipulates the existent costs of “drafting, negotiating, and safeguarding any exchange or transaction” as a “friction” disturbing transactions themselves. Williamson (1975, 1981, and 2009) equalizes the importance and significance of transaction costs with the importance of production costs for a firm. Williamson (1979, 1985, 1989, and 2009) sets apart three types of transaction costs: (1) searching information, (2) drafting and negotiating and (3) agreement and safeguarding the agreement. The imperative need to reduce the pre mentioned costs, according to Williamson (1981, 1989, 2009), gives birth to economic institutions whose role is to help the involved parties to implement the descent of transaction costs. More specifically, he argues that transactors create governance structures within the firm in order to reduce transaction costs and to achieve more efficient outcomes. Williamson’s (1979,1981, 1985, 1989) basic assumptions regarding the transaction cost theory (a) extend the idea of self-interest behavior, that neoclassical economics call on, to opportunism (Lyons et al. 1997; Wang et al., 2015), (b) question the perfectly rational behavior (Nash, 1953; Stabler et al, 2010) and introduce the “bounded rationality” (Katsikopoulos, 2014; McCain, 2015) indicating the existence of imperfect information and the limited human ability to process and absorb big amount of information, (c) focus on “asset specificity” (De Vita et al., 2011; Coggan et al., 2016) illustrating that the more specific the asset the more likely for a firm to follow a vertical integration process (Klein et al., 1978), although Ruzzier (1990) found that high levels of asset specificity do not necessarily lead to vertical integration, (d) reinforce the idea that the lack of information provokes and increases uncertainty and underline that transaction

frequency is positively correlated with the need for alternative governance structures within firms.

Transaction costs are being determined and affected by three factors: agents' bounded rationality, opportunistic behavior and asset specificity, i.e. if uncertainty is high, assets are specific and transactions are frequent, vertical integration will be implemented (Williamson, 1971, 1979, 1981, 1985, 2009). Asset specificity has more impact on choices than uncertainty (Rodrigo et al., 2010; Peters, 2014; Ruzzier, 1990, Li et al, 2016).

"Asymmetric information" (Deakins et al., 1994; Arvanitis et al., 2000; Schieg, 2010) is defined as the asymmetric amount of information possessed by two different parties, regarding a product/service of a transaction (Katz et al, 1998). Two types of asymmetric information are being distinguished: (a) hidden characteristics and (b) hidden actions leading respectively to "adverse selection" and "moral hazard issues" (Baicker et al., 2015; Smith et al., 2015). In case (a) the better informed party acts harmfully for the less informed party (adverse selection), whereas (b) is the case of the principal – agent issue where the agent acts in a damning and not easily detectable way for the principal (moral hazard). Both (a) and (b) disrupt the function of the market and lead to inefficient outcomes (Boone, 2015; Keane et al., 2016; Dionne et al., 2013, Stabler et al, 2010). In the tourism industry mass tour operators have more information than tourism producers in the Mediterranean region, regarding foreign markets, do not reveal booking lists to tourism producers and declare when tourism demand is low that have no bookings in order to renegotiate at even lower room prices (Buhalis, 2000). Hiding booking lists and falsely declaring "no bookings" is harmful for the less informed tourism producers (adverse selection). The difficulty of tourism producers to detect the bluff of "no bookings" (moral hazard) makes things even worse. Hiding booking lists, falsely declaring "no bookings" and struggling to detect bluffing disrupt the function of the tourism market.

2.3 TRANSACTION COSTS IN THE TOURISM MARKET: AN ASYMMETRIC INFORMATION APPROACH

The European region is recognized as a culturally heterogeneous market (Lehtinen et al., 2016; Hofstede et al., 2010) dominated by Small Medium Enterprises (SMEs) (Buhalis, 2000; Lehtinen et al., 2016). The limitation of the domestic markets leads to targeting foreign and many times distant markets (Azar, 2014; Terjesen et al., 2008; Bloodgood et al., 1996). The decision of doing direct or indirect business in foreign markets is a crucial and risky decision due to the requirement of extra investments, assets, information, technology and capabilities in doing successful business abroad (Welch et al., 2007; Rialp et al., 2005). Direct business is associated with the effort of a firm to sell directly to customers, whereas indirect business is done through an intermediary (Andersen, 2005; Bernard et al., 2010; Terpstra et al., 1988).

SMEs often pursue indirect business in penetrating foreign markets (Acs et al., 1997; Peng et al., 2001; Hessels et al., 2010). The choice of the type of business (direct or indirect) depends on various factors. Some of them are the size of the foreign market (Scrober et al., 2005), the distance of the foreign market (Bernard et al., 2015), the implementation of international contracts (Terjesen et al., 2008) and the cultural distance (Felbermayer et al., 2011). In the previous chapter it has already been discussed the role of the intermediaries to facilitate the distribution of goods and services (Mankiw, 2009; Root, 1994) and the dual role (buyers-sellers) they may play in various cases (Buhalis, 2000; Papatheodorou, 2006; Wirl, 2009) distorting the market flow (Encinas, 2013). Intermediaries' services can be divided in two large categories: (a) transaction creating (creation and booming of foreign demand) and (b) physical fulfillment (fulfillment process of the addressing of the achieved foreign orders) (Balabanis, 2005; Bello et al., 1985, Abel-Koch, 2013). Balabanis (2005) goes further and distinguishes three types of intermediaries: full-service providers (being both transaction creators and physical fulfillers), transaction creators (doing

international market research, product design, marketing, advertising, promoting, distributing, negotiating on behalf of suppliers) and physical fulfillers (documentation, provision of goods & services, etc).

Some researchers (Peng et al., 1998, Peng et al., 2001; Peng et al., 2000; Popp, 2000; Petersen et al., 2000; Ellis, 2003) linked the performance of the intermediaries abroad with the *knowledge* of foreign markets and their *ability to handle negotiations, representing suppliers*. The positive effect of intermediaries in the market can be summarized: increasing productivity in host economies, facilitating distribution, opening up new markets, providing marketing, providing technology, in facilitating information flow in the distribution channels, enhancing communication among customers and suppliers, reducing risk and cultural distances among foreign and domestic markets (Lehtinen et al., 2016; Popp, 2000; Li, 2004; Johanson et al., 1977; Hofstede et al., 2010; Ha-Brookshire et al., 2009; Trabold, 2002). According to those findings, transaction costs should be lower when “someone else is doing something for an enterprise” than when “the enterprise is doing it by itself”.

In transaction cost theory terms the tourism producers (principals) employ tourism intermediaries (agents) to facilitate the marketing and the selling of their products and services abroad (Albaum et al., 2005; Buhalis, 2000; Stabler et al., 2010, Papatheodorou, 2004, 2006). The term “agents” in the research and particularly in this chapter refers to the principal agent theory and should not be confused with the “traditional travel agents”. As mentioned before tourism intermediaries are chosen to reduce search, negotiation, information, risk (Waikar et al., 2016), uncertainty, marketing and generally transaction costs (Williamson, 1985; Peng et al., 1998; Hessels et al., 2010).

Tourism demand is heterogeneous (Pearce, 2008) and the provision of the right information, at the right time to the right place is pivotal and crucial in stimulating demand (transaction creating services) and in facilitating the physical fulfillment services (Balabanis, 2005; Peng et al., 2000; Pearce, 2008). The majority of mass leisure tourism demand is focused on “low priced holidays” (Buhalis, 1999).

Buhalis' (1999, 2000) findings, regarding SMTEs' economic, marketing, management and IT issues, indicate that most principals are (a) "blind" pertaining to customers' needs, expectations, preferences, demand and culture, (b) extremely dependent on tourism intermediaries as it concerns the determination of the tourism product, the marketing of it, the distribution of it and the negotiation over it (Buhalis, 2000; Mwesiumo et al., 2016; Bastakis et al., 2004). "A tour operator buys tourism services in bulk, assembles them into attractive packages, which are sold to the customer directly or through travel agents. Fundamentally, it acts as an intermediary between the supply and the demand for tourism services, a position that gives the operator an incredible control over the distribution and sale of holiday packages" (Kasher, Karsten, 1997). The large tour operators' (agents) ownership of charter airlines, hotels, agents, etc, through vertical integration that they have strategically applied, gives them access to a pool of information regarding foreign markets information, culture, preferences, expectations and willingness (Buhalis, 2000, 1999; Stabler et al., 2010, Papatheodorou, 2006) .It also gives the partial control of the access (airlift) to peripheral and insular areas since low cost carriers appeared in the tourism market. Researchers (Komppula, 2016) though insist that a destination's control can be taken successfully by entrepreneurs, managers, municipalities and the politicians. By that period of time 2000, in the absence of low cost carriers and sharing economy, hotels were indeed extremely dependent on tourism intermediaries. Low cost carriers though, as already explained in the previous chapter, changed the tourism market view. The challenging question that needs to be answered at the end of that research is whether hotels have taken that into account and how (if yes) they have changed their behavior regarding conflicts and negotiations.

Asymmetric information (Deakins et al, 1994; Arvanitis et al., 2000) is an issue of *hidden characteristics* that can immediately be detected in the principal – agent relationship. Agents due to vertical and horizontal integration have more disposable information regarding the tourism demand than the principals and this makes them more powerful in the negotiation procedure. Principals may have more information regarding the destination than mass tour operators have. Akerlof (1970) explained in his article "The Market for Lemons" that sellers "are not willing to sell at the lower

price that reflects the risk that the buyer may end up with a lemon” (Econlinborg, 2019). This means that hotels (principals) are not willing to sell their tourism products at the price that reflects the risk of ending up with a lemon, while mass tour operators (agents) press room prices down and as Akerlof (1970) concluded “efficiency” is lost.

Various researchers detected that asymmetric information has been used by agents to reduce principals’ profit margins in order to increase agents’ own profitability (Bastakis et al., 2004; Mwesiumo et al., 2016, Buhalis, 1999, 2000; Zhang et al., 2009; Candela et al., 2012). This leads to hidden action that increases transaction costs.

Travel intermediaries are being employed to facilitate principals selling their goods and services. Both principals and agents have the same target: profit maximization (Papatheodorou, 2004; Mwesiumo et al., 2016; Buhalis, 1999, 2000). Consumers’ budget constraint for holidays, in conjunction with principals’ and agents’ share of the profit margin for any single sale, indicate that agents have incentives to act for their own interests at the expense of the principals’ interests (Mwesiumo et al., 2016). Research will explore whether the assumption of common target (profit maximization) is the case. The aforementioned weakness of the SMTEs along with the tourism intermediaries’ vertical integration and high access to foreign markets information and airlift, underline once again the high level of dependency of principals on agents and increase the possibility of agents’ oligopsonistic-oligopolistic behavior, discussed in the first chapter, for their own benefit. Therefore asymmetric information enable agents to press the room prices down, pretending that the tourism demand is low when it is actually high (Buhalis, 2000) and the fear of having no bookings makes principals to accept low room prices and hence to reduce their profit margins. Things though in 2018 have changed (Introduction, chapter 1). Low cost carriers, sharing economy, and internet have expanded the plurality of airlines, types of tourism accommodation and sources of information. The raised question that needs to be addressed is whether hotels have taken that into account and how these changes have affected the tourism market view as shooted by Buhalis (2000).

Buhalis (2000) detected 9 techniques used by tourism intermediaries to jeopardize principals' profits and to enhance theirs, i.e. adverse selection issue, increasing principals' transactions costs. Namely these are: timing of negotiation, misquoting customer surveys, directing tourism demand, short release period, renegotiation of prices, structural destination seasonality circle, altering destinations' image, create a hotel war, acting as oligopsonists. Asymmetric information is being used by agents (tourism intermediaries) to lower the prices they propose to their principals. Buhalis (2000) explanation of the 9 tactics is often used:

Buhalis (2000) research indicates that tourism intermediaries often exert marketing strategies and plans, choosing almost every year to provide a different destination; directing respectively the tourism demand and create major destination seasonality. He also found that the lack of information and the ignorance of principals about agents' intentions concerning the upcoming advertized destinations increase principals' uncertainty and the fear of "no bookings". This makes them accept low prices proposed by the agents, increasing the transaction cost. Additionally, tourism intermediaries are aware of the market trends and the preference of the tourism demand for destinations very early. They often (a) withhold the information from principals, when they know that demand in a year will be rather high for a particular destination (adverse selection) capitalizing on principals' anxiety, sometimes misinforming them to reach low prices. They also (b) postpone the time of negotiation, when tourism demand trend is low, often leaving it for the last minute capitalizing on principals' willingness to provide special offers to avoid "no bookings scenario". Adverse selection and moral hazard exist, transaction costs are high and the power of agents to determine tourism demand and prices seems significant. According to Buhalis (2000) agents misquote monthly confidential reports for rating and ranking principals' services, by tourists, often on purpose present low quality services. This justifies the reduction of the proposed prices for future accommodation contracts, acting for their own benefit (adverse selection-moral hazard, high transaction costs). In the case of the allotment contracts (tourism intermediaries pre book rooms for a given period of time and resell them to

customers) the expiry date (release period) is often only 7-10 days prior to the “check in” and agents, especially during low seasons. They keep bookings secret and announce negative results to principals “last minute” to force them to re-negotiate for even lower prices. Simultaneously they often negotiate with other principals and if the former do not accept the re-negotiation they transfer their ensured bookings to other principals. This generates who offers better last minute deals, a “hotel-war” among principals (adverse selection-moral hazard, high transaction costs). Agents buy at low prices and sell at higher, exercising a twofold role, Encinas (2013) illustrated, in the market, i.e. oligopsonists – oligopolists (moral hazard, high transaction costs). Again all the information of agents regarding the tourism demand, the willingness of tourist to pay for certain prices, while principals have no idea of the tourism demand, enables the agents to successfully negotiate for lower room prices in order to increase their profit margins. Again the fear of no bookings (Buhalis, 2000) in conjunction with the asymmetric information force agents to accept principals low offers. Things though in 2018 have changed (Introduction, chapter 1). Low cost carriers, sharing economy, and internet have expanded the plurality of airlines, types of tourism accommodation and sources of information. The question that needs to be addressed is whether hotels have taken that into account and how these changes have affected the tourism market view as shown by Buhalis (2000).

Taking all the above into account, agents do not seem to act for the purpose they are employed, i.e. to serve principals interests and to reduce search, negotiation, information, risk (Waikar et al., 2016), uncertainty, marketing and generally transaction costs (Williamson, 1985; Peng et al., 1998; Hessels et al., 2010).

2.4 GAPS – QUESTIONS RAISED

The previous sections covered the transaction cost theory and the areas they are detected in the tourism market, among tourism intermediaries and tourism

producers, as they have been recorded in the heretofore relevant literature findings.

The following table summarizes the ascertainties driven from this chapter:

Table 2.1: Chapter Literature Findings

CHAPTER FINDINGS	CONSISTENT WITH	IN CONTRAST WITH
Tourism Intermediaries are employed to facilitate the distribution of the tourism product	Lehtinen et al., 2016; Waikar et al., 2016 Peng et al., 1998 Hessels et al. 2010	Encinas, 2013
SMTEs weaknesses are responsible for the low level of information they possess for foreign markets	Buhalis, 1999, 2000 Bastakis, 2004	
Tourism intermediaries possess more information for foreign tourism markets than tourism producers	Buhalis, 1999, 2000 Mwesiumo et al., 2016 Candela et al., 2012	
Tourism intermediaries share margin profit with tourism producers	Mwesiumo et al., 2016 Buhalis, 2000 Zhang et al., 2009	
Tourism intermediaries act for their own benefit to increase their share in marginal profits at the expense of the principals.	Mwesiumo et al., 2016 Buhalis, 2000 Zhang et al., 2009	Lehtinen et al., 2016 Mankiw, 2009 Root, 1994 Albaum et al., 2005
Tourism Intermediaries act as oligopsonists-Oligopolists increasing tourism producers transaction costs.	Encinas, 2013 Mwesiumo et al., 2016 Wang et al, 2007 Ford et al., 2012	Lehtinen et al., 2016 Mankiw, 2009 Root, 1994 Albaum et al., 2005
Tourism intermediaries distort the flow in the tourism market and not facilitate the tourism distribution	Buhalis, 1999, 2000 Stabler et al., 2010 Papatheodorou, 2004 Mwesiumo et al., 2016 Encinas, 2013	Lehtinen et al., 2016 Mankiw, 2009 Root, 1994 Albaum et al., 2005
SMTEs weaknesses increase the level of dependency of tourism producers on travel intermediaries	Buhalis, 1999, 2000	
Tourism intermediaries exploit SMTEs weaknesses and their role in the market to increase their profitability	Mwesiumo et al., 2016 Bastakis, 2004 Ford et al., 2012	
Tourism intermediaries determine the tourism demand	Buhalis, 1999, 2000 Stabler et al., 2010 Peng et al., 2001	

The above findings are crucial for the progress of the research. They shed light on the conditions and the way the tourism market works regarding the relationship

between tourism producers and tourism intermediaries. Transaction cost theory was the tool for that chapter.

Transaction cost theory has been seriously questioned regarding its efficiency and ability to get in depth in understanding and explaining developed relationships in the tourism distribution channels (Ford et al., 2012; Wang et al., 2008; Zajac et al., 1993). Transaction cost theory focuses merely on cost minimization and does not give the proper weight to the understanding of the interdependencies and how these affect the raised conflicts, the negotiation procedure among rivals and the power sharing in the tourism distribution channels (Wang et al., 2007; Wang et al., 2008; Casciaro et al., 2005). These weaknesses of transaction cost theory lead us to the following raised research questions:

Table 2.2: Raised Research Questions

RAISED RESEARCH QUESTIONS
Are agents necessary for the market?
Can principals and agents co - exist creating mutually beneficial outcomes?
Can principals and agents cooperate in such a way that the market pie would be enlarged?
Can conflict and negotiation theories contribute in understanding how the rivals behave and in shedding light on the previous raised research questions?

The next chapter will explore the conflict theory and the potentials of it as a scientific base of knowledge and as a potential tool for the investigation of the already raised issues.

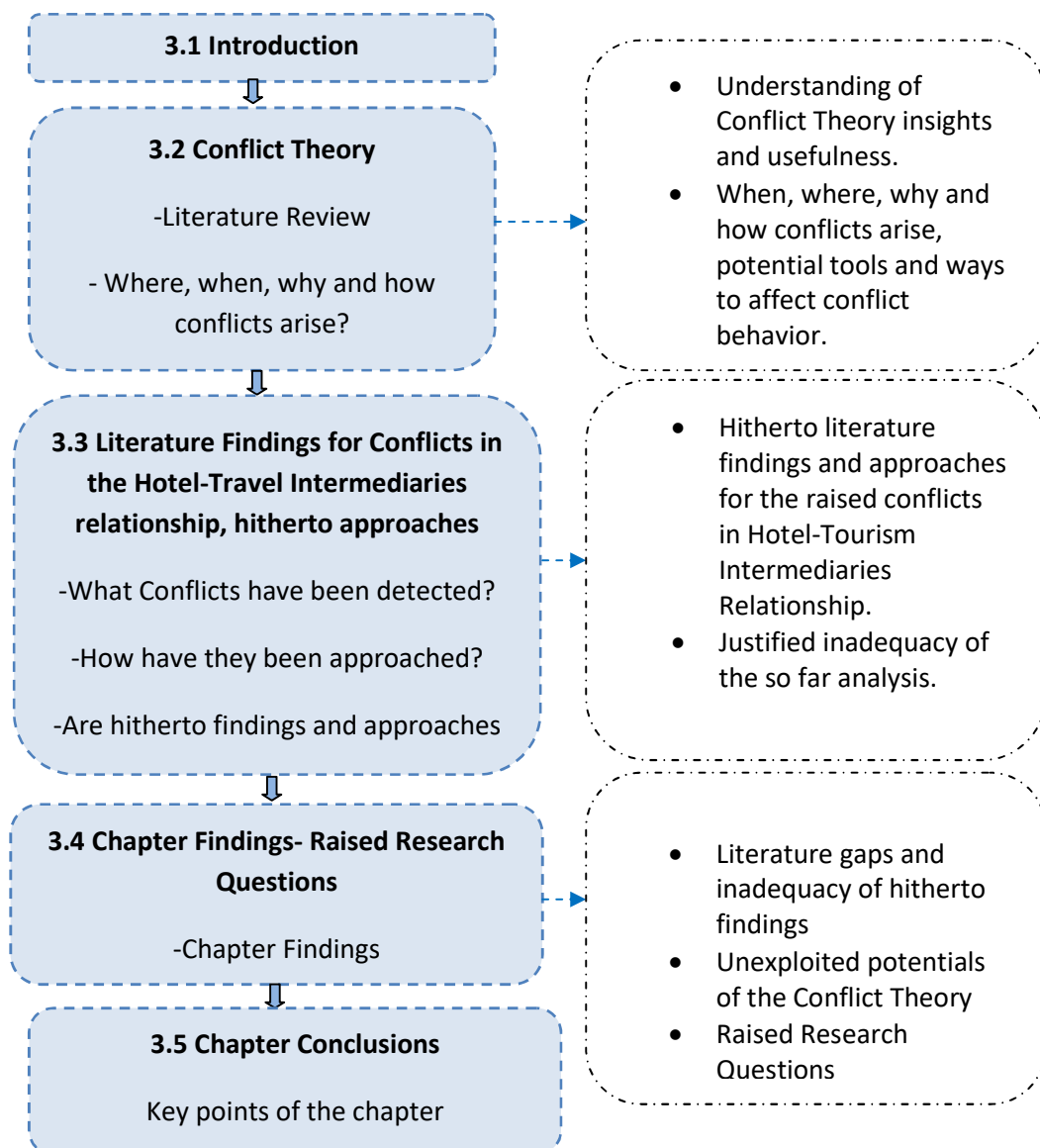
2.5 CHAPTER CONCLUSIONS

Transaction cost theory is focused on cost minimization and on the cost of the existence of asymmetric information. Its significant weakness to take into account the relationships among various stakeholders of the market and to understand their behavior turns it into an inadequate tool for research that aims at elaborating the human behavior. Although it provides us with a rich list of findings concerning the transaction costs among tourism intermediaries and tourism producers, it lacks of providing elaboration of their behavior, their relationship and the impact these have on the negotiation process and the negotiation outcome. Low cost carriers, sharing economy, and internet have expanded the plurality of airlines, types of tourism accommodation and sources of information (Introduction and chapter 1). The question that needs to be addressed is whether hotels have taken that into account and how these changes have affected the tourism market view as shoted by Buhalis (2000).

CHAPTER 3 - CONFLICT THEORY: A SIGNIFICANT TOOL IN THE TOURISM DISTRIBUTION CHANNEL ANALYSIS

3.1 INTRODUCTION

The purpose of this chapter is to explore the Conflict theory and its usefulness, to present hitherto literature findings and approaches pertaining to the hotel – tourism intermediaries relationship, to detect research gaps and to illustrate **where, when, why** and **how** Conflict Theory can bridge those gaps. The structure of the chapter is shown below:



3.2 CONFLICT THEORY

3.2.1 CONFLICT THEORY: LITERATURE REVIEW

The exploration of the Conflict Theory from the very beginning is essential for the elaboration of disputants' conflict behavior. The explicit illustration of the concepts and the theory will emerge the tools and the framework of the findings analysis of that research. Literature review sheds light on the origins of Conflict theory and leads to its latest development as a tool for setting negotiation strategies.

3.2.1.1 DEFINITIONS OF THE NOTION OF "CONFLICT"

Starting with the notion of "conflict", Wall (1995) defined conflict as a perception of one's interests being negatively affected by another party. Moberg (2001) viewed conflict as a "specific behavioral pattern" that one is willing to adopt when a conflict arises. Gallo (2013) recognized the intricate relations among parties involved and the existence of multiple and different kinds of objectives create a conflict which is evolved in a certain context. Rahim's (1992) view of the notion of conflict is expressed in Nikolopoulos' work (1995) as interactions presented in incompatibility, disagreement, or difference in a social framework. Pondy (1967) expressed his argument that a conflict may arise when someone feels that his goals are being threatened. Nikolopoulos (2013) clarified that "a conflict is raised when someone is not willing to accept the perceived goal deficit caused by the interference of interests of other transactors. Walton (1969) delineated the notion of conflict as the behavior that is expressed after a triggering event, accompanied with negative feelings. Morrill et al. (1992) perceived conflict as a matter of action and reaction. Deutch (1973), Putman et al. (1987) and Wall et al. (1995) delimited the idea of conflict within the framework of incompatibility as it concerns actions, needs, interests and values. Zarankin (2008) emphasizes that the way a conflict is handled

determines the conflict outcome along with disputants' future relationship. Mack et al. (1957) presented conflict as a "social interaction process" among parties with incompatible and different values. Schmidt et al. (1972) suggested that goal incompatibility is the incentive to engage in a conflict and rivals' ability to attain goals brings out the conflict outcome. Boulding (1962), Hocker et al. (1985), Pondy (1967) and Walton et al. (1965) defined conflict as the result of incompatibility of interests, of values and of goals, broaching the issue of objective and perceived conflict of interests and pointing out that the characterization of a particular conflict (either objective or perceived) depends on the researcher's point of view and the method each time used to investigate the area of conflicts. Blake et al. (1964) and Thomas (1976) distinguished five types of conflict: problem solving, withdrawal, sharing, forcing and smoothing. Rahim (1983) identified two types of conflict: the one that concerns the degree of one self's satisfaction and the other that concerns the degree of satisfaction of others.

Nikolopoulos' (2013) definition of "Conflict" is the most representative and it can be used as an indicator in the conflict analysis between mass tour operators and tourism producers. It can be used to question whether there is a conflict between them or there exists a perceived conflict.

3.2.1.2 TYPES OF CONFLICT THEORY MODELS

The exploration of Conflict Theory models over the years is important to be done because it gives a holistic view and elaboration of the development of the Conflict Theory, the factors that can determine Conflicts, the way they have been questioned over the years and their effect in Negotiations. Once theory is deeply explored it can be easily used as a tool for the conflict analysis between mass tour operators and tourism producers.

Conflict theory models are being divided in three broad categories: (a) *the normative models* (Stylos et al., 2016; Bannister et al., 2015), assuming humans are perfectly

rational agents with complete and continuous preferences consisted in a set of rules and logic that indicate *how people should make choices* (Suhonen, 2007; Zopiadis et al., 2014), (b) *the descriptive models* (Shapiro et al., 2008; Thaler, 2000) (recognizing that humans are not perfectly rational agents and make biased and irrational choices, taking into account bias and constraints and being *devoted to the exploration and interpretation of the ground for making choices*) (Suhonen, 2007; Brandenburg et al., 2015) and (c) *the prescriptive models* (Ivanov et al., 2008; Dolnicar et al., 2014) centered on breaking down raised issues into various parts and dealing with *analyzing issues and helping practically less rational humans to make choices while aspiring rationality at the same time* (Heeks et al., 2014; Zhang et al., 2012). Normative models appeared before descriptive models (Lewicki et al., 1992).

Descriptive models are more close to the scope and the framework of this research. Their aim is to explain disputants' behavior while taking into account the various constraints they are often confronted with. In Chapter 7 suggestions and recommendations are given at the end. The purpose of this research is not only to practically help rivals to make choices but also to deeply explore and evaluate human behavior in conflict and negotiation procedures in order to create new theoretical paths. Therefore descriptive models better match with this research.

3.2.1.3 LITERATURE REVIEW OF CONFLICT THEORY MODELS

The main Descriptive Conflict Models are (Lewicki et al., 1992): The dominant paradigm-organizational Conflict (Pondy, 1967), the Fight Model (Rapoport, 1960), the Debate (Rapoport, 1960), the Stages of Conflict (Filley, 1975; Thibaut et al., 1975; Sheppard, 1984), the Dual Concerns Model (Blake and Mouton, 1964), the Structural Model (Thomas, 1976) and the Conflict Model of Nikolopoulos (1995, 2013)

Pondy (1967) worked on organizational conflicts (Fleming et al., 2015) and related conflict with (a) firms' competition over scarce resources, (b) firms' conflict for leadership and control of the market and (c) workers' effort to fix matters of task coordination and task integration (Lewicki et al., 1992; Deutsch, 1973; Swingle, 1970). He recognized "conflict" as a five – stage process: latent conflict, perceived conflict, felt conflict, manifest conflict and aftermath conflict (Gareth, 2007). He suggested organizations' action at a structure level appointing managers to fix raised conflicts, indicating that organization power originates from authority, centrality and control over information and resources (Khan et al., 2015; Hill et al., 2015). Rapoport's *Fight Model* (1960) attributes conflict to interpersonal aggression giving an emotional and irrational base of conflict created by fear, stereotypes, different ideas, values and ideologies that in turn lead to "conflict spirals" ending upon competitive fights (Kelly et al., 2014; Vogel et al., 2014; McKenzie et al. 2010). *Debate Model* (Rapoport, 1960) indicates that turning fights into games or debates where disputants listen or are psychologically compelled to listen to each other can lead to a civilized conflict resolution (Druckman et al., 1973; Walcott et al., 1977). *The Stages of Conflict Model* developed by Sheppard (1984, 1992), Thibaut et al. (1975) and Filley (1975) extending Pondy's (1967) idea of five-stage conflict procedure by adding the two stages of conflict resolution: (a) evidence over rivals' positions and (b) evaluation of the presented evidence for a decision making process. The idea is that following the two stage conflict resolution path, rational conflict resolution outcome is created. (Thibaut et al., 1975; Filley, 1975). *The Dual Concerns model* (Blake and Mouton, 1964) is the growth of Deutsch's (1949a, 1949b, 1973, 1985) *One Dimension Model* that was relied on (a) the type and the degree of rivals' interdependence and (b) on the type of actions taken by rivals to achieve goals. Deutsch (1949) model underlined human inborn tendency to react positively to beneficial behaviors (cooperation) and to distant from harmful negative behaviors (competition), introducing the notions of "inducibility" and "substitutability" respectively (Coleman, 2011) and defining in turn positive interdependent and negative interdependent relationships (Johnson et al., 1989; Jonson et al., 2003). Rahim and Bonoma (1979) developed the Dual Concern model depicting concern for others and concern for self in the two axes, deriving the conflict styles of: obliging,

integrating, compromising, avoiding and dominating (Rahim, 1983, 1986a, 1986b, 1992; Lewicki et al., 1992). *The Structural Model* (Thomas, 1976) developed and renamed the two dimensions of the Dual Concern Model to assertiveness and cooperativeness respectively illustrating the degree a person is concerned with his own concerns (assertiveness) and other people's concerns (cooperativeness) indicating five other conflict styles: avoiding, competing, compromising, collaborating and accommodating (Lewicki et al., 1992). Thomas et al. (1977) pointed out that the term "conflict behavior" can be described as "conflict intention and strategy" to achieve goals giving emphasis on real interests rather than on pure rivals' positioning (Fisher & Ury, 1981) and advocating that conflict behavior is the result of intentions that are in turn determined by emotions and thoughts, which presuppose awareness (Thomas, 1992a, 1992b).

Nikolopoulos (1995, 2013) Conflict model based on three principles (i.e. a. the constraint amount of available power, b. the existence of parallel simultaneous conflicts and c. the plan before every action), defining "power" as any mean than can be used to control a rival's behavior for the reassurance of the other's interests and going through four stages: 1. configuration of the initial behavior, 2. creation power budget to allocate power properly and efficiently, 3. investigation of the efficient use of power under given conditions and 4. evaluation of various types of behavior along with their consequences and selection of the most beneficiary behavior. The types of conflict behavior may be: conflict depreciation, conflict activation and conflict accumulation determined by the structure of the rivals' relationship, by the size of the conflict, by the conflict capability (conflict power) and by the significance of the conflict (Nikolopoulos, 2013). The handling of a conflict depends on the amount of power and the ability to use it (Nikolopoulos, 2013). Nikolopoulos' conflict model (2013) is more realistic and holistic taking into account factors ignored before like "significance", "simultaneous conflicts", "conditions" and "power budget". It is interesting to investigate whether notions like "significance" and "power" can be measured in real terms in real world and whether the combinations of these variables could have an end or not.

The main *Normative models* are (Lewicki et al., 1992): the Conflict Grid Model (Ruble et al., 1976; Pruitt et al., 1986), the Conflict Cycles Model (Walton, 1969), the Systems 1-4 Model (Likert, et al., 1976) and the Interface-Conflict Solving Model (Blake et al., 1964).

Blake and Mouton (1964) *Conflict Grid Model* proposed five conflict styles along the two dimensions of concern for production and concern for people (Cai et al., 2002): smoothing, withdrawing, compromising, problem solving and forcing depending on the degree of a manager's concern about production and people (Ruble et al., 1976; Pruitt et al., 1986; Pinkley, 1990; Pinkley et al., 1994). *Conflict Cycles Model* (Walton, 1969) indicated that emotional issues determine human behavior, which in turn facilitates the conflict manifest, the conflict behavior and the followed consequences (Walton et al., 1969). Conflict consequences add fuel on fire, i.e. deteriorate emotional issues creating Conflict Cycles (Walton et al., 1965; Lewicki et al., 1992). *Systems 1-4 Model* (Likert et al. 1976) illustrate different management systems responding to conflict in organizations (Likert, 1981; Likert et al., 1986): system 1 is exploitive authoritative, system 2 is benevolent authoritative, system 3 is consultative and system 4 is participative. System 4 is supposed to be the most sophisticated based on the idea that it engages people from lower positions to engage in the decision making process, it reinforces trust and communication and it mitigates the power distance within an organization (Buble et al, 2007). Burns and Schuman (1988) advocated the idea that decisions are successful when people running the decisions implementation procedure are also being involved in the decision making process. *The Interface Conflict Solving Model* (Blake and Mouton, 1985) suggests a six step procedure for group cooperation and conflict resolution: model creation by different groups, discussion for a joint model, discussion over conditions and raised issues, discussion for development and finally the implementation procedure. Normative models' weakness is that they assume that humans are perfectly rational with complete and constant preferences and consequently leads to weak indications pertaining to how choices should be made.

Deutsch (1990) is the first representative of the *prescriptive theory* and advocates that the disputants' expedient to descend and handle a conflict should be: their

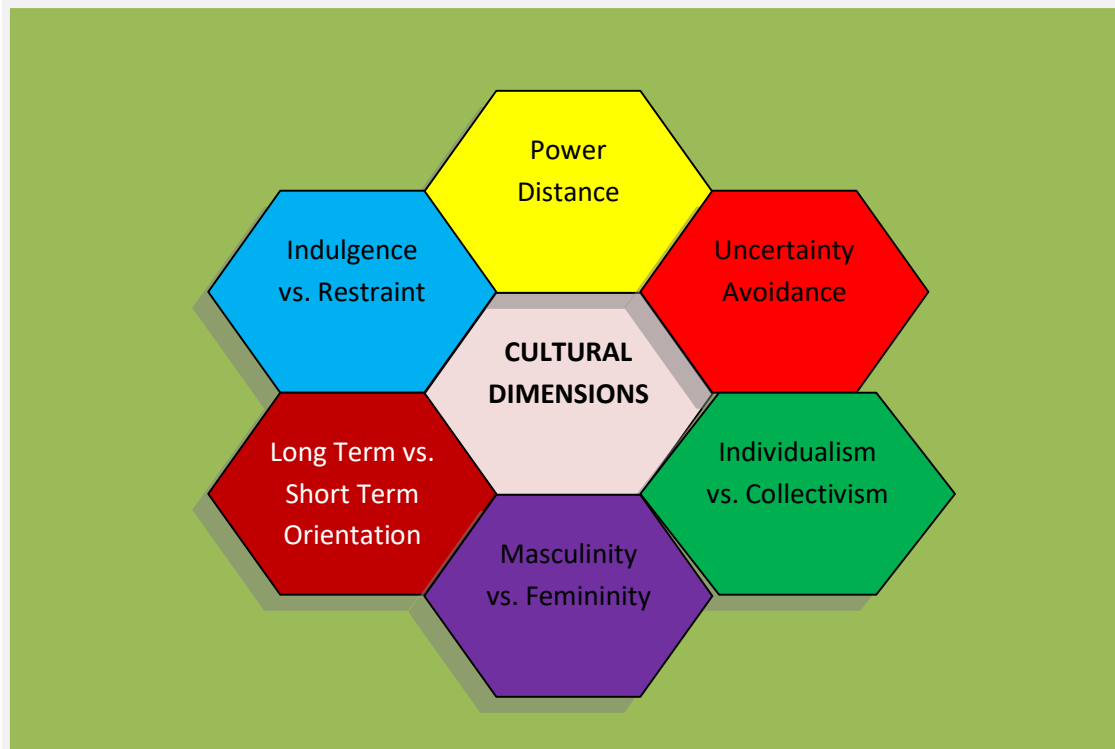
awareness of the causes and the consequences of the conflict itself, their awareness of the alternatives, their separation of their interests from their positions, their active listening of the rival's statements, their clear speaking, etc. Hocker and Wilmot (1991) agreed and added that disputants should follow a heuristic path of thinking towards changing either the opponent's behavior or their own behavior. Baron (1984) also agrees that parties should express themselves in a reasonable way to make the resolution process easier. Kottler (1994) suggests that if disputants want to trump recourse, they should not conjure up and render absurd and offensive statements to each other. Eiseman (1978) as well as Gray (1985) asseverate that the embedded to the conflicts parties should focus on what they may achieve jointly rather than separately and also to positively think of what they have so far achieved rather than what they've given up. Osgood (1962), advocate of the prescriptive theory, asserts that rivals should expand reciprocity among them, avoiding retaliation and punishing behaviors.

Nikolopoulos' (2013) Conflict model has a holistic view of the conflict process and can be used as a tool in the research analysis.

3.2.1.4 LITERATURE REVIEW OF OTHER DETERMINANTS OF CONFLICT BEHAVIOR

Various researchers identified factors that determine humans' behavior, like *culture*. 1980 Hofstede's (Dutch psychologist) research shed light on dimensions of national cultures. "A dimension is an aspect of a culture that can be measured relative to other cultures", (Hofstede, 2011). His initial model came up with four dimensions (1980) which was enriched later on with two more dimensions (Hofstede 2010, Hofstede & Minkov 2010). Namely the six dimensions of national cultures are:

Figure 3.1: Dimensions of culture



Source: Gert Hofstede, 2010

In large power distance societies power shapes hierarchies and power holders lead and rule less powerful members, while in small power societies hierarchies typically exist (Hofstede, 1980, 1991, 2011). Strong uncertainty avoidance society confronts uncertainty as a threat, whereas a weak uncertainty society under uncertainty adjusts its behavior respectively (Hofstede, 2010). Collectivist societies have a cohesive in-group with tight relationships life, while individualist societies have more independent members that do not create easily alliances (Hofstede et al., 1998; Hofstede et al. 2010). A feminine society is characterized by gender equality, whereas a masculine society is dominated by men in political and leading position and treats women as inferior human beings (Hofstede, 2010, Hofstede et al., 2012). Japan, Germany, Italy and Mexico are masculine societies compared to UK, France, Spain, Portugal, Chile, Korea and Thailand feminine societies (Hofstede, 2010, 2011; Hofstede et al. 2010). A short term oriented society is focused on immediate

gratification and quick solutions, while a long term society invests for the future and sets plans. "Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint, stands for a society that controls gratification of needs and regulates it by means of strict social norms", (Hofstede 2011). Indulgent societies are met in South and North America, whereas restrained societies are met in East Europe, Asian and Muslim countries. Mediterranean countries, are somewhere in the middle (Hofstede 2010). Conflicts issues are prone to subjective *perceptions* of the adversary and these issues become complicated when exogenous changes do happen during the conflict (Wall et al., 1967). Perception is a matter of culture (Overby et al., 2005). Gareth (2007) talked about organizational culture and the need of an organization to handle conflicts for the maintenance of its organizational culture in the market. Iljins et al. (2015) recognized that the organizational culture factors that affect the organizational climate are: stability, reward system, job satisfaction, team orientation, empowerment, core values and agreement. When organizational climate is clearly defined, i.e. structure and responsibilities within the organization, then conflict management is more effective (Apipalakul et al., 2017). Aktas et al. (2011) distinguished the organizational culture and the market culture and they found that organizational efficiency is affected both by internal organizational culture and external market culture that are in turn bidirectionally affected (i.e. market culture affects organizational culture and vice versa).

Hofstede gave the dimensions of culture emphasizing the idea that culture matters. Conflict researchers (Nikolopoulos, 2013) take into account culture as a factor determining conflict and negotiation outcomes. This research also focuses on culture and investigates the extent to which disputants perceive culture as a determinant of conflict behavior and negotiation outcome. Culture affects and determines the communication of people (Cantoni et al., 2015) and is interesting to explore whether and how it is taken into account by the disputants.

Sheppard (1992) advocated the idea that every conflict resides in a particular *environment* and it is not isolated from that, indicating also that elements lying in that environment do affect the conflict. Barron (1988) defined the context of conflict

as an independent variable and delimited the notion of context as given each time pressure to resolve the conflict by an agreement. Lawrence et al. (1967) defined disputants' interdependency as the independent variable distinguishing: interpersonal conflicts, intergroup conflicts and interdepartmental conflicts. Nikolopoulos (1995, 2011, 2013) also referred to the environment by the term *conditions* and by declaring that economic, cultural, time, political, legal, technical and other conditions are the framework within conflicts take place, affecting the conflict result.

Wall et al. (1995) broached the matter of *personality* in conflicts, reinforcing the idea that the causes of conflict stem from particular characteristics that are embedded in the parties involved. Features such as: personality, values, goals, perception of the opponent's level of goals and real intentions, past history of conflict, nature of issues (i.e. complicated or simple, principled or not, etc), anger etc may altogether or separately constitute a reason for conflict. Bergman et al. (1989) underline that a conflict creates frustration, which is very close to Ephross et al. (1993) point of view that conflict creates anxiety and stress. These ideas are reinforced by Chelser et al. (1978) perspective of conflict's implication of personal confusion and agitation. According to their analysis the consequences of conflict are similar to the causes, i.e. on behavior, on perception for the other party, on communication etc. Once the adversary is viewed as the person who blocks one's goals, negative feelings are expanded to distrust, to misunderstanding, to ambiguity over opponent's intentions and on top of all to prevention, interception and preclusion of the view of competitor's real intentions, essential facts and perspectives (Blake and Mouton , 1989).

Reputation and *identity* also affect organizations' performance and market behavior (Harvey et al., 2017). Reputation is society's or market's perception about an individual, an organization or an institution (Deephouse et al., 2005; Lok, 2010, Pfarrer et al., 2010). Benefits or consequences of reputation have been studied (Fombrum, 2012; Petkova, 2012). Identity is linked to reputation (Rindova et al., 2005). Identity is who somebody "is", i.e. the characteristics that make an organization distinct in the market (Albert et al., 1985; Hatch et al., 2002). Identity

grows over time reflecting organizations' history, purpose, values, culture, practices (Gioia et al., 2013; Nag et al., 2007). Reputation is determined and affected by identity (Foreman et al., 2012) but there is always a gap between identity and reputation (Fombrun, 2012) because identity cannot be precisely reflected to the market and the society due to the subjectiveness of perceptions (Gioia et al., 2013). Hence a single organization may have more than one reputations (Barnett and Pollock, 2012). Identity and reputation affect organizations' performance and counteract in the market (Alvesson, 2012; Greenwood et al., 2010). Organizations often seek to diversify, alter, re construct their identity to meet market changing consumer needs and conditions (Gioia et al., 2000; Ravasi et al., 2006). When reputational crisis arises organizations focus on changing identity (Rhee et al., 2012) on building trust with customers (Pratt et al., 2006) and on increasing the value of the provided products and services (Nikovola et al., 2014).

Human behavior is also affected by conflict. Evolved parts may air an avoiding behavior (Stenberg & Dobson, 1987), a confronting behavior (Morrill et al., 1992), a threatening behavior (Stenberg et al., 1984), a protesting behavior (Schelling, 1960) or an incongruous to their commitments behavior (Lewin, 1987, Tjosvold, 1992). *Power inequality* (Blalock, 1989), *interdependence* (Thompson, 1967), *disruptive relationships* (Walton et al. 1969) may also affect conflict behavior. Ford (2012) recognized 3 types of power: individual, intraorganizational and interorganizational indicating that less powerful players can increase their power by: exploiting their position in the hierarchy, by achieving centrality in the network, by creating alliances and by building on reputation.

Pruitt & Rubin (1986) allege that a conflict in turn may affect the structure of an organization turning its management into an absolutist type of management and coiling the organization's attention to groups of work rather than individual's actions. Inter organizational relationships are also being affected. There is no effective and productive coordination among groups.

Cultural dimensions are crucial and the question in this research is to investigate how much these dimensions are taken into account, how much they consciously or

unconsciously affect the conflict and negotiation behavior and how they can be handled for beneficial negotiation outcomes.

3.2.2 USEFULNESS, CHOSEN THEMES AND GAPS OF CONFLICT THEORY

The role of the conflict theory is to reduce, if not eliminate the level and the tension of a conflict (Morill, 1991; Thomas, 1988; Blalock, 1989).

Heretofore conflict theory has been used to investigate conflicts among countries (international relations), conflicts in commerce (buyer-seller) and in job aspects (Schaubroeck and Kuehn, 1992; Pondy, 1967). There is no evidence that conflict theory has been used theoretically and practically in tourism theory or in tourism industry (Hong et al., 2015; Ford et al., 2012). Tourism researchers refer and investigate tourism conflicts, without using the conflict theory as a scientific base (Buhalis, 1999a, 1999b, 2000; Beritelli et al., 2016; Mwesiumo et al., 2016; Hyun et al., 2014). This is a significant research gap.

The utter goal of this research is to understand in depth how the tourism market works, regarding the tourism producers and the tourism intermediaries, and whether conflict and negotiation theories can contribute in the restoration of the tourism market flow, in the understanding of disputants' behavior, in the resolution of the raised conflicts of interests and in engraving new theoretical paths (Chapter 1, Table 2). The objective of this research leads us in the use of the *descriptive conflict models* (recognizing disputants' not perfectly rational behavior and biasness and understanding human behavior) (Pondy, 1967; Rapoport, 1960; Filley, 1975; Thibaut et al., 1975; Sheppard, 1984; Thomas, 1976; Nikolopoulos, 2013; Suhonen, 2007; Zopiadis et al., 2014) and the *prescriptive conflict theory* (emphasizing the importance of the awareness of conflict causes, conflict consequences, alternatives, disputants' goals, active listening, communication and joint goal achievement)

(Ilanobuci et al., 2008; Dolnicar et al., 2014; Heeks et al., 2014; Zhang et al., 2012). Descriptive models have approached conflicts as a *cause-effect issue* detecting the causes of conflicts (Dominant Paradigm Model, Pondy (1967), Fight Model, (Rapoport, 1960), as a *stage process* (Debate, Rapoport (1960), Stages of Conflict (Sheppart, 1984), as a *concern-structure process* (Dual Concerns Model, Blake & Mouton, 1964), Structural Model, Thomas, 1976) and as a *variable dependent* on other variables (Nikolopoulos, 2013). Nikolopoulos (2013) Conflict model is the most complete because it takes into account variables such as: conditions, disputants' objectives and power, other simultaneous areas of conflicts apart from the concerned area, assumes that power is not endless and it approaches conflict in a general framework and not in restraint (international relations, job environment). His model does not take directly into account the variables of reputation, of personality and identity that other researchers related with conflicts (Pfarrer et al., 2010; Pratt et al., 2006; Petkova, 2012; Gioia et al., 2000; Nikolova et al., 2014). Moreover Nikolopoulos (2013) illustrates the independent variables that affect and determine the conflict outcome in addition to other models.

The other factors that affect conflict behavior: culture (personal, market, organizational), environment-conditions, personality, reputation, identity, power inequality, interdependence and disruptive relationships (see 3.2.1.4. section above) are not holistically taken in any conflict model so far. They have been taken separately or some of them into account but not all of them.

Table 3.1: Factors affecting Conflict (driven form literature review)

Culture (individual, organizational, market)
Environment/Conditions
Personality
Reputation
Identity (Brand)
Power Inequality
Interdependence
Disruptive Relations

One of the goals of the existing research is to combine all these factors in a single theoretical path for a more holistic approach and view over conflicts, trying to work

in a general framework including tourism theory and industry as well for keeping the value of the research high. Using the existing conflict theory to approach conflicts in the tourism industry (tourism producers-tourism intermediaries) and working simultaneously on the improvement of the existing conflict theory, is one of the aims of the research.

3.3 LITERATURE FINDINGS IN THE TOURISM MARKET

3.3.1 HITHERTO FINDINGS & APPROACHES IN THE TOURISM MARKET

Buhalis (2000, 1999a, 1999b, 2001) shed tremendous light on the tourism market in the Mediterranean region among tourism producers and mass tour operators, indicating how the market works under oligopoly-oligopsony conditions, especially in peripheral destinations. Overdependence of tourism producers on tourism distribution channels, vertically integrated tour operators, concentration of market power in European tour operators (Buhalis, 1999a, 1999b), majority of SMTEs in the tourism market, tour operators' control of the airlift, price conflict among tourism producers and tour operators (Buhalis, 2000), SMTEs weaknesses in marketing and management, mass tour operators' distortion of the tourism market flow are in short some of the main findings of his research (Chapter 1, Table 1 and Chapter 2, Table 3). *Price* is the main area of conflict he recognizes among tourism producers and tourism intermediaries, accompanied with their fight over the *profit margins*, while *legal coverage*, *tour operators' bankruptcies*, *coverage contracts*, *misleading direction of tourists*, *payment delays*, *request for high quality without payment*, *late release dates and accommodation allocation during check-in* are the rest 8 conflict areas revealed under his survey (Buhalis, 2000). The recognized *tactics* used by tour operators to reduce prices are: timing of negotiation, misquoting customer surveys, misleading tourists to certain properties, short release period, over-contracting, structural destination circle, destinations' misleading marketing, creation of war among hotels, (Buhalis, 2000). The main source of conflict for Buhalis (2000) is the incompatibility of the disputants' targets, while the specific sources of conflict are:

price and profit margin distribution, tourism intermediaries' vertical integration, SMTEs operational issues and raised economic and financial issues making tourism market volatile. Large tour operators are responsible for that conflict (Buhalis, 2000) while the culture of TOs is taken into account regarding their attitudes and their priorities. Buhalis (2000) recognizes that there is NO literature and research on conflict areas in tourism and targets at understanding the problems, the challenges, the motives and the sources of the raised conflicts undertaking both a qualitative and quantitative research during 1996-1998. Unfortunately, twenty years later there is no further research on that area so far. Various researches have been undertaken regarding the relationship between large tour operators and hotels (Buhalis 1999, 2000; Douglas et al., 2006; Papatheodorou, 2003, 2004, 2006; Xu et al., 2017; Bastakis et al., 2004; Cndela et al., 2012; Zhang et al.,2009; Tsartas, 2011; Koutoulas et al., 2009) without using well established conflict and negotiation theories (Thomas et al., 1977; Walton and Mckersie, 1965; Thomas 1992a,1992b; Sheppard, 1992, 1984; Schelling, 1960; Ruble et al., 1976; Raiffa, 1982; Rahim, 1992; Nikolopoulos, 2011; Likert et al., 1976; Fisher and Ury, 1981) as a scientific base of analysis. Buhalis (2000) was the only one who dealt specifically with conflict areas between tour operators and tourism suppliers.

Buhalis' (1999a, 1999b, 2000) work does not use *conflict theory* as an analysis or understanding tool of the disputants' conflict behavior. He is referring to tour operators' *culture*, as an explanation of their attitude and their priorities, without specifying whether that culture is personal, organizational or market (Atkas et al., 2011; Apipalakul et al., 2017; Iljins et al., 2015), without taking into account the destinations' culture and without exploring how and why culture affects conflict behavior, conflict tactics, conflict process and conflict outcome. Additionally tour operators are treated as impersonal organizations ignoring their human representation and the interpersonal relationships they have with hotel representatives leaving the *personality* (Wall et al., 1995) factor aside. *Reputation* (Deephouse et al., 2005; Lok, 2010; Pfarrer et al., 2010) is also not taken into account as a factor determining the conflict procedure and outcome. All the above were detected before the presence of low cost carriers, sharing economy and internet of

things (Introduction, chapter 1 and chapter 2). The challenge is to investigate how low cost carriers, sharing economy and internet have changed the behavior of the disputants and in what way (if so).

Mohammad (2015) conducted an interesting research in two large towns in Egypt, namely Luxor and Hurghada, interviewing both hotels and tour operators and educating crucial for our research results. His survey ended up with critical success factors for the inter-organizational bonding of the two players and gave answers concerning the latter perception of satisfaction and success of the expanded relationship, recording the critical success factors and clarifying the factors that may lead to an unsuccessful relationship. More specifically, Mohammad (2015) found that: 69% of hotels, compared with 37% of Tour Operators (TO) felt neutral about their relationship, 26% of the interviewed hotels, compared with a 54.5% of TOs, were satisfied about their relationship with each other while only 2.5% of the asked hotels , compared with a 6.1% of the TOs, felt unsatisfied about it. Respectively, 52.4% of the hotels characterized their relationship successful, compared to the 24.3% of the TOs, while 40.5% of the hotels described it neutral and only 21.2% of the TOs thought of it as unsuccessful. The recognized success factors for the relationship of the two disputants are: “trust, commitment and loyalty, formalization of the relationship, conflict resolution, communication, coordination, participation, understanding and supporting partner’s goals, flexibility, frequency of interactions, organizational compatibility, history of the relationship, and importance of the relationship”.

Mohammad (2015) does not also use *conflict theory* as an analysis and explanation tool. He does not also explain how and why success factors affect the conflict behavior and the conflict process and what is the role of the disputants’ relationship in the conflict and goal achievement. Factors like *conditions, personality, reputation, power inequality* are not clearly taken into account.

3.4 CHAPTER LITERATURE FINDINGS AND RAISED RESEARCH QUESTIONS

The previous sections covered the conflict theory detecting its strengths and its weaknesses. Comprehensive literature review has also been realized pertaining to the conflict areas in the tourism market among tourism producers and tourism intermediaries. The most evident issue is that conflict tourism analysis has been conducted without using Conflict Theory as an analysis tool and as a scientific base. This fundamental ascertainment, with all the rest, is being clearly illustrated in the following table:

Table 3.2: Chapter Literature Findings

CHAPTER FINDINGS	CONSISTENT WITH	IN CONTRAST WITH
Conflict Theory's role is to reduce, if not eliminate, the level and tension of a conflict.	Morill, 1991 Thomas, 1988 Blalock, 1989	
Existing Conflict Models are cause-effect factor and predicting models without explaining WHY and HOW factors affect and determine conflict process, behavior and outcome	Pfarrer et al., 2010 Pratt et al., 2006 Petkova, 2012 Apipalakul et al., 2017 Iljins et al., 2015	
There is NO single Conflict Model, easy to use in practice, combining conflict theory and the 8 factors(*1) for an in depth understanding analysis framework	Existing Research	
The latest Conflict Tourism Analysis among tourism producers-tourism intermediaries conducted in 2000	Buhalis, 2000	
There are 9(*2) detected conflict areas among tourism intermediaries-tourism producers in the Mediterranean Region WITHOUT using Conflict Theory and NEGLECTING reputation,	Buhalis, 2000	

identity and culture in three types	
Conflict Theory and Factors (*1) determining conflict process and outcome have NEVER been used in Tourism Theory as an analysis tool and as a scientific base.	Existing Research

*1= culture (individual, organizational, market), environment-conditions, personality, reputation, identity, power inequality, interdependence, disruptive relations.

2*=price, profit margins, legal coverage, TOs bankruptcies, coverage contracts, misleading direction of tourists, payment delays, request for high quality without payment, late release dates, accommodation allocation during check-in.

The above ascertainments are very crucial for the research. Firstly, weaknesses of the hitherto Conflict Models are being detected, creating space for new theoretical paths and secondly, conflict tourism analysis, regarding tourism producers and tourism intermediaries relationship, has been undertaken neglecting conflict theory almost twenty years ago without any other attempt since then leaving a huge research gap. Consequently researched raised issues are being easily emerged and illustrated in the following table:

Table 3.3: Raised Research Questions

RAISED RESEARCH QUESTIONS
Can hitherto Conflict Theory be combined with the 8 factors affecting conflicts in order to create new theoretical paths, easily applied for the benefit of all the embedded parties, emerging a new conflict approach?
Will that approach confirm and enrich hitherto Tourism Conflict Analysis findings (tourism producers-tourism intermediaries Buhalis, 2000)?
Can the new emerged Conflict Approach be generalized and be applied to other parts of the tourism industry and to other industries and fields of research, other than tourism?

The three research questions determine the objectives of the research: whether conflict theory can contribute in elaborating disputants' conflict behavior, whether conflict theory can be used to restore any detected power imbalance and whether Conflict theory combined with research findings can be used to create new theoretical paths.

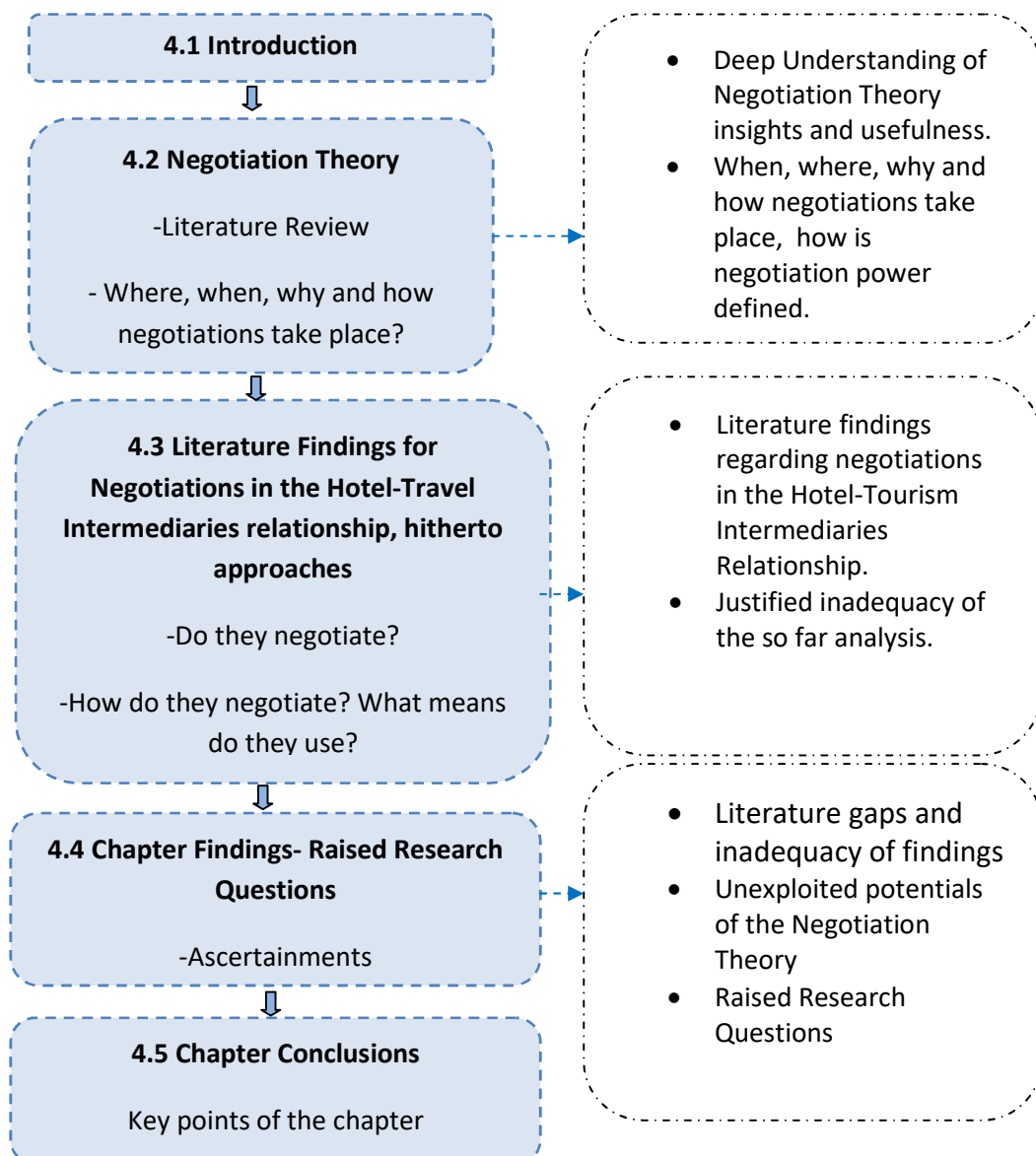
3.5 CHAPTER CONCLUSIONS

Conflict Theory is crucial for conflict analysis. Existing Conflict Models have not been used so far in the tourism theory. The conflict areas among tourism producers and tourism intermediaries have been studied in 2000 but still remain uncharted waters. Combining Conflict theories and conflict models in one single framework and trying to conduct a research over the conflict areas among tourism producers and tourism intermediaries on the scientific basis of Conflict Theory is a big challenge both for the tourism theory and the tourism industry.

CHAPTER 4 - NEGOTIATION THEORY: A SIGNIFICANT TOOL IN THE TOURISM DISTRIBUTION CHANNEL ANALYSIS

4.1 INTRODUCTION

The purpose of this chapter is to explore the Negotiation theory and its usefulness, to present hitherto literature findings and approaches pertaining to the hotel – tourism intermediaries relationship, to detect research gaps and to illustrate **where, when, why** and **how** Negotiation Theory can bridge those gaps. The structure of the chapter is shown below:



4.2 NEGOTIATION THEORY

4.2.1 NEGOTIATION THEORY: LITERATURE REVIEW

4.2.1.1 DEFINITIONS OF THE NOTION OF “NEGOTIATION”

“The deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence” (Walton and Mckersie, 1965) is one of the oldest definitions of the notion of negotiation that has also been by Nikolopoulos (2011). For some researchers, negotiation is the procedure of discussion for reaching an agreement when contradictory preferences appear (Carnevale, Pruitt, 1992), whereas for some others negotiation is the decision making process over what should be given or taken, performed or received during a dealing period among various parties (Drake, 1995, Putnam & Wilson, 1989). Negotiation has also been defined as a vehicle of assertion (Fisher and Ury, 1981) and of attaining a mutually beneficial agreement (Raiffa, 1982). Some sources date the origins of the negotiation theory in the 1970s and present it as a blending of strategies, of affecting factors, of conditions, of preferences and arguments (Dur et al., 2010). Pondy (1967) was the advocate of the idea that negotiation is a conflict resolution method, whereas Gulliver (1979) presented negotiation as a “social process of decision making”.

4.2.1.2 BARGAINING VS. NEGOTIATION

The notions of *bargaining* and *negotiation*, linguistically, represent almost the same meaning and they have been used interchangeably (Lewicki et al., 1992) for a long period of time. *Bargaining power* was defined as a disputant’s ability to reach an agreement under his conditions (Chamberlain and Kuhn, 1965). Early models and theories (Walton and McKersie, 1965; Douglas, 1962; Zeuthen, 1930; Cross, 1965, 1977; Pruitt, 1981; Pen, 1959; Ikle, 1964; Zartman, 1977) developed until 1981

attributed the same meaning among the two terms. In 1981 Roger Fisher and William Ury introduced the notion of a *principled negotiation* recognizing the theretofore “win-lose” or competitive perception of negotiation, that was linked thereafter with the term “*bargaining*”, and distinguishing it from the new “win-win” perception of a negotiation that “produces wise outcomes efficiently and amicably” that was linked thereafter with the term “*negotiation*”. Since then the term *bargaining* refers to *competitive interactions* while the term *negotiation* commits to *cooperative interactions*. The aforementioned distinction of the two terms is not always strictly followed though. There are still researchers that use them interchangeably. The type of interaction has to do with the human attitude in the procedure. Competitive attitudes lead to a bargaining. Cooperative attitudes lead to negotiation. The type of interaction is not defined by the outcome (win-win or win-lose). A bargaining and a negotiation can have both win-win outcomes. Respectively bargaining and negotiation may both have win-lose outcomes. What determines the type of interaction is not the outcome but the attitude in the interaction process.

4.2.1.3 LITERATURE REVIEW OF THE NEGOTIATION THEORY

Thucydides (430BC), the Father of Scientific History, has written the Peloponnesian War between Athens and Sparta declaring that “In my view the real reason, true but unacknowledged, which forced the war was the growth of Athenian power and Spartan fear of it” (Hammond, 2009), becoming one of the first men in history that broached the notions of *negotiations, alliances and power imbalance*. Niccolo Machiavelli, the Father of Modern Political Science, the writer of “The Prince” (16th century) outlined in his work the ideal features a Prince should have and the values he should promote to be a successful leader, defining indirectly the concepts of *political and military negotiation* and urging the need for diplomacy (Berridge et al., 2001). The writer Carl Von Clausewitz (1815) analyzed the notions of *strategy* and *tactics* via his work “On War”. He stated that “a strategic attack directed against only a moderate object involves a greater necessity for steps to defend other points

which it does not directly cover than one which is directed against the centre of the enemy's force; consequently, in such an attack the concentration of forces in time and space cannot be carried out to the same extent" (Howard and Paret, 1976) presenting his perception of *strategic power allocation*.

There are *four basic ways to face* opposing preferences (Carnevale and Pruitt, 1992) or *conflict of interests* (Fisher and Ury, 1981): *negotiation, mediation, struggle and arbitration*. *Mediation* is the procedure of a third party's intervention in the disputants' negotiation process for the facilitation of it (Lewicki et al., 1992). Various models have been developed concerning mediation (Kolb, 1983; Sheppard, 1983; Thibaut and Walker, 1975; Feuille, 1979; Elkouri and Elkouri, 1985; Moore, 1986; Walton, 1969). *Struggle* includes disputants' either active engagement in the conflict, physically (violence, fighting) and/or orally (shouting, swearing), or passive engagement, i.e. tacitly conceding (Schelling, 1960; Carnevale and Pruitt, 1992). *Arbitration* is the case when courts and justice take the control of the conflict (Feuille, 1979; Elkouri and Elkouri, 1985). Mediation and arbitration analysis is out of the scope of this research that in turn focuses on negotiation and more precisely on efficient alternative strategies of negotiation for disputants' mutual benefit.

Table 4.1: Ways to face opposing preferences

Negotiation
Mediation
Struggle
Arbitration

The assumption of "best way to negotiate" was the common feature of a number of negotiation models, called *normative models of negotiation*, that, as in conflict

theory, focus on “the best way to negotiate” and search for an optimal solution (Rapoport and Chammah, 1965). Normative negotiation models were developed prior to the mid 1980s. *Descriptive models of negotiation* perceive humans as not perfectly rational agents, taking into account various constraints and biases and focus on understanding and explaining negotiating behavior (Argoneto et al., 2008). Normative models antedated the descriptive models.

Table 4.2: Types of Negotiation Models

Normative	→	Focusing on Best Way to negotiate
Descriptive Models	→	Focusing on explaining negotiating behavior

Deutsch (1949a, 1949b, 1973, 1985, and 2006) distinguished the conflict resolution approach into two broad categories: the cooperative and the competitive processes. Cooperative conflict resolution is linked with the notion of negotiation, where disputants try to find ways to cooperate in order to discover mutually beneficial solutions. Competitive process is linked with bargaining where disputants hook on positions and counteroffers. He was a great supporter and advocate of the idea that “conflicts are mixed-motive, containing elements of both cooperation and competition”, (Deutsch, 2006). His theory, first formed in 1949 and enhanced throughout the years till 2006, suggested that a conflict’s outcome depends on the choice of the conflict resolution approach (cooperative or competitive), which in turn is being determined and affected by: the type of interdependence of the disputants, the type of action, the three social psychological processes of substitutability, attitudes and inducibility the cultural and situational context. Interdependence (positive when one’s goal realization is positively correlated with disputant’s possibility to achieve his goal or negative when goal realization is negatively correlated with disputant’s possibility to achieve his goal, Deutsch 1949a, 1949b) asymmetries lead to respective power and influence asymmetries in the relationship, (Deutsch, 2006). Actions (positive when contribute to goal realization and negative when reducing possibilities of goal achievement) in conjunction with the type and

the level of interdependence determine and affect substitutability (process of accepting others action in achieving goals), attitudes (intention to react favorably or unfavorably) and inducibility (readiness to accept ,reject or obstruct what the other wants) and all these in combination with culture (Deutsch, 1973, 1985, 2006; Hofstede, 1980, 1991, 2010) determine whether a cooperative or competitive conflict resolution will be adopted. Deutsch (1973) alleged that cooperative process leads to constructive conflict resolution, while competitive process leads to destructive conflict resolution. “Perceived similarity in basic values” boosts communication process, whereas tactics of threat and poor communication lead to competitive process (Deutsch, 1973).

Walton and McKersie (1965) used the “Behavioral Theory of Labor Negotiations” to examine negotiations in workplaces among managers and unions (Bacon, et al., 2007) creating a significant framework pertaining to bargaining (Kochan et al., 2003). Walton and McKersie (1965) recognized that the negotiation procedure goes through four (4) subprocesses: *distributive bargaining*, *integrative bargaining*, *attitudinal structuring* and *intraorganizational bargaining* (Lewicki et al., 1992; Bacon et al., 2007; Kelly, 1998). *Distributive bargaining* is the subprocess of defining disputants’ *target points* and *bottom lines* (the point below which negotiation does not proceed, i.e. the lowest point of a disputant’s concession) creating a middle space among them where interaction takes place and disputants try to maximize their gain share (Bacon et al., 2007; Schelling, 1960; Burchill, 1999). *Integrative bargaining* is the subprocess of a joint problem procedure where rivals work on enlarging the size of the joint profit pie rather than on dividing the gains/profits (Hammer et al., 1977; Wall, 1985). The success factors of this subprocess are effective communication and willingness to share information (Lewicki et al., 1992). Attitudinal structuring is the subprocess of disputants’ attempt to influence each other’s perceptions and attitudes and to affect the structure of their relationship, for the enhancement of the negotiation atmosphere (Walton and McKersie, 1965). Intraorganizational bargaining refers to the interactions undertaken within an organization where principals’ and managers’ goals converge. Walton and McKersie (1965) developed four patterns of negotiation depending on disputants’ (managers-

unions) attitude regarding dividing gains and on their problem solving behavior (Bacon et al., 2007): *cooperation, conflict, mixed situations (cooperation→conflict) and mixed situations (conflict→cooperation)*. During *cooperation* rivals are both dedicated to joint problem direction sharing information, working on joint gains and mutual benefits and increasing positive value (Bacon et al., 2002, 2006). Walton and Mckersie (1965) admitted that the trap of that pattern of negotiation is the exploitation of the share information and the increase of the vulnerability of the weaker disputant. During *conflict* negotiators do not engage much in joint problem activities, do not share information, focus on dividing gains, make concessions and trade offs ending up actually sharing a smaller pie of gain, than if they would cooperate (Kriesberg, 1998). In *cooperation→conflict*, rivals adopt a joint problem solving approach, share information but they struggle over sharing gains. In *conflict→cooperation* disputants do not engage in joint problem solving procedure whereas they are interested in sharing joint gains (Walton and Mckersie, 1965, 1966; Mckersie et al., 1992.)

Distributive bargaining and integrative bargaining have constituted two distinct streams and paradigms of negotiation (Lewicki et al., 1992). Combining that distinction with the division of normative (Rapoport et al., 1965) and descriptive (Argoneto et al., 2008) models of negotiation leads to the creation of four broad categories of negotiation models (Lewicki et al., 1992): the *distributive descriptive, the distributive normative, the integrative descriptive and the integrative normative models of negotiation*

Table 4.3: Categories of Negotiation Models based on the two streams of Negotiation: Distributive and Integrative

Distributive Descriptive Models
Distributive normative Models
Integrative Descriptive Models
Integrative Normative Models

The main negotiation models for each category are:

Table 4.4: The main Negotiation models for each category of Negotiation Models

DISTRIBUTIVE DESCRIPTIVE MODELS	DISTRIBUTIVE NORMATIVE MODELS	INTEGRATIVE DESCRIPTIVE MODELS	INTEGRATIVE NORMATIVE MODELS
Bilateral Monopoly	Risk Conflict Model	Framework/Detail	Integrative Decision – Making
Three phases	Rational Utility Maximization	Integrative Negotiation	Principled Negotiation
Bargaining Power	Uncertainty and Tactical		Creative Problem- Solving
Learning Process	Manipulation and Superior Set		
Demand level/Concession Rate			
Strategic Choice			
Multilateral Public Sector			

Models are extensively displayed in order to present the development of the perception, research and process of negotiation from distributive to integrative and to underline the importance of elaboration of human behavior when talking about negotiation issues. Historic review of the negotiation theory and its development over the years are important in order to build up on that theory and to engrave new theoretical paths.

The main Distributive descriptive negotiation models are: Bilateral monopoly, Three Phases, Bargaining Power, Learning Process, Demand level/concession rate, Strategic Choice, Multilateral public sector (Lewicki et al., 1992).

Bilateral monopoly model is the case of a monopolist and a monopsonist negotiating either the terms of a merger or of a price contracts among them (Blair et al., 1987; Siegel et al., 1960) resulting in independent profit-maximizing attitudes, i.e. distributive negotiations. *The Three Phases Model* (Douglas, 1962) presents

negotiation as a three phase procedure where disputants (a) define the negotiable areas, (b) interact on positions and (d) they either converge to an agreement or they reach a dead end. *The Bargaining Power Model* (Chamberlain et al., 1965) introduced bargaining power as one's ability to influence his opponent in an agreement on his own terms. A disputant's tendency to agree is also defined as the ratio of the perceived costs of disagreeing to the perceived costs of agreeing, opposing the theretofore "strict" objective costs and advocating the notion of perceived costs (Lewicki et al., 1992; Gruder, 1970; Tedeschi et al., 1977). *The Learning Process Model* (Zeuthen, 1930) is illustrating the case where disputants do not have perfect information and individual perceptions, regarding costs and opportunities, where they react each time with respect to their opponent's actions and concessions, targeting in maximizing their individual gains (Hicks, 1963; Cross, 1965). *The Demand Level/Concession rate* (Pruitt, 1981) focused on variables like demand levels and concessions throughout the negotiation procedure to better understand the disputants' distributive bargaining. *The Strategic Choice Model* (Pruitt, 1981) emerged three strategies for disputants to choose: concession, staying stable and employing pressure or cooperating. The choice of the strategy will also determine the outcome (Lewicki et al., 1992). The Multilateral Public Sector Model (Lewin et al., 1988) broadens the number of the parties embedded in the negotiation procedure, i.e. bilateral became multilateral among various unions organizations.

The main *Distributive Normative Negotiation Models* are: Risk Conflict Model, Rational Utility Maximization, Uncertainty and Tactical Manipulation and Superior Set (Lewicki et al., 1992).

The Risk Conflict model (Zeuthen, 1930) indicated "who" and "when" should concede to avoid loss by creating a two-type behavior (remain rigid or concede) model where the maximum ideal bearable risk of a prospective loss, if both sides remain firm, is being calculated. *The Rational Utility Maximisation Model* (Nash, 1950) and Von Neuman and Morgenstern, 1947) pointed out that disputants will make the choices that maximize their utility/gains, assuming that they know each other's preferences and that the preferences are fixed, agreeing only on pareto-optimal settlements. Their model was criticized for its unrealistic highly restrictive assumptions and for its

narrowness concerning the number of variables taken into account for the explanation and prediction of the negotiation behavior (Malhotra and Bazerman, 2008). Similarly, other researchers (Pruitt & Kimmel, 1977; Messick & Brewer, 1983) dealt with opposing preferences and approached negotiation as a struggle (rigidity) vs. tacit bargaining (compromise, concession) process focusing on prescription rather than on communication and explanatory issues and assumed a “best way to negotiate”. *The Uncertainty and Tactical Manipulation Model* (Pen, 1959) seriously questioned Zeuthen’s (1930) and Nash’s (1950) assumptions, supporting the idea that bargainers do not possess complete information, do not aim at simply maximizing their expected utility, they do have preferences influenced by psychology and market factors and their perceptions and predispositions over taking risks also vary (Hicks, 1963; Cross, 1965, 1977). Schelling (1960) and Raiffa (1982) expanded even more Pen’s (1959) thought shedding light on the psychological and moral issues of the negotiation process and identifying cognitive barriers to the so called rational behavior. Raiffa (1982) touched upon the issue of mutually beneficial negotiations (Fisher & Ury, 1981) and the negotiator’s ability: to reflect on a society’s rules before judging behavior, to adopt an exemplary behavior in order to initiate people to follow that attitude, to invest in his reputation for future rewards, to anticipate and predict disputants’ behavior and to bear in mind that people have diverse evaluations for the long run effects of their actions. In his own words “your reputation may be a proxy for future tangible rewards”, (Raiffa, 1982). He recognized though very early that the developed negotiation theories “are too vague to be operationally relevant”, reinforcing the emphasis of the extant research. Schelling (1960) asserted that “compromising a principle sounds wrong; but compromising between principles sounds right. And compromising, after all, is what a negotiation is all about”. *The Superior Set Model* (Champlin and Bognanno, 1986) is a model of suggesting when negotiation or arbitration should be selected using as an indicator the value of the calculated expected utility derived from a negotiation process and the calculated expected utility derived from a dead end/disagreement. The higher value shows the way forward.

The main *descriptive integrative models* are: the *Framework/detail* and the *Integrative negotiation* (Lewicki et al., 1992). *The Framework/detail integrative descriptive model* sheds light on the understanding of the negotiation process by indicating the two stages the process goes through: (a) the determination of the perceived negotiable areas through disputants' communication and (b) the stage of selecting points of agreement inside frame (a), (Ikle, 1964). That model was developed by Zartman (1977) recognizing three, instead of two, stages: (a) diagnosis of rivals' nature and extend of relationship, (b) creation of a formula for defining the conflict areas and (c) cooperative interaction towards agreement points. *The Integrative Negotiation Model* (Walton and McKersie, 1965; Pruitt, 1981) is a collection of research findings concerning the holistic understanding of the negotiation process, the used tactics etc. Those models are important in understanding the negotiation process and the human behavior.

The main *normative integrative models* are: *The Integrative Decision-making*, *The Principled Negotiation and the Creative Problem-Solving*. *The Integrative Decision-Making Model* (Walton and McKersie, 1965) compartmentalized negotiation process into six advisory steps, i.e. disputants should: create a cooperative environment to negotiate, should work on their perceptions (Hofstede, 1980, 2011) to facilitate the process, should both engage in information sharing (Yu et al., 2001), should adopt amicable and friendly attitudes to each other, should accurately define the negotiable issue (Wall, 1985), should work towards creating mutually beneficial alternatives and should finally come up with consensus (Filley, 1975). Ross et al. (1996) adds that the prerequisite for the success of the Integrative Decision-Making Model (Schwenk, 1990) is the degree of "trust" among the disputants. *The Principled Negotiation* (Fisher and Ury, 1981) defined negotiation as a process of realizing goals rejecting the theretofore two strict ways of negotiation (i.e. either hard or soft) and creating a third way, the Principled Negotiation which is hard on the negotiated issue and soft on the people. Fisher and Ury (1981) worked on negotiation issue advocating the importance of creating a "wise" mutually beneficial agreement while maintaining, if not enhancing, the relationship of the embedded parties definitely avoiding the damage of the attained good communication. Fisher and Ury (1981)

suggested four things: (a) to separate people from the problem, (b) to focus on interests and not on positions (positional bargaining is linked with extreme positions, small concessions, distrust, search for a single answer/solution, no information sharing, win-lose process), (c) to create new options for mutual gain and (d) to use objective criteria for justification, making the negotiation process independent of trust. Concerning (a) human relationships are entangled in issues (Hak et al., 2018; Nelson et al., 2015), therefore the separation is crucial. Humans should be able to see the issues as the other side see it (Hak et al., 2018), should be able to recognize disputants' emotions (Hurt et al., 2018) and the causes that create them, should communicate via talking, active listening and fixing any misunderstanding (Fisher and Ury, 1981). Regarding (b) disputants should avoid the assumption that interests are common (Fosse et al., 2017; Tremblay, 2016) and should bear in mind the fundamental needs for security, economic well being, sense of belonging, recognition, control over one's life when looking for common interests while for a successful negotiation they should be able to recognize interests, they should talk about them and consider disputants' interests as part of the problem (Fisher and Ury, 1981; Nelson et al., 2015). Pertaining to (c) the main obstacles, according to their theory, is the premature judgment, the search for a single answer, the assumption of a fixed pie and the thinking that solving an issue is a one side procedure (Ben-Artzi et al., 2015). Fisher and Ury (1981) underlined that negotiators should "not leave money on the table", i.e. they should not accept an agreement that does not fulfill their targets and they should not make an agreement that leave unexploited potentials of further gain. A crucial prerequisite for that is the awareness of BATNA (Best Alternative To a Negotiated Agreement) for each rival. The higher the BATNA the more powerful a rival is, according to the Principled Negotiation Model, making the awareness of each other's BATNA pivotal. Developing BATNA enhances one's ability to influence and affect the terms of a negotiated agreement (Fisher and Ury, 1981). A high BATNA indicates that if the negotiation outcome is "no agreement" the rival has many other alternatives to choose. A low BATNA indicates that if the negotiation outcome is "no agreement" the rival has no other options to choose from. If a player's BATNA is much higher than the one of his/her disputant, Fisher and Ury (1981) suggest the following

negotiation strategy: to negotiate on the merits and to exploit all the potentials for developing BATNA. A low BATNA may lead a disputant to a dead end if no agreement is reached. If a rival (lets say A) is aware of the low BATNA of his disputant (lets say B) it is easier for A to handle B and to force him to accept an agreement in favour of his (A) interests. Being precisely aware of the level of BATNA and predicting rival's BATNA is crucial then in the negotiation procedure. Some players often pretend a high BATNA to influence the procedure in their own favor (as a tactic). Good and experienced negotiators can detect that and respond respectively. BATNA (Fisher and Ury, 1981) is crucial and pivotal in the negotiation process.

Fisher and Ury (1981) suggest that a significant part of the negotiation process is someone's ability to create new alternatives to his/her disputant(s), i.e. to enlarge the rival's perceived BATNA in such a way that both parties will benefit from that. This suggestion is consistent with their challenging of the theretofore assumption that the "market pie is constant". Fisher and Ury's (1981) work indicates that a cooperative interaction of two or more parties can emerge beneficial outcomes by creating new alternatives that enlarge the market pie.

Other strategies suggested by them for cases where rivals do not cooperate is the "Negotiation Jujitsu", i.e. to treat rivals' extreme positions as given and to work on a hypothetical acceptance of them while working simultaneously on the terms of the agreement and asking for their advice to let steam off and to fulfill their need to feel superior. If "dirty tricks and tactics" appear the best way to deal with them is to (a) recognize the tactics, (b) to mention them loudly and (c) to express the undesirability of them focusing at the same time on merits and BATNA's expansion. Reyes (2015) criticized Fisher and Ury (1981) as a too general model that does not accurately and measurably define the "wise agreement". The third normative integrative model is *Creative Problem Solving* (Pruitt and Rubin, 1986) suggesting four steps for problem solving: (a) making a cause conflict analysis, (b) defining interests, (c) searching for common interests and (d) looking for areas of common agreement.

4.2.1.4 USEFULNESS OF THE NEGOTIATION THEORY, CHOICE OF NEGOTIATION MODEL FOR THE RESEARCH

Taking into account the four groups of negotiation models the *distributive descriptive*, the *distributive normative*, the *integrative descriptive* and the *integrative normative models of negotiation* (Lewicki et al., 1992; Rapoport et al., 1965; Argoneto et al., 2008) we choose to work with the *Integrative Descriptive Models* (Ikle, 1964; Pruitt, 1981, 1983) and the *Integrative Normative Models* (Follett, 1975; Fisher and Ury, 1981; Pruitt and Rubin, 1986) of Negotiation because (a) the aim is to understand in depth the human behavior in the negotiation process and (b) to discover whether hitherto negotiation theory is used in practice via primary research and also to use primary research results to create new theoretical paths of negotiation, easily applicable in practice not only in the tourism industry but also in other industries, for the benefit of all the embedded parties.

4.3 LITERATURE FINDINGS FOR NEGOTIATIONS IN THE TOURISM MARKET (TOURISM PRODUCERS-TOURISM INTERMEDIARIES), HITHERTO APPROACHES.

Ford et al. (2012) explores the issue of power asymmetry in the tourism distribution networks focusing on interorganizational relations in the market in tourism context. Pferrer (1992) indicates how weak parties in negotiation may influence the game and restore the power asymmetry by controlling the precious information they may have, exploiting their position in the distribution chain, establishing an information monopoly. In that sense, hotels may withhold precious information from intermediaries like tourism demand data (Ford et al., 2012). Secondly, hotels may look for tourism intermediaries substitutes by searching for alternative associations that will do what tourism intermediaries do (Ford et al., 2002), like a DMO. Secondly Pferrer (1992) suggests that players should exploit their centrality in

communications network. Using technology (Buhalis, 2003; Buhalis et al., 2001; Buhalis et al., 2008) tourism producers may directly do the marketing via various associations (like DMOs) and company meeting planners (Ford et al., 2012) to restore the power imbalance. Pferrer's (1992) suggestion of creating alliances and boosting reputation may also be used to increase tourism producers' power in the tourism distribution channels (Ford et al., 2012). Stangl et al. (2016) studied the level of dependency of tourism producers on tourism intermediaries.

Buhalis (2000) ascertained that tourism producers do not negotiate with tourism intermediaries because they do not have the power to do so. As already mentioned though, that was the case in 2000 when technology, low cost carriers and sharing economy were not expanded as they are in 2018.

The negotiation theory has not been used so far in any research, in any way. Although various factors have been studied separately (power, reputation, information etc) there is no holistic research in tourism based on negotiation models and theory, leaving a huge research gap.

4.4 CHAPTER LITERATURE FINDINGS – RAISED RESEARCH QUESTIONS

The previous sections covered the negotiation theory shedding light on the existing literature review of the main theories and models. Following the literature review and the few tourism literature findings pertaining to negotiation theory, the next table illustrates the so far ascertainments:

Table 4.5: Chapter Literature Findings

FINDINGS	CONSISTENT WITH	IN CONTRAST WITH
Negotiation Theory is a conflict resolution method	Nikolopoulos, 2011 Fisher and Ury, 1981 Pondy, 1967 Reyes, 2015	
Negotiation Theory has been developed and linked mostly with: commerce, organizational issues and war cases	Walton and McKersie, 1965 Fisher and Ury, 1981 Lewicki et al., 1992	
Negotiation Theory has NEVER been used and applied in Tourism Research	Existing Research	
There is no tourism research exploring holistically the negotiation process among tourism suppliers-tourism intermediaries using Negotiation Theory as a scientific base of analysis	Existing Research	

The above ascertainments are revealing the literature gap in tourism research and the need to bridge that gap. This research will support tourism industry and the tourism stakeholders that are faced and confronted with various negotiation issues. Following the ascertainments, research questions arise:

Table 4.6: Raised Research Questions

RAISED RESEARCH QUESTIONS
How Can Negotiation Theory shed light on understanding the existing negotiation process among tourism producers and tourism intermediaries?
How Can the existing Negotiation Theory be applied to create new alternative mutually beneficial negotiation outcomes for tourism producers and tourism intermediaries?
Can primary research support new theoretical paths for negotiations?
Can this be applicable in the market for the benefit of the embedded stakeholders?
Can the emerged new theoretical paths be applied to other areas in the tourism industry?
Can theory be created for other industries, other than the tourism market?

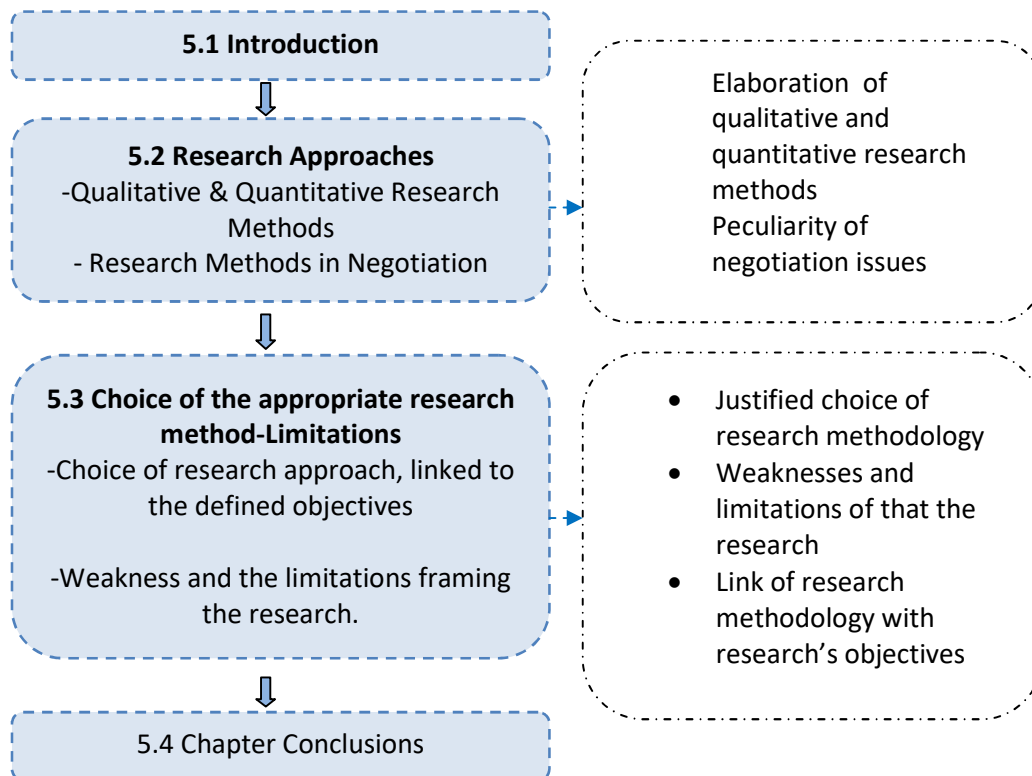
4.5 CHAPTER CONCLUSIONS

Negotiation Theory is a useful tool for conflict resolution and needs a conflict to exist. Although it has been developed over the years it has never been applied in tourism research and in tourism industry. It is a challenge and a chance to bridge the literature gap of the lack of negotiation theory in tourism theory and to explore theoretically and practically the usefulness of the negotiation theory.

CHAPTER 5- METHODOLOGY

5.1 INTRODUCTION

The main purpose of this chapter is to explore the general framework of the qualitative and quantitative research approaches. The specific aim is to explore the used research approaches in negotiation issues, pros and cons, in order to make a justified choice of research methodology. Research methodology refers to sampling and finding analysis of the research. The structure of the chapter is shown below:



5.2 Research Approaches

Research regarding the field of negotiations in last decades has increased tremendously (Buelens et al, 2008). Efforts have relied on dominant quantitative techniques, focused mainly and merely on narrow context questions that detect the causes and predict negotiation outcomes. It has been neglected though the importance of “how”, “why” and “when” the negotiation outcome is being affected. Hence, there has been left a significant gap in research methodology and elaboration of negotiation process (Hopmann, 2002).

5.2.1 Research Approaches

There are three substantial schools of thought pertaining to research approaches: positivism, constructivism and postmodernism (Lincoln and Guba, 2000; Creswell, 2003). Positivist research is primarily concerned with detecting the factors that affect a result and is mainly based on experiments and quantitative analysis. The constructivist approach supports the idea that humans are highly concerned with meanings as they engage in real world issues (Gephart, 1999). It is an ideal approach for interpreting daily issues. The focus of that approach is the development of a theory or type of meaning (Crotty, 1998) setting aside reliability and validity issues of the quantitative approaches and aiming at a more interpretive research (Cuba and Lincoln, 1994). The significance of that research method relies on the purposeful lack of hypothesis and on the understanding of the meanings and behavior in real settings and conditions (Buelens et al, 2008). Postmodernism approach is the advocate of blending research with politics and political theory for the achievement of real change in disputants', society's, institutions' and researcher's life (Kemmis and Wilkinson, 1998; Creswell, 2003). Table 51 summarizes the three schools of thought and their basic features:

Table 5.1: The Three Schools of Thought for Research Approaches

	Positivism	Constructivism	Postmodernism
Assumptions	Objective world	Subjective world	Material world
Focus area	Cause-effect variables	Ways of meaning and understanding	Differences in ideologies
Evaluation Criteria	Validity & Reliability	Credibility & Authenticity	Historical Insights
Unit of analysis	Variables	Meaning	Contradictions
Research methods	Quantitative analysis: experiments, questionnaires, theory testing	Qualitative analysis: Observation, interviews, theory development	Historical Textual Analysis

Source: Key points of Buelens et al. (2008) table p.324

For positivism and postmodernism the core of the analysis is based on variables and contradictions respectively, whereas for the Constructivism approach the core of the analysis is the understanding. Positivism is more linked to quantitative analysis while constructivism is combined with the qualitative process and the theory development. Worth noticing is that the positivism approach is a cause-effect approach looking for the causes that lead to a certain result. Constructivism is focused on understanding how and why certain factors determine outcomes, which is rather crucial for our research.

Positivism approach illustrates the school of thought advocating that what is observed can be accurately measured, predicted and analyzed. Events are observed, events are searched as “causes” and hypothesis of “events” are being tested under the assumptions of “other things being equal”. However in real world there are things that cannot be accurately measured like the intention to engage in a conflict, like feelings that drive certain behaviors etc. Additionally in real world “other things are not equal and constant”.

Postmodernism approach depicts the school of thought supporting the idea that there is not a “single truth” and no theory is better than any other. Neutral observations of postmodernism are combined with the idea that truth is “relative” and is a matter of conversations, negotiations and agreements. However it is risky

not to evaluate theories and to make a scientific research based on such a “relative” approach.

5.2.2 Common approaches in Negotiation Issues, Failures and Challenges.

Buelens et al. (2008) critical review over 941 articles pertaining to negotiation research sheds light on the weak points, failures, gaps regarding the methodology and negotiation research while simultaneously points out the challenges for future negotiation research.

One of the weaknesses of the majority of the undertaken research in negotiation is the implementation of quantitative method of analysis (positivist approaches) focusing on causes and predictions of the negotiated result, neglecting a deep understanding of “why” and “how” the negotiation process is being affected and determined (Buelens et al. 2008). Mathematical and statistical tools many times fail to reveal meanings of human behavior (Nakata and Huang, 2005; Scandura and Williams, 2000). McGrath (1982) clarifies that the low level of generalizability and context realism in laboratory experiments is hardly and partially settled down in experimental simulations where a small degree of realism is detected in context. Schaubroeck and Kuehn (1992) reported some types and areas of research in negotiation. International peace and buyer-seller negotiations were approached using empirical research. Job-negotiations were approached using experimental research methods and they were all studied from either political, legal or criminological point of view ignoring other perspectives like personality, gender, culture, psychology, technology, geographical area etc. The positivist methods that have been mainly used so far have led to significant findings. There seems though to be missing a pivotal and crucial area of research. This is the understanding and explanation of *how* and *why* various factors (variables) affect and determine the negotiation procedure and outcome. A holistic and enormous understanding of *why* and *how* certain factors influence negotiation will engrave the way to intervene in

this process for the creation of the desired each time outcome. The understanding of the role of each factor and of the way it affects the procedure and the result, will contribute to the theory development, to the disputants' improved performance, to the market's overall flow and hence to the economy's growth.

Other weaknesses in the negotiation research pertaining to generalizability, replication of findings, types of participants, the longitudinal aspect of the undertaken studies along with the context validity of them (Buelens et al., 2008; Wall and Blum, 1991; Spector, 2001) are being reported. The limited areas of research, regarding negotiation issues (peace, jobs etc), in combination with the restricted geographical areas and the restrained timeframe of the implied researches raise serious issues in the negotiation research. Thematic, geographical and time constraints create in turn issues concerning the replication and the generalizability of the findings threatening the validity of the negotiation research. Moreover the ascertainment of only 3% participation of real experienced negotiators in negotiation research (Buelens et al., 2008) weakens the validity and the realism of the scientific works. Most of articles, reports and studies use students or rising negotiators. Significant results in specific areas cannot be replicated and generalized easily. This creates the need of scientific research that approaches negotiation issues in such a way that results can be replicable, generalized and have a long term holistic approach including cross-cultural negotiations (Druckman, 2005). Finally, the development of new theoretical paths in the area of negotiation need to be followed by some theory testing as the constructivist approach implies (Buelens et al., 2008).

5.3 Chapter Literature findings and choice of the research methodology

5.3.1 Literature Findings

The previous sections explored in a general framework the dominant research methodologies and the specific case of the research pertaining to negotiation issues illustrating all the strong and the weak aspects. The next table presents the main findings:

Table 5.2: Chapter Literature Findings

CHAPTER FINDINGS	CONSISTENT WITH	IN CONTRAST WITH
The three main school of research are positivism (quantitative analysis), constructivism (qualitative analysis) and postmodernism (historical analysis)	Lincoln and Guba, 2000 Creswell, 2003 Gephart, 1999 Crotty, 1998 Kemmis and Wilkinson, 1998	
Quantitative approaches in negotiation issues failed to examine “how” and “why” negotiation is being determined and affected.	Buelens et al., 2008 Lewicki et al., 1992	
Quantitative approaches in negotiation issues failed to address generalizability, context validity, longitudinal and replication issues.	Wall and Blum, 1991 Spector, 2001 Schaubroeck et al., 1992 Nakata and Huang, 2005	
Coding qualitative data as if they were quantitative data leads to false analysis	Yin, 2011	

5.3.2 Selection of the research method – Thematic Analysis, Qualitative Approach

The *main purpose* of this research is to investigate:

- Whether *Conflict and Negotiation Theories* can be used to elaborate disputants' behavior, the motives/interests that drive them and the way they affect their behavior (**OBJECTIVE 1**).
- Whether *Conflict and Negotiation Theories* can contribute in the *restoration* of market flow and power imbalance among tourism producers and travel intermediaries in the tourism distribution channels in oligopsony-oligopoly market conditions (**OBJECTIVE 2**).
- Whether *Conflict and Negotiation Theories* can be used to *propose* alternative mutually beneficial strategies of negotiation for the disputants as a resolution to the pertinent aforementioned raised conflicts of interests (**OBJECTIVE 3**).
- Whether the existing research can *emerge new theoretical paths* pertaining to conflicts and strategies of negotiation, easily applicable not only by tourism producers and tourism intermediaries but also by other tourism sectors and other industries, for science upgrade and for the benefit of all the parties embedded in the negotiation process (**OBJECTIVE 4**).

Understanding human behavior in depth is a prerequisite for making conflict analysis, using conflict theory, and for implementing negotiation theory while working towards the restoration of the market flow. In this research we focus on human and not on organizational behavior because we approach enterprises as being represented by humans in the negotiation process. The objective of the existing research is to develop a bidirectional relationship between theory and primary research in order to: (a) use theory to shed light on understanding human behavior and market flow and (b) to use primary research's results for the enhancement of the existing theory, for the creation of new theoretical paths driven

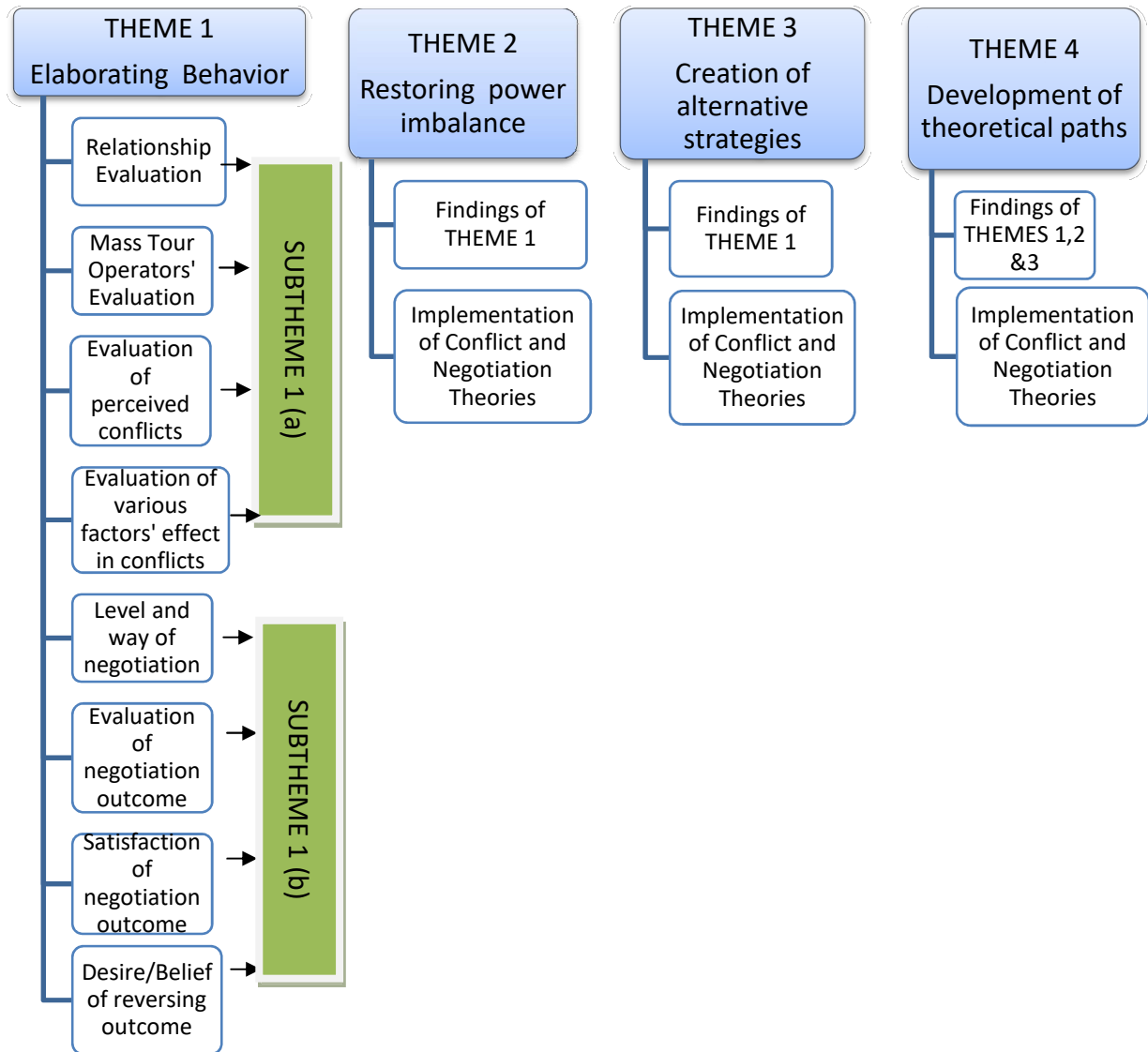
from real world cases/data and for suggesting alternative strategies of negotiation for the common good.

The qualitative approach is being selected, as being also consistent with the constructivism school, committed to avoiding the coding of the qualitative data as if they were quantitative to avoid false analysis and attempting to overcome replication, generalizability, range of negotiation areas and the longitudinal issue.

Thematic analysis (Boyatzis, 1998) is the type of the qualitative approach that is chosen for the analysis of the findings. Thematic analysis approach is based on themes that can be derived either deductively (i.e. from research objectives, prior research findings and theory) or inductively (i.e. directly from raw unprocessed data) (Morse, 2008; Tinker et al., 2008; Boyatzis, 1998). Thematic analysis uses “manifest content” to create categories and “latent content” to create themes (Vaismoradi et al., 2016). In thematic analysis each theme represents the concept of a research question (objective), while each category is a simple description of the evident unprocessed findings contributing in creating a theme (Krippendorff, 1980; Tinker et al., 2008). Categories are pillars of the themes and are being elaborated via theme analysis (Vaismoradi et al., 2016; Morse, 2008).

This research has four (4) objectives and main research questions that constitute four (4) themes of discussion. The four themes were created as follows:

Figure 5.1: Structure of Thematic Analysis

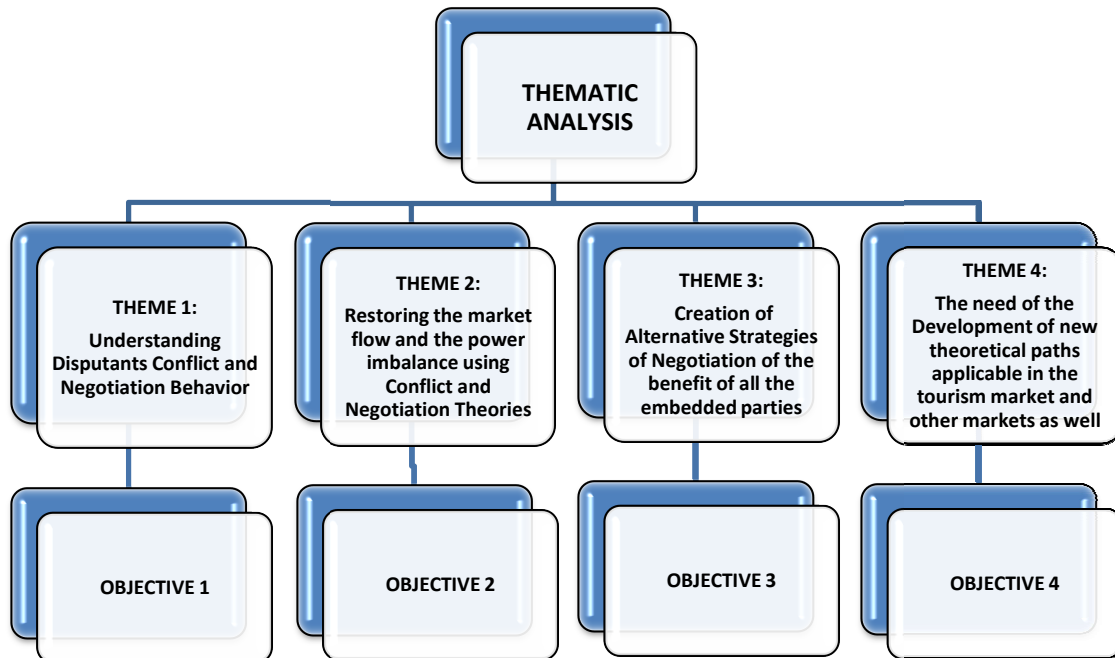


Text data are being analyzed using Thematic Analysis method. THEME 1 is created both inductively (raw data are being grouped in categories) and deductively (represents Objective 1 of the research). The Relationship Evaluation, The evaluation of the role of mass tour operators in the market, The Evaluation of the perceived Conflicts and the Evaluation of the performance of accommodation enterprises constitute four (4) categories that create **SUBTHEME 1 (a): “Elaborating disputants’ conflict behavior”**. The investigation of the extent and the way disputants negotiate, The Evaluation of the negotiation outcome, The Evaluation of their satisfaction regarding the negotiation outcome and The Evaluation of their desire/belief that the

negotiation outcome is reversible are four (4) categories that create **SUBTHEME 1 (b): “Elaborating disputants’ negotiation behavior”**. Subthemes (a) and (b) create the main theme of discussion **THEME 1: “Elaborating disputants’ Conflict and Negotiation Behavior”** which is OBJECTIVE 1 of the research.

THEME 2 represents OBJECTIVE 2 of the research and is created deductively using the results of THEME 1 and implementing Conflict and Negotiation theories. THEME 3 represents OBJECTIVE 3 of the research and is created deductively using the results of THEME 1 and implementing Conflict and Negotiation theories. THEME 4 represents OBJECTIVE 4 of the research and is created deductively using the results of THEME 1, THEME2 and THEME 3 while taking into account Conflict and Negotiation Theories. The next figure illustrates explicitly the link among the THEMES and the objectives of the research.

Figure 5.2: Thematic Analysis and Research Objectives



5.3.3 The Implementation of the selected Qualitative approach

The objectives displayed in the previous section are being addressed and approached by qualitative research methods and more specifically with unstructured interviews for an in depth understanding (Yin, 2011). All types of hotels (hotels not belonging to any chain hotel) were being invited in key areas of Greece for an interview serving the scope of this research. Only 50 units responded to the invitation sent by e-mail. More precisely 50 units qualitative recorded unstructured interviews were undertaken in various areas in Greece (see table below) based on open form questions (Fowler & Cosenza, 2009) and focused on intense listening and understanding people's explanations (Brenner, 2006) without the necessity of

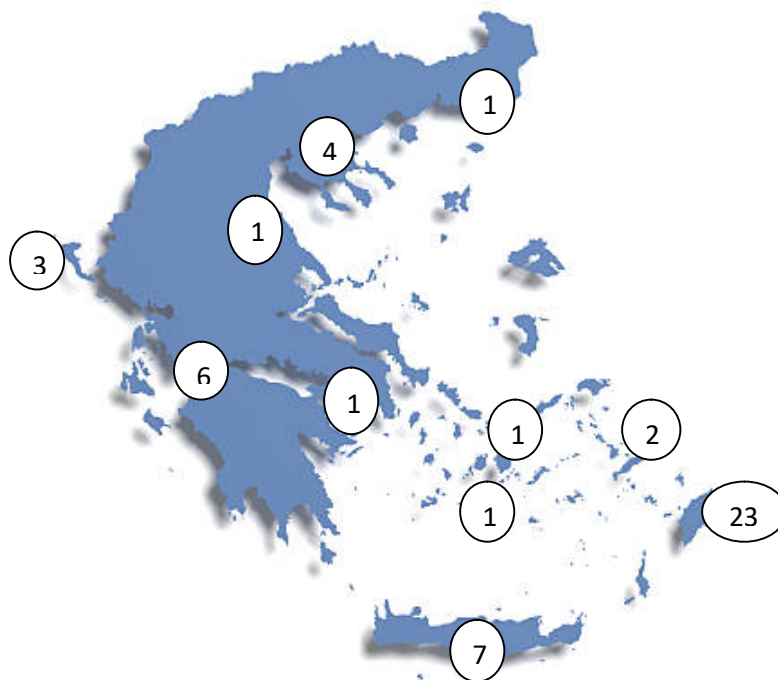
acquiring a representative sample (Yin, 2011) from April 2018 till September 2018. In that sense 50 interviews is an adequate number of unstructured interviews. Structured interviews with close-ended questions, limited set of response, the same set of questions and the prerequisite of a representative sample (Yin, 2011; Rubin & Rubin, 1995; Fontana & Frey, 2005) have been avoided because they could not serve the utter goal of the research, i.e. “Structured interviews also are limited in their ability to appreciate trends and contextual conditions across a participant's lifetime, whereas qualitative interviews may dwell on these trends and conditions”, (Yin, 2011). Convenience sampling was identified as the most suitable for the purpose of the research. Some researchers declare that the quantitative researchers seem to “have no incentive to doubt factoids and to initiate research that may reject common view”, (Beritelli et al., 2016). Interviewees were selected according to their experience in negotiations. Experienced in contracting negotiators were selected. The interviews were taken in interviewees’ offices. Interviews were taken in contractors offices to observe them in their working environment and to make them feel more comfortable when talking.

Table 5.3: Data Allocation

LOCATION	TYPE OF ACCOMMODATION				
	RESORTS	HOTELS			RENTAL ROOMS
		5*	4*	3*	
ATHENS	1				
RHODES	1	6	9	7	
CRETE	7				
MYKONOS	1				
CORFU	3				
KOS	2				
PELOPONISOS	6				
LARISA		1			
CHALKIDIKI	1				3
ALEXANDROUPOLI		1			
SANTORINI					1
NUMBER OF UNITS	22	8	9	7	4
TOTAL NUMBER OF UNITS				50	

Table 5.3 indicates the number of accommodation units that participated in the research according to the type of accommodation (fully explained in 6.3.1 section) and the location of the unit.

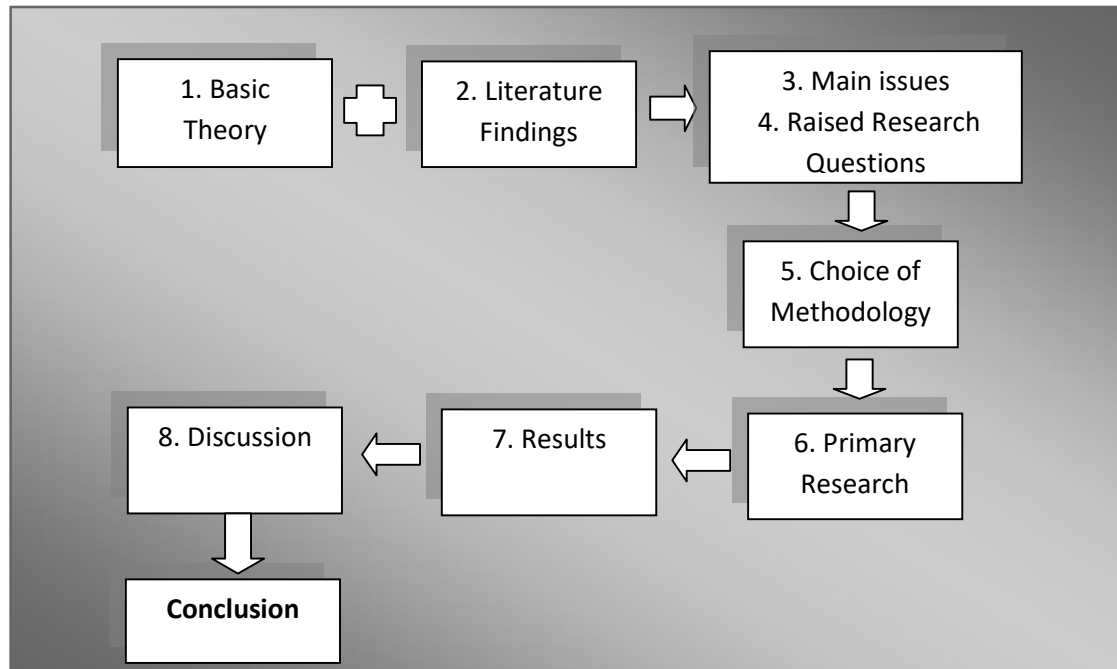
Figure 5.3: Sample Size and Distribution in Greece 2018



Interviews were given by those who take part in negotiation in the contracting process, i.e. contracting managers and sales managers. Interviews were recorded given their oral permission. Experienced sales and contracting managers were interviewed and a range of theories (economic, psychological, financial, political, and sociological) were being implemented to explain their answers and reactions recorded during the interviews. Before the implementation of the interviews the terms of the accommodation contracts were studied by collecting some types and forms of contracts (allotment contracts from TUI, Thomas Cook, Kuoni) in order to have a clearer picture of the real world case and to combine it with the results of the interviews. The observed terms were the special terms other than the price in order to have a view of any hidden economic costs and burdens and to examine in the interview process whether these terms are important for the hotels.

The following figure illustrates exactly the path that will be followed to address research's objectives:

Figure 5.4 : The path of the research.



Chapters 1, 2, 3, and 4 explored the basic theories pertaining to the tourism market case and more specifically regarding the relationship of tourism producers and tourism intermediaries. This chapter addressed the methodology issue ending up with the justified choice of the qualitative research methodology. Chapter 6 presents the undertaken preliminary and primary research along with the results, while Chapter 7 addresses the objectives of the research using the four themes of discussion as content methodology analysis.

5.3.4 Limitations

Convenience sampling was implemented instead of a stratified sampling because most hotels didn't respond to e-mail calls for an interview.

Practically the research faced some difficulties. During interviews it was observed that interviewees were not totally comfortable with revealing commercial sensitive information despite the reassurances that all provided information will be only used for research. People were not very comfortable with revealing specific internal information regarding their enterprise. Although that was overcome to a significant degree, it was not overcome 100%. The commercial sensitive information that was provided was adequate for the research purpose.

Literature review over research methods and approaches justifies the selection of the qualitative method and of the unstructured interviews (Yin, 2011) giving an authentic feature in the research. Research creates a path for *conflict and negotiation research in tourism industry* that can be further developed in the future (Aulakh and Kotabe, 1993) reflecting real world data, pertaining to various types of participants in the negotiation process, the real time conditions and the real world enterprises emerging the credibility and the authenticity of the research.

The research is hotel centric because Tour Operators didn't respond to e-mail calls for interview when they were approached. TOs' representatives advocated that they are not authorized to give interviews and that they need permission to answer any single question. A future area of research could be how TOs perceive their relationship with hotels in the Mediterranean region.

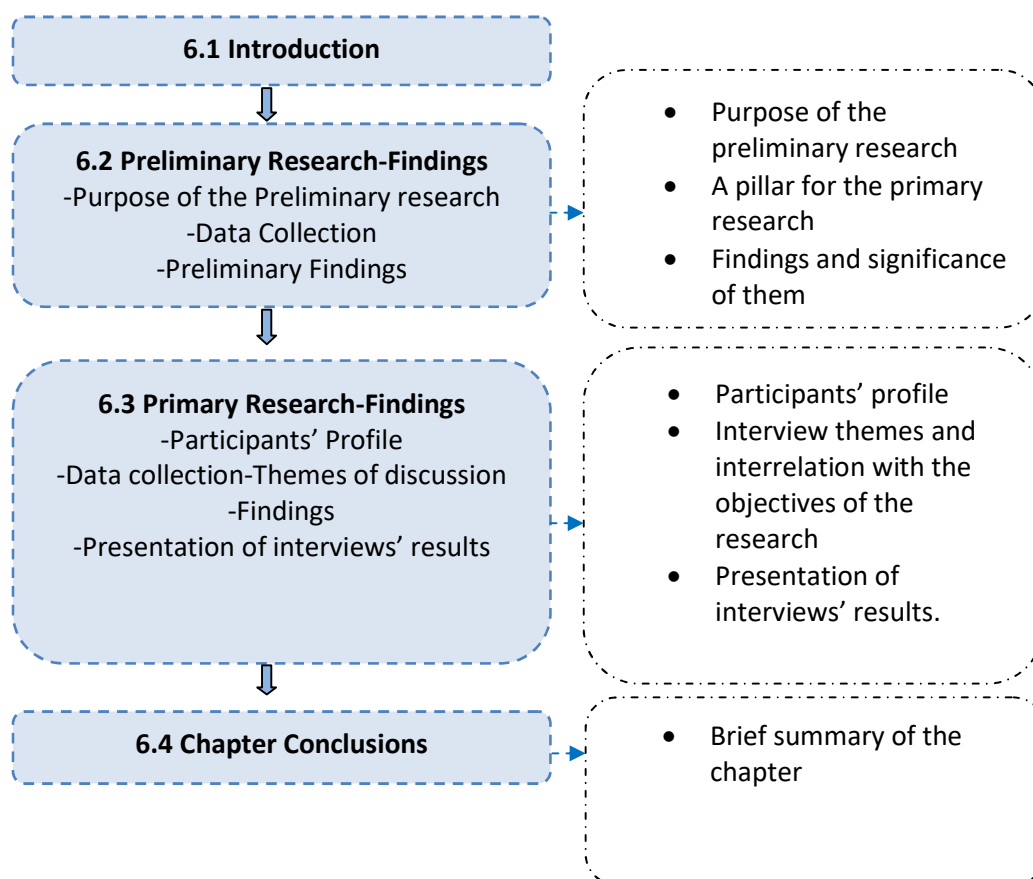
5.4 Chapter Conclusions

Negotiation research has been challenging. Despite the large number of efforts to approach this area, there are many gaps concerning the range of topics, the replication and the generalizability of the results. Tourism specific issues have never been approached with the negotiation theory. It is a big challenge not only to apply negotiation theory in the tourism field of research but also to overcome the already raised difficulties in negotiation research via that very first attempt to combine tourism and negotiation theory for the restoration of the market flow in the tourism distribution channels. The wealth of the existing quantitative research both on tourism and on negotiation theory looks inadequate and creates a perfect breeding ground to fill the gap of the missing qualitative research that is the appropriate, according to the respective literature review.

CHAPTER 6- RESULTS DISPLAYED AS UNPROCESSED DATA

6.1 INTRODUCTION

The purpose of this chapter is to present the findings of both the preliminary and primary research. The finding analysis is undertaken in Chapter 7, content analysis method drives the addressing of the research objectives. In this chapter findings are only displayed as unprocessed material and used to create 8 categories of data. These 8 categories and research objectives are used to create the four thematic themes for the content analysis of the findings. Findings are analyzed in Chapter 7. The structure of the chapter is shown below:



6.2 PRELIMINARY RESEARCH - FINDINGS

6.2.1 DATA COLLECTION - FINDINGS

Preliminary research findings were driven from the collection of various *types* of accommodation contracts, signed among tourism producers (principals) and tourism intermediaries (agents). They indicate that accommodation contracts are addressed by tourism intermediaries (mainly tour operators and OTAs) with rather binding terms for tourism producers. Terms are binding regarding the operation, the economic performance, the potency or termination of the agreement and are enriched with latent potential economic losses much larger than those arising from the predetermined low room rate. Five (5) accommodation contracts were collected for study from TUI, Thomas Cook, Airtours, Booking.com and Expedia. Terms displayed below in quotations are the ones that drew research attention due to hidden economic costs for hotels. Accommodation contract terms with hidden economic costs were isolated and separately illustrated to drive interview questions and ascertain whether tourism producers pay attention to them. Contract terms are given in quotations.

- “The Agent will only consider stop sales (stop sales being where circumstances have arisen that prevent the Principal from accepting reservations for Arrangements) if a minimum of 24 hours notice is given in writing and all booking already taken are accepted”. Another term regarding stop sales suggests that “In principle NO STOP SALES can be accepted. In case of clear misuse of stop sales tour operators has the right to invoice a commercial damage being the amount equal to the last contracted value”. Where “agent” in contracts is the tour operator. In many cases suppliers’ “*stop sales*” tactic may be implied only under certain conditions or not at all. Hotels usually have the right to order “stop sales” when demand is high or when they expect demand to be high. Some allotment contracts set a certain

framework regarding that right. This also demonstrates the oligopsonists' (mass tour operators) power to prevent hotels' direct sales.

- *principals are set liable for all claims* "caused by, servants or third parties retained by them' without declaring how these claims are being justified and leaving contingencies for principals' provision of economic compensation to the agents". "Servants" in contract terms are linked with the hotels' employees.
- "*justified doubts*" about principals' general bad performance without clearly clarifying how doubts are being justified again may lead to principals' economic compensation or to the termination of the contract whereas "tour operators are not liable for damage of any kind caused by actions and/or missions of his servants"
- Principals are forced to *sell rooms in conjunction* with facilities and other goods and services during the agreement enlarging the intermediaries' intervention in their operation (*management & marketing*) and hence their loss of profitability and also
- Occasionally *cancellation charges* "shall cover the agent's administration costs in dealing with the cancellation of the booking" creating again economic loss to the principals. In other cases, cancellations more than 24 hours prior to arrival are not charged and cancellations made less than 24 hours prior to arrival are charged maximum the 1st night booked by contract.
- Principals should "*carry out and pay any repairs or alterations to the property* at their own expenses that agents consider necessary to ensure health and safety to customers", increasing principals' costs without necessarily ensuring the risk in the termination of the agreement, i.e. investments are forced by agents to be made with no written ensuring of a long term cooperation.
- The *release period* is normally 6 days or less in some cases prior to arrival
- Agents should pay, by contract, principals 30-60 days upon the receipt of the invoices, without referring to what happens if *payment delays* exist.

- Most contracts are *under the laws of the countries that agents are registered in*, i.e. Germany, England and Wales, etc and not under the law of the countries they are doing business (in the existing research’s case, Greece).

The “economic traps” of those terms may be illustrated clearly in the following table:

Table 6.1: Accommodation Contract Terms and Economic Implications of them

ACCOMMODATION CONTRACT TERMS	ECONOMIC IMPLICATIONS
Stop sales right	If the demand is high, principals cannot make direct sales and lose extra profits
Principals’ liability for all claims	The risk of being liable for any claim and the risk for upholding the economic compensation burden is high
“Justified doubts” of principals bad performance, without clarifying the justified evidence of those doubts	Agents may declare “bad principals’ performance” without certain and specific evidence, asserting economic compensation for that or terminating the contract
Room selling in conjunction with management, marketing and other facilities	Agents’ customers and direct principals’ customers may be treated differently, creating customer complaints and discrimination issues that may lead to customer losses and economic losses. Agents’ marketing control may create a false picture distant from reality creating customer and economic losses as well.
Cancelling charges	A cancellation 24 hours prior to arrival will be compensated by principals only a night regardless of the reservation period creating an economic loss: (a) the money not received for the reservation period and (b) the profit the principal may lose if the room is not directly sold after the cancellation and (c) the coverage of the agents’ administration costs for the cancellation
Principals’ duty to undertake investments when agents consider necessary	Principals should uphold the cost of undertaking the investment without any written agents’ promise for a long term cooperation. The Return on Investment (ROI) may be low.
Short “release period”	Principals do not have the appropriate time to arrange direct bookings and the risk of not doing so is high, increasing the economic costs
The law that governs the contract terms	Principals may not have the knowledge and the money to employ a lawyer specialized in foreign laws. A false step may indicate unpredicted high economic costs in other countries’ laws.
Denial to display list of bookings	OTA “may at any time refuse to display list for bookings regarding number, type and frequency of rooms booked except to the maximum extent permitted by [English] law”.
Agents’ 30-60 day payment delay after the invoices’ receipt.	Principals’ economic liabilities with deadlines may not be fulfilled impinging upon their credibility and reputation

The question is whether those terms are being carefully noticed by hotels and whether they are perceived as significant for their performance, other than the room price.

6.2.2 REMARKS REGARDING THE PRELIMINARY FINDINGS

Before implementing the primary research it is significant to have an idea of the terms of the negotiation contracts in order to detect (a) *areas that could be negotiable* and (b) *terms that could be an “economic trap” for the disputants* (the term “economic trap” is used in this research as hidden economic costs). (Part (b) has been presented in the previous section) These in turn will be compared with the disputants’ perceptions over conflict areas, conflict negotiable areas and conflict non negotiable areas in order to achieve a holistic view of the interaction of the embedded parties to understand whether and how they negotiate and to chalk up a precise conflict and negotiation analysis.

The negotiable areas that can be deprived from the terms of the contracts, according to the preliminary findings are:

Table 6.2: Negotiable Areas, emerged from Preliminary Findings

NEGOTIABLE AREAS EMERGED FROM PRELIMINARY FINDINGS
The exercise of the “stop sales” right
The liability of principals under certain cases within a specified justification framework
The sharing of the liabilities among principals and agents
Tourists’ bad behavior could also be framed regarding the economic consequences of such behavior and the party that could uphold the burden of the raised cost
The joint room selling with management and marketing services and with extra facilities
The degree of the agents’ intervention in the marketing and management services provided by the principals
The cancellation charges
The requested, by the agents, investments regarding the principals’ properties as a prerequisite for better terms of agreement
The release period
The payment delays

All the above issues can be negotiable. Nevertheless we cannot make any evaluations and suggestions if we do not first discover disputants': perceived interests, perceived conflicts, perceived negotiable and non-negotiable areas of conflict, perceived means to achieve goals and the willingness disputants have to negotiate. The imperative need for a primary research emerges. The only way to collect all this information and to understand in depth before any analysis is to realize a primary qualitative research via unstructured interviews.

6.3 PRIMARY RESEARCH - FINDINGS

6.3.1. PARTICIPANTS' PROFILE – DATA COLLECTION

The interviewees that participated in the research were contract and sales managers (see section 5.3.3) of tourism accommodation enterprises. Each interview lasted between 40-60 minutes. This group of people was targeted because they take part in the negotiation process that concerns the existing research. The number of participants is equal to the number of the units of tourism accommodation enterprises. They were all Greeks, aged between 35-60 years old and only 5 out of the 50 were females (i.e. 45 males and 5 females). Three type of accommodation enterprises: resorts, hotels (5*, 4*, 3*) and rental rooms were investigated. Resorts are all seaside tourism accommodation units. Hotels (5*, 4*, 3*) are either in city centers (city hotels) or in the center of peripheral areas (island country). Rental Rooms participating in the research are located either in island country or in city center.

Table 6.3: Participants' Profile

	MALE	FEMALE	AGE	NATIONALITY	EDUCATION
RESORTS	21	1	35-60	GREEK	UNIVERSITY
HOTELS (5*4*,3*)	24	-	35-60	GREEK	UNIVERSITY
RENTAL ROOMS	-	4	25-60	GREEK	HIGH SCHOOL

The majority of the representatives is males and has a university degree. Managers in resorts and hotels (5*, 4*, 3*) have a higher level of education and are slightly older compared to those representing rental rooms. It is also interesting to investigate the property relationship among the representatives and the properties they represent as follows:

Table 6.4: Participants' Property Relationship

	PROPERTY OWNERS	EMPLOYMENT RELATIONSHIP
RESORTS	1	21
HOTELS (5*, 4*, 3*)	24	-
RENTAL ROOMS	4	-

Only 21 out of the 50 representatives have a pure employment relationship with the properties they are representing and are all working in resorts. The rest are sales/contract managers and also owners of the property they are representing. Combining this with the transaction cost theory the managers in hotels (5*, 4*, 3*) and rental rooms are pure principals, while the managers in resorts are the agents (section 2.2.1).

When they were asked if they were confronted with internal marketing or management issues, the majority agreed that marketing and management issues are not worth mentioning. This indicates low perceived significance regarding marketing and management issues (Buhalis, 2000) over conflicts and negotiations. Management, marketing and internal structure of an enterprise is directly linked with performance and development in the market (Buhalis, 2000; Papatheodorou, 2004; Viglia et al., 2016; Lehtiner et al., 2015; Fowlie et al., 2016). Buhalis' (2000)

research findings, pertaining to tourism enterprises' management and marketing issues along with their effect on performance, are reinforced and enriched. Twenty years later it is found that tourism producers are still not concerned enough with marketing and management issues and do not perceive them as a factor affecting conflicts and negotiations.

6.3.2. THEMES OF DISCUSSION

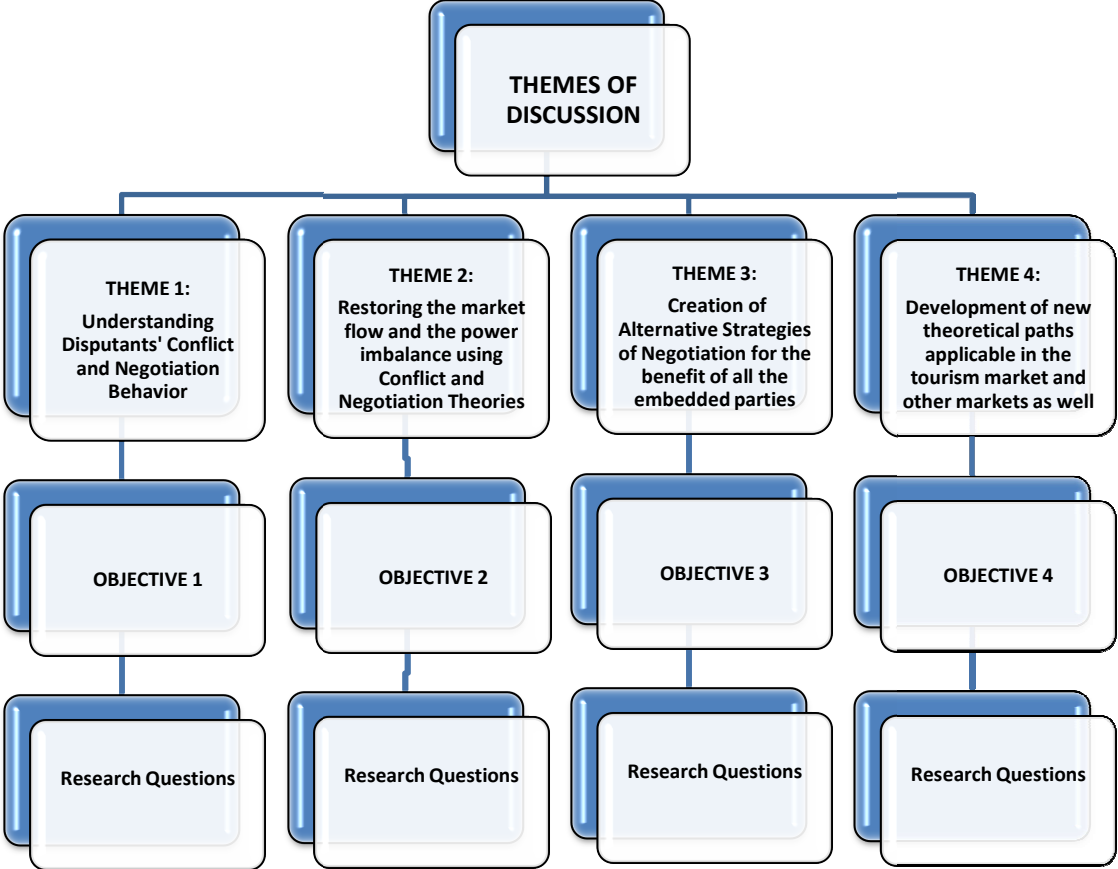
The themes of discussion of the unstructured interviews were based on the four objectives of the existing research.

Table 6.5: Research Objectives

RESEARCH OBJECTIVES
Whether <i>Conflict and Negotiation Theories</i> can be used to chalk up an <i>understanding</i> in depth of the disputants' behavior, the motives/interests that foment them and the way they affect their behavior (OBJECTIVE 1)
Whether <i>Conflict and Negotiation Theories</i> can contribute in the <i>restoration</i> of market flow and power imbalance among tourism producers and travel intermediaries in the tourism distribution channels in oligopsony-oligopoly market conditions (OBJECTIVE 2)
Whether <i>Conflict and Negotiation Theories</i> can be used to <i>create</i> alternative mutually beneficial strategies of negotiation for the disputants as a resolution to the pertinent aforementioned raised conflicts of interests (OBJECTIVE 3)
Whether the existing research can <i>emerge new theoretical paths</i> pertaining to conflicts and strategies of negotiation, easily applicable not only by tourism producers and tourism intermediaries but also by other tourism sectors and other industries, for scientific progress and for the benefit of all the embedded in the negotiation process parties (OBJECTIVE 4)

Those objectives were used to create the themes of discussion in order to direct the interview conversation towards the addressing of the research objectives.

Figure 6.1: Themes of Discussion in Interviews linked to Research Objectives



The themes of discussion in interviews were created by the objectives of the research and interrelated with the raised research questions in chapters 1, 2, 3, 4. The specific questions that were asked throughout the interviews were related each time to the themes, the flow and the context of the conversation. Each theme is separately explored, illustrated and linked with the research objectives.

6.3.2.1. PRESENTATION OF INTERVIEWS' FINDINGS

Theme 1 includes two subthemes (a) and (b). Themes (a) and (b) are build upon eight categories in total. Categories are descriptions of manifest findings that came up through the undertaken interviews:

Figure 6.2: Structure of THEME 1 of discussion

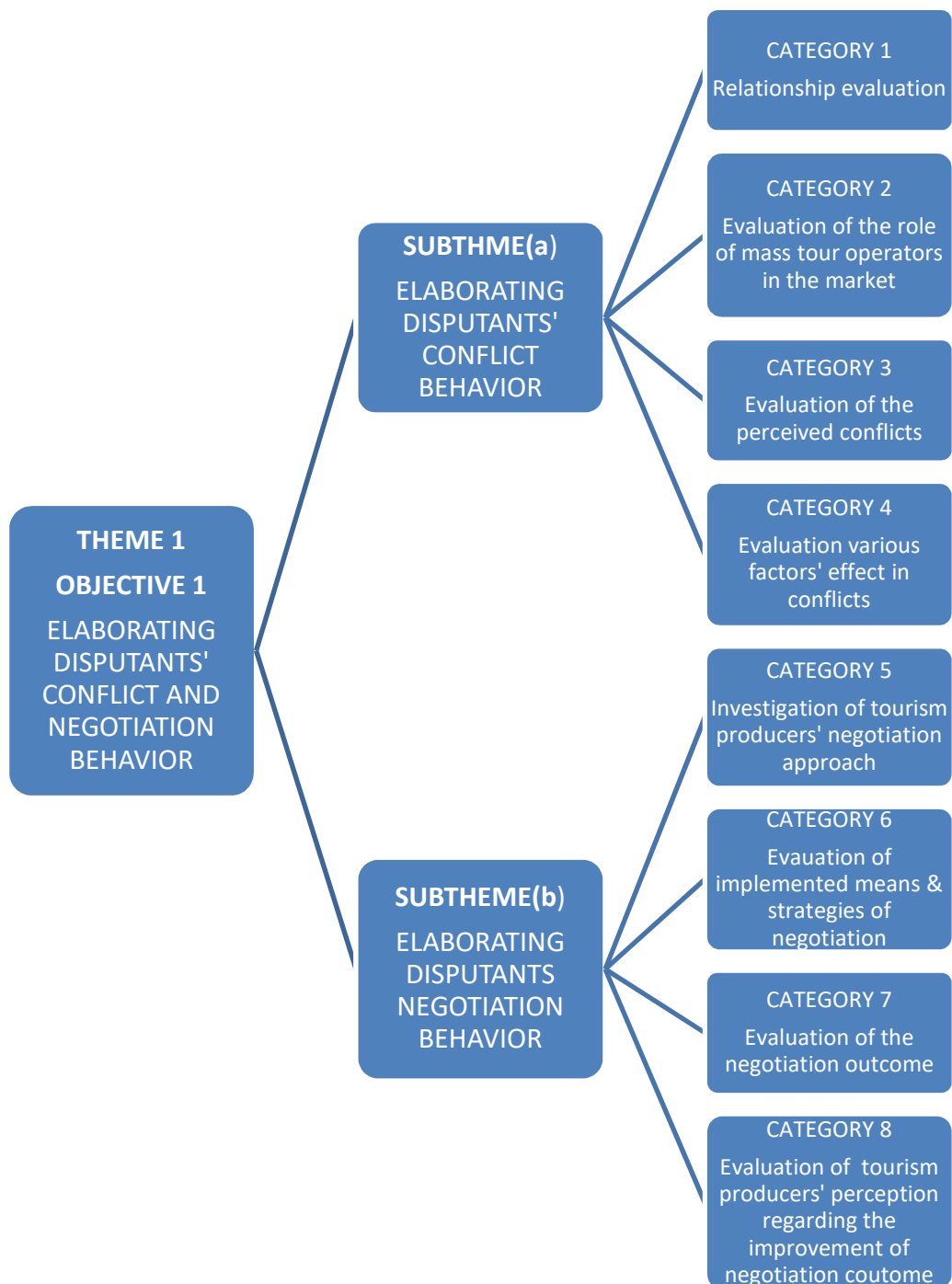


Figure 6.2 illustrates the structure of THEME 1, including SUBTHEMES (a) and (b), regarding disputants' conflict and negotiation behavior. THEME 1 was divided in two SUBTHEMES: (a) understanding disputants' conflict behavior and (b) understanding disputants' negotiating behavior.

Subtheme (a) and **Subtheme (b)** are constituted of 8 categories that were created by the data driven from interviews over certain topics.

In this chapter results are grouped in categories and themes that are linked with the four objectives of the research.

- Interview findings are grouped in 8 categories building up THEME 1 and addressing **OBJECTIVE 1** (explore disputants conflict and negotiating behavior) using conflict and negotiation theories. Interview findings create THEME 1.

THEME 1 – OBJECTIVE 1: Understanding disputants' conflict and negotiation behavior.

- Secondly, negotiation and conflict theories are brought in to scientifically justify the power imbalance and the distortion (if any) of the tourism market flow (**OBJECTIVE 2**). Research Objective 2 creates THEME 2.

THEME 2 – OBJECTIVE 2: Restoring the market flow and the power imbalance using conflict and negotiation theories.

- Thirdly, conflict and negotiation theories are used to engrave potential mutually beneficial strategies of negotiation in the tourism market (**OBJECTIVE 3**). Research Objective 3 creates THEME 3.

THEME 3 – OBJECTIVE 3: Creation of alternative strategies of negotiation for the benefit of all the embedded parties.

- Finally new theoretical and practically applicable paths are being developed in the framework of conflicts and negotiations in the tourism industry (**OBJECTIVE 4**). Research Objective 4 creates THEME 4.

THEME 4 – OBJECTIVE 4: Development of new theoretical paths potentially applicable in the tourism market as well as in other markets.

Interview findings are organized in thematic categories facilitating and contributing in the thematic analysis undertaken in Chapter 7.

- **OBJECTIVE 1 – THEME 1**

Theme 1 is based on 8 thematic categories:

- Category 1: Relationship Evaluation
- Category 2: Evaluation of the role of mass tour operators in the market
- Category 3: Evaluation of the perceived conflicts
- Category 4: Evaluation of various factors' effect in conflicts
- Category 5: Investigation of tourism producers' negotiation approach
- Category 6: Evaluation of the implemented means and strategies of negotiation
- Category 7: Evaluation of the negotiable outcome
- Category 8: Evaluation of tourism producers' perception regarding the improvement of the negotiation outcome

Those categories were created according to the various fields of discussion that emerged during the interviews. Categories 1-4 create subtheme (a), i.e. elaboration of disputants' conflict behavior, whereas Categories 5-8 create the subtheme (b), i.e. elaboration of disputants' negotiation behavior. In this chapter interview data are organized and displayed. Thematic content analysis is

addressed in chapter 7. The purpose is to organize data in order to facilitate the content analysis.

Addressing **OBJECTIVE 1** and disputants' conflict behavior (Subtheme(a)):

SUBTHEME (a)

CATEGORY 1- RELATIONSHIP EVALUATION

All *resorts* (22 in total) declared that they have distinct departments for management, marketing, sales, public relations, revenue management, sales, accounting and housekeeping. They all cooperate mainly with tour operators and to some extent with online travel agents. In their own words *"Yes, we mainly work with mass tour operators and we actually make a combination of them. We don't give exclusivities because we want to keep the risk of no bookings low"*. They all don't give exclusivity to tour operators and they cooperate with more than one. The criteria for choosing tour operators to cooperate are: credibility and good reputation in the Greek tourism market. The targeted countries for bringing tourists are the North Central European countries (Russia, Poland, UK, Germany, France, Holland, Belgium, Norway) and in some cases Israel, Turkey and Italy and that was justified as *"we prefer countries like Israel or Germany because they offer high payments in advance. Cash and pre-payments are important for our enterprises. To be honest we would like to have Arabs but there are not direct flights, only via Athens"*.

The criteria for choosing tour operators were: credibility regarding payments and reputation in the Greek market, as they declared *"reputation in the market, credibility and size of the tour operator. If a tour operator has good reputation and is big enough then credibility is reassured"*. This means that hotels are risk averse (Baroto et al., 2012; Banker et al., 2014) and they do anything to lower risk, they select tour operators according to certain criteria and they positively relate the size and the reputation of a tour operator with the level of its credibility (i.e. the bigger the tour operator and the better the reputation, the more likely it is to be credible). They do not mention to look on their own for information about the tour operators in the market. They only rely on the mouth – to - mouth spread reputation of tour

operators without cross-checking the credibility of that reputation. The unconditional acceptance of the reputation of a tour operator is then combined with the recorded size of it. If the size is big and the reputation is good then the tour operator is concluded as credible. This may lead to the trap of a well built reputation in the market of a mass tour operator but with high debts and the emergence of economic loss. As theory suggests, *reputation* and *identity* affect organizations' performance and market behavior (Harvey et al., 2017). Pferrer (1992) advocated via his research that reputation can boost power in negotiation. The bankruptcy of Russian tour operators in 2018 is a good example of a bankruptcy that has nothing to do with the size or the reputation, with Natalie Tours, BSBW-Tours, Matryoska Tour and Intravel Stoleshniki and Rainbow Travel being examples of large Russian tour operators (Ruslettercom, 2019). Therefore the link of no cross-checked reputation and the size of the tour operator are not enough criteria to characterize a tour operator as a credible one.

They all agreed that they feel they have less information for the tour operators than tour operators have both for the tourism enterprises and for the market via their local agents, indicating asymmetric information and transaction cost issues. They all expressed their feeling of unequal information among tour operators and them, indicating again transaction costs. As they said "*Tour operators have more detailed information regarding the hotels they cooperate with and the region these hotels are located in via local agents, than hotels have*". Hotels admitted that mass tour operators have more information for the local market and for their internal issues than they have, neglecting that they pre exist in the destination compared to any tour operator. It looks like the size of the mass tour operators and their local delegates (local agents) scare hotels and make them feeling inferior. The reputation mass tour operators have built can be the reason for feeling like that. Regarding asymmetric information negotiation theory suggests power asymmetry can be achieved by controlling precious information, exploiting the respective position in the distribution chain and establishing an information monopoly (Ford et al., 2012; Pferrer, 1992). Creating alliances could be another strategy of rebalancing

asymmetric information (Stangl et al., 2016; Ford et al., 2012). Alliances can unify and exchange information between various members of it.

When they were asked if they know the accurate cost per night of their rooms they all answered positively. When they asked how they determine the room rate the 21 declared that the room rate is the result of a cost – benefit analysis by taking also into account the market prices. Only one resort advocated the idea that a strong position of an enterprise in the market enables a cost – benefit analysis and a charge of a high price, whereas a weak market position leads to the adoption of the dominant market prices in order to preserve their competitiveness in the market. Hotels supported the idea than a new entrant in the market should charge what the market charges and only if it becomes a strong player in the market it can conduct a cost – benefit analysis to determine the room price. The 20 out of the 24 hotels determine the room price according to market prices without making a cost-benefit analysis. They all declared awareness of the precise room cost per night. They came into contradiction though when they were asked about the determination of the room price because the majority replied *“we follow the market trends”*. A well established hotel in the market admitting that is aware of the room cost/night and that after some years a cost-benefit analysis is undertaken to set the room price cannot declare that it merely follows the market trends. It reveals that the room cost/night is not accurately defined. In their own words *“the first two years you cannot affect the market and the existing competition. Therefore you follow the market prices. Once you are established in the market and you know your product and that is differentiated pertaining to other products you can make your own cost-benefit analysis and charge the price you want”*. Resorts’ target is profit, as they all alleged. Theory though illustrates a different view of the sustainable existence of enterprises in the market (Porter, 1985; Parnel et al., 2005; Papatheodorou, 2006; Nandakumar et al., 2011; Karel et al., 2013, Schulz et al., 2016). It is of pivotal significance for an enterprise to operate knowing accurately marginal cost and marginal revenues in order to operate efficiently (i.e. at least above the average cost) and to make profits (Lee, 2014; Kumar et al., 2016; Fowlie et al., 2016; Dauda et al., 2010; Buhalis, 1999a, 1999b). Critically thinking it is more than risky just to

“follow market prices” without being aware of the precise costs of the enterprise simply a strategy like this may lead an enterprise performing for a long time below average cost (i.e. experiencing losses) without being aware of that and hence increasing the possibility of bankruptcy.

Hotels (24 in total) also cooperate with more than one tour operator and they do not give exclusivities. They cooperate also with online travel agents but they do not count on them in peripheral island areas, as they said *“online bookings and OTAs are ideal for small enterprises with a small number of rooms. Big enterprises cannot rely only on OTAs because OTAs cannot sell a large number of rooms. Therefore mass tour operators are our main partners”*. In Larisa the hotel is mainly working with online travel agents as a city hotel, indicating that location as well as size matters for the choice between an OTA and a mass TO.

Hotels’ target is also profitability with one exception in Rhodes that asserted that the ultimate target is the high quality of the provided hospitality. The sales manager of that hotel clearly declared that the first target is to see happy smiley customers, in his own words *“the most important thing for us is not money but to have happy and satisfied customers”*. In 2018 though it is hard to believe that an enterprise’s goal is not profitability and expansion but have happy customers. The quality of the provided services and the level of customers’ satisfaction are unambiguously significant and pivotal. Provided services of high quality can increase the number of customers and boost the performance of the enterprise (Buhalis, 2000; Papatheodorou, 2004; Viglia et al., 2016).

All hotels (5*, 4*, 3*) have various departments (management, marketing, revenue management, sales, housekeeping) with small variations among them (some have more, some have less). Rental Rooms (4 in total) have no distinct departments, cooperate with tour operators and not with online travel agents, they do not target a specific country, they charge market prices with no cost benefit analysis and they feel they don’t have enough information for the tour operators they cooperate with. On top of that they declared they do not have any specific criteria for choosing tour operators. It is concluded that the size of the enterprise affects the creation of

different departments (sales, marketing, management etc). The smaller the enterprise the fewer or non-existent the departments and the more centralized the management system, i.e. one person coordinates everything.

CATEGORY 2- EVALUATION OF THE ROLE OF MASS TOUR OPERATORS IN THE MARKET

Regarding the evaluation of the role and the significance of tourism intermediaries, interviewees gave interesting point of views for the research. 48 participants expressed the same view, that tourism intermediaries are crucial, significant and pivotal for the tourism market. In their own words *“not only they do not distort the market flow, they induce the tourism market flow”*, *“tour operators are absolutely necessary for the tourism market. Tourism Market cannot work without them”*, *“city areas may have direct bookings and independent travelers. Peripheral and island areas are totally dependent on tour operators since there are no direct flights”*, *“when no direct airlift exist then tour operators are necessary because they bring customers with charters. Traditional airlines provide transit flights via Athens that cost a lot and take long time to reach a destination”*. Hotels for the tourism market neglect the existence of low cost carriers in 2018. It looks like the tourism market has changed with the Low Cost Carriers and the sharing economy, but hotels' attitude has not remained the same.

The reasons tourism producers invoked to justify tourism intermediaries' significance in the market are:

- AIRLIFT: Tourism accommodation enterprises in peripheral areas in Greece are being served mainly by chartered flights. Tourism intermediaries own aircrafts and have their own airlines to serve mainly peripheral areas.

It is evident that tourism producers neglect the existence of Low Cost Carriers and the change they have brought in aviation.

- **DEPENDENCY OF LOCAL DEVELOPMENT ON MASS TOUR OPERATORS:** If tourism intermediaries didn't exist in the market, peripheral areas wouldn't be accessible to tourists and their local development would be lower than it is today.

It is noticed that development is perceived as a matter and outcome of tour operators' work rather than a matter of local entrepreneurs' and authorities' efforts and cooperation.

- **NON DIRECT FLIGHTS:** Traditional airlines like Lufthansa, British Airways, etc., provide airlift to peripheral Greek areas but only via Athens, increasing the cost of holidays and turning peripheral tourism destinations into less attractive choices in economic terms.

Traditional airlines do have direct flights to the Aegean Islands.

- **TOURISTS' HABIT TO BUY OFFLINE HOLIDAY PACKAGES:** Tourists, according to their point of view, are used to buy holiday packages offline (via tourism intermediaries) because they feel safer than buying online. They may make their holiday search online but at the end they buy offline, as they explained. Culture (Hofstede, 2010) is neglected. Buying offline or online depends on various factors. Some of these factors can be: culture, type of traveler (dependent vs. independent), age of travelers, destination etc (Leung et al., 2019; Hong et al., 2015). Some countries like UK usually buy offline holiday packages traditionally (Thomascookcom, 2018). Independent travelers fond of adventure often buy online whereas dependent travelers usually prefer to travel in groups. Chinese tourists usually travel in groups. Young tourists familiar with technology usually buy online, whereas middle aged people often buy offline. Buying offline vs. online can be affected by a number of various factors (Paraskevas et al., 2011).

Critically analyzing the above reasons it can be argued that peripheral areas and islands in Greece are being served not only by charters but also by Low Cost Carriers like Ryanair, EasyJet and nobody mentioned that. Additionally in 2018 peripheral areas in Greece could be accessible via Low Cost Carriers. It is not true that

traditional airlines like British Airways and Lufthansa provide only transit flights increasing the cost and the travel time. They do have direct flights for the Aegean Islands. It is also true that Low Cost Carriers also serve peripheral areas. Ryanair have initiated in 2016 the so called “Ryanair Holidays” where accommodation and holiday packages are also offered by the low cost carrier, shaking the ground of the tourism market (Trevelmolecom, 2019). Although that service recently ceased by Ryanair, by the time the interviews were taken it was still valid and not taken into account at all. Easyjet is also another example of a Low Cost Carrier offering holidays packages at low prices for various destinations (Easyjetcom, 2019). Eurowings is another example of a Low Cost Carrier offering cheap holiday packages including flights and hotels, not taken into account by interviewees (Eurowingscom, 2019). Finally generalizing and unifying tourists’ preferences pertaining to their booking preferences (online vs. offline) is too risky. The booking preferences may depend on culture, on age, on prices, on the social class and on a number of various different factors. It is a simplification to declare that “tourists are used to buy holiday packages offline”.

Dynamic packaging in the last decades prevails that interviewees do not refer to the existence of low cost carriers at all. They respond to questions as if they were still in the year 2000 where traditional airlines and charters used to serve various destinations. They also do not underline the advantages that technology brought into their lives. Although the technological and market conditions have changed, hotels do not seem to realize it and to take it seriously into account. Hotels still feel dependent on tour operators neglecting the ability of low cost carriers to transfer billions of tourists at low cost to various-and especially- peripheral destinations. The question is why do they still feel like that? Why they do not exploit all the potentials of technology and low cost carriers? Why do they behave as if all these do not exist?

Only 2 out of the 50 of them expressed a different opinion, i.e. that tourism intermediaries ruin the tourism market by dropping the prices down and by preventing direct bookings to be implemented. According to their view, if tourism intermediaries didn’t exist in the market, tourism enterprises would be forced to work directly with the tourists and local governments, in cooperation with central

governments, would have created local airlines for the tourists' transfer to the peripheral areas. These two sales managers were the oldest (58 years old) and had more old fashioned way of thinking than the rest 48 who insisted that mass tour operators especially in peripheral areas are important, in their own words "*without them peripheral areas wouldn't be tourism destinations*". What still remains strange is the absence of mentioning of the Low Cost Carriers. The enterprise in Athens declared "we cooperate with tour operators as well as with OTAs". Large city hotels and resorts said "we mainly work with mass tour operators to fill our rooms up".

When interviewees were asked to evaluate tourism intermediaries' perceived role in the market, the majority supported the idea that tourism intermediaries perceive themselves as absolutely necessary in the market. This is attributed to the weaknesses of SMTEs' to directly attract tourists. Tourism producers advocated the idea that Greek tourism enterprises' weakness to directly attract tourists gave tourism intermediaries space to intervene and dominate. In their own terms "*mass tour operators definitely feel strong and necessary in the tourism market. This is because they have airlines, they have their own branded hotels. On top of that there are thousands of hotels in the market that cannot directly sell 100% of their rooms, that struggle to survive in the market and tour operators know that*". Hotels perceive that tour operators' feeling of superiority is a result of the latter's vertical integration and awareness of tourism producers' low BATNA. On the other hand tourism producers feel weak due to the awareness of mass tour operators' numerous alternatives in case of no negotiated agreement.

This, along with the previous answers, indicates that although tourism producers perceive tourism intermediaries as necessary and significant in the tourism market, they believe that tourism intermediaries' existence was initiated by tourism enterprises' failure to operate efficiently in the market. In the words of an interviewee "*The economic conditions in the island are not good. Hoteliers are trapped in mass tour operators' indirect threatening of having no bookings and they accept low contract room prices. Tour operators are a real disaster for the market and their existence in the island's market is the result of hoteliers' mistake in the 1970s. By that time it was proposed by the Hotels Association the creation of a local*

airline in Rhodes in order to reassure a direct connection of the island with various destinations. That never happened and allowed tour operators to enter in the local market. Nowadays, the level of dependency on mass tour operators is so high that the local tourism market cannot exist without them". It is very clear that the existence of low cost carriers is not taken into account at all. They think like they used to think 20 years ago. An explanation is that they are not aware that low cost carriers not only bring people at low cost to various destinations, but they also sell holiday packages. This is because if they knew the existence of holiday services they could at least mention it and characterize them negatively. By not mentioning it at all it is concluded that they are not aware of those holiday services of the Low Cost Carriers. There is no evident serious effort to do direct marketing or to do strategic distribution the last twenty years (Buhalis, 2000).

The evaluation of the relationship between tourism producers and tourism intermediaries, is addressed in two steps: (1) by investigating how tourism producers evaluate their relationship and (2) by investigating how tourism producers think tourism intermediaries evaluate their relationship. When tourism producers asked to describe or characterize their relationship with tourism intermediaries they gave the following answers:

Table 6.6: Tourism Producers' evaluation of disputants' relationship

RESORTS	NUMBER OF UNITS	HOTELS	NUMBER OF UNITS	RENTAL ROOMS	NUMBER OF UNITS
Compromise	13	Transaction	8 (five star hotels)	Difficult	3
Long Term	2	Compromise	14(9 four star hotels, 5 three star hotels)	Compromise	1
Successful	1	Fellows	2 (five star hotels)		
Loyal	4				
Possible	2				

13 units of the resorts evaluated their relationship with tourism intermediaries as a *compromise* rather than loyal and stable or successful and gave the impression of a

conflict rather than of a cooperation. They said “we need them to sell our rooms and they need us to buy rooms for their customers. We are not happy for having to work with them but we also do not see them as enemies”. Resorts are “not happy” as they explained because they lose profits and they risk the long term sustainability of their enterprise in the market. Similarly, hotels described it as an unavoidable *compromise* (14 units), while rental rooms as a pure transaction and as a difficult situation (3 units) that they have to go through. Rental rooms described it as “difficult relationship. We have to do it if we want to work and remain in the market”. Only 2 hotels and 4 resorts perceived tourism intermediaries as fellows and loyal partners. These two have such strong brand names that are recognized by local community as leaders of the market that can determine local room prices, indicating that leadership in the market matters (Spencer et al., 2012) and affects negotiations. They are all 6 well established and well known brand names in the tourism market and they know exactly their power and their strong position in the market. As they said “we admit that we do not have the same power with mass tour operators. This doesn’t mean though that we are not powerful. We are because we know who we are, what we sell, we know the high quality of our tourism product, we know that we are good payers for our employees and our suppliers, we have good reviews and therefore we are also precious partners for tour operators. We need tour operators to sell our rooms but they also have to be credible and trustworthy regarding our agreements. If they are not we will choose other tour operators. We are partners” When tourism producers were asked to describe how tourism intermediaries perceive their relationship they declared that “tourism intermediaries perceive their relationship as a successful transaction”. The way they responded to that question revealed a feeling of exploitation, i.e. that tourism intermediaries are making money from them (economic exploitation).

CATEGORY 3- EVALUATION OF THE PERCEIVED CONFLICTS

The evaluation of the perceived conflicts, if any, from the tourism producers’ point of view started with a discussion over the perceived existence of any conflicts and

the naming of any perceived conflict. The surprising feature of that part of the conversation is their initial oral denial of the existence of any conflict. They supported that *“there is no conflict with tour operators. It is a compulsory relationship but not a conflict”*. More specifically all interviewees instantly responded that there is no conflict. Instead they alleged that there exist only some disagreement areas, indicating a preconception and negativism pertaining to the term “conflict”. They declared that “conflicts are apparent but not real. This is because hotels ask from tour operators pre payments due to liquidity and economic issues and tour operators ask as a reward certain discounts on room prices. Hotels are desperate for cash to support their cash flow and to pay back mortgages and therefore rely on tour operators for bulk payments and accept unconditionally the asked rewards. When the time comes though to sign accommodation contracts and tourism producers realize the extent of profits’ squeeze due to the large given discount, they start negotiating and struggle to change the terms of the agreement. By that time it is too late though, because they have already received pre payments. This is not a real conflict because they have an agreement but it takes time to realize it. This is a good evidence for the consequences of being desperate to resolve enterprise’s internal economic issues that are emerged before any deal and any agreement with mass tour operators. It shows that there are actually internal issues. It indicates and proves that internal issues do affect and influence negotiations and enterprise’s external interactions (Buhalis, 2000). It shows that other fields of conflict hotels may be confronted with bank institutions, with employees, with public institutions etc can affect the negotiation process with mass tour operators (Nikolopoulos, 2011). Hotels face negotiations with mass tour operators as separate and distinct from internal issues and from their external interactions with other institutions, enterprises and associations. Negotiation theory suggests that negotiation power is not endless and that it should be efficiently distributed among the various simultaneous fields of conflicts one is confronted with (Nikolopoulos, 2011). Tourism producers do not seem to take into account that they do not have only one field of conflict and that their disposable power should be distributed efficiently.

The denial of the existence of any conflict was followed by a conversation regarding those apparent areas of disagreement (using the term “disagreement” on purpose to make them feel free to express themselves since they denied the term “conflict”). When they were asked to name the areas of disagreement, they unconsciously used the term “conflict”, reinforcing the argument that there are conflicts but they do not admit it. It looks like there is a need to feel them as partners because they already showed that they feel inferior compared to them and dependent enough on them to have a conflict with them. This is expressed via that denial to use the term “conflict” and to directly admit the existence of it. Indirectly their phrases indicate a conflict but directly they do not declare it. They named areas of conflicts as follows:

Table 6.7: Perceived Areas of Conflicts from the tourism producers’ point –of view

CONFLICT AREAS	RESORTS	HOTELS	RENTAL ROOMS
Price	22	24	4
Profitability	22	8 for 5*, 9 for 4*, 7 for 3*	
Release dates	12	6 for 5*, 5 for 4*, 1 for 3*	
Marketing	2		
Payment delays	18	6 for 5*, 5 for 4*	2
Exclusivity	1	6 for 5*, 4 for 4* 1 for 3*	
Early booking discounts	17	8 for 5*, 9 for 4* 5 for 3*	
Prepayments		8 for 5*, 9 for 4* 3 for 3*	
Allotment Volume	5	7 for 5*	
Information Flows	2		
Contract terms	2		

Table 17 shows for each type of tourism supplier (resort, hotels 5*, 4*, 3* and rental rooms) what are the named perceived fields of conflict with mass tour operators and the numbers indicate the frequencies. For example 22 resorts, 8 five star hotels, 9 four star hotels, 7 three star hotels and 4 rental rooms (i.e. all of them) recognize price as a major field of conflict.

Without being directly asked, tourism producers declared themselves that they only see conflict areas with tour operators and not with OTAs. The reasoning was that

OTAs send contracts via e-mail with predefined terms and that the only choice they have is to sign or not those contracts, without any chance for discussion. As they declared before, they do not treat OTAs as equal with mass TOs because they are convinced that OTAs cannot buy and sell all their rooms. They believe that OTAs without TOs cannot sell the rooms. This is not true. OTAs (Booking, Expedia etc) operate on a commission base and they are in charge of their prices and allocation, being able to do stop sales and to apply dynamic packaging. Tour Operators have merchant model and inflexible capacity management with release periods late that cannot sell the rooms elsewhere. Tourism producers are not focused on their cooperation with OTAs as they are with mass tour operators. This makes them think “there is no conflict” with OTAs. Another reasoning was that tour operators were perceived as more debatable and were linked unconsciously with the notion of conflict due to the large number of rooms tourism producers provide to them (mainly via allotment contracts) compared to the small number of rooms they provide to OTAs. Bearing that in mind, the above table illustrates the tourism producers’ perceived conflict areas with tour operators. The first conflict area reported by all interviewees was the *room price*. Tourism producers complained that tour operators are pressing the room prices down mitigating accommodation enterprises’ *profits*, emerging consequently another area of conflict. In their own words “room price is the main conflict area neglecting other factors that can affect profits (i.e. other contract terms) (Papatheodorou, 2006; Parnel et al., 2005). Tour operators are pressing room prices down to earn more money. If we accept low room prices our profit margin is going down and consequently the performance of the whole enterprise is going down”. Hotels link profits purely with room prices. They do not take seriously into account other provided services beyond rooms and the present profitability as being driven only by the room price. Attention is also not paid in the contract terms since they do not mention the hidden economic costs in these terms. An enterprise in the tourism industry like a hotel has a number of different services that drives income from (restaurant, spa, sports, bars, entertainment facilities etc other than rooms). Linking profits only with room price is arbitrary and unjustified (Omsa et al., 2017; Schulz et al., 2016; Paltseva, 2015; Yani, 2010; Pearce et al., 2009). The justification was that tourists’ certain amount of

money spent for holidays creates a profit that has to be shared among tourism producers and tourism intermediaries with the latter struggling to achieve the largest profit share against formers' profits. *Late Release dates*, another crucial conflict issue, narrows the time tourism producers have at their disposal to arrange direct bookings for the unsold by tourism intermediaries rooms, increasing the risk of low revenue and hence of low profitability. Almost half of them recognized late release dates as a conflict area. It is strange especially for resorts and big hotels not to recognize "late release dates" as a conflict. Tour operators are not forced by law to provide booking lists. Consequently only some days before the check-in an enterprise with hundreds of rooms may be unaware of the actual bookings and be forced for last minute special offers (Buhalis, 2000). If tourism demand is high then this is not a problem. But, if tourism demand is low then a huge hotel may only have a few days (from the release date) to sell directly (if possible) a large number of unsold by mass tour operators rooms or through OTAs. Low tourism demand is often used by tour operators to create special offers and bring customers from other hotels destroying their markets (Buhalis, 2000).

Payment delays by mass tour operators (roughly 60 days upon the reception of invoices) create in turn tourism producers' payment delays to suppliers and creditors, increasing the risk of damaging their market reputation, pertaining to their credibility, and increasing the amount of past-due debts (interest rates are imposed) they may have. Again, increasing debts reduces profitability. In their own words "*Greece is having economic issues since 2011. The majority of tourism enterprises are confronted with loans and economic issues. Liquidity is important. Having money to pay various liabilities is crucial. Most enterprises have liquidity issues. Payments in time are crucial. If we don't get our money in time we will also make payment delays regarding our liabilities, including banks, employees salaries etc*". It is evident that payment delays are big issue for them.

Exclusivity was another perceived area of conflict with tour operators asking for exclusivity abroad and tourism producers resisting and denying providing it. Some resorts though declared that when they target new totally unknown markets they do give exclusivity in the framework of the good relationship they have already

developed. Exclusivity was mainly an issue for hotels declaring that *“tour operators ask for exclusivity but we do not give commitment because we do not want to take the risk and we do want to have good relationships with all mass tour operators. You never know what happens. We should have alternatives”*. It should have also been an issue for resorts that are usually big enterprises with a large number of rooms but only one reported “exclusivity” as a conflict area. Maybe the rest have already established a mixture strategy, regarding mass tour operators and it is not an issue anymore for them, i.e. they have already resolved it.

Early bookings discounts is another perceived raised conflict area with tour operators asking for special discounts and prices, even lower than the agreed ones, for early bookings or last minute offers, further diminishing tourism suppliers’ profits. The majority of resorts and hotels named that conflict area with mass tour operators. This is related, as it was mentioned before, with pre-payments that are being asked by tourism producers from mass tour operators. The liquidity issue is often faced by hotels by asking for pre-payments. As a reward, tour operators ask for early booking discounts. As they declared *“they exploit our need for pre-payments. They offer pre-payments but then in advance they ask for special early bookings discounts. Therefore what seems as facilitation in the beginning is actually a squeeze in the profit margin at the end with the extra discounts”*. Economic crisis in Greece forced many tourism producers to ask for *prepayments* when dealing with tour operators. Tourism producers allege that prepayments are given as an economic aid and the exchange for that is the request for lower prices in next contracts leading tourism producers to lower revenues and lower profitability.

Allotment volumes is the next emerged conflict area, with tour operators asking for all tourism producers’ rooms and the latter resisting on that and trying to keep some rooms for direct sales. The fear of ruining the relationship with tour operators and being left without a signed contract next term leads tourism producers to give in. *“Tour operators ask as many rooms as they can . The low room prices they are willing to impose every year and the decrease in our profit margins create the need to keep some rooms for direct sale in case demand is high. In that way we have a chance to compensate the profits we lose with the low room prices imposed by tour operators”*.

Again the direct link of enterprises' profits merely on room prices is evident. The word "imposed" also indicates the inferiority tourism producers feel and the dependency they perceive on them.

The *information sharing* had been declared only by 2 as another conflict. According to tourism producers, tourism intermediaries have information over the bookings and do not provide in time that information but at the release date making tourism producers feel nervous and insecure for the future. That was the case only for two out of the 50. The rest did not even mention "information sharing" as a conflict area. This indicates again that the main conflict area for them is the room price and the profit sharing. Tourism producers' visibility is being proved rather narrow.

A crucial perceived conflict area is the *marketing* issue of the accommodation enterprise. Tourism producers provide photos to tourism intermediaries for the promotion of their tourism products. As tourism producers advocate, sometimes tour operators use their own photos (and not photos sent by tourism producers) for the promotion of an accommodation enterprise that do not depict accurately the reality, creating different expectations to tourists and often ending up with bad reviews that are in turn used by tourism intermediaries as a mean to decrease room prices for the next periods. Again that is the issue for only 2 resorts out of the 50 units of the sample, reinforcing that for them marketing issues are not a problem and there is no conflict with mass tour operators other than the room price and the margin profitability.

A small number of resorts mentioned perceived areas of conflict not only the room price but also all the *other contractual terms* in general. It is interesting to notice that rental room enterprises recognize only the price and the payment delays issues as conflict points, whereas resorts and hotels detect many more. Only 2 paid attention in contractual terms alleging that "*all contract terms are conflict areas with the only exception the –health and safety- terms*". But that was the minority's view. For the rest only room price and profitability matters.

For most of them information flows, contract terms, marketing and exclusivity are not perceived as main conflict areas as Table 17 indicates.

When the interviewees were asked to name the perceived areas of conflict they think concern tourism intermediaries they indicated only the *room price* determination and the *profits* sharing. In their own words *“they are only interested in making profits from bulk sales. Everything is done for increasing their profits”*.

Working towards the understanding process of the conflict behavior and also having in mind the raised research questions of Table 6 (Chapter 3) the interview was directed to questions regarding the perceived size of the pre-mentioned areas of conflict, the significance of those conflict points, the perceived level of interdependence among them, the sense of power and the degree of influence of various factors in the conflict process (factors derived from literature in Chapter 3). The purpose is to understand better how they think and what is hidden behind their conflict behavior. The hidden target of that part of conversation is to combine the various factors, found in literature review in different theories and models, affecting conflict behavior and to investigate how and why they are perceived by the interviewees pertaining to the conflict process preparing the ground for the new theoretical paths.

In relation to the size of the perceived emerged conflicts, the majority of the interviewees avoided to accurately define the size, i.e. avoided the words big, small, and medium. Instead they advocated that it cannot be defined and that it is a matter of perception. As they said *“you cannot simply tell big or small because those are very general notions and what is big for someone is small for someone else depending on how one defines big and small”*. Only a few dared to give certain answers: 6 resorts (out of 22), 4 hotels (out of 24) and the 4 rental rooms mentioned that the perceived conflicts are big.

All of the interviewees though recognized as highly significant the aforementioned areas of conflict. None of them perceived them as insignificant. In their own words *“conflicts are significant for us because they affect the level of our profits*, reinforcing again the conclusion that the only thing that matters for them is the room price and the profitability.

With reference to the level of interdependence among them they all admitted that the degree of their dependency on tourism intermediaries is high, with an exception of two resorts that instead of dependence (that didn't recognize in their relationship) they recognized a good cooperation (i.e. naming dependence as "cooperation"). The two resorts declared "*we are not dependent because we know who we are, we know the accurate quality of our product, we know our power in the market and we have good customer reviews*". The rest though felt that "*we cannot do anything about it. We are dependent on mass tour operators. This is how the market works. Tour operators though are not dependent on us as legal units. If they do not end up with a deal with us they will find next door another hotel to make a deal and we will be left alone in the market*". Negotiation is the deliberate interaction of two or more parties in order to redefine the terms of their interdependence (Nikolopoulos, 2011). In that sense the science that could contribute in the redefinition of the interdependence of the two players is by definition the negotiation theory.

Regarding the power issue, interviewees declared they feel less powerful than tourism intermediaries because, as they alleged, the latter have their own aircrafts, airlines and hotels across the world. Only 4 hotels and 5 resorts supported the idea of being equally powerful with their disputants. The feeling of inferiority is again evident. They advocated that "*tour operators are worldwide known, with huge group of companies, with airlines, with hotels, with travel agents etc. We are not that known, we only have some rooms to offer and we don't have many alternatives if they do not choose us to cooperate with*". It is clear that tourism producers feel inferior. The phrase "if they do not choose us" underlines the feeling of being powerless because they feel "chosen" and not "able to choose". They realize the fact that mass tour operators have many alternatives while they don't. In Negotiation theory (Fisher and Ury, 1981) the higher the BATNA the more powerful a rival is and also high BATNA indicates that if negotiation outcome is "no agreement" the rival has many other alternatives to choose. A low BATNA indicates that if the negotiation outcome is "no agreement" the rival has no other options to choose from. According

to negotiation theory, mass tour operators are more powerful than hotels because they have more alternatives than hotels have.

CATEGORY 4 – EVALUATION OF VARIOUS FACTORS’ EFFECT IN CONFLICTS

The various factors affecting conflict behavior found in chapter 3 within various theories and models are all illustrated in the next table. Interviewees were asked to express their opinions over the way and the degree (if any) they believe these factors affect and influence the conflict procedure.

Table 6.8: Interviewees’ perceptions over factors affecting conflict process

FACTORS	RESORTS	HOTELS	RENTAL ROOMS
Culture	2	-	-
Economic conditions	22	24	4
Political conditions	22	24	4
Legal conditions	4		
Temporal conditions	-	-	-
Technology	2	-	-
Personality	4	5 five *	-
Identity	-	-	-
Reputation	18	5 five *, 5 four *	-
Disruptive Relations	-	-	-

Interviewees do not seem to take into account factors that have been defined as serious and significant in research (Buhalis, 1999a,b, 2000; Atkas et al., 2011;; Apipalakul et al., 2017; Ilijins et al., 2015; Deephouse et al., 2005; Pfarrer et al., 2010; Mohammad, 2015; Hofstede, 2011, 1980, 2010; Overby et al., 2005; Gareth, 2007; Sheppard, 1992; Wall eta l., 1995; Harvey et al., 2017; Petkova, 2012; Gioia et al., 2013; Blalock, 1989; Walton et al., 1969). Only two resorts recognize that culture plays a significant role in the communication process and therefore in the conflict procedure and in the determination of the outcome of the conflict, without being able to though distinguish the three types of culture (personal-organizational-market, Ilijins et al., 2015; Atkas et al., 2011). For the majority “*culture does not affect the conflict and negotiation procedure. It has nothing to do with it*”. The rest 48 didn’t see any relation between culture and conflict procedure.

The economic and political conditions were recognized by all interviewees as factors affecting the stability of the economy, the tourism demand and hence the prices of the tourism product, enabling tourism producers to ask for higher or not prices respectively. As they declared *“economic and political conditions definitely affect the performance of enterprises and that is why their stability is crucial”*.

Temporal conditions (i.e. timing), technology, enterprise identity and disruptive relations according to their point of view do not seem to play a crucial role in the conflict process. When interviewees were asked for each of them to state whether they think it affects the conflict and negotiation procedure they didn't find any interaction between technology, enterprise identity and disruptive relations and the conflict-negotiation procedure.

Legal conditions and personality were recognized only by 4 resorts and 5 hotels respectively. The majority of the hotels have the impression that the terms of the accommodation contracts they sign are ruled by the European law (in general). Only 4 resorts were aware of the fact that contract terms are ruled by the national law where mass tour operators are being established and not by the law of the country doing business. That resorts have special law departments, dealing only with legal issues.

Reputation is broadly recognized as a factor affecting the conflict and negotiation process, *“reputation definitely plays a key role. A good reputation increases power in the negotiation process. If everybody knows that your customers are satisfied, that you pay in time, that you offer a high quality product then everybody wants to cooperate with you and you have alternatives to choose. If your reputation is not good then nobody wants to work with you and you don't choose, you are chosen instead”*. It is interesting to see how interviewees relate reputation with power. For them a good reputation increases the alternatives and therefore according to negotiation theory the more alternatives the more powerful a player is (Fisher and Ury, 1981). Identity and reputation affect organizations' performance and counteract in the market (Greenwood et al., 2010; Alvesson, 2012). Organizations may have more than one reputations (Barnett et al., 2012), while when a

reputational crisis arises organizations focus on changing identity to rebuild trust with customers (Nikovola et al., 2014; Pratt et al., 2006; Ravasi et al., 2006). Identity defines who somebody is (Hatch et al., 2002) and is linked with reputation (Rindova et al., 2005). Interviewees seem to ignore all that. They also neglect the fact that social media (i.e. technology) affect reputation (Leung et al., 2019). Technology can increase or ruin reputation via customer reviews (Yovcheva et al., 2013; Xu et al., 2017; Viglia et al., 2016).

The surprising issue is that they do not seem to evaluate factors that have already been recognized as serious, pivotal and determining for the conflict process as pre-mentioned. When tourism producers were asked if those factors are significant, according to their point of view, for the tourism intermediaries they replied “no” because as they declared “factors are to be taken into account by weak and not strong players”. Finally, tourism producers recognize that only political and economic conditions are being taken into account by tourism intermediaries in conflicts.

SUBTHEME (b)

CATEGORY 5-INVESTIGATION OF TOURISM PRODUCERS’ NEGOTIATION APPROACH

Addressing the negotiation behavior (b) it is interesting to start with the evaluation of the extent (if any) and the way disputants negotiate. The in depth investigation of the existence of a negotiation strategy and the means used to achieve goals is one of the aims of the existing research. During discussion interviewees were referring to tour operators and not to OTAs because, as they declared, there is no space for negotiating with OTAs. As stated before, this is not true. The reason is that, as they declared before, they do not treat OTAs as equal with mass TOs because they are convinced that OTAs cannot buy and sell all their rooms. They believe that OTAs

without TOs cannot sell the rooms. Therefore they are not focused on their cooperation with OTAs as they are with mass tour operators.

Initially tourism producers were asked if they negotiate, who is doing the negotiation for them and how they do so (i.e. face to face sitting on a table or via internet). Almost all of them admitted that negotiations are undertaken by full time sales/contracting managers or by the owners of the accommodation enterprises (i.e. by themselves. Interviewees are the ones who make the negotiations). When negotiating with tour operators they alleged they strictly negotiate face to face and never via internet or technology in general (i.e. social digital media, e-mails etc). As they explained, they may exchange some e-mails preparing the ground for the negotiation but in their own words “a serious negotiation always takes place face to face, sitting on a table and not behind screens”. Only one resort asserted that no negotiation takes place because tour operators are too powerful that they don’t give any chance to negotiate.

On that note the discussion was then directed towards the areas of conflict interviewees perceive as negotiable and the areas (if any) tourism producers perceive as conflict non-negotiable areas under their own justification. Responses are more than interesting.

Table 6.9: Interviewees’ perception of conflict areas

CONFLICT AREAS	RESORTS	HOTELS	RENTAL ROOMS
NEGOTIABLE	22	24	
NON-NEGOTIABLE			4

It is observed that the smaller the tourism accommodation enterprise the more evident is the belief that conflict areas are non-negotiable as they have been presented in Table 17. Resorts and Hotels recognized the aforementioned conflict areas as negotiable and declared that the only non-negotiable contract terms are the “health and safety terms” along with the law governing the contracts. Interesting is also the view of resorts and hotels regarding the extent they consider the conflict

areas as negotiable. They advocated the idea that the degree of negotiability depends on the quality of the tourism product. Big tourism accommodation enterprises (resorts and hotels 5*, 4*, 3*) supported the idea that “if the tourism product is good and of high quality, giving value for money” then tourists will give good reviews that will in turn increase the negotiable power of the tourism producers against tourism intermediaries. Pertaining to that issue, some hoteliers adopted the idea that a good and strong tourism product will be selected by tourists either directly or indirectly via tourism intermediaries leaving the latter powerless to direct the tourism demand and to negotiate the terms of the accommodation contracts. For small tourism enterprises (rental rooms) conflict areas are negotiable in theory, as they said, but practically they are non-negotiable. The feeling of inferiority and weakness against tourism intermediaries, in terms of negotiation power, was dominant throughout the interview-conversation with rental rooms.

The key revealed issue for the research at this point of analysis is that no matter whether tourism producers think of conflict areas as negotiable or non-negotiable in practice, they all believe that there is the potential of negotiating over the conflict areas. In their own words “yes conflicts are negotiable but we are not sure whether we have the power to reach our goals”, revealing their belief that conflict areas are negotiable and their feeling of being powerless to achieve goals. The ascertainment of the existence of that potential, even at a theoretical level for some of them, is crucial for the aims of the existing research.

When interviewees were asked to name their strong and weak points, regarding negotiation, and to say a few words about the means they use to achieve their goals they referred mainly to the “provided tourism product” and the “location” as the following table presents:

Table 6.10: Tourism Producers’ perceptions of their strong and weak points

	RESORTS	HOTELS	RENTAL ROOMS
STRONG POINTS	Tourism Product, reputation	Tourism Product	Location
WEAK POINTS	Location	Location	Size of enterprise

Resorts and Hotels (5*, 4*, 3*) presented as a strong point their tourism product, the characteristics, the quality and the differentiation of it compared to other tourism products, without being able though to accurately define the feature that makes their tourism product special in the tourism market. In their own words *“the quality of the offered tourism product and services is our strong point. The location is the weak because Greece is mostly for the summer and most tourism destinations are peripheral”*. That was the point of view of city hotels also declaring *“even if we are located in a city there is seasonality issue in Greece that is due to the coastal location of the cities”*. This indicates that probably hoteliers fell in a trap they have created by themselves. They think of Greece, as a “sun and beach” destination and not as a business or winter sports or cultural or MICE tourism destination. Instead of discovering new aspects of attracting tourism they have the old-fashioned in 2018 and narrow still perception that Greece is only for the summer. Hotels’ and resorts’ perceived weak point is “location”, i.e. the peripheral area they are located in terms of the restricted airlift accessibility and in terms of the high degree of dependence on charter flights. They clearly neglect the existence of Low Cost Carriers and the routes they have at low costs. Reputation is perceived as their strong point “we have a good fame in the local market. We pay in time and we are constantly trying to improve our tourism product”. It is interesting that tourism producers are referring to local reputation while they know that mass tour operators have a global and international reputation. No mentioning in ways of improving and expanding their local reputation. On the other hand smaller tourism enterprises (rental rooms) perceived location, in terms of the natural uniqueness of the area they are situated in without taking into account the airlift issue, as a strong point and the small number of rooms they have as a weak point, in terms of the low negotiation power they have against tourism intermediaries. *“We may be small but we are located in magic places where visitors can experience nature and local tastes in the most authentic way. We may have very few customers because we cannot negotiate, those who come though become loyal customers due to the beauty of the place they visit and the tastes they experience”*. The way players perceive “location” in their evaluation process is very interesting.

CATEGORY 6 – EVALUATION OF THE IMPLEMENTED MEANS AND STRATEGIES OF NEGOTIATION

When the discussion was led to the means they use to achieve goals, i.e. to succeed in negotiation, and the negotiation strategies they develop, tourism producers replied the following:

Table 6.11: Means used by Tourism Producers during negotiation to achieve goals

MEANS USED BY TOURISM PRODUCERS TO ACHIEVE GOALS	RESORTS	5* HOTELS	4* HOTELS	3* HOTELS
Guests' positive reviews	18	5	8	6
High occupancy rate	15	3	-	-
Low complain rate		5		
Development of the tourism product (quality and differentiation)	9	5	2	-
Renovation of the existing tourism infrastructure	7	3	3	3
Development of personal relations with tourism intermediaries based on trust	5	3	2	-
Enhancement of the reputation regarding credibility	8	2	2	2
Good economic results of previous years	8	4	-	-
Experience obtained in the tourism market	4	1	-	-
Ability of decoding disputants' behavior	2	-	-	-
Fruitful communication	2	-	5	-
Brand-name	14	4	6	

The numbers in table 6.11 indicate the frequencies. Guests' positive reviews, development of the tourism product, reputation and brand name are the most popular means tourism producers use to achieve goals. In their own words *"in order to increase power in the negotiation process we use guests' reviews to prove the quality of our services and to ask for better room prices. Good reviews also improve*

the reputation of the enterprise and make the brand name stronger". The development of the tourism product was not a priority for them. Rental rooms declared that they do not negotiate because they feel they cannot do so. Before (factors affecting the negotiation process) technology was neglected and reputation was perceived as a factor affecting the process. When interviewees asked to name the means they use to achieve goals the most popular one was "good guests' reviews" reinforcing theory regarding the effect of social media (Leung et al., 2019; Viglia et al., 2016) and coming in total contradiction with their previous answer. Good positive guests' reviews are important for mass tour operators. For some of them it is a prerequisite to expand any kind of cooperation. Tourism producers seem to try hard to satisfy mass tour operators' requirements (i.e. to have positive guests' reviews) and to maintain a good cooperation with them simply because (as they have previously declared) their existence in the market is necessary and pivotal for their enterprises' long run existence in the tourism market. They do not seem though to have realized beyond that the usefulness of technology and the merits of it regarding their own performance, their accessibility to information, the decrease of the level of their dependency on mass tour operators and their marketing (Leung et al., 2019; Viglia et al., 2016). It is evident that technology potentials are not exploited. Other means used for achieving goals, like renovation of the existing tourism infrastructure, development of personal relations with tourism intermediaries based on trust, good economic results of previous years, experience obtained in the tourism market, ability of decoding disputants' behavior and fruitful communication were also mentioned but at a much lower frequency. Tourism producers referred to them in the framework of "increasing power to ask for better room prices in order to increase profitability", linking profits merely with room prices and with nothing else. It is worth noticing that "creating alliances" was nowhere mentioned by anybody.

When resorts and hotels (5*, 4*, 3*) were asked to explain if they have any particular negotiation strategy that they follow during the negotiation process they mentioned the following:

Table 6.12: Perceived Negotiation Strategies followed by tourism producers

STRATEGIES (AS THEY HAVE BEEN NAMED BY INTERVIEWEES)	RESORTS	5*HOTELS	4*HOTELS	3*HOTELS
Inflexible positioning, rejecting any proposed alternative	17	5	6	5
Never accepting disputants' initial requests	16	6	7	4
Creating deliberate delays in the negotiation process to tire out disputants	5	1	-	-
Setting inflexible bottom lines	19	5	5	4
Studying and analyzing previous years' accommodation contracts	18	5	-	-

When interviewees were asked about negotiation strategies and ways of negotiating, they all (46 of them) positively declared that they do have a certain strategy of negotiation. Rental Rooms (4 units) stated before that they do not negotiate because they are powerless enough to be able to do so with mass tour operators. When tourism producers explained in detail the strategies they implement, the majority illustrated “inflexible positioning”, “setting inflexible bottom lines” and “never accepting disputants’ initial requests” as their main negotiation approaches. For them, “inflexible positioning” is anchoring on a certain room price and not giving in for any reason. “Setting inflexible bottom lines” is a clear declaration of the lowest room price they intent accept and the “border” (room price) below which no agreement can be achieved. The “never accepting disputants’ initial requests” was described as a strategy of denying any initial offer by the disputant even if it is a good one. This is because there is the perception that the acceptance of any first offer is a “negotiation weakness”. Tourism producers alleged that the one who easily gives in is the weakest, presenting that as a belief than as a justified argument. When they were asked “why” they believe that, they responded “this is part of the unwritten rules of the market”. In their own words *“we are tough negotiators. We never accept initial requests. In that way we send from the very first moment that the game will be tough. No matter what, we set the bottom lines and*

we make it clear that we will not go below those lines. Mass tour operators start bargaining. The key point there is to resist and to remain stable on your positioning. When you are inflexible the disputant understands that there are certain limits that cannot be crossed by his side and the possibilities of winning are higher". Only two resorts and one 5 hotel gave a different response. One of them clearly stated: "first of all we have a review of the contracts we have signed the last three years with mass tour operators in order to have a better view of the tourism market trend. Once we do this, we calculate precisely the room price and the early booking discounts that we are willing to offer by taking into account the costs and the profit goals we set for the upcoming season. After that we think of the strategy of negotiation that we will follow. We know that we don't have the same market power with mass tour operators, but we also know what we offer, what is the value of our product, how we are going to prove that value to mass tour operators in order to achieve the room price we want. Mass tour operators have certain representatives for years. We work on building good relationship with him. We believe in investing in good relationships. There are times when the representative is convinced for the value of our tourism product and helps us either by: a) giving smaller room price increases to other hotels in order to be able to give us higher or b) cases when as a mass tour operator representative intentionally delays to sign the contract with us in order to apply pressure to the mass tour operator he represents. The reason is that last minute he informs the tour operator he represents that all other mass tour operators have signed contracts in the local tourism market and if they do not accept our hotel's room price increase enquiry they will be left without a contract for the season. Good relationships along with high quality tourism products can lead to successful and mutually beneficial negotiations. We both gain from that procedure. They have high quality services and happy customers and we have a good room price increase. We both have good reputation and new areas of cooperation may be emerged in the future. During the negotiation process psychology is crucial. We don't feel inferior when dealing with mass tour operators, we always give time and we are trying to evaluate our disputant's psychology. We are also able to compensate an increase in the room price by giving as a reward to the mass tour operator some free facilities to*

his customers (e.g. sauna services) that have low cost for the hotel. In that way we further build up a good and bidirectional relationship for the benefit of both sides”.

The first negotiation approach, representing the majority of the sample, presents the case of *competitive bargaining* and more specifically the case of the so called *positional negotiation*. Hotels are stuck on the room price and they bargain merely over that because as it was found before they have arbitrarily linked room price with enterprises' profits as if room price was the one and only factor of determining profits. A conflict's outcome depends on the choice of the conflict resolution approach (cooperative or competitive) (Deutsch, 1985). Tourism producers have the perception that “being inflexible”, “setting inflexible bottom lines” and not sharing any information are features of good and tough negotiators that will lead them to expected outcome. Negotiation theory though suggests that when negotiators do not engage much in joint problem activities, do not share information, focus on dividing gains, make concessions and trade offs, they end up actually sharing a smaller pie of gain, than if they would cooperate (McKersie, 1965; Kriesberg, 1998). This is because competitive behaviours do not enable the disputants: to efficiently cooperate, to investigate areas of common interests, to realize that their interests may not coincide, to elaborate that all interests can be fulfilled and not necessarily at the same time and hence to enlarge the market pie. The Principled Negotiation (Fisher and Ury, 1981) model has rejected strict types of negotiation (Chapter 4) as inefficient, while the assumption that interests are common (Fosse et al., 2017; Tremblay, 2016) should be avoided when negotiating and information should be shared by the embedded parties in order to work on common areas of interest by creating mutually beneficial alternatives (Fisher and Ury, 1981; Nikolopoulos 2011; Reyes, 2015). It is surfaced that hotels have a completely wrong idea of what negotiation is and what are the principles that make a negotiation beneficial. The competitive and positional attitude they have leads to a distributive negotiation procedure (Fosse et al., 2017; Ford et al., 2012; Bacon et al., 2007). Tourism producers' do not invest in communication, do not take into account culture (Hofstede, 2010), do not negotiate over interests but over positions, do not take into account human relationships, do nothing to create new options for mutual gains

(Fisher and Ury, 1981). This is because they do not seem to be aware of the importance of communication and human relationships in negotiation. Tourism producers have a completely misperception of what a negotiation is. They perceive negotiation more as a “battle” than a fruitful cooperation for mutual benefit.

The negotiation strategy of the minority of the sample (2 resorts and 1 hotel) is the completely opposite case. Enterprises work on the development of the tourism product and on the enhancement of the value it has. They pay a lot of attention on guests’ reviews, they do focus on improving their reputation via reviews and they use all that as a power of negotiation. When the process of negotiation begins they implement a principled negotiation separating humans and issue, i.e. they have a good relationship with the mass tour operators’ representatives without stepping back regarding their interests. Combining strong product, good reputation, good human relationships, reassurance of alternatives (many mass tour operators want to cooperate with a credible tourism enterprise) i.e. negotiation power they apply a principled negotiation. The result is that mass tour operators are willing to facilitate the realization of tourism producers’ goals and at the same time they are achieving their own goals. In transaction cost terms and in the framework of the principal – agent relationship, principals (mass tour operators) work for what they have been employed, i.e. increasing productivity in host economies, facilitating distribution, opening up new markets, providing marketing, providing technology, in facilitating information flow in tourism distribution channels, enhancing communication among customers and suppliers, reducing risk and cultural distances among foreign and domestic markets (Lehtinen et al., 2016; Popp, 2000; Li, 2004; Johanson et al., 1977; Hofstede et al., 2010; Ha-Brookshire et al., 2009; Trabold, 2002). Therefore transaction costs are reduced for tourism producers via intermediaries. Encinas (2013) finding that “intermediaries in the supply chain often distorts market flow” is then questioned. He advocated that intermediaries exploit their dual oligopsonist-oligopolist behavior to increase their profits at the expense both of suppliers and consumers. The application of Fisher and Ury (1981) proves that the behavior of intermediaries can change for the benefit of all the embedded parties (suppliers and intermediaries). The market structure remains the same (oligopsony-oligopoly) but

principled negotiation is able to make parties cooperate for their common good enlarging the market pie. More consumers (in research tourists) can be attracted by the efficient cooperation of mass tourism operators and hotels because they co-create a more efficient tourism product with a higher value for tourists.

Most of the interviewees though believe that setting inflexible bottom lines in negotiations increases the possibility of achieving goals. Some of the bottom lines they named are:

Table 6.13: Bottom lines in negotiation set by tourism producers

BOTTOM LINES IN NEGOTIATION SET BY TOURISM PRODUCERS
Certain minimum percentage of room price increase
Certain maximum percentage of room price decrease
Certain percentage of maximum commission rate
Bad attitude and behavior of mass tour operators' representatives
The maintenance of the same sales contractor as a tourism intermediary representative as a person

The declared “bottom lines” in the negotiation process led the discussion to the investigation of the existence of alternatives if “bottom lines” are crossed by the disputants.

Tourism producers’ feeling of inferiority, dependency and powerlessness in relation with mass tourism operators along with their inflexible strategies of negotiation emerges a big contradiction. How can a player feeling inferior and powerless use though strategies and techniques to achieve goals when he is aware that very few alternatives exist for him in the case of no negotiated agreement? Why do they behave in that way? Although tourism producers are aware (as it was previously found) of the high BATNA of mass tour operators and of their low BATNA they behave competitive as if their BATNA was high. Fisher and Ury (1981) suggested that a significant part of the negotiation process is someone’s ability to create new

alternatives to his/her disputant(s), i.e. to enlarge the rival's perceived BATNA in such a way that both parties will be benefited. Their suggestion is consistent with the challenging of the theretofore assumption "of the fixed market pie". Fisher and Ury's (1981) work indicates that a cooperative interaction of two or more parties can emerge beneficial outcomes by creating new alternatives that enlarge the market pie. Tourism producers' distributive negotiation approach definitely does not create new alternatives. This is because the creation of alternatives is an outcome of cooperation over common interests (Fisher and Ury, 1981) via efficient communication. In a distributive negotiation process disputants think separately and behave competitively, destroying any chance of mutually beneficial cooperation and hence any chance of creating alternative solutions. Their strategy is not consistent and compatible with the negotiation theory.

The next step was to ask tourism producers clearly if in the case of no negotiated agreement they have other alternatives. Very few resorts replied what is the alternative they have if no negotiated agreement is achieved. Most of them were surprised by that kind of questions and had no specific answer, revealing that they have never thought about it or that they do not actually have an alternative solution if no agreement is reached with mass tour operators. As they mention, *"we usually end up with an agreement. We set bottom lines, we have inflexible positions but at the end if we realize that we are moving towards no agreement we kind of compromise exactly because we know that we have no alternatives if things go wrong"*. In other words, tourism producers bluff. They pretend they have a high BATNA, although they don't, until they reach a point where "no negotiated agreement" is coming and then at that point they give in. If mass tour operators have much more information about tourism producers than the latter have for the former, then this is completely wrong. Mass tour operators are aware of tourism producers low BATNA and bluffing seems funny. On top of that, starting with inflexible positional bargaining and at the end giving in gives the message that tourism producers "do not mean what they say" losing reliability and trust and ruining their relationship with mass tour operators.

When the discussion was led towards tourism producers' perceptions about their disputants' negotiation behavior they gave very interesting responses. They all had the same point of view asserting that mass tour operators' representatives perceive all raised conflict areas as non-negotiable by saying *"tour operators are very strict they do not negotiate in practice"*. Research indicates exactly the opposite. Tour operators help and cooperate when there are certain conditions as explained before.

Mass tour operators' strong and weak points, as they are perceived by tourism producers, are the size of the enterprise they represent and the restricted access they have to information regarding local destinations respectively. In their own words *"mass tour operators are powerful because they have airlines, aircrafts, hotels and travel agents. What they don't have is the very specific information regarding local tourism destinations they target in"*. It is interesting to discover again that the existence of Low Cost Carriers is being totally neglected, that the low access of mass tour operators in the local tourism destination is recognized only as a weak point for them and not as a strong point for tourism producers that could increase their power. Theory suggests that power dependent parties may influence the game and restore the power asymmetry by controlling the precious information they may have, exploiting their position in the distribution chain, establishing an information monopoly (Ford et al., 2012; Pferrer, 1992). That choice of exploiting precious information is completely neglected by the tourism producers.

The means used by tourism intermediaries to achieve goals, as tourism producers declared, are the recorded bad reviews and the tourists' complaints, while the negotiation strategy they adopt, according to interviewees point of view, is the direct or indirect threat of terminating or not renewing accommodation contracts. *"They use bad reviews to challenge the quality of our services and of our tourism product and during negotiation they are trying to persuade us that it is a good choice to accept low room prices and to take the chance to improve the tourism product and to have better guests' reviews in the future. Indirectly they threaten us that they will not sign the contract if we don't agree with them"*. Instead of getting the message that *"social media and technology matters"* out of that statement, tourism producers focus on what mass tour operators do. Instead of appreciating tour

operators' suggestions they perceive them as a threat. Research showed that high quality tourism products and services are more than appreciated by tour operators and can turn mass tour operators' attitude in favor both of them. This statement sounds more like a suggestion and a chance of cooperation than a threat, indicating potential misunderstanding from tourism producers' side and potential unjustified prejudice and bias regarding mass tour operators' role in the market.

Tourism producers alleged that tourism intermediaries do not set – at least directly-bottom lines in their negotiations. They have alternatives in the case of no negotiation agreement, i.e. the choice of other hotels in the same region. Economic and political conditions are the only factors for tourism intermediaries that affect the negotiation process and outcome, as perceived by tourism producers. They said “*no they do not set bottom lines*”, but they do. Clearly they assume that mass tour operators take into account only political and economic conditions. Mass tour operators owing airlines, aircrafts, hotels etc cannot merely take two conditions into account. It is impossible for global enterprises not to take technology, reputation, interpersonal relationships, culture and identity issues into account. Tourism producers' perceptions are not justified.

CATEGORY 7 – EVALUATION OF THE NEGOTIATION OUTCOME

The final part of the interview was focused on the evaluation of the negotiation outcome, in tourism producers' point of view, as well as of their intention to implement new strategies of negotiation concerning the raised conflict issues. This information sheds light on tourism producers' overall opinion regarding the negotiation outcomes reached by them (satisfied or not) and indicates their willingness and intention to change their conflict and negotiation behavior if they are dissatisfied. A detected willingness to implement the results of the existing research will increase and give extra value to the usefulness of the research.

The results of that part of the interview are illustrated as follows:

Table 6.14: Tourism producers' level of satisfaction regarding negotiation outcome

RESORTS	HOTELS (5*,4*,3*)	RENTAL ROOMS
Not much Satisfied (18)	Not much Satisfied 5 of 5*,4 of 4*, 4 of 3*	Non-Satisfied (4)

Resorts and hotels (5*, 4*, 3*) declared “not much satisfied” with negotiation results while rental rooms’ dominate opinion was dissatisfaction. Interviewees were asked to define in what terms they declare satisfied or dissatisfied. Resorts evaluate the negotiation results with tourism intermediaries “not much satisfied” in a sense that reached high occupancy rates and fulfilling profits that could be further improved. Hotels’ definition on the other hand of “not much satisfied” depicts their satisfaction in terms of high occupancy rates and dissatisfaction in terms of profits achieved via the negotiated agreements. Rental Rooms declared “dissatisfied” in terms of profitability without referring to occupancy rates at all. Tourism producers are happy for filling their rooms up but they are not happy with the room prices they achieve. It seems like they are more than satisfied with their tourism product, with all the other contract terms, with the low implementation of technology in various aspects of their enterprise. Only 2 resorts, 7 hotels were satisfied.

When they were asked to describe tourism intermediaries’ perceived evaluation of the negotiation outcome they all agreed that tourism intermediaries must be “satisfied” of their bookings and low room price achievements. They said *“of course they are satisfied. They sell rooms at the desired room price and desired profit level so nothing is wrong for them”*. Tourism producers assume that mass tour operators have exactly the same interests with them. Negotiation theory asserts that the assumption that interests are common should be avoided (Fosse et al., 2017; Tremblay, 2016).

CATEGORY 8 – EVALUATION OF TOURISM PRODUCERS’ PERCEPTION REGARDING THE IMPROVEMENT OF THE NEGOTIATION OUTCOME

When interviewees were asked whether they would be willing to implement new strategies of negotiation for turning their feeling of dissatisfaction into a more positive feeling they positively reacted. In their own words they declared that “if it is something really good and if it convinces us we will give it a try”. This indicates that they are not indeed satisfied with their results and that they would be happy to discover new ways of negotiating for more efficient negotiation outcomes.

The analysis of OBJECTIVE 1 is undertaken in chapter 7. The elaboration of disputants’ conflict and negotiation behavior is used to address OBJECTIVES 2, 3 and 4.

6.4 CHAPTER CONCLUSIONS

The aim of that chapter was to extensively present the results of the research as they were collected via the unstructured interviews. Results in this chapter are displayed as unprocessed data that are categorized in categories and themes linked with research objectives. Chapter 7 analyses the data displayed in this chapter via the thematic content analysis approach. The categorization of the findings constitutes the pillar of the analysis in the next chapter.

CHAPTER 7- DISCUSSION & CONCLUSIONS

The purpose of this chapter is to evaluate and analyse the unprocessed findings of Chapter 6 in order to address the four objectives of the research. Chapter 6 displayed the data driven from the qualitative research. The next step is to interpret the results and to underline the theoretical and practical contribution of the research. Each section of this chapter addresses one objective. The theoretical and practical contribution is embedded in OBJECTIVE 4 and is followed by the conclusion of the research.

7.1 ELABORATING DISPUTANTS' BEHAVIOR USING CONFLICT AND NEGOTIATION THEORIES

THEME 1 “Elaborating Disputants’ Conflict and Negotiation Behavior” was created using eight thematic categories and is linked to OBJECTIVE 1 of the research. Research findings are being analyzed and combined with Conflict and Negotiation theories. In this way the latent content of the findings is emerged and is used as a base for the addressing of:

- OBJECTIVE 2: Restoring the market flow and the power imbalance using Conflict and Negotiation Theories
- OBJECTIVE 3: Creation of alternative Strategies of Negotiation for the benefit of all the embedded parties and
- OBJECTIVE 4: Development of new theoretical paths applicable in the tourism market and other markets as well.

Various factors can affect and influence conflict and negotiation behavior. This research took into consideration a number of factors, driven from literature review findings in chapters 3 and 4 that can be a subset to the potential factors that can affect conflict and negotiation process.

The discussion and analysis of THEME 1 lead to elaboration regarding:

- Tourism Market Structure
- Conflict Behavior
- Criteria for selecting mass tour operators
- Emerged Conflict Areas
- Conditions, the role of Technology and Reputation in Conflict and Negotiation
- Communication and Human Relationships
- Positional Bargaining or Negotiation over Interests? The perception of “common interests”
- Implemented Strategies of Negotiation
- The “exception” that can challenge the axiom of the “fixed pie” and the “established bad” role of intermediaries in the market.

Other factors can be the timing of the negotiation, the psychology, the past experiences of negotiation etc.

TOURISM MARKET STRUCTURE

Addressing OBJECTIVE 1 it is observed that the tourism market in Europe and especially in Greece is an oligopsony-oligopoly market (Porter, 1985; Papatheodorou, 1999, 2003, 2004; Buhalis, 2000; Encinas, 2013). A small number of mass tour operators buy tourism products and services from a large number of tourism producers (hotels, resorts, rental rooms) and sell them to a large number of tourists (Thomascookcom, 2018; Tuigroupcom, 2019; Dertouristikcom, 2019; Fvwcom, 2019). Mass tour operators have implemented horizontal and vertical integration in the tourism market reassuring: a significant market share and enormous market power in tourism distribution channels, major access in information and worldwide reputation (Brooksbank et al., 2018; Harvey et al., 2017; Dirisu et al., 2013; Nocke et al., 2018; Papatheodorou, 2006). Research emerged that tourism producers are aware of the strong global market power of mass tour operators and feel inferior compared to them. Interviews indicated that tourism

producers feel “losers” and powerless to negotiate with mass tour operators because of latter market size. That feeling is the driver for making tourism producers inactive and passive regarding negotiations. Mass tour operators’ strong brand names and leadership (Ree et al., 2012) in the global tourism market, compared to the majority of SMTEs in the Mediterranean Region with no brand names and no share in the global market, reinforces formers’ market power. Most of the interviewees admitted that they do not have a strong brand name neither in the local nor in the international market. This reinforces literature which indicates that the majority of individual accommodation units have not been vertically and horizontally integrated (Buhalis, 2000) and operates with amateur level of professionalism. Research shows that the small size of tourism enterprises compared with the market size of mass tour operators drives the feeling of tourism producers’ inferiority and discourages the latter from being active negotiations and from creating negotiation strategies. The result of that comparison is the main reason that tourism producers do not have a clear negotiation strategy and the reason they perceive their relationship with mass tour operators more as a “compromise” than as an “integrative cooperation”. Conflict and Negotiation theories suggest that “asymmetries” lead to power and influence asymmetries in the relationship (Stangl et al., 2016; Deutsch, 1949a, 1949b, 1973; Bacon et al., 2007). Power imbalance is detected in the research among mass tour operators and tourism producers in the tourism distribution channels (Buhalis, 2000) using conflict and negotiation theories. Research confirmed that information access, vertical and horizontal integration, good reputation, strong brand names and market leadership (Buhalis, 2000) are the sources of power of mass tour operators. These sources boost their negotiation power (Fisher and Ury, 1981) and enable them to impose low room prices and terms in accommodation contracts for their own interest. Disputants’ sources of power can be summarized in table 7.1:

Table 7.1 Disputants' sources of power

MASS TOUR OPERATORS	TOURISM PRODUCERS
Vertical & Horizontal Integration	Quality of the tourism product
Global Reputation	Local Reputation
Global Market Leadership	Local Market Leadership
Strong Brand Name	Local Alliances
Information Access	Local Information Access
Technology	Technology

Vertical and horizontal integration, global reputation, strong brand name, global market leadership, technology exploitation and information access of tourism demand are the main sources of power of mass tour operators. Research indicates that mass tour operators use them in practice to achieve their goals when they negotiate. According to research findings mass tour operators are aware of the oligopoly-oligopsony market conditions. They focus mainly on room prices claiming the lowest they can. Mass tour operators have a large number of local tourism producers to deal with while tourism producers have few mass tour operators to contract with. The alternatives of mass tour operators, if their room price offer is not accepted by a tourism producer, are many more than those of tourism producers, if their counter offer is not accepted. Mass tour operators use their strong brand name, their reputation, their market size and the access they have in foreign markets to successfully achieve low room prices in accommodation contracts. This is done indirectly by declaring, as findings emerged, that there are other tourism producers that they would happily accept mass tour operators' room price offer immediately. The fear of being left with empty rooms and no contract agreement with a mass tour operator (Buhalis, 2000) in combination with the belief that "online direct bookings cannot achieve high occupancy rates without the contribution of mass tour operators", as interviewees said, make tourism producers to compromise and accept mass tour operators' low room prices. As a result tourism producers suffer economic losses and low economic performance.

On the other hand, tourism producers' main sources of power are: the quality of the offered tourism product, their local reputation, their local market leadership, the local alliances (with other tourism producers and local authorities) they can create to

boost power, the local information access and technology. Research findings indicate that tourism producers do not exploit their sources of power in practice either because they are not aware of them or because they do not know how to do it or because they do not perceive them as sources of power. Instead of creating local alliances to boost their power, enhancing and differentiating the tourism product, exploiting and creating monopoly in local information access, instead of using technology to improve their reputation, the majority of tourism producers develop competitive relationships with each other. For example if tourism producers decide to collaborate with other tourism producers in order to create a minimum local room price that they can accept, if tourism producers exploit technology to predict the future tourism demand and if they can establish as a local team with local authorities a destination marketing strategy then they can increase their negotiation power both at individual and at local level. If tourism producers work as a team at local level for certain issues of common interest and they also collaborate with local authorities then they can increase their negotiation power. If tourism producers create an alliance then mass tour operators will not achieve easily low room prices because there will be a minimum, unofficially established by all tourism producers, local lowest room price. The precondition of the success of that result is the credibility of tourism producers and the lack of “cheating”. If one tourism producer accepts a lower price than the others do, then the “prisoners’ dilemma” issue will arise and all tourism producers will lose.

As a result mass tour operators exploit two different things to achieve their goals:

Table 7.2: Mass tour operators’ categories of sources of power

1. Mass tour operators’ sources of power (see Table 7.1)
2. Tourism producers’ weakness to exploit their sources of power

Mass tour operators’ enormous power is reinforced by exploiting the weakness of tourism producers to recognize and exploit their sources of power. Mass tour operators detect tourism producers’ inability to make alliances, to use technology, to

build up reputation, to differentiate tourism product and use it in their favor. This is because, according to tourism producers' perception, mass tour operators want to achieve low room prices and to increase even more their marginal profits (Buhalis, 2000).

Peripheral areas in the Mediterranean Region suffer and experience airlift issues enabling mass tour operators to gain ground with charter flights and holiday packages (Bordean et al., 2011; Papatheodorou, 1999, 2003, 2004; Buhalis, 1999a, 1999b, 2000; Buhalis et al., 2001). As it concerns the airlift issue, things have changed since 2000. The last decades Low Cost Carriers made air transfer to peripheral areas a much easier and low cost case (Easyjetcom, 2019; Eurowingscom, 2019; Travelmolecom, 2019), started providing cheap holidays packages, but still they are dependent on mass tour operators. Although Low Cost Carriers transfer billions of travelers per annum, their holiday packages are not that successful (Ryanair ceased provision of holiday packages - that started in 2016 - in January 2019, (Travelmolecom, 2019)), i.e. Low Cost Carriers haven't changed the tourism market structure (oligopsony-oligopoly). Peripheral areas have a lower dependence on mass tour operators, regarding airlift, due to Low Cost Carriers but they still remain dependent.

CONFLICT BEHAVIOR

The majority of tourism producers perceives the existence of mass tour operators in the tourism market as necessary and characterizes the cooperation with them as a "compromise" due to their dependency on them. According to Conflict and Negotiation theories, when targeting foreign and distant markets for indirect business (i.e. not physical investments and assets abroad), like tourism producers do, intermediaries can facilitate the distribution of goods and services, can open up new markets, can facilitate information flow and communication (Lehtinen et al., 2016; Ha-Brookshire et al., 2009; Hessels et al., 2010). The provision of the right information at the right time is crucial (Pearce, 2008; Balabanis, 2005). Research findings indicate that mass tour operators work for their own interests and for the

reason they were appointed by tourism producers. Findings emerged that mass tour operators keep secret “booking lists” (Buhalis, 2000) preventing information flow and not revealing the true tourism demand to tourism producers. Theory suggests that tourism producers can always take advantage of the local destination information and establish a local information monopoly to restore power asymmetry (Pferrer, 1992) with mass tour operators. If tourism operators exploit local information and use efficiently technology to gain access to information in foreign markets then power asymmetry can be restored. Buhalis (2000) detected distortion of the tourism market flow due to intermediaries’ existence and their dual role as oligopsonists-oligopolists (Encinas, 2013). In 2000 though there were no Low Cost Carriers and technology was not as much developed as it is in 2018. Tourism Producers perceive mass tour operators in the market as necessary because of the airlift control they have, especially in the peripheral areas, because of the market power they have acquired via vertical and horizontal integration. Tourism producers neglect the existence of Low Cost Carriers, OTAs and the potential in information access that technology provides (Leung et al., 2019). Tourism market has changed but the majority of tourism producers has not changed its attitude and perceptions since year 2000 and has not been adjusted to the new epoch of Low Cost Carriers and technology revolution. They still feel enormously dependent on mass tour operators when Low Cost Carriers decreased the airlift control of mass tour operators on peripheral areas (Buhalis, 2000). This is because they focus on mass tour operators’ sources of power (Table 7.1)

Tourism producers’ perception of a “compromise relationship” with mass tour operators and tendency to adopt a “compromise conflict behavior” is derived from:

Table 7.3: Reasons for tourism producers’ “compromise conflict behavior”

1. Awareness and focusing only on mass tour operators strong sources of power and not on their own potential sources of power
2. Focusing on their weaknesses rather than on their strengths
3. Unawareness of their sources of power and strengths
4. Growth of disruptive competition within the local market

Nikolopoulos' model (2011) illustrated three types of conflict behavior: engage in conflict, conflict depreciation (no tendency to engage in conflict neither in the present nor in the future) and conflict accumulation (conflict postponement for future and building up power). Research emerged that tourism producers do not have a clear conflict behavior (Nikolopoulos, 2011) and they adopt a "compromise" attitude. This is because they focus on mass tour operators' power and compare it with their own low level of power, worsening their feeling of inferiority. The majority of tourism producers do not focus on the potential sources of power and the way they could be exploited. They focus on their weaknesses rather than on their strengths. Most tourism producers do not recognize factors like: technology, alliances, quality of tourism product, access to local information and local leadership as boosters of power. The reason for not detecting and recognizing those factors/sources of power (Table 7.1) is that the "size" (market size), the reputation, the strong brand name and the global leadership of mass tour operators have frightened and discouraged the most tourism producers from claiming and protecting their interests. Mass tour operators' enormous amount of power makes most tourism producers to feel inferior and "losers". Research findings indicated that tourism producers that are confident about the high quality of their tourism product and can prove that quality with positive guests' reviews do not feel inferior or "losers". Tourism producers offering high quality tourism product, receiving positive guests' reviews and exploiting the potential of technology feel they have alternatives to cooperate with other mass tour operators if the ones they cooperate with cannot evaluate their product and cannot accept part of their terms. In that sense, research indicates that high quality tourism product and technology can be precious sources of power and can divert the feeling of "compromise" to a feeling of "cooperation".

Research findings also indicated that tourism producers deal with OTAs but they think that OTAs are not able to sell a large number of rooms without the contribution of mass tour operators, neglecting also the lower commissions charged by OTAs compared to mass tour operators. Tourism producers feel dependent on mass tour operators neglecting that Low Cost Carriers, technology and OTAs have changed the tourism market. Bringing back theory Porter (1985) indicated that

prices, profit margins, market share, level of output and investments are being affected by the five forces (i.e. bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitute products/services, intensity of rivalry). In the nexus of hotels and mass tour operators, tour operators have high bargaining power as buyers of hotels' rooms while hotels have low bargaining as sellers. Mass tour operators' vertical and horizontal integration have created strong barriers of entry in the market and the intensity of rivalry is rather low. Online direct bookings are always a substitute but research indicated that it is not developed enough to become a threatening substitute for mass tour operators. Taking into account the five factors of Porter (1985) model and the research results regarding these factors, it is emerged that the power imbalance affects the room prices as well as the profit margins and market share in favor of mass tour operators and in the expense of tourism producers' potential profits. Mass tour operators use the five forces to achieve low room prices, high profits and large market share.

CRITERIA FOR SELECTING MASS TOUR OPERATORS

Research findings indicate that tourism producers' criteria for selecting mass tour operators are: reputation, size and credibility. They actually link credibility purely with reputation and size, i.e. if a mass tour operator has a good reputation in the local market and is a big enterprise (large market share) then (for tourism producers) is credible, arbitrarily oversimplifying the factors and parameters that may characterize an enterprise as "credible". The bankruptcy of big and famous Russian Tour Operators in 2018 (Natalie Tours, BSBW-Tours, Matryoska Tour and Intravel Stoleshniki and Rainbow Travel) (Ruslettercom, 2019) due to overestimating tourism demand is evidence for proving tourism producers' link of credibility with reputation and size as misperception. Research emerged that "tour operator bankruptcies" is not mentioned and included in tourism producers' criteria. This means that for tourism producers, mass tour operators' strong brand name, global market leadership and good reputation are indicators of "zero probability of

bankruptcy". This perception of "zero probability of bankruptcy" is arbitrary and risky to adopt.

Reputation is society's perception about an individual, an organization or institution (Lok, 2010; Pfarrer et al., 2010; Deephouse et al., 2005). It affects organizations' performance (Harvey et al., 2017) and can boost negotiation power (Pfarrer, 1992). Perception is a matter of culture (Overby et al., 2005; Gareth, 2007; Hofstede 1980, 2010). Reputation is determined by identity (who somebody is) and can be enhanced by building up trust with customers (Pratt et al., 2006) and by increasing the value of goods and services provided (Nikovola et al., 2014). It is concluded that reputation simply combined with the size does not necessarily lead to credibility and tourism producers' criteria for selecting tour operators to deal with are seriously challenged.

It is worth noticing that "branding", i.e. brand name, is not included consciously in the list of tourism producers' criteria for selecting tour operators. Although their phrases reveal the significance of "brand name" they do not name it clearly indicating they confused "reputation" with "brand name" and perceive them as being the same thing. A brand is a symbol or a sign that differentiates a good from similar (substitutes) goods in the market and can easily be identified by customers (Brodie et al., 2017). For example "crocodile" is the brand of Lacoste. Brands create expectations, create relationships with customers and turn customers into agents promoting the "brand meaning", i.e. promoting the value of the provided goods and services. Value is co-created via brand and stakeholders relationship (Conejo et al., 2015). Branding is a facilitator of consumers' choice procedure of goods and services. Identity reflects organization's history, purpose, values, culture, practices etc (Gioia et al., 2013; Nag et al., 2007). Reputation is determined and affected by identity (Foreman et al., 2012). Brand and brand communication is a tool to build reputation (Brodie et al., 2017). Branding, reputation and identity are confused notions in tourism producers mind. Research is not about branding, but it is emerged that tourism producers have confused branding and reputation. Branding is a tool to build up reputation which can boost negotiation power, according to negotiation theory. Fisher and Ury (1981) indicated that disputants should invest in reputation for future rewards meaning for increasing negotiation power. Research findings

show that the majority of tourism producers do not perceive “reputation” as a factor that can increase their negotiation power. As a result they do not seem to invest in building up their reputation. This is probably because they compare their reputation with mass tour operators’ reputation and they feel inferior and “losers” again. The minority of tourism producers that invest in the quality of the tourism product and the positive guests’ reviews receive “future rewards” (Fisher and Ury, 1981). These rewards are: the alternative mass tour operators that want to cooperate with them, the good reputation they steadily build up in the market, the increasing demand for their tourism product they create and the “cooperative” rather than the “compromise” relationship they develop with mass tour operators. The ultimate reward is the achievement of their goals and their good long run sustainable economic performance. This also indicates that Negotiation Theory is applicable and when it is applied results are good.

EMERGED CONFLICT AREAS

Research findings emerged 11 conflict areas between tourism producers and mass tour operators as they were named by tourism producers:

- Room Price
- Profitability
- Release Dates
- Payment Delays
- Alltoment Volume
- Marketing
- Exclusivity
- Early Bookings Discounts
- Prepayments
- Information Flows
- Contract Terms

Many of them are consistent with Buhalis (2000) detected conflict areas. According to research results almost everyone referred to “room price”, “profitability”, “release dates”, “early booking discounts” and “payment delays” emerging them as the main conflict areas for them with “price” and “profitability” as the “leaders” of the conflict areas list. It is observed that the larger the tourism enterprise the more conflict areas are being detected. Rental rooms hardly recognize any conflict areas. This is because large tourism enterprises feel more powerful than smaller one and

are more interested and engaged in negotiations. It is interesting to notice that tourism enterprises perceive room price as the only one determinant of their profits and arbitrarily assume that mass tour operators are also interested in the same way in room price, indirectly indicating that mass tour operators also perceive room price as the only determinant of their profits. An enterprise in the tourism industry like a hotel has a number of different services that drives income from (restaurant, spa, sports, bars, entertainment facilities etc other than rooms). Linking profits only with room price is arbitrary and unjustified (Omsa et al., 2017; Schulz et al., 2016; Paltseva, 2015; Yani, 2010; Pearce et al., 2009). Similarly mass tour operators obviously target profitability but it is arbitrary to perceive that room price is the only determinant and source of profitability when various different services are being offered and low profitability percentage of one service may be compensated with high profitability in another service in the same enterprise. Negotiation theory indicates that the arbitrary assumption of rivals' common interests should be avoided (Hak et al., 2018; Fosse et al., 2017; Tremblay, 2016) while it advocates that rivals' interests should be separately recognized and their fulfillment should be considered as part of the problem (Nelson et al., 2015; Fisher and Ury, 1981). Profits are targeted, but they are not determined only by room price and tourism producers' perception of "common interests" with mass tour operators is proved a mistake. Negotiation theory underlines that justifications should be based on objective criteria (Fisher and Ury, 1981).

"Payment delays" and "early booking discounts" were recognized as important conflict areas by tourism producers. The economic crisis in Greece affected the economic status of enterprises. Research emerged the liquidity issues of tourism producers in conjunction with running liabilities and tour operators' enquiries for further investments, via contract terms, increasing tourism producers' need for on time payments and for pre-payments if possible (Buhalis, 2000). The severe economic crisis affected tourism enterprises and led them to ask for pre-payments and on time payments from mass tour operators as an economic help, revealing their weak economic position. Some mass tour operators accepted to do so but asked as a reward higher early booking discounts and lower room prices in future

accommodation contracts. Tourism producers' despair for relieving their economic burden via mass tour operators increased the level of dependency (Stangl et al., 2016; Pondy, 1967; Puritt, 1981) on them and the power asymmetry (Nikolopoulos, 2011). Instead of thinking ways that could enhance the value of their tourism product, tourism producers chose a third party (mass tour operators) to resolve their economic issues sliding in a deeper economic crisis against themselves and weakening the alternatives and the negotiation power they have (Fisher and Ury, 1981). Negotiation theory indicates that rivals should develop their BATNA as an anti measure tactic (Ford et al., 2012). Looking for alternative solutions regarding liquidity (money) could reduce tourism producers' level of dependency on mass tour operators. High level of dependency creates conflicts (Pondy, 1967) and power imbalance (Fisher and Ury, 1981). If the level of dependence is decreased then practically power imbalance can be decreased and negotiation can be more integrative and cooperative, i.e. principled.

It is remarkable that all contract terms, other than the price, are not conflict areas for most of the tourism producers. Findings indicate that accommodation contracts include terms with potential hidden economic costs for tourism producers. Tourism producers are mainly concerned with room price neglecting the remaining contract terms that impose: "room selling in conjunction with management, marketing and other facilities", "tourism producers' liability for all claims", "tourism producers' responsibility to undertake further investments for better terms of agreement" and "the foreign and not Greek law that governs the contract terms" and that indicate a high risk of economic cost for tourism producers. It is concluded that their arbitrary link of room price with profits is also contrary with their risk-averse behavior. Tourism producers choose to cooperate with various mass tour operators to reduce risk but on the other hand they do not pay any attention to contract terms that increase the risk of potential economic burden. If tourism producers' perception of profits and factors affecting profits was different they would have paid attention to the remaining contract terms. Negotiation theory and Principled Negotiation (Fisher and Ury, 1981) indicate that rivals should focus on areas of common interest and create alternative mutually beneficial solutions. If room price is the only conflict

area in contracts and tourism producers are confronted with inelastic behavior then according to theory tourism producers can drive the attention of mass tour operators on other contract terms in order to compensate the potential economic cost of a low room price. For example tourism producers could negotiate over marketing, could negotiate on the frequency of cleaning services and link them with the period of stay, could claim economic compensation in case of asset damages by guests etc. Accepting a low room price and focusing on other issues can stem off (Fisher and Ury, 1981) aggressive behaviors and encourage a principled negotiation for the benefit of the embedded parties. Additionally, tourism producers are encouraged by negotiation theory to share information (Fisher and Ury, 1981) and to explain their interests in order to open up a discussion of creating alternative ways of having a good economic performance. If both parties share information (Yu et al., 2001) then areas of common interest can be recognized and the way of finding potential ways of fulfilling both parties interests' can be engraved as negotiation theory suggests (Fisher and Ury, 1981).

“Information Flows” is also not considered a significant conflict area for the majority of tourism producers. Although it is admitted that mass tour operators have more information about tourism producers (information asymmetry) (Girardi, 2017; Komppula, 2016; Li et al., 2016; Ford et al., 2012), due to the reasons explained before, “Information flows” is not reported as conflict area according to the findings in Chapter 6, when tourism producers asked if “information flow” is a conflict area they gave a negative answer. Research detected that tourism producers focus only on the extra information mass tour operators have regarding local tourism enterprises and not on the extra information tourism producers have pertaining to the local tourism destination. Negotiation theory indicates that dependent parties can influence the game and restore power asymmetry by controlling precious information by exploiting their position in the distribution chain, establishing information monopoly (Pferrer, 1992; Ford et al., 2012). Research findings also emerged that “Information” is not perceived and reported as a factor affecting the conflict and negotiation process by tourism producers coming in contradiction with conflict and negotiation theory. At this point it should be clarified what kind of

information can be shared and what kind of information can be kept secret. Negotiation theory suggests that rivals should share information regarding their interests in order to detect the area of common and in conflict interests and in order to have a proper principled negotiation (Fisher and Ury, 1981). This doesn't mean that they should reveal all the information they have in order to avoid opportunistic behaviors as transaction cost theory suggests. A player with low negotiation power and low BATNA he can restore power imbalance by exploiting his position in the distribution chain, establishing an information monopoly (Ford et al., 2012; Pferrer, 1992) using technology (Buhalis et al., 2008). This means that tourism producers can exploit local destination information to establish an information monopoly at local level. In that case keeping information secret for establishing a monopoly is an anti measure tactic that can be used by disputants of low negotiation power and low BATNA. Research's contribution is that information is crucial and disputants should strategically decide how much information they will share depending on their goals. If their goal is to have an efficient principled negotiation then information regarding their interests should be revealed from the very first moment. If their goal is to restore power imbalance then information monopoly should established and local information regarding the destination should be handled wisely.

CONDITIONS, THE ROLE OF TECHNOLOGY AND REPUTATION IN CONFLICT AND NEGOTIATION

Research findings show that economic and political conditions along with reputation are perceived as factors affecting the conflict and negotiation process, while culture, technology, identity and legal issues are not recognized to such an extent as decider factors of conflicts and negotiations. Technology (Buhalis, 1994, 1995) can boost or ruin reputation via customer reviews (Yovcheva et al., 2013; Xu et al., 2017; Viglia et al., 2016). Social media (i.e. technology) affect reputation (Leung et al., 2019; Mistilis et al., 2014; Paraskevas et al., 2011). Identity determines and affects reputation (Alvesson, 2012; Greenwood et al., 2010; Hatch et al., 2002; Rindova et al., 2005).

Organizations may have more than one reputation (Barnett et al., 2012) and reputational crisis can be faced with changing identity to rebuild trust with customers (Nikovola et al., 2014; Pratt et al., 2006; Ravasi et al., 2006). Building up reputation (i.e. using technology efficiently) increases negotiation power (Ford et al., 2012; Tjosvold, 1992). Research findings show that tourism producers are not familiar and aware of the effect of technology on reputation, market performance, conflict and negotiations. Research and development in e-negotiations (Purdy et al., 2000; Kurtzeberg et al., 2005) undertaken twenty years ago is not taken at all into account, reinforcing the idea that tourism producers are not aware of the technology revolution. Well et al. (1995) alleged that conflicts stem from particular characteristics that are embedded in the involved parties: personality, values, goals, perceptions. Perceptions are a matter of culture (Overby et al., 2005; Hofstede, 1980, 1991, 2011). There are three types of culture: personal, organizational and market (Apipalakul et al., 2017; Ilijins et al., 2015; Atkas et al., 2011; Gareth, 2007). Negotiation theory emphasizes the importance of disputants' ability to perceive emotions and interests as well as causes that create them, avoiding misunderstanding (Fisher and Ury, 1981). Research indicates that tourism producers are neither aware of the distinction of the three types of culture nor of their significance in conflicts and negotiations. Negotiation theory shows the way of a successful negotiation. This way includes taking into account a number of factors: conditions, reputation, culture, technology, identity, legal issues, personality, values, goals, perceptions. Research shows that these factors are not taken into account in a holistic way (i.e. the majority of these factors). There are cases where tourism producers take into account conditions and reputation. A successful negotiation procedure according to theory indicates that all factors should be counted in. If tourism producers take seriously into account these factors they can change their perception about their rivals and they can set a more wise negotiation strategy that can lead them to a more successful negotiation. The contribution of research is the inclusion of all pre mentioned factors affecting negotiation, which have been studied separately by other researchers in the past, in one model as "main factors taken into account when negotiating".

Table 7.4: Main Factors that should be taken into account when negotiating

Conditions (Political, Economic, Environmental)
Legal Framework
Reputation
Culture
Technology
Identity
Personality
Values
Goals
Perceptions
Power Inequality
Level of interdependence
Structure of Relationships

Table 7.4 creates a group of factors that determine and affect negotiation outcome than can be taken into account as a set shaping the ground for a more holistic negotiation model and filling the gap that was detected in chapter 3, i.e. the absence of a model combining the 8 factors, that different researchers emerged as decisive for negotiation, in one model and enriching them with 5 more that were emerged by this research.

Resorts and hotels (5*, 4*, 3*) all admitted that the reported conflict areas can be negotiable areas giving ground to conflict and negotiation theories to engrave the way for a more efficient scientific approach with practical benefit for the tourism market. This means that theoretically they believe that the risen conflict areas can be negotiated and can change but in practice their feeling of inferiority prevents them from making true their belief, i.e. from efficient negotiation with mass tour operators. Rental rooms perceive conflict areas as non-negotiable. Research detects a trend: the larger the tourism enterprise the more perceived power, the more detected conflict areas and the stronger the perceived ability and potential to

engage in conflicts and negotiations. Research indicates that size determines negotiation power and affects the ability to get engaged in negotiation.

Resorts and hotels (5*, 4*, 3*) perceive as strong point their offered tourism product regarding its quality, characteristics and level of differentiation compared to other tourism products. When asked though to name the characteristics that differentiate their tourism product in the market they couldn't specify. Research indicates that tourism producers are not aware of the features of the offered tourism product and of what could make it special for tourists. The perception of having a "perfect tourism product" with unjustified perfection reveals the absent effort of tourism producers to enhance, differentiate and upgrade the offered tourism product and creates suspicions and doubts about the level of the true value. Tourism producers perceived their reputation as another strong point saying that mass tour operators are aware of Greek tourism enterprises and their performance in the local market. The majority of Greek tourism enterprises are small medium and not large or big chains (Buhalis, 2000). It is hardly comparable the reputation of a worldwide known mass tour operator with a small medium tourism enterprise in Greece. Research indicates that tourism producers are not very familiar with the reputation, the determinants of it, the effects of it and the different levels (local, national, international) (Nag et al., 2007; Gioia et al., 2013). Location is a weak point for tourism producers because they still think that the most tourism destinations in Greece are peripheral and suffer airlift issues. Tourism producers neglect the existence of Low Cost Carriers as mentioned before. Rental rooms perceive their small size as a weak point in negotiations but perceive as a privilege the location they are situated in, regarding the natural beauty and the authentic experiences that are offered.

Although most tourism producers neglect the significance and decisive role of technology and reputation in conflicts and negotiations there is a minority that do use "positive guests' reviews" and their effect on "reputation" as a mean to achieve goals in the negotiation process with mass tour operators. The evidence is their own words: *"in order to increase power in the negotiation process we use guests' reviews to prove the quality of our services and to ask for better room prices. Good reviews*

also improve the reputation of the enterprise and make the brand name stronger". Reputation and technology are perceived as negotiation power but not as factors affecting the conflict and negotiation process for the majority of tourism producers. Research reveals tourism producers' confusion, misunderstanding and lack of awareness pertaining to what technology (Xu et al., 2017; Saito et al., 2017; Beritelli et al., 2016; Viglia et al., 2016; Stylos et al., 2016; Hong et al., 2015; Mistilis et al., 2014; Buhalis, 2013; Paraskevas et al., 2011; Buhalis et al., 2008; Johns, 2006) and reputation (Harvey et al., 2017; Rhee et al., 2012; Petkova, 2012; Ravasi et al., 2006) is all about, how they are interrelated and how they affect conflicts and negotiations (Mwesiumo et al., 2016; Khan et al., 2015; Sudhakar, 2015; Coleman, 2011). Additionally branding and leadership are neglected and confused with the notion of reputation. Research also shows that tourism producers act more on emerged issues by instinct and by following market trends (i.e. social media), rather than by full awareness and strategy (Hill et al., 2015; Lee et al., 2014; Cooper et al., 1992). This is because tourism producers feel inferior compared to mass tour operators and have no faith in setting a strategy and strategic plan. It can also be attributed to "culture" (Hofstede, 2010) and more specifically to national culture, i.e. Greeks are not famous for planning in time their future. Negotiation theory suggests (Table 7.4) to take into account wisely a certain number of factors that determine and affect the negotiation procedure. If this is applied efficiently then negotiation power imbalance can be restored and the negotiation outcome can change.

COMMUNICATION AND HUMAN RELATIONSHIPS

Building up and investing in human interpersonal relations, communication, decoding disputants' behavior and developing tourism product are not perceived by tourism producers as strong means of negotiation. This evidence comes from their responses. According to findings in Chapter 6 Tourism producers do not believe in interpersonal relations and communication because they perceive mass tour operators as inaccessible impersonal enterprises. Only the minority of the tourism producers has evaluated the personal relationships with mass tour operators'

representatives as precious and has invested in these relationships. As a result, the minority of the tourism producers has built up relationships of trust and mutual appreciation with mass tour operator representatives over the years and, as they said, negotiation is a much easier procedure than it was before. Negotiation theory indicates that an integrative mutually beneficial negotiation includes: efficient communication for information sharing (Yu et al., 2001; Walton and McKersie, 1965; Ross et al., 1996), amicable and friendly attitudes (Fisher and Ury, 1981), recognition of interests (Hurt et al., 2018; Nelson et al., 2015) and awareness that solving an issue is not a one side procedure (Ben-Artzi et al., 2015). Buhalis (2000) emerged the need for a differentiated tourism product and an innovative use of information technology in the Mediterranean Region for boosting competitiveness and market power of tourism producers. Twenty years ago, tourism product used to be perceived as “perfect”, it was not differentiated and its development was not perceived as a mean to achieve goals. Twenty years later research still emerges that tourism producers do not pay attention to crucial determinants of an efficient negotiation, i.e. development of their tourism product, communication, information sharing, decoding disputants’ behavior, investment in human interpersonal relationships, friendly attitudes, decoding and recognition of disputants’ interests. Additionally tourism producers perceive tourism product as their strong point but they do not use it as a mean in achieving goals, indicating that they do not act by strategy. This is because they face mass tour operators as organizations and not as organizations being represented by humans and managed by humans. As a result, they fall in the trap of “reputation” that mass tour operators have created, “frightening” their disputants in negotiation before they even negotiate. Combining negotiation theory and findings, research indicates that mass tour operators are being represented by humans appointed as sales managers. Those representatives usually have the same position for a long time (as tourism producers declared). The minority of tourism producers state that: *“Mass tour operators have certain representatives for years. We work on building good relationship with him. We believe in investing in good relationships. There are times when the representative is convinced for the value of our tourism product and helps us either by: a) giving smaller room price increases to other hotels in order to be able to give us higher or b)*

cases when as a mass tour operator representative intentionally delays to sign the contract with us in order to apply pressure to the mass tour operator he represents. The reason is that last minute he informs the tour operator he represents that all other mass tour operators have signed contracts in the local tourism market and if they do not accept our hotel's room price increase enquiry they will be left without a contract for the season. Good relationships along with high quality tourism products can lead to successful and mutually beneficial negotiations. We both gain from that procedure. They have high quality services and happy customers and we have a good room price increase. We both have good reputation and new areas of cooperation may emerge in the future. During the negotiation process psychology is crucial. We don't feel inferior when dealing with mass tour operators, we always give time and we are trying to evaluate our disputant's psychology. We are also able to compensate an increase in the room price by giving as a reward to the mass tour operator some free facilities to his customers (e.g. sauna services) that have low cost for the hotel. In that way we further build up a good and bidirectional relationship for the benefit of both sides". Research indicates that if tourism producers invest not only in their tourism product, but also in their communication and human relationship with mass tour operators' sales representatives then the negotiation procedure can become easier and more principled (Fisher and Ury, 1981) as negotiation theory suggests.

POSITIONAL BARGAINING OR NEGOTIATION OVER INTERESTS? THE PERCEPTION OF "COMMON INTERESTS"

Tourism producers mainly engage in a room price bargaining under their arbitrary perception that room price is the major – if not only one – determinant of their profits, i.e. tourism producers participate in a competitive positional bargaining. Tourism enterprises, especially the large ones, provide various services and charge at different prices. The admitted ultimate goal for them is profitability. Instead though of looking for various combinations of services to compensate a potential low room price and of creating alternative solutions with mass tour operators, tourism

producers are hooked on room prices bargain doing positional competitive bargaining (win-lose) rather than a principled negotiation over interests (win-win). Tourism producers perceive that mass tour operators have the same interests with them (Buhalis, 2000), which is incompatible with theory. Negotiation theory underlines that assuming common interests should be avoided (Fosse et al., 2017; Tremblay, 2016) while searching for common interests is one of the goals of an efficient negotiation. Profitability is the target of any enterprise in any industry but it is too risky to assume that all enterprises have the same target because there are various types of profitability ratios (return on equity, operating profit margin, return on assets, return on capital employed, return on investment, gross profit margin etc) and each enterprise may be interested in different types of profitability (Casson, 2018; Chids et al., 2018; Chu et al., 2018; Alfaro et al., 2016; Banker et al., 2014; Baroto et al., 2012; Esteves, 2014; Bordean et al., 2011). Enterprises may be divided in three large categories: growth seekers, profit seekers and new business (Heikkila, et al., 2018). Goals may also be of two types: short run and long run (Gagne, 2018). Research emerges that the type of profitability tourism producers are interested in is not necessarily the same with the type of profitability mass tour operators are interested in. Additionally disputants do not necessarily have the same type of interests. Tourism producers perceive the resolution of the detected conflicts as a one side procedure and not as a joint issue of fulfilling interests of both sides (Fisher and Ury, 1981) by creating mutually beneficial alternatives (Reyes, 2015) via sharing information (Ford et al., 2012; Bacon et al., 2007). The shortcomings of tourism producers regarding positional bargaining can be named as: 1) hooking merely on room prices, 2) not sharing information regarding their interests, 3) assuming interests of disputants are the same in the same time frame (short run vs. long run) and 4) perceiving the fulfillment of their interests as a one side procedure. Negotiation theory suggests that when low power players deal with strong power players they should share information regarding their interests, employ “Negotiation Jujitsu” when necessary, perceive conflict resolution as a two side procedure and avoid assuming similarity of interests. In this case tourism producers can discuss their interests with mass tour operators and define the time frame they need to be fulfilled. This can make mass tour operators to declare their own interests along

with the time frame they need to be fulfilled. Sharing information pertaining to interests, the assumption of “common interests” is easily avoided and the “conflict resolution procedure” is emerged as a two way procedure. If tourism producers are confronted with inelastic room price offers, instead of participating in a competitive bargaining or instead of giving in destructive for them low room prices they can distract mass tour operators’ attention to other negotiable areas. This will give the chance for both sides to investigate potential alternatives that could compensate a low room price. For example if the offered room price is below my average cost and as a tourism producer I have low BATNA I have two choices: either to accept the destructive room price or to negotiate over other areas in order to compensate the loss of the offered low room price. If I do not accept the low room price i can be left with empty rooms. In this case I have no choice but to negotiate. Using negotiation theory I can say “I could accept that offered room price but regarding marketing I would like to have more advertisements at the same cost or I would like to have a short discount for this season regarding marketing”. This is what “Negotiation Jujitsu” is all about, i.e. leaving the “hot conflict area” for a while, trying to steam off the aggressiveness and looking for alternative solutions that could give the same outcome at the end.

STRATEGIES OF NEGOTIATION

The majority of tourism producers follow an inflexible strategy of negotiation implementing strict and tough negotiation tactics (never accepting mass tour operators’ initial requests, rejecting proposed alternatives, setting inflexible bottom lines, delaying deliberately) despite their admitted dependency on them, despite their low BATNA indicating “bluffing”. When they were asked they state that: *“we are tough negotiators. We never accept initial requests. In that way we send from the very first moment that the game will be tough. No matter what, we set the bottom lines and we make it clear that we will not go below those lines. Mass tour operators start bargaining. The key point there is to resist and to remain stable on your positioning. When you are inflexible the disputant understands that there are certain*

limits that cannot be crossed by his side and the possibilities of winning are higher". That bluffing though is not successful. This is because mass tour operators are aware of the economic conditions, both at national and organizational level, and when negotiation comes to the point of not reaching an agreement tourism producers' low BATNA make the latter to compromise on the formers' room price offer. Research indicated that not all tourism producers have the same BATNA. There are tourism producers who invest in the development of their tourism product, in the human relationships with mass tour operators, in technology, in reputation and they negotiate differently. In their own words: *"first of all we have a review of the contracts we have signed the last three years with mass tour operators in order to have a better view of the tourism market trend. Once we do this, we calculate precisely the room price and the early booking discounts that we are willing to offer by taking into account the costs and the profit goals we set for the upcoming season. After that we think of the strategy of negotiation that we will follow. We know that we don't have the same market power with mass tour operators, but we also know what we offer, what is the value of our product, how we are going to prove that value to mass tour operators in order to achieve the room price we want"*. Research shows that the majority of tourism producers adopt inflexible negotiation strategy and "dirty tricks" (bluffing) behaving competitive while their BATNA is low. Negotiation theory suggests that setting bottom lines develops aggressiveness, while bluffing when BATNA is low can be destructive (Fisher and Ury, 1981). Tourism producers of low BATNA and low negotiation power can focus on increasing negotiation power and adopt a principled negotiation to create alternative mutually beneficial solutions.

THE "EXCEPTION" THAT CAN CHALLENGE THE AXIOM OF THE "FIXED PIE" AND THE "BAD ROLE" OF INTERMEDIARIES IN THE MARKET

The minority of tourism producers that focus on improving their tourism product, on exploiting technology to boost their reputation, on building up personal relationships with mass tour operators' sales representatives, on creating innovative alternatives

for mutual benefit, on increasing the value of the tourism product and engaged in information sharing, achieve an integrative and principled (Fisher and Ury, 1981) negotiation with mass tour operators. As a result mass tour operators work exactly for what they are appointed for, i.e. for the facilitation of the realization of tourism producers' goals (principal-agent transaction cost theory, Chapter 2). In the framework of the principal –agent relationship, principals (mass tour operators) work for what they have been employed, facilitating distribution, opening up new markets, providing marketing, providing technology, facilitating information flow in tourism distribution channels, enhancing communication among customers and suppliers, reducing risk and cultural distances among foreign and domestic markets (Lehtinen et al., 2016; Popp, 2000; Li, 2004; Johanson et al., 1977; Hofstede et al., 2010; Ha-Brookshire et al., 2009; Trabold, 2002). Transaction costs are reduced. The implementation of negotiation theory seriously challenges Encinas (2013) theory advocating that “intermediaries in the supply chain often distort market flow”. As he advocated, intermediaries exploit their dual oligopsonist-oligopolist behavior to increase their profits at the expense both of suppliers and consumers. The application of Fisher and Ury (1981) theory of Principled Negotiation can change the behavior of intermediaries for the benefit of all the embedded parties (suppliers and intermediaries). Research findings emerge that tourism producers who invest in the enhancement of their tourism product, take into account the main factors that affect negotiation and adopt the four pillars of principled negotiation (separate people from the problem, focus on interests not positions, invent options for mutual gain and use objective criteria) can attain good negotiation outcomes. Although tourism market structure remains the same (oligopsony-oligopoly), principled negotiation theory is able to make parties cooperate for their common good enlarging the market pie if theory is adopted in practice. More tourists can be attracted by the efficient cooperation of mass tourism operators and hotels if they co-create a more efficient tourism product with a higher value for tourists. Research indicates that principled negotiation theory can change intermediaries' oligopsonist-oligopolist behavior into integrative-cooperative when it is combined with a high quality product and when the main factors that affect negotiation procedure (Table 7.4) are taken seriously into account. Tourism producers who do not adopt principled

negotiation, who do not invest in the tourism product, who do not take into consideration factors affecting negotiation (Table 7.4) are confronted with inefficient negotiation results. In negotiation terms tourism producers who do not adopt principled negotiation “leave money on the table”, i.e. they leave the negotiation table without getting the most they can out of the negotiation procedure because they haven’t adopted the values of the principled negotiation.

7.2 POTENTIAL WAYS OF RESTORING POWER IMBALANCE AND MARKET FLOW IN TOURISM DISTRIBUTION CHANNELS

Findings of THEME 1 combined with Conflict and Negotiation Theories facilitate the exploration of THEME 2 and the addressing of OBJECTIVE 2.

Research revealed power imbalance (Blalock, 1989) between tourism producers and mass tour operators in Greece. Tourism producers are emerged highly dependent on mass tour operators. The target is to examine whether conflict and negotiation theories can contribute in the restoration of the power imbalance. Balance in the research is defined as the status of the natural tourism flow, where tourism intermediaries (mass tour operators) work for what they have been appointed for, i.e. to facilitate the tourism market flow, benefiting both tourism producers and mass tour operators. Balance is not linked with the notion of “equal” amount of power between the rivals, because power cannot be measured in real terms.

Figure 7.1: Factors that increase and decrease tourism producers' power and dependence on mass tour operators.

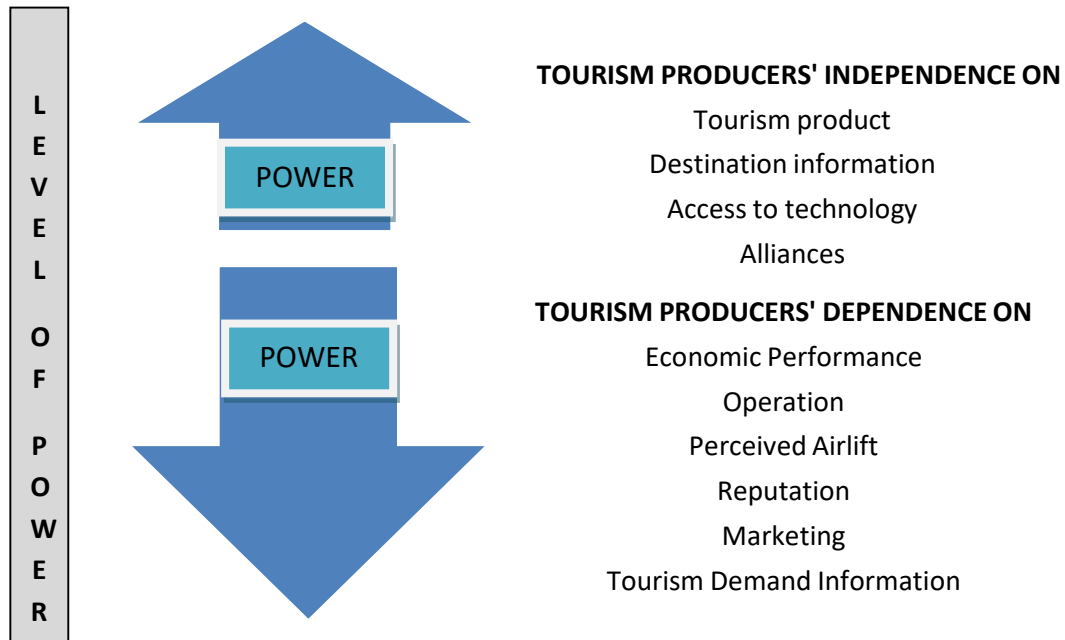


FIGURE: Tourism producers' level of power determined by level of dependency on mass tour operators

What makes tourism producers dependent on mass tour operators is:

1. their economic dependence on them, due to pre-payments they ask
2. their operational dependence on them, due to high allotment volume, i.e. large number of rooms given via allotment contracts
3. the perceived airlift dependence on them, by neglecting the existence of Low Cost Carriers
4. the reputational and marketing dependence on them, by having no direct access to foreign markets for direct marketing campaigns. Mass tour operators, via accommodation contract terms, are responsible for the marketing of tourism enterprises abroad depriving tourism producers of building up their reputation in foreign markets.

5. the information dependence (regarding tourism demand) on them, due to contract accommodation terms enabling tour operators not to reveal their booking lists.

Those five factors are emerged by the existing research as factors making tourism producers highly dependent on mass tour operators.

Tourism producers' level of independence is increased by:

1. developing their tourism product, although they do not do anything about it as research shows.
2. getting information regarding the destination (places, services, monuments, authentic experiences, tastes etc) although they do not seem to value it enough
3. getting access to technology, although they do not seem aware of the potentials of technology and the benefits they can derive from it.
4. making alliances with organizations and authorities for their own benefit.

Research findings indicated that tourism producers: do not work on the development and the increase of the value of their tourism product, do not value the information they possess regarding the location they are situated in (nature, activities, experiences, tastes, local life), neglect and do not exploit technology and the merits of it and do not report any effort in making alliances. Interdependence (Thomson, 1967) is a source of conflict (Filley, 1975; Deutsch, 1949a, 1949b), while negotiation is about redefining the terms of interdependence (Walton and McKersie, 1965). Tourism operators developed such a bonding with mass tour operators, as research shows, that are highly dependent on them. In case of a negotiation with no agreement tourism producers have no alternatives, i.e low BATNA. BATNA is a power indicator in negotiation theory (Fisher and Ury, 1981), i.e. the higher the BATNA the more powerful the player and vice versa. Therefore the high level of dependency of tourism producers on mass tour operators reduces tourism producers' negotiation power. Respectively in case of no negotiation agreement mass tour operators have

many other alternatives (tourism producers to choose), i.e. they have high BATNA and high level of negotiation power. The high level of dependency of tourism producers on mass tour operators ends up to power imbalance.

It would be unrealistic and utopian to target in equalizing disputants' power. This is because power is defined as "any mean that can be used to affect rival's behavior" (Nikolopoulos, 2013) and cannot be measured in real terms, i.e. reputation or alliances cannot be easily defined and aggregated with money or time. The precise estimation of power in real terms is technically difficult. The aim of the research is to find ways balancing and not to equalizing power. "Enlarging the market pie" means to enlarge rival's perceived BATNA in such a way that all embedded parties will benefit from that (Fisher and Ury, 1981).

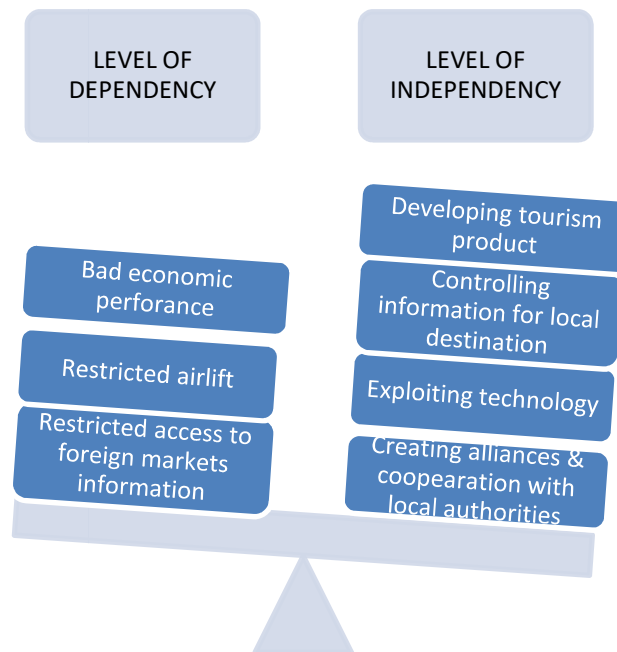
Conflict and Negotiation theories provide solutions for restoring power that can be applied in the tourism producers - mass tour operators' case. If the factors that make tour operators dependent on mass tour operators are weakened and the factors that make them independent are strengthened then the overall level of dependency on tour operators can be decreased, tourism producers' power can be increased and power imbalance can be significantly restored.

Searching for ways to strengthen factors that can boost tourism producers' independency, conflict and negotiation theories suggest:

- Developing tourism product ▲
- Controlling precious information
- Exploiting technology
- Forming alliances
- Collaborate with local Institutions

Research findings emerged that mass tour operators via their horizontal and vertical integration (Thomascookcom, 2018; Tuigroupcom, 2019) as well as via contract terms have better access to information regarding tourism demand than tourism producers. Mass tour operators have been employed, by tourism producers, to facilitate the latter' transactions abroad and facilitate the tourism market flow (Albaum et al., 2005; Stabler et al., 2010; Papatheodorou, 2006). That information asymmetry (Schieg, 2010; Wang et al., 2015) created a high level of tourism producers' dependence on mass tour operators, regarding the operation of the tourism enterprises (occupancy rate dependent of mass tour operators) lowering tourism producers' power. Conflict and Negotiation suggests as a counter-measure the controlling of precious information for establishing an information monopoly (Pferrer, 1992) in the distribution chain. Tourism producers have the privilege to possess detailed information regarding the tourism destination they are located in. They know upside down the pros and cons of the place, of the authorities, of the organizations and of the way the local market works. That kind of information can hardly be accessed by mass tour operators or local agents representing them. This is because even local agents are "new entries" for the market and cannot have that detailed inner information locals have. If tourism producers take advantage of that kind of information asymmetry in their favor they will be able to exchange it with the information regarding tourism demand that mass tour operators possess. Efficiently controlling local information may lead to a beneficial exchange of information with mass tour operators leading to decreasing of dependency of tourism producers on mass tour operators, to increasing tourism producers' power, to significantly restoring power imbalance.

Figure 7.2: Tourism producers' dependence seesaw



Research's contribution to theory is the creation of the "Tourism producers' dependency seesaw". Tourism producers' dependency seesaw is a seesaw created to illustrate the factors that can increase the level of independency on mass tour operators and the factors that can increase the level of dependency on mass tour operators. Bad economic performance, restricted airlift to a region and restricted access to information of foreign markets can lead to serious dependency on mass tour operators. The development of tourism product, the wise control of the information pertaining to the tourism destination, the exploitation of technology to get access to information regarding foreign markets and the creation of alliances with other tourism producers and local authorities increase the level of independency on mass tour operators.

Creating alliances with other tourism producers is another way, according to theory, of rebalancing asymmetric information (Stangl et al., 2016) and boosting power (Hak et al., 2018). Alliances can unify and exchange information between various members of it (Ford et al., 2012). Tourism producers didn't report any effort regarding forming alliances. If they make alliances with other tourism enterprises, organizations or authorities then the information they have will be increased.

Creating alliances can also be a way of discovering alternative solutions for “selling rooms” and increasing the occupancy rate, while reducing dependency of the occupancy rate on mass tour operators. For example, strategic alliance with other tourism enterprises and Low Cost Carriers along with the holidays packages they offer (Easyjetcom, 2019; Eurowingscom, 2019) can be an alternative that will also decrease tourism producers dependency on mass tour operators regarding the airlift. Alliances can create alternatives. The more alternatives one has the higher the BATNA and power he possesses (Fisher and Ury, 1981). Creating alliances emerges new alternatives can reduce tourism producers’ dependency on mass tour operators, can increase former power and can contribute in power imbalance restoration.

Technology and full access to social and digital media (Spencer et al., 2012; Buhalis et al., 2018) along with all the pros (Leung et al., 2019; Yovcheva et al., 2013; Xu et al., 2017; Viglia et al., 2016; Buhalis, 2004, 2005) can also boost tourism producers’ reputation and marketing results (Greenwood et al., 2010; Alvesson, 2012; Nikovola et al., 2014). If tourism producers realize, familiarize themselves and use technology, their reputation according to theory will be boosted and the dependency of their reputation abroad via mass tour operators will be mitigated. Negotiation theory indicates that a reputational crisis arises organizations’ focus on changing identity to rebuild trust with customers (Nikovola et al., 2014; Pratt et al., 2006; Ravasi et al., 2006). Technology can decrease tourism producers’ dependency on mass tour operators (Buhalis et al., 2018), can increase tourism producers’ power via boosting reputation and can contribute in power imbalance restoration.

The development of tourism product and its differentiation in the tourism market can increase the competitiveness of tourism producers (Buhalis, 2000). An increase in the value of the tourism product along with the exploitation of technology (Spencer et al., 2012), along with the efficient use of possessed information for the destination (Pferrer, 1992) can be an investment in reputation that will drive future rewards (Fisher and Ury, 1981). The negotiation theory indicates that a development in the value of the tourism product (Nikovola et al., 2014) being promoted via technology (Buhalis et al., 2018) can boost tourism producers reputation (Rhee et al.,

2012), achieve centrality in distribution channels (Ford et al., 2012), decrease dependence on mass tour operators, increase tourism producers power (Fisher and Ury, 1981) and contribute in the restoration of power imbalance.

7.3 ALTERNATIVE STRATEGIES OF NEGOTIATION FOR THE BENEFIT OF ALL THE EMBEDDED PARTIES

Findings of THEME 1 “Understanding Disputants’ Conflict and Negotiation Behavior” combined with Conflict and Negotiation Theories facilitate the exploration of THEME 3 “Creation of Alternative Strategies of Negotiation for the benefit of all the embedded parties” and the addressing of OBJECTIVE 4 “Development of new theoretical paths applicable in the tourism market and other markets as well”.

Conflict and Negotiation theories shed light on potential ways of increasing power and engrave paths of restoring the detected, by the research, power imbalance in the tourism market. The achievement of this aim leads research to the next step, which is to investigate how conflict and negotiation theories can be implemented to create alternative strategies of negotiation between the disputants for their mutual benefit. Tourism producers’ shortcomings, as emerged by so far research, can be summarized in the following table:

Table 7.5: Tourism producers’ shortcomings

1. Neglect technology
2. Do not work on tourism product
3. Neglect culture
5. Neglect reputation as a determinant of the negotiation process
6. Accept mass tour operators’ reputation without cross checking
7. Assume disputants’ interests are the same
8. Do not evaluate and exploit the information they possess
9. Arbitrarily perceive room price as the only profit determinant
10. Do not pay attention to contract terms, other than the room price
11. Do not invest in and build up human relationships with mass tour operators
12. Ask for pre-payments, confessing economic and liquidity issues
13. Neglect Low Cost Carriers

Regarding the negotiation process research brought out the following tourism producers' shortcomings (as contrasted with negotiation theory).

Table 7.6: Tourism Producers' shortcomings regarding negotiation

1. Negotiate over positions and not over interests
2. Hook on room prices
3. Bluff pretending high BATNA and then give in unconditionally
4. Never accept mass tour operators first offer (principle as a common belief)
5. Create deliberate delays to tire out mass tour operators
6. Set inflexible bottom lines
7. Perceive a good negotiator as an inflexible negotiator

There is a distinct difference between the notions of "*strategy*" and "*tactics*". *Strategy* is *what* an enterprise wants to achieve, whereas *tactic* is referring to *how* the strategy will be realized (Dummiescom, 2019). Strategy can be identified in three different levels:

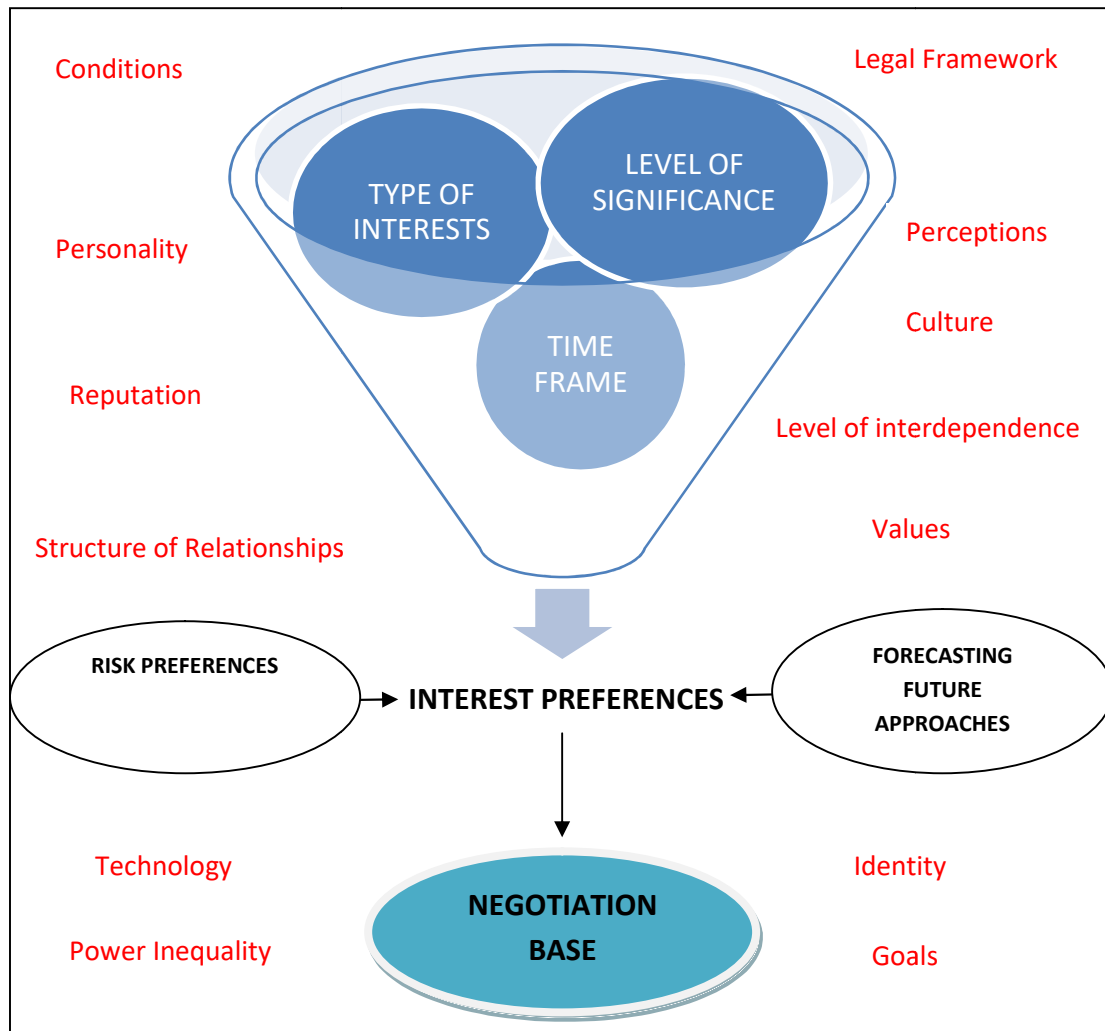
1. Corporate
2. Business
3. Market

Corporate strategy determines the ultimate goal of an enterprise (growth, stability, economizing), Business strategy emerges the competitive advantage of an enterprise (customer focus, product focus, low cost or high quality) and the market level engraves paths of market growth (entry in market, exit market, market share squeeze, market share development), (Dummiescom, 2019). Tactics then refer to any mean that can be used to achieve strategic goals (Nikolopoulos, 2011).

The picture now, regarding interests and goals, is becoming more realistic and more complicated. There are different types of interests and goals pertaining to corporate, business and market level accompanied by different strategies (Dummiescom, 2019). Interests are also distinguished by time into long run interests and short run interests (Heikkila et al., 2018). Interests can also be classified according to the declared perceived level of significance they have for players (Nikolopoulos, 2011).

Significance cannot be merely classified as significant or not significant as Nikolopoulos (2011) alleged. Instead it is illustrated that *significance* is a matter of perception and has a long graduation scale.

Figure 7.3: The Negotiation Base



According to negotiation theory rivals should trade over preferences regarding their interests and not over positions (Harvardedu, 2018; Fisher and Ury, 1981). The type of interests combined with the level of perceived significance of those interests and the period within which their realization is expected, determine the *preferences of a player over interests*. Interest preferences combined with risk preferences (Martins et al., 2010) and the way disputants approach future forecasting (Fisher and Ury, 1981) shape the negotiation base of each player. The negotiation base includes interests as they have been determined by the factors illustrated before. Those factors in turn are being determined by a number of other factors. These factors are

the ones that have been listed in table 7.3, i.e. conditions (economic, political, environmental), legal framework, reputation, culture, technology, identity, personality, values, goals, perceptions of power inequality, level of interdependence and structure of relationships. The factors in red letters in Figure 7.3 constitute the framework within which the negotiation base for each player is being determined and shaped. The framework includes all the factors that should be taken into account for the efficient formulation of the negotiation base.

In the case of this research tourism producers and mass tour operators should formulate their own base of negotiation. Taking into account the economic, political and environmental conditions, not only at national but at global level, the technology that can be exploited, the cultural issues that may exist between them, the enterprise identity, the personality of the representative they deal with, the values of each player, the goals they have, the way they perceive power inequality between them, the level of interdependence they have and the structure of their relationship (extended or restrained), players can come up with the type of their interests in the first place. Each player should be aware of the type of interests he is concerned with. The next step for each player is to evaluate how significant these types of interests are and the time period they should be fulfilled. There are interests that must be fulfilled immediately (i.e. loans and burning liabilities) and interests that can be fulfilled either in the short term or in the long term. Once this step is fulfilled disputants should determine their risk preferences regarding their interests, i.e. the level of risk averse or risk takers they are and the combine it with their forecasting approach. This means that disputants should clearly define their interest preferences in conjunction with their risk attitude and forecasting approach. It is a different case to have:

- a risk averse disputant having highly perceived significant interests that should be fulfilled in the short term who predicts an ill-omened future
- Than to have a risk taker having highly perceived significant interests that should be fulfilled in the short term who predicts an ill-omened future.

Figure 7.4: A detailed Negotiation Base

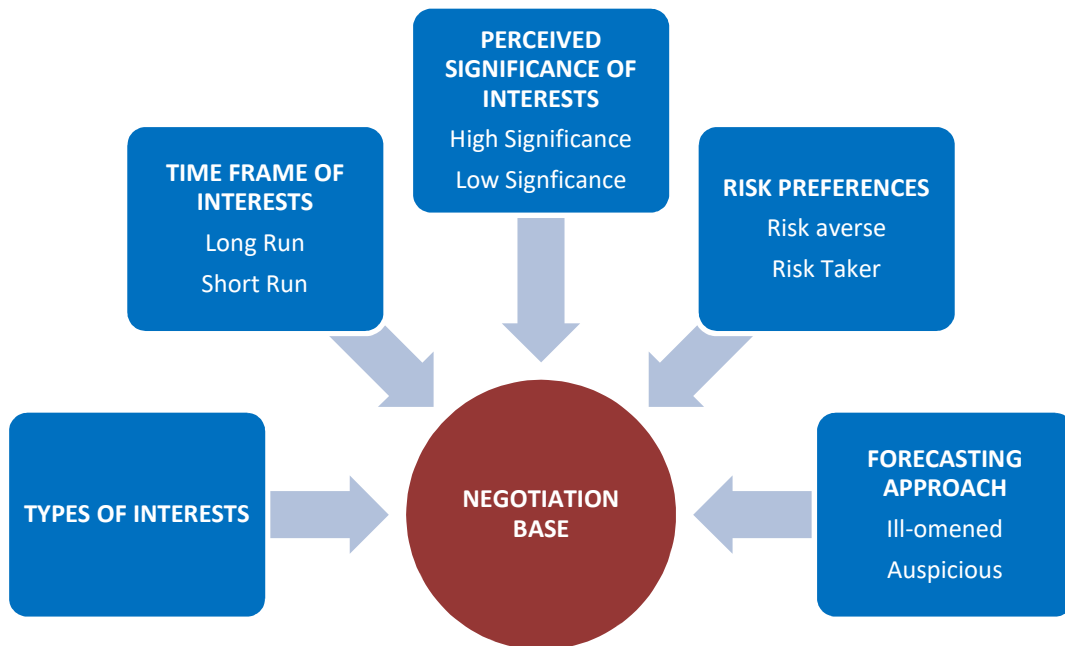
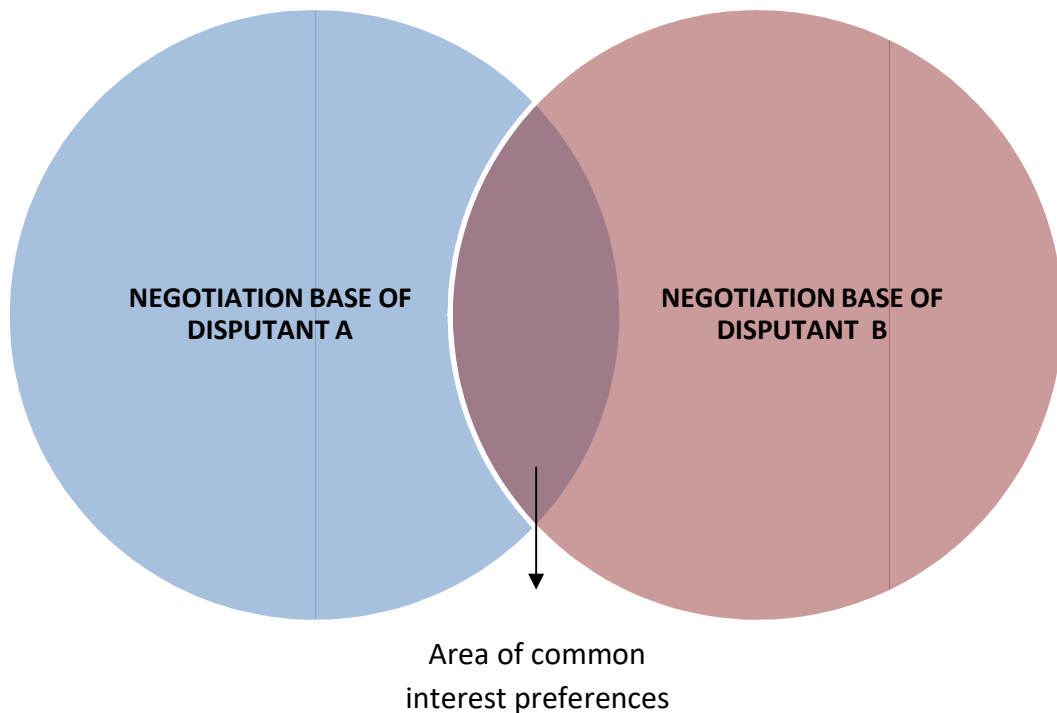


Figure 7.4 reveals that there can be emerged many different combinations when types of interests, time frame of interests, perceived significance of interests, risk preferences and forecasting approach should be combined in order to create the Negotiation Base. It should be underlined that for each factor that determines the Negotiation Base the alternatives are not absolute. This means that for example the Time Frame of Interests is not necessarily either long term or short term. There are many other alternative between them, i.e. medium term, very long run, very short run etc. The scale for each factor is large depending how each player perceives the time, the significance, the risk preferences and the forecasting approach. A player can be very risk averse or kind of risk taker or extremely risk taker depending on how he perceives it.

Once each player creates his own Negotiation Base then the area of common interest preferences can be easier detected between them.

Figure 7.5: Defining the area of common interest preferences



The area of common interest preferences is the area where disputants can trade off their preferences in order to fulfill their interests and to enlarge the market pie (Fisher and Ury, 1981).

Research findings emerged that tourism producers do not clearly define their interest preferences, do not take into account the factors (Table 7.3) that determine and affect negotiation and cannot have a clear strategy to achieve their goals. They are not aware of the difference between “strategy” and “tactic” and they do not have the different levels of strategy (corporate, business, market) clear. Tourism producers are also not aware of the various types of interests as well as of the time frame and significance of them and assume that disputants have the same interests. All these create difficulties in defining their interests, in realizing their disputants’ potential interests and in detecting areas of common interest to negotiate with a strategy. According to negotiation theory, not being able to clearly define interests

confronts the creation of a proper negotiation base and fogs up the identification of the area of common interest preferences.

The capital letters A, B, C and D in the next pages clearly suggest what tourism producers can do alternatively for a more efficient mutually beneficial negotiation outcome.

A. If tourism producers set strategy, at all levels, and clearly define their interest preferences, their risk preferences and the way they approach future then each player will shape its own negotiation base and areas of common interest preferences will be emerged and detected. This will frame the certain area where negotiations and trade off over interests can be implemented.

When tourism producers were asked to name the negotiation strategies they use to achieve goals they named tactics and not strategies, i.e.

Table 7.7: Negotiation tactics misperceived by tourism producers as strategies

1. Hook on room prices
2. Bluff pretending high BATNA and then give in unconditionally
3. Never accept mass tour operators first offer (principle as a common belief)
4. Create deliberate delays to tire out mass tour operators
5. Set inflexible bottom lines
6. Perceive a good negotiator as an inflexible negotiator

Undeniably they all constitute negotiation tactics according to negotiation theory. Those tactics though have certain conditions and prerequisites for success.

Hooking on room prices, or in negotiation terms “dropping anchor tactic”, is a tactic of making first the price offer (dropping anchor) (Fisher and Ury, 1981). Dropping anchor draws attention merely on price issues and counts out other issues that could be negotiated and create value. It prevents the process of creating alternative choices and narrows counterpart’s perception of what is possible. The so called “midpoint rule” is often used to predict the ultimate deal price, which is the half between the first offer and the counteroffer. It is a bargaining procedure that does not lead to value creation and does not enlarge the market pie. Dropping anchor

tactic is perceived an aggressive tactic (Fisher and Ury, 1981) and requires a high BATNA for success in order to be able to defuse anchor and to make a counteroffer. Research showed that tourism producers have very low BATNA and aggressive tactics, like dropping anchor on room price, could not benefit their interests.

If mass tour operators are the ones who drop the anchor (make the first room price offer) and tourism producers have low BATNA to defuse the anchor and make a counteroffer, then negotiation theory suggests that “Negotiation Jujitsu” can be the remedy (Fisher and Ury, 1981). Negotiation jujitsu is about avoiding reaction and escalation of the aggressiveness, while focusing on common interests and options for mutual benefit. Research illustrated that tourism producers try to defuse the anchor, never accept the first offer and start making counteroffers escalating aggressiveness and competition. Instead of touching importance to room price (as if it was the only source of profits) and applying Negotiation Jujitsu, tourism producers can avoid counteroffers regarding room prices and focus on negotiating over other sources of profits. Tourism producers can draw the attention of mass tour operators from room price for a while and negotiate over the price of other offered services and facilities (like sport facilities, restaurant services, festivals and exhibitions within the tourism enterprise specially organized, spa facilities etc). In this way, escalating aggressiveness is avoided, mass tour operators can start thinking of alternative solutions, tourism producers are developing the quality of the offered services (other than room services) and the “profit gaining process” is displaced to other offered services. The gain of that process is that aggressiveness is steamed off, both players share information regarding their interests, fulfillment of interests can be seen as a two sides procedure, brainstorming of alternative solutions can start, communication is achieved, good relationship is built up that can lead to an alliance between them and the probability of reaching a mutually beneficial agreement is increased. Once aggressiveness is gone and agreement is reached in the other conflict areas then players can go back to the “burning conflict area” the room price calmer to renegotiate wiser implying Principled Negotiation.

- B. If tourism producers avoid “dropping anchor” tactic and respond to anchoring with Negotiation Jujitsu then potentials of a Principled Negotiation will be created for the benefit of all the embedded parties. Focusing on common interests enlarges the market pie (Fisher and Ury, 1981).*

Tourism producers declared that they adopt “bottom lines” in order to protect themselves against low room price offers by mass tour operators. Negotiation theory though (Fisher and Ury, 1981) underlines that the “cost” of setting bottom lines is very high. “But the protection afforded by adopting bottom line involves high costs. It limits your ability to benefit from what you earn during negotiation. By definition, a bottom line is a position that is not to be changed. To what extent you have shut your ears, deciding in advance that nothing the other party says could cause you to raise or lower that bottom line” (Fisher et al., 1991). Therefore being inflexible and setting bottom lines has a high cost that combined with low BATNA can be a disaster for a player. Tourism producers have low BATNA and use bottom lines to achieve goals, restraining the counterpart’s perception of what is possible and escalating aggressiveness.

- C. If tourism producers with low BATNA avoid adopting bottom lines (i.e. inflexible behavior) and focus on areas of common interest and possible ways of co-creating with mass tour operators value then Principled Negotiation will gain ground and creation of alternatives for common benefit will emerge. In research the minority of tourism producers who were focused on the development of the quality of tourism product and avoided to set bottom lines following a Principled Negotiation achieved a good level of communication and co-creation with tour operators and attained a brainstorming procedure of creating alternative solutions for the realization of goals of both sides.*

Bluffing and intentional delays are “dirty tricks” in negotiations (Fisher et al., 1991) that presuppose high BATNA for success. If bluffing comes to the attention of the counterpart and is combined with low BATNA then things are difficult for the one who bluffed. Intentional delay is a tactic that can lead to positive or negative results depending again on BATNA. If BATNA is high then it can lead to positive outcome, if BATNA is low then aggressiveness may grow and negative results can come up. Tourism producers have low BATNA, ask for pre payments confessing economic and liquidity issues, while mass tour operators are aware of the economic crisis in Greece. Bluffing looks funny when the counterpart (mass tour operators) is fully aware of the bad economic situation both at business and local market level. Bluffing, i.e. pretending a high BATNA, is easily detected by mass tour operators and turns mass tour operators into more persistent players regarding their positioning. The result is to have a not satisfying, for tourism producers, negotiation result.

D. If tourism producers avoid bluffing and share their real interests and real issues from the very beginning then the potential of a Principled Negotiation can increase and the probabilities of turning mass tour operators into real facilitators of the tourism market flow can be increased. Those tourism producers (minority) that invested in building up relationships with mass tour operators managed to give them incentives to facilitate their tourism business and to cooperate with them for common benefit. “Dirty tricks” in cases of low BATNA do not lead to efficient outcomes. Information sharing can create cooperative bonding among tourism producers and mass tour operators for mutual benefit.

Negotiation theory sheds light on the main principles that can lead to efficient and mutually beneficial outcomes for all the embedded parties. Principled Negotiation lies on four basic principles: separate people from the problem, focus on interests

not on positions, use objective criteria and invest options for mutual gain (Fisher et al., 1991). Further elements of a principled negotiation is to: define the interests (negotiation base), define the raised issues, to approach the raised issues as a joint problem not as a one's party problem, be prepared for the negotiation, create alliances (Buhalis, 2013) if necessary to increase power and BATNA, estimate as accurately as possible counterpart's BATNA, be prepared for difficult tactics (Negotiation Jujitsu) and take conditions into account (Fisher et al., 1991; Fisher and Ury, 1981; Nikolopoulos, 2011).

If A, B, C and D are brought together then the approach of tourism producers to negotiation will change and creative thinking and planning regarding setting strategy, strategic plan and searching for alternative innovative solutions will be activated for all parties' benefit.

The main contribution of the research is what a player of low BATNA and negotiation power can do to deal with a player of high BATNA and strong negotiation power. A, B, C and D indicate that a player of low BATNA and low negotiation power can invest in developing the quality of the tourism product and in differentiating it in order to build up good reputation and to increase demand for its product. The exploitation of technology, the creation of alliances with local community's stakeholders can contribute in the increase of tourism demand. When destination marketing for example is a team work and not an individual enterprise's work the probability of increasing tourism demand is much higher than when working individually. Once this is done, the Negotiation Base can be formulated, in order to facilitate the detection of areas of common interest, and the negotiation process can start. There are cases where negotiation is optional. In the case of insular areas, in the case of large tourism enterprises, in the case of tourism enterprises with high liabilities and bank loans negotiating is not optional. They have to negotiate in the short term while they can always build up alternative solutions in the long run. Many tourism enterprises in research admitted that they have high economic burdens and they declared liquidity and liability issues. Research's contribution in that case is to use Negotiation Theory and to indicate how tourism producers can build up power (Figure 7.1) how tourism producers can decrease dependency on

mass tour operators (Figure 7.2) and how to create the Negotiation Base (Figure 7.3, Figure 7.4) to start a Principled Negotiation using Negotiation Jujitsu when necessary.

Regarding the addressing of Objectives 2 and 3 the research emerges that conflict and negotiation theories can contribute in restoring power imbalance in the tourism market and can be used as a tool to create alternative strategies of negotiation for the benefit of all the embedded parties.

7.4 THEORETICAL AND PRACTICAL IMPLICATION OF RESEARCH: ENGRAVING NEW THEORETICAL PATHS IN TOURISM AND CREATING PRACTICAL WAYS OF ENLARGING THE MARKET PIE IN TWO DIMENSIONS

Findings of THEME 1 (OBJECTIVE 1), THEME 2 (OBJECTIVE 2), THEME 3 (OBJECTIVE 3) combined with Conflict and Negotiation Theories contribute in the emergence of the theoretical and the practical implications of this research.

THEORETICAL IMPLICATIONS

The research has strong theoretical implications. Research emerged that there are different types of profitability (Chu et al., 2018; Casson, 2018; Baroto et al., 2012), there are different levels of interests (corporate, business, market) (Dummiescom, 2019) and that risk attitude (Martins et al., 2010) and time frame (Fisher and Ury, 1981) affect interest determination. Interests can be long run and short run. The theoretical implication and contribution is that interests cannot be treated as being uniform for all disputants. Even if they are the same they can have different time dimension (i.e. long run or short run).

Research created the “Negotiation Base” exploiting the differentiation of interests, taking into account the different risk attitudes and the different approaches

regarding future forecasting. Negotiation Base includes the interest preferences (types of interests, time frame and level of perceived significance of interests) for each rival. The Negotiation Base is crucial for detecting the areas of common interest preferences, within which rivals can trade off over preferences and not over positions (Fisher and Ury, 1981). Negotiation Base is a facilitator for detecting properly and easily areas of common interests taking into account the multidimensional diversity of interests.

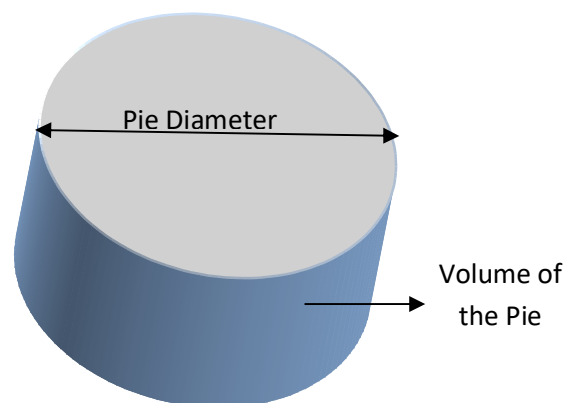
Negotiation theory advocates the rivals' efficient cooperation, within the Principled Negotiation framework, for the creation of innovative mutually beneficial alternatives aiming at the fulfillment of their interests (Fisher and Ury, 1981; Fisher et al., 1991; Nikolopoulos, 2011). It is not made clear though by theory, that interests may not be fulfilled at the same time for rivals. Research emerged "time dimension" indicating that similar interests with different time frame (long run interests vs. short run interests) can all be fulfilled due their potential of realization in different time periods, avoiding conflict. Research shows that similar interests in all dimensions and types can be satisfied with a time trade off, i.e. rivals can agree on the realization of their interests at different times avoiding aggressiveness and competition (Negotiation Jujitsu). Time dimension can resolve conflicts. Research did not fully exploit "time dimension" of negotiations but it can be an area of future research.

Notions like "power", "size of conflict" and "significance" (Nikolopoulos, 2011) have been used for conflict and negotiation models. Research developed notions like "significance" (Figure 7.4) emerging a larger scale of options regarding significance and enriching Nikolopoulos (2011) model which gives two options: significant or not significant. Research indicated that perceived significance can be illustrated in a much bigger scale giving options like: very significant, slightly significant, extremely significant etc depending on the perception of the players. Interviewees' response regarding the size of a conflict was that "size is relative", questioning absolute terms like "big conflict" or "small conflict". Research challenged the implementation of conflict and negotiation models that measure notions on certain scales (Nikolopoulos, 2011) and enriched them by introducing larger scale for each factor whose size depends on each player's perception.

Research findings confirm and reinforce researches (Buelens et al., 2008; Nakata et al., 2005; Scandura et al., 2000) that underline the failure of mathematical and statistical approaches pertaining to conflict and negotiation issues. Quantitative approaches fail to reveal and interpret human behavior in conflict and negotiation procedures.

Principled Negotiation Theory advocates that principled and efficient cooperation of rivals can lead to the “enlargement of the pie”, questioning the assumption of “fixed pie” (Fisher et al., 1981; Fisher and Ury, 1981). Taking into account that the certain area of “common interest preferences” and the certain each time number of embedded parties research emerges that the expansion of the diameter of the pie can be linked with increase in the number of new tourists, while the augmentation of the consumption of goods and services can be linked with the volume of the pie for any given number of tourists.

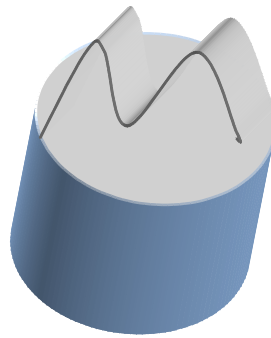
Figure 7.6: Two dimensional enlargement of the market pie



Research extends Fisher and Ury (1981) challenge of the “fixed pie” and indicates that the pie can be enlarged in two dimensions: the size (by the number of new tourists) and the volume (the consumption of goods and services for any given number of tourists). Taking into account that each destination has a certain level of capacity (Tourism Life Cycle Model) it can be alleged that the limit of the pie

diameter can be the maximum level of capacity of each destination. On the other hand the consumption of goods and services, i.e. volume of the pie, can vary and can give a textured disparate image to the pie.

Figure 7.7: The textured and disparate surface of the market pie



Some goods and services can have higher consumption compared to other goods and services in the same market.

Mass tour operators operate at local, national, continental and global level claiming different pieces from different pies (Tuigroucom, 2019; Papatheodorou, 2001, 2003). Mass tour operators' main product is holiday packages that include accommodation and experiences in tourism destinations. Tourism producers' main product is accommodation with facilities and most of them operate at local level with no brand name. This means that tourism producers and mass tour operators do not necessarily share the same market pie and they don't claim pieces from the same pie.

Research findings indicate that:

- There is not only one pie to be shared
- Mass tour operators and tourism enterprises share the local pie and have different shares
- Mass tour operators have pieces in other pies (national, continental and global) where most tourism enterprises do not claim a piece due to their

small size ,i.e. most Greek tourism enterprises are small medium (Buhalis, 2000). This means that mass tour operators' BATNA is higher.

- Tourism producers and mass tour operators do not necessarily claim piece from the same pie while they can be concerned at different levels for the same pie. For example mass tour operators can be more concerned about the enlargement of their share in the global market and in certain national markets (i.e. the large ones) rather than in small national markets. This doesn't indicate that mass tour operators are not concerned with small national markets. It can indicate though that due to the small contribution of small national markets in the global pie, mass tour operators can be more elastic regarding their terms and behavior in small markets.

In the framework of transaction cost theory mass tour operators (agents) are employed by tourism producers (principals) to facilitate the selling of tourism products and services abroad (Stabler et al., 2010; Papatheodorou, 2004; 2006 Albaum et al., 2005; Buhalis, 2000). Mass tour operators (tourism intermediaries) are chosen to reduce information risk (Waikar et al., 2016) and uncertainty (Hessels et al., 2010; Peng et al., 1998). In that sense, mass tour operators as tourism intermediaries are useful facilitators in the tourism market. Encinas (2013) supported the idea that intermediaries distort the market flow, reinforcing Buhalis' (2000) findings that tourism intermediaries (mass tour operators) operate as oligopsonists-oligopolists against tourism producers' interests. Research emerges that the implementation of negotiation theory and Principled Negotiation can turn intermediaries' oligopsonist-oligopolist behavior into facilitating behavior for the benefit of the embedded parties when producers have a high quality differentiated product/service and manage to create demand for their product/service via their good reputation. Producers with high quality differentiated products/services increase the demand for their products/services and this gives them alternatives if negotiation agreement is not reached with one intermediary. Their good reputation attracts more intermediaries, decreases their dependence on merely one intermediary and increases their BATNA. Mass tour operators and market

intermediaries can change their oligopsonistic-oligopolistic behavior into an integrative-cooperative attitude towards producers when products are of high quality and differentiated, when producers have built good reputation and when there is increased demand for those products. In that case intermediaries interested in cooperation with producers become more, competition can arise between them claiming cooperation with the same producers and the BATNA of producers can be increased leading to a negotiation of more “equal terms”. Players then, producers and intermediaries, have incentives to do their work well because both sides have BATNA and they are both aware of each other’s BATNA. The existence of producers BATNA and the awareness of it by intermediaries is the crucial factor that can turn oligopsonistic-oligopolistic behavior into integrative-cooperative facilitating behavior for the benefit of both parties.

PRACTICAL IMPLICATIONS

Practically research indicates that tourism producers can change negotiation outcomes by:

1. Setting clear strategies, accurately defining their interest preferences and shaping their negotiation base in order to be aware of their position in the market and the negotiation aims they have. The majority of tourism producers admitted that they follow local market’s strategies when they were asked about their strategy regarding negotiations and room price determination. The reason that leads them to follow “market trends”, according to findings, is the unjustified perception that small and no-brandname tourism enterprises should follow “market trends” in order to survive in the market. Only market leaders, according to that perception, can set their own strategy. This indicates that they follow “market trends” and they do not set their own individual strategy. The minority of tourism

producers that were focused on the development of the quality of the tourism product and the creation of good reputation declared that they do not follow unconditionally “market trends”. As they said “we analyse previous years’ data, we study mass tour operators’ behavior, we take into account enterprise’s economic performance, goals and we engrave our strategy that may be consistent with market trends or it may not”.

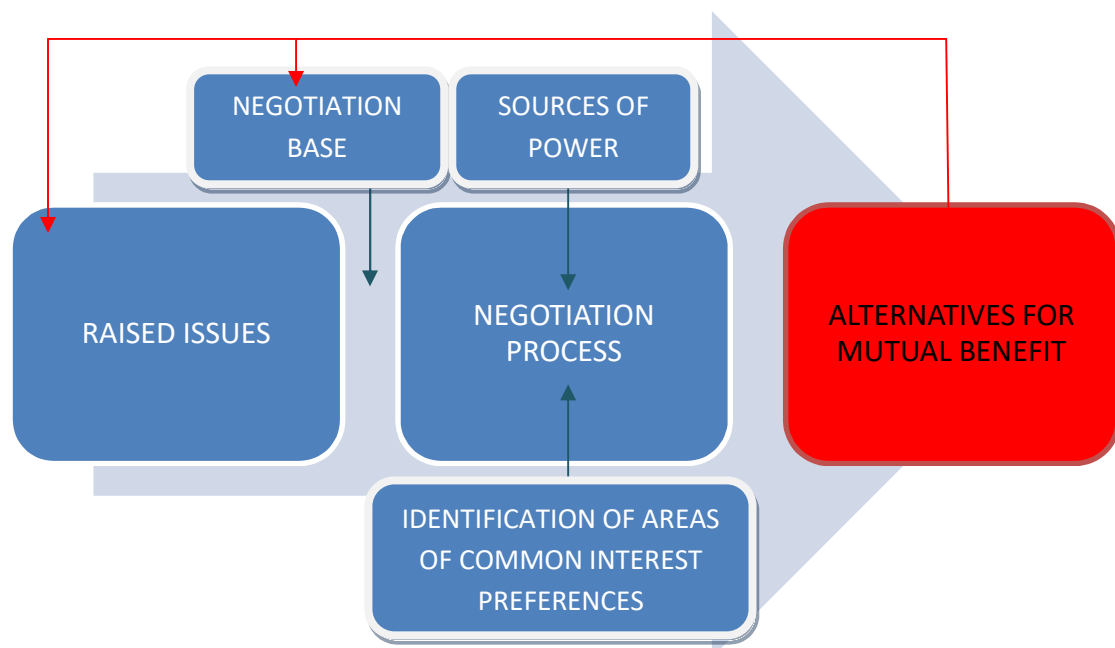
2. Taking seriously into account and exploiting factors (i.e. technology, reputation, culture, human relationships, branding, leadership, conditions (economic, political, legal, technological etc), local information, collaboration with local institutions, Low Cost Carriers offers and accommodation contract terms) that boost power and increase BATNA.
3. Developing tourism product and giving incentives to mass tour operators via Principled Negotiation to behave as facilitators and not as oligopsonists-oligopolists. If tourism producers develop the quality of their product and differentiate it, then positive guests’ reviews can be increased, good reputation can be increased and demand for the tourism product and the tourism producer can also be increased. If tourism demand is increased the alternatives (BATNA) of tourism producers can be increased and the probability of investing in direct bookings or in cooperation with LCCs, regarding room bookings, is increased. The created alternatives via tourism product quality and product differentiation can become the incentives for mass tour operators to step back in room prices or marketing discounts in order to avoid tourism producers’ cooperation with other stakeholders (LCCs) and development of direct online bookings. Quality and differentiation can create alternatives that can become incentives for mass tour operators to step back.
4. Facing the realization of interests as a joint issue and not as a one side issue.
5. Creating alternatives and options in order to increase the volume of the pie
6. Avoiding: aggressive and inflexible negotiation tactics like “dropping anchor”, making unjustified counteroffers, making intentional delays, bluffing and setting bottom lines.
7. Realizing that room price is not the only one determinant of profits

8. Avoiding to assume that mass tour operators have the same interests with tourism producers
9. Building up and investing in human relationships with mass tour operators
10. Negotiating over interests and not over positions

The theoretical implication of the research is that disputants can use the “Negotiation Base” to define interest preferences, to identify common areas of interests in order to implement the “Model of Negotiation Process” by activating respective sources of power for an efficient negotiation that leads to a number of alternative mutually beneficial solutions for all the embedded parties. The practical implication of the research is that players of low negotiation power can: grow stronger, restore power imbalance and get engaged efficiently in negotiation, when they work on the factors that decrease the level of their dependence on their rivals and reinforce factors that can boost their negotiation power.

Negotiation process can be illustrated in figure 7.8:

Figure 7.8: Model of Negotiation Process



Practically negotiation can be perceived and implemented according to figure 7.8. Implementing Conflict and Negotiation Theory and using research findings along with detected shortcomings, Principled Negotiation (Fisher and Ury, 1981) can be enriched leading to another model (Figure 7.8). Principled Negotiation is based on principles that if followed can lead to a number of alternatives. The contribution of that research is the enrichment of that model via the determination of the “Negotiation Base” for the facilitation of the Principled Negotiation Process and the wiser exploitation of the sources of power. Raised issues can lead to the creation of the “negotiation base” for each disputant. Once “negotiation base” is shaped the identification of areas of common interest preferences can be achieved and the negotiation process can take place. Disputants should decide what kind of sources of power should be used according to the type of the raised issues. Principled Negotiation (Fisher and Ury) can lead to the creation of a number of alternative mutually beneficial solutions that can be of different time frame, i.e. long term and short term alternatives, for each disputant. In this way the satisfaction of disputants’ goal can be easier to be realized.

The practical significance of the “Model of Negotiation Process” can be illustrated via an example driven from the research. Tourism producers and Mass tour operators based on the raised issue they can set their individual Negotiation Base. If both players start the negotiation process well prepared then the identification of the areas of common interest can be easily recognized and the Negotiation Process can be immediately focused on that area of common interests. During the negotiation process and according to the progress of the procedure disputants can select the respective type and amount of power they evaluate as necessary to achieve their goals. If Principled Negotiation takes place then a trade off between quality and product differentiation and room price or marketing discounts can take place so that both players are better off as it was described before. The potential combinations of that trade off represent the numerous alternatives that can be driven out of the negotiation process that will be compatible with the Negotiation Bases and will address the raised issue between tourism producers and mass tour operators.

There is no “ideal” or “perfect” alternative. This research reinforces negotiation theory’s indication that there can be a number of alternative solutions for the same issue. Disputants’ choice depends on preferences and goals. Therefore, the created alternative mutually beneficial solutions should be consistent with disputants’ “negotiation base” and should give beneficial solutions for the raised issue for all the embedded parties.

RESEARCH CONCLUSIONS

Mediterranean Tourism industry is an industry dominated by few mass tour operators and a large number of tourism producers, indicating an oligopsonist-oligopolist market structure (Buhalis, 2000). Mass tour operators' vertical and horizontal integration (Dertouristikcom, 2019; Tuigroupcom, 2019; Thomascookcom, 2018; Papatheodorou, 2006) in conjunction with tourism producers' enterprise weaknesses (Buhalis, 2000) increased the level of dependency of the latter to the former and inflamed the detected power imbalance between them (Buhalis, 2000). As a result mass tour operators are able to achieve prices below average cost level, undermining tourism producers' profit levels and creating economic losses (Stavrinoudis, 2006; Lee et al., 2014).

Low Cost Carriers (LCCs) in aviation, like Easyjet and Eurowings Airlines, enable tourists to fly and have cheap holiday packages (Easyjetcom, 2019; Eurowingscom, 2019) at various destinations. Nevertheless there is no evidence of decreasing the dependence of tourism producers on mass tour operators, i.e. LCCs haven't changed the tourism market structure and the power imbalance.

The purpose of the research is to explore the application of negotiation and conflict theory in imperfectly competitive market conditions and to investigate the nexus of hotels and mass tour operators via these theories. The specific objectives of the research are: 1) to explore disputants' conflict and negotiation behavior, 2) to restore power imbalance using conflict and negotiation theories, 3) to create alternative strategies of Negotiation for the benefit of all the embedded parties and 4) to develop new theoretical paths applicable in the tourism market and in other markets as well.

Qualitative approach was selected based on literature findings that emerge the failure of mathematical and statistical approaches pertaining to conflict and negotiation issues. Qualitative recorded unstructured interviews were undertaken based on open form questions in Greece. Thematic content analysis method was used for findings' analysis.

Research used Conflict and Negotiation theories to show that factors affecting negotiation are neglected by tourism producers' when they negotiate with mass tour operators. These factors are: the significance of Low Cost Carriers entrance in the tourism market, technology, reputation, local information, the importance of human relationships, the need for tourism product development, the significance of creating alliances, legal framework, identity, personality, values, goals, perceptions, power inequality, level of interdependence and structure of relationships. According to findings, tourism producers do not think that LCCs can substitute mass tour operators in room bookings. Findings show that the majority of tourism producers perceive their interests as common with mass tour operators' interests and follow aggressive negotiation tactics without a certain strategy (bluffing, intentional delays, inflexible bottom lines) while their BATNA is low. As a result they end up with a compromised agreement and they perceive their relationship with mass tour operators as a compromise. The minority of tourism producers that invest in tourism product differentiation and tourism product quality get as a reward good reputation and increased tourism demand that boost their BATNA and enable them not to compromise and to negotiate their interests. Those tourism producers perceive their relationship with mass tour operators as cooperation and not as a compromise.

The significance of this research is lies in the indication of how players with low BATNA and low negotiation power can restore power imbalance and get engaged efficiently in the negotiation process with players of high BATNA.

Research findings enriched the Principled Negotiation Theory (Fisher and Ury, 1981) by creating the Negotiation Base, where disputants clearly define their interest preferences and set negotiation strategies within a framework of certain factors (legal framework, reputation, culture, technology, identity, personality, values, goals, perceptions, power inequality, level of interdependence and structure of relationships). Negotiation Base is significant for players because they can clearly define their interest preferences within a framework of factors that can affect interests and negotiation process. Negotiation Base prepares players for negotiation

and works as a facilitator of recognizing the area of common interest preferences between disputants.

The Negotiation Base facilitates the negotiation process, the decision making of selecting sources of power during negotiation and has a key role in the Negotiation Process Model created by this research. Negotiation Process Model is a model of negotiation based on the Negotiation Base for the creation of alternative negotiation agreements that are consistent with disputants' Negotiation Bases and addresses efficiently the raised issues.

Research applied Conflict and Negotiation theory and emerged that tourism producers of low power and BATNA can restore power imbalance by: 1) investing in developing tourism product (quality and differentiation), 2) exploiting technology and its potentials, 3) developing alliances with other market stakeholders and local authorities and 4) controlling local destination information. The theoretical implication is that investing in: 1) product development, 2) technology and its potentials, 3) creation of alliances with market stakeholders and public authorities and 4) controlling local/internal information can restore power imbalance not only in tourism industry but also in other industries.

Research extends Fisher and Ury (1981) challenge of the "fixed market pie" and indicates that market pie can be enlarged in two dimensions: the size (by the number of new tourists) and the volume (the consumption of goods and services for any given number of tourists). Taking into account that each destination has a certain level of capacity (Tourism Life Cycle Model) it can be alleged that the limit of the pie diameter can be the maximum level of capacity of each destination. On the other hand the consumption of goods and services, i.e. volume of the pie, can vary and can give a textured disparate image to the pie. The implication of that finding is that market pie can be studied in a two dimension scheme.

Research findings emerged "time dimension" indicating that similar interests with different time frame (long run interests vs. short run interests) can all be fulfilled due their potential of realization in different time periods, avoiding conflict. Research shows that similar interests in all dimensions and types can be satisfied with a time

trade off, i.e. rivals can agree on the realization of their interests at different times avoiding aggressiveness and competition (Negotiation Jujitsu). Time dimension can resolve conflicts. Research did not fully exploit “time dimension” of negotiations but it can be an area of future research.

The true value and scientific contribution of that research is the engraving of ways of restoring power imbalance and of enabling players of low negotiation power and BATNA to efficiently engage in negotiations with powerful players. These ways can be applied not only in tourism industry but also in other industries.

Future research areas could be the role of technology in negotiations, the role of teaching in negotiations. Analyzing the role of technology and the effect of its implementation in hotels could be an interesting area. The role of training and the extent to which this could affect negotiation outcome could also be a significant research area. Last but not least, a TOs centric research on the same topic could shed more light on the investigated area, while it could be combined with the existing research in the future.

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I declare that this dissertation is my own work, and that where material is obtained from published or unpublished work, this has been fully acknowledged in the references.

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