



Research Article

Critical Success Factors for the Inter-organizational Relationship between Hotels and Tour Operators/Travel Agents

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Abstract

The business relationship between hotels and tour operators/travel agents represents an important aspect of the tourism industry in any destination. This study investigates the inter-organizational relationship between hotels and tour operators/travel agents. It aims to evaluate the perceived satisfaction and success of the business relationship between hotels and tour operators/travel agents in Egypt, as well as to explore the critical success factors for this relationship. A qualitative approach was adopted in this study using a self-administrated questionnaire survey as a tool for collecting primary data. The survey was conducted with 50 hotel managers and 50 managers of tour operators/travel agents in Egypt. The results of this study revealed that both hotels and tour operators perceived their mutual business relationship to be slightly satisfactory and successful. The study also concluded some critical success factors (suggested by both hotels and tour operators/travel agents) that would enable a satisfactory and successful business relationship, such as: commitment and locality of both relationship partners; adopting constructive conflict resolution practices. In addition, the study explored some issues that would result in failure and termination of the business relationship between hotels and tour operators/travel agents, including: conflict of interests; disputes about commissions; reduced amount of business transactions. The study ends by providing some practical implications and recommendations that can help establishing a successful hotel-intermediaries relationship.

Keywords

Critical success factors; Inter-organizational relationship; Hotels, Tour operators

Introduction

Inter-organizational relationship is the organized process that enables cooperation between companies or enterprises of mutual business benefits to share resources, knowledge, and capabilities in order to improve their financial performance and enhance their competitive position [1-3]. Typically, business organizations do not work individually, instead they are involved in business relationships with each other (e.g. suppliers, government,

distributors, competitors, etc.) and such relationships take different forms, such as: joint venture; alliances; trade associations; marketing and advertising; research and development; prototyping; consortia; forums; purchasing; co-development [3-5]. Inter-organizational relationship has captured the attention of academics researchers for being an important subject in many disciplines of social sciences [6-8]. In practice, inter-organizational relationship represents an essential aspect of today's business due to the extreme competition leading many business organizations to spend a significant amount of money to maintain successful business relationships [9,10]. The success of an inter-organizational relationship refers to the overall evaluation of satisfaction generated by the partners involved in the relationship as a result of achieving performance expectations [11]. Satisfaction, in this context, refers to the positive experience of an organization regarding the ability of its partner to follow rules and to achieve performance expectations [11]. Hotels and tour operators/travel agents are involved in a business relationship that enables tour operators/travel agents to act as trade intermediaries or distributors for hotel services and in return they acquire fees, typically in a form of commissions [12,13]. Despite the advent of online direct selling and online travel agents (OTAs), traditional tour operators/travel agents will continue to represent significant intermediaries for tourism services. Studies [14,15] showed that a significant number of travellers will continue to depend on traditional tour operators/travel agents to handle their travel and accommodation arrangements due to the expertise and ability of traditional tour operators/travel agents to save time and effort in addition to their social interaction with customers. However, due to the wide spread of direct selling and on-line intermediaries, establishing a sustainable relationship between hotels and tourism intermediaries has become a crucial issue for the future existence of tour operators/travel agents [16-18], added that establishing a successful relationship between hotels and tour operator/travel agents is a very important issue to ensure business success and competitiveness of both partners. Despite the long history of the relationship between hotels and tour operators/travel agents, they have not developed a very satisfactory alliance yet. On the contrary, it has been noticed that the relationship between hotels and tour operators/travel agents is troubled or even hostile [19]. On the academic side [17,18], noticed that there is a lack of research studies on inter-organizational relationships within the context of the tourism industry. Therefore, further research need to be conducted to investigate different aspects of the business relationship between hotels and tour operators/travel agents in order to enable a better understanding of such important issue and to provide practical implementations that could help to establish a satisfactory and successful inter-organizational relationship. This study aims to evaluate the perceived success of the relationship between tour operators/travel agents and hotels in Egypt. It also explores the critical success factors for establishing a satisfactory business relationship between hotels and tour operators/travel agents within the context of the tourism industry in Egypt. Very limited research studies have been conducted on the relationship between hotels and tour operators/travel agents in Egypt. This research paper represents an attempt to bridge this gap in knowledge. It also provides some practical implementations and recommendations that would help building a successful hotel-intermediary relationship.

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Literature Review

Importance of hotel-intermediaries relationship

The inter-organizational relationship between hotels and tour operators/travel agents is an important process that provides a number of benefits for both sides. On one side, hotel-intermediaries relationship is important for tour operators/travel agents for two main reasons. First, hotel products and services represent the major parts of tourist packages sold by tour operators/travel agents providing a significant proportion of intermediaries' business. Second, the survival of traditional tour operators/travel agents depends on building a robust relationship with hotels to compete against new distribution channels, such as direct selling and on-line intermediaries (Roberts-Lombard). On the other side, hotel-intermediaries relationship is also important for hotels due to five main reasons. First, tour operators/travel agents represent global intermediaries/distribution channels for hotel services reaching many potential guests around the world at reasonable costs (Kimes & Lord) [19]. Second, tour operators/travel agents are capable of attracting customers and handling their requests more efficiently than hotels due to their experience and shared culture and language [20]. Third, tour operators represent major distribution channels as they purchase hotel rooms in bulk (among other tourism services plan tickets, recreation services, etc.) in order to assemble them into attractive packages and sell them to guests, either directly or through travel agents [20,21]. Fourth, tour operators/travel agents handle the majority of the distribution and sales functions enabling hotel management to focus on providing better accommodation services and recreation facilities. Fifth, tour operators/travel agents help hotels to reduce their operational expenses as hotels only pay commissions for transactions that had been produced, as well as to decrease promotional expenses of hotels through marketing and advertising support (Bastakis).

Critical success factors

Critical success factors (CSFs) were first introduced in the late 1960s and early 1970s by Ronald Daniel and John F. Rockart [22-25], explained that there are few factors or activities that control the success of a business organization, therefore these activities need to be well accomplished to guarantee business success. Rockart [26] defined CSFs as a limited number of activities that require more attention of the management in order to ensure successful competitive performance for the organization. In other words, CSFs are a few major activities in the organization that should receive careful attention of the management to guarantee business competitiveness and success [27]. Also, Brotherton explained that CSFs are a combination of activities and processes upon which resources should be focused to achieve the intended goals of an organization. The CSFs investigated in this research study are the few key factors that could enable a successful and satisfactory business relationship between hotels and tour operators/travel agents. Identifying CSFs is a very beneficial process for a business organization in many aspects. First, identifying CSFs enable business managers to determine the most important activities and procedures in the organization to focus on, rather than being distracted by subsidiary activities, which eventually results in better performance [28]. Second, CSFs approach represents an important aspect of strategic planning and management of any business organization (Griffin). Third, identifying and managing CSFs is crucial for the success and competitiveness of a business organization where each CSF is essential and the set of factors are necessary [29,30]. Brotherton [30] explained that despite the

extended research conducted on CSFs in business management, a limited number of studies have investigated CSFs within the context of the tourism and hospitality industry [31-35]. Accordingly, more research studies need to be conducted on this subject to enrich the body of knowledge about CSFs approach in the tourism industry.

CSFs for hotel-intermediaries relationship

The literature suggests a number of potential CSFs for establishing a successful and satisfactory inter-organizational relationship between hotels and tour operators/travel agents (Table 1). Such factors included: trust; commitment and loyalty; formalization of the relationship; conflict resolution; communication quality and information exchange; coordination; participation; flexibility; frequency of interactions; organizational compatibility; history of the relationship; importance of the relationship; understanding and supporting partner's needs and goals [36-39]. Khuong suggested some supporting factors, including: relationship satisfaction; financial benefits and business success; marketing support.

Reasons for unsuccessful hotel-intermediaries relationship

There are several issues that threaten the relationship between hotels and tour operators/travel agents resulting in unsuccessful alliance. Kimes and Lord [40] explain that hotel-intermediaries relationship tend to be problematic as both side face uncertainty regarding the amount of potential business transactions inherent in the fact that hotels do not know how many rooms will be sold and tour operators/travel agents do not know what rates will be at the time of occupancy. Buhalis and Khuong [39] agreed that troubled relationship between hotels and tour operators/travel agents could result from conflict of interests as both partners may have incompatible objectives or organizational culture. Power issues, exploiting market position and over-controlling practices tend to be serious threats for the relationship. Buhalis [40,41], agreed that tour operators/travel agents, as being major distribution channels in the tourism industry, have the ability to control tourism demand and influence service prices. Such market position gives them leverage in their relationship with the suppliers of tourist services, e.g. hotels, airway companies. Bastakis and Lee argued that unsatisfactory inter-organizational relationship occurs when one partner focuses on achieving his own goals and neglecting his partner's interests rather than serving the best interest of both sides. Moreover, Bastakis explained that disputes on commission of tour operators/travel agents represent a serious challenge for hotel-intermediaries relationship, particularly among small and medium tourism enterprises SMTEs. Inversini and Masiero [42] explained that hoteliers tend to adopt direct selling through online distribution channels which in its turn threatens the business of traditional channels, i.e. tour operators/travel agents. De Jager further added that many travellers prefer to book tourism services directly through the Internet due to easiness and accessibility which minimizes the need for traditional tourism intermediaries.

Research Methodology

A qualitative approach was adopted in this study. Primary data collection involved using a questionnaire survey that was conducted among both hotel managers and managers of tour operators/travel agents. The survey was self-administrated by the authors who personally delivered and collected the forms to and from the respondents. The questionnaire form involved three major parts. The first part included four multiple-choice questions and aimed to evaluate the perceived satisfaction and success of the relationship

Table 1: Potential critical success factors for hotel-intermediaries relationship.

Potential CSFs	Description	Authors
Trust	The willingness to rely on an exchange partner	Medina-Munoz et al. (2002); Ritter and Gemünden (2003); Mellewig, Madhok and Weibel (2007); Khuong (2012)
Commitment and loyalty	Believing that the relationship is important enough to deserve maximum efforts to maintain it	Medina-Munoz et al. (2002); Ritter and Gemünden (2003); Bastakis, et al. (2004); Mellewig et al. (2007);Khuong (2012); Khuong (2013); Johann (2014)
Formalization of the relationship	Degree to which rules prescribing procedures and responsibilities are formulated	
Conflict resolution	The use of constructive problem-resolution procedures	Medina-Munoz et al. (2002); Roberts-Lombard (2010); Khuong(2012); Khuong (2013); Johann (2014)
Communication	Formal and informal exchange of meaningful and timely information	
Coordination	Seeking to work together in a joint effort	Bastakis, et al. (2004);
Participation	Working together to plan shared activities and processes	
Understanding and supporting partner's goals	Acknowledging and respecting needs and goals of relationship partner	Khuong (2012); Khuong (2013)
Flexibility	Response to requests for changing circumstances	
Frequency of interactions	The amount of transactions between organizations	
Organizational compatibility	resemblance in goals, philosophies and corporate culture	
History of the relationship	Sufficient period that enable judging compatibilities and developing the necessary business relationship	
Importance of the relationship	Perception of the relationship value to the mission of an organization	

between tour operators/travel agencies and hotels in Egypt on a five-response scale. The second part included one question and aimed to explore the CSFs for the relationship through examining a set of 12 potential CSFs (Table 1) on a five-degree Likert scale. The third part consisted of three questions and aimed to identify the factors resulting in unsuccessful relationship by testing 10 potential reasons on a five-degree Likert scale. The sample of the study represented both partners of the relationship and included 50 hotels and 50 tour operators/travel agents operating in two of the major tourist cities in Egypt, i.e. Luxor and Hurghada. A total of 200 questionnaire forms were distributed among the approached hotels (90 forms) and tour operators/travel agents (110 forms) with approximately 50% response rate. The approached hotels and tour operators/travel agents were randomly selected using a manual cards technique as suggested by Saunders, Lewis and Thornhill [43]. The gathered data was checked, coded and entered into SPSS for analysis. Descriptive statistics, including: frequencies; percentage; mean ratings; rank, were produced to provide a sense of data. In addition Chi-square test was performed to examine the association between the tested variables and independent samples *t*-test was also performed to compare between mean scores of both hotels and tour operators/travel agents regarding the tested CSFs.

Results and Discussion

Perceived satisfaction and success of the relationship

This part shows the evaluation of the perceived satisfaction and success of the business relationship between hotels and tour operators/travel agents. The results are shown in Table 2 and discussed in the subsequent paragraphs. First, participant hotels and tour operators/ travel agencies were asked if they are involved in any business relationship. The majority of the approached hotels and tour operators/ travel agencies (84% and 66%, respectively) have maintained a business relationship with tourism enterprises and only few hotels and tour operators/travel agencies (16% and 34% respectively) were not involved in any business relationship. Second, participants were asked about the amount of transactions (in a form of percentage of their overall business) achieved through their business relationship. Approximately half of the approached hotels

and tour operators/travel agents (47.6% and 51.5%, respectively) responded that hotel-tour operator relationship generated about 25% to 50% of their entire business. Approximately 38% of the hotels reported that tour operators/travel agents formed more than 75% of their business, while only 15.2% of the tour operators/travel agents agreed that transactions with hotels represented more than 75% of their business. Only 7.1% of the hotels revealed that relationship with tour operators/travel agents provided less than 25% of business and the remaining 7.1% of the hotels gained between 51% and 75% of their business from tour operators/travel agents. On the other hand, 18.1% of the tour operators reported that business with hotels formed less than 25% and the last 15.2% gained between 51% and 75% of their business through hotel transactions. Third, participants were asked to indicate the degree that reflects their satisfaction about hotel-tour operator business relationship on a five-degree scale. A significant number of the approached hotels and tour operators (69% and 36.4%, respectively) felt neutral (neither satisfied nor unsatisfied) about their business relationship. Nearly 26% of the hotels were satisfied about their business relationship with tour operators/travel agents, while 54.5% of the approached tour operators/travel agents were satisfied about their business relationship with hotels. Only 2.4% of the hotels were unsatisfied and the other 2.4% were very unsatisfied; while 6.1% of the participant tour operators/travel agents were completely unsatisfied and 3% were very satisfied. Generally, the mean rating of perceived satisfaction about the relationship revealed that both hotels and tour operators/travel agents (3.40 and 3.48, respectively) perceived the relationship to be slightly satisfying. Fourth, participants were asked to describe the success of their business relationship on a five-response scale. More than half of the approached hotels (52.4 %) characterized their business relationship with tour operators/travel agents as successful; 40.5 % considered their relationship to be neither successful nor unsuccessful (neutral); the other 7.1% perceived their relationship as very successful. On the other side, the results of the tour operator survey showed that 30.3% characterized their business relationship with hotels as neither successful nor unsuccessful (neutral); 24.3% considered their relationship to be successful; 21.2% considered it to be completely unsuccessful; 21.2% considered it as unsuccessful; only 3% characterized it to be very successful. In general, the mean rating of perceived success about the relationship

Table 2: Perceived satisfaction and success of the relationship.

Response	Hotels		Tour operators /travel agents	
	Freq.	%	Freq.	%
1- Maintaining business relationship				
Yes	42	84.0	33	66.0
No	8	16.0	17	34.0
Total	50	100.0	50	100.0
2- Volume of business achieved				
Less than 25% of business	3	7.1	6	18.1
Between 25% and 50%	20	47.6	17	51.5
Between 51% and 75%	3	7.1	5	15.2
More than 75%	16	38.1	5	15.2
Total	42	100.0	33	100.0
3- Perceived satisfaction about the relationship				
Completely unsatisfied	0	0	2	6.1
Unsatisfied	1	2.4	0	0.0
Neutral	29	69.0	12	36.4
Satisfied	11	26.2	18	54.5
Very satisfied	1	2.4	1	3.0
Total	42	100.0	33	100.0
Mean*	3.40		3.48	
4- Perceived success of the relationship				
Completely unsuccessful	0	0	7	21.2
unsuccessful	0	0	7	21.2
Neutral	17	40.5	10	30.3
Successful	22	52.4	8	24.3
Very successful	3	7.1	1	3.0
Total	42	100.0	33	100%
Mean**	3.67		2.76	

* Mean of satisfaction degree where 1 = completely unsatisfied, 2 = unsatisfied, 3 = neutral, 4 = satisfied, 5= very satisfied

**Mean of success degree where 1 = completely unsuccessful, 2 = unsuccessful, 3 = neutral, 4 = successful, 5= very successful

revealed that hotels perceived the relationship to be slightly successful (with a mean of 3.67) while tour operators/travel agents perceived it to be neither successful nor unsuccessful (with a mean of 2.76). This result concurs with the study of Medina-Munoz which revealed that hotels perceived their business relationship with tour operators/travel agents to be successful (with a mean of 4.11). In addition, a chi-square test was performed to examine the relation between business volume and relationship satisfaction (Table 3). The relation between these variables was not significant among the approached hotels, $X^2(6, N = 42) = 4.548, p > 0.05$; and among the approached tour operators/travel agents, $X^2(9, N = 33) = 9.850, p > 0.05$. Similarly, the test showed that there were no statistically-significant association between business volume and the perceived success of the relationship among the approached hotels, $X^2(6, N = 42) = 2.576, p > 0.05$, and among tour operators/travel agents, $X^2(9, N = 33) = 8.112, p > 0.05$. In other words, there was no relation between volume of business and perceived satisfaction or perceived success of the business relationship between hotels and tour operators/travel agents. This result contradicts with the conclusion of the study of Khuong which revealed that high frequency of business interactions is crucial for maintaining a successful business relationship. Generally, it can be concluded from these results that the majority of the approached tourism enterprises were involved in a hotel-tour operator business relationship that generated approximately up to 50% of their entire business. Also, a significant proportion of these enterprises reported neutral regarding

the satisfaction and success of the hotel-tour operator relationship, with small percentage reporting their relationship to be satisfactory and successful, indicating that the business relationship was not as satisfactory and successful as it should be and it needs to be improved.

CSFs for hotel-intermediaries relationship

The participant hotels and tour operators/travel agents were asked to evaluate the importance of a set of 12 potential CSFs on a five-degree Likert scale. The results are shown in Table 4 and discussed in the following paragraphs. First, it can be noticed that majority of the investigated factors had scored a very close mean of importance indicating that most of these factors were perceived to be essential for a successful business relationship between hotels and tour operators/travel agents. This result is supported by Medina-Munoz. Second, there were some differences between hotels and tour operators/travel agents with regard to prioritizing CSFs for a successful business relationship, as reflected in the mean of importance of these factors (Table 5) and the results of the *t*-test (Table 6). On one side, the results of hotel manager questionnaire survey showed that “commitment and loyalty” was ranked as the first CSF with a mean rating of 3.90 followed by both “conflict resolution” and “understanding partner’s goals” at the second ranking with a mean score of 3.52 each. All of “coordination & participation”, “frequency of interactions” and “importance of the relationship” were categorized at the third ranking with an equal mean of importance (3.50 each), while both “organizational compatibility” and “history of the relationship” came at the fourth ranking scoring 3.40 as a mean of importance. “Trust” was categorized at the fifth ranking (with a mean of 3.23) among the examined CSFs followed by “communication” at the sixth ranking with a mean score of 3.14, “formalization of the relationship” at the seventh ranking and scored 2.92 as a mean of importance, and finally “flexibility” came at the eighth ranking with a mean score of 2.64. On the other side, the results of the questionnaire survey conducted with tour operators/travel agents showed that “commitment and loyalty”

Table 3: Relation between business volume and satisfaction/success of the relationship.

Variables	Hotels		Tour operators	
	X^2	P-vale	X^2	P-vale
Business volume and relationship satisfaction	4.548	0.872	9.850	0.363
Business volume and perceived success	2.576	0.860	8.112	0.230

Table 4: CSFs for the hotel-tour operator relationship (separate perspectives).

Variables	Hotels		Tour operators /travel agents	
	Mean *	Rank	Mean*	Rank
Trust	3.23	5	3.33	10
Commitment and loyalty	3.90	1	4.18	1
Relationship formalization	2.92	7	3.87	4
Conflict resolution	3.52	2	3.84	5
Communication	3.14	6	3.45	9
Coordination & participation	3.50	3	4.06	2
Flexibility	2.64	8	3.06	11
Frequency of interactions	3.50	3	3.49	8
Organizational compatibility	3.40	4	3.87	4
History of the relationship	3.40	4	3.72	6
Importance of the relationship	3.50	3	3.60	7
Understanding partner’s goals	3.52	2	3.96	3

* Mean of importance, where 1 = completely not important, 2 = not important, 3 = neutral, 4 = important, 5= very important.

Table 5: Results of the independent samples t-test.

Examined variables	t	P-value
Trust	0.421	0.675
Commitment and loyalty	1.461	0.148
Relationship formalization	3.995	0.00*
Conflict resolution	1.398	0.166
Communication	1.356	0.179
Coordination & participation	3.560	0.001*
Flexibility	2.020	0.047*
Frequency of interactions	0.166	0.869
Organizational compatibility	2.293	0.025*
History of the relationship	1.430	0.157
Importance of the relationship	0.659	0.512
Understanding partner's goals	1.965	0.053

* Statistically-significant difference where P-value < 0.05.

Table 6: CSFs for a successful relationship (unified perspective).

Factors	Mean	Rank
Trust	3.28	9
Commitment and loyalty	4.02	1
Relationship formalization	3.34	8
Conflict resolution	3.66	4
Communication	3.28	9
Coordination & participation	3.73	2
Flexibility	2.84	10
Organizational compatibility	3.61	5
History & importance of the relationship	3.54	6
Frequency of interactions	3.49	7
Understanding partner's goals	3.72	3

was ranked as the first CSF scoring a mean rating of 4.18 followed by “coordination & participation” with a mean of 4.06. “Understanding partner’s goals” came at the third ranking (with a mean of 3.96) followed by both “organizational compatibility” and “formalization of the relationship” at the fourth ranking with a mean score of 3.87 each. “Conflict resolution” was categorized at the fifth ranking (with a mean of 3.84) followed by “history of the relationship” at the sixth ranking and scored a mean of 3.72. “Importance of the relationship” came at the seventh ranking with mean of 3.60 followed by “frequency of interactions” at the eighth ranking and mean of 3.49, then “communication” at the ninth ranking (with score of 3.45), “trust” at the tenth ranking and a mean of 3.33, and finally “flexibility” at the eleventh level with mean score of 3.06. An independent-samples t-test was performed to compare between mean scores of hotels and tour operators/travel agents regarding the importance of the examined CSFs. The results (Table 5) revealed that there were some statistically-significant differences between hotels and tour operators/travel agents regarding the importance level of the examined CSFs. A total of four factors (out of 12) had recorded significant differences. Both hotels and tour operators/travel agents had different perception of the importance of these four factors for their business relationship. The results showed that there were significant differences of the mean score of: (1) “relationship formalization” between hotels (M=2.92, SD=0.894) and tour operators/travel agents (M=3.87, SD=1.166); $t(73) = 3.995, p < 0.05$; (2) “coordination & participation” between hotels (M=3.47, SD=0.833) and tour operators/travel agents (M=4.06, SD=0.496); $t(73) = 3.560, p < 0.05$; (3) “flexibility” between hotels (M=2.64, SD=0.655) and tour operators/travel agents (M=3.09, SD=1.23); $t(73) = 2.020, p < 0.05$; (4) “organizational compatibility” between hotels (M=3.40, SD=0.734) and tour operators/travel agents

(M=3.87, SD=1.05); $t(73) = 2.293, p < 0.05$. All these four factors were significantly higher among tour operators/travel agents than hotels. In other words, tour operators/travel agents perceived these factors to be more important than what hotels perceived them. The other eight factors showed no statistically-significant differences between hotels and tour operators/travel agents, indicating that both partners perceived these factors to be equally important. The combined analysis of both perspectives, i.e. hotels and tour operators/travel agents, resulted in a unified ranking for the tested factors (Table 6). In order to narrow down these factors to few (three to six as suggested previously in the literature), factors with a mean of importance less than 3.50 were eliminated (as 3.5 tend to be important where 3 = neutral, 4 = important on the implemented Likert scale). In other words, any factor should score a mean of importance more than 3.5 in order to be considered among the suggested CSFs for a successful business relationship between hotels and tour operators/travel agents. Consequently, it can be concluded from these results, through using a simple ranking technique, that the CSFs for a satisfactory and successful business relation between hotels and tour operators/travel agents in Egypt are: (1) commitment and loyalty; (2) coordination & participation; (3) understanding partner’s goals; (4) conflict resolution; (5) organizational compatibility; (6) history and importance of the relationship. The other factors were found to be slightly important for the business relationship between hotels and tour operators/travel agents. Some of the CSFs concluded from the combined analysis (Table 6) in this study are supported by results of previous studies, while other factors contradict previous studies. For example, “commitment and loyalty” is supported by studies of Bastakis and Khuong, “understanding partner’s goals” is supported by Bastakis. Also, factors such as “trust” and “communication” were found to be less important for hotel-intermediaries relationship which also agrees with the results of Khuong’s study. On the other hand, this study concluded that “communication” and “relationship formalization” were perceived to be slightly important which contradict the results of the study of Medina-Munoz, as they found these factor to be positively associated with the success of the relationship. The reason for this disagreement may be that CSFs for the business relationship can vary among different contexts or geographical regions.

Reasons for unsuccessful relationship

The participant hotels and tour operators/ travel agents were asked about the factors or reasons that could possibly lead to failure of the business relationship. The reasons they provided were categorized into two main sets: reasons for unsatisfactory relationship; reasons for relationship termination, as discussed below.

Reasons for unsatisfactory relationship

The participants had reported four main factors (Table 7) that can result in an unsatisfactory business relationship between hotels and tour operators/ travel agents. The results of the hotel manager survey revealed that “decreased amount of transactions” was ranked as the first reason that could result in unsatisfactory relationship scoring 3.69 as a mean of importance. This result agrees with the results of Khuong’s study that reduced business transactions seriously threaten the success of the business relationship. “Exploiting tour operators’ market position” came at the second ranking and scored a mean of 3.66. This result is supported by the results of Buhalis on conflicts between hotels and tour operators in the Mediterranean region which revealed that hotels struggled against the power of the tour operators. “Neglecting partners’ interest” came at the third ranking

Table 7: Reasons for unsatisfactory relationship.

Variables	Hotels		Tour operators/ travel agents	
	Mean *	Rank	Mean*	Rank
Neglecting partners' interest	2.92	3	2.63	4
Exploiting market position	3.66	2	3.87	1
Conflict of interests	2.19	4	2.90	3
Decreased amount of transactions	3.69	1	3.15	2

with a mean of 2.92 and finally “conflict of interests” came at the fourth ranking with 2.19 as a mean of importance. This conclusion concurs with the results of the study of Lee. The results of the tour operator survey revealed that “exploiting hotels’ market position” was ranked first among the reasons provided by tour operators/travel agents with a mean score of 3.87. “Decreased amount of transactions” came at the second ranking scoring 3.15 as a mean of importance followed by “conflict of interests” at the third ranking (with a mean of 2.90) while “neglecting partners’ interest” came at the last ranking and scored 2.63 as a mean of importance. An independent-samples *t*-test was performed to compare between the responses of hotels and tour operators/travel agents regarding evaluating the importance of the reasons that resulted in unsatisfactory relationship. The results (Table 8) revealed that there were some statistically-significant differences among hotels and tour operators/travel agents regarding the importance level of the reasons that result in unsatisfactory relationship. “Conflict of interests” recorded a significant difference between hotels ($M=2.19, SD=0.633$) and tour operators/travel agents ($M=2.90, SD=1.100$); $t(73) = 3.552, p < 0.05$. So, “conflict of interests” was perceived to be more important among tour operators/travel agents than hotels. Also “decreased amount of transactions” recorded a significant difference between hotels ($M=3.69, SD=0.562$) and tour operators/travel agents ($M=3.15, SD=1.37$); $t(73) = 3.552, p < 0.05$. Consequently, “decreased amount of transactions” was perceived to be more important among hotels than tour operators/travel agents.

Reasons for relationship termination

A significant percentage of the investigated hotels and tour operators/travel agents (16% and 34%, respectively) had experienced a failure business relationship and terminated it (Table 9). Both hotels and tour operators/travel reported some reasons for relationship terminations, as presented in Table 10. The results of the hotels managers’ questionnaire form showed that there were four major reasons that led to termination of their business relationship with some tour operators/travel agents. “Increased tour operators’ commission” was ranked as the first reason and scored 4.00 as a mean of importance. This result agrees with conclusion of the study of Bastakis, that contentious bargaining of tour operators/travel agents to increase their profits (through lowering hotel prices or increasing their commission) is a major threat for the business relationship. The second reason was “over-controlling practices of tour operators” and scored 3.75 followed by “adopting direct selling” at the third ranking with a mean of 3.50, and lastly “no need/desire to deal with tour operators” came at the fourth ranking and scored 2.73. The results of the tour operator survey showed that “adopting direct selling by hotels” was categorized at the first ranking (with 4.11 as a mean of importance) among the reasons that led to terminating their business relationship with some hotels followed by “guests’ desire to deal directly with hotels” with a mean of 3.94. This result agrees with the results of the studies of Bogdanovych and De Jager that a significant proportion of travellers (as well as tourism service suppliers) tend to directly book their tourist services using online channels. At the

third ranking came “downsizing operator’s commission” and scored a mean of 3.88.

Conclusions

This study has concluded some significant implications. First, the business relationship between hotels and tour operators/travel agents in Egypt was perceived by both partners to be slightly satisfying or successful. A small percentage of the approached enterprises perceived their business relationship to be satisfactory and successful, while a significant percentage of both hotels and tour operators/travel agents perceived their business relationship to be neutral, neither satisfactory/successful nor unsatisfactory/unsuccessful, which can be interpreted in this context as their business relationship was not as successful and satisfactory as they hoped it should be. Thus, hotels and tour operators/travel agents in Egypt need to enhance their joint business relationship in order to their improve performance and competitiveness. This result concurs with previous studies on hotel-intermediaries relationship, particularly the study of Medina-Munoz. Second, both hotels and tour operators/travel agents in Egypt had different priorities when it comes to developing and maintaining a business relationship which in its turn could result in some conflicts that can threaten their business alliance unless they agree upon mutual priorities. In this context, the mutual CSFs suggested in this study (Figure 1) represent a basis for developing a successful alliance between hotels and tour operators/travel agents in Egypt. These mutual CSFs included: commitment and loyalty to the relationship; coordination & participation between both partners; understanding and serving partner’s goals; adopting constructive conflict resolution practices; considering organizational compatibility; focusing on history and importance of the relationship. Third, it can be noticed that CSFs for the hotel-intermediaries business relationship can vary among different contexts or geographical regions. This is because the

Table 8: Results of the independent samples *t*-test.

Examined variables	<i>t</i>	<i>P</i> -value
Neglecting partners' interest	-1.482	0.143
Exploiting market position	0.999	0.321
Conflict of interests	3.552	0.001*
Decreased amount of transactions	-2.313	0.024*

* Statistically-significant difference where *P*-value < 0.05.

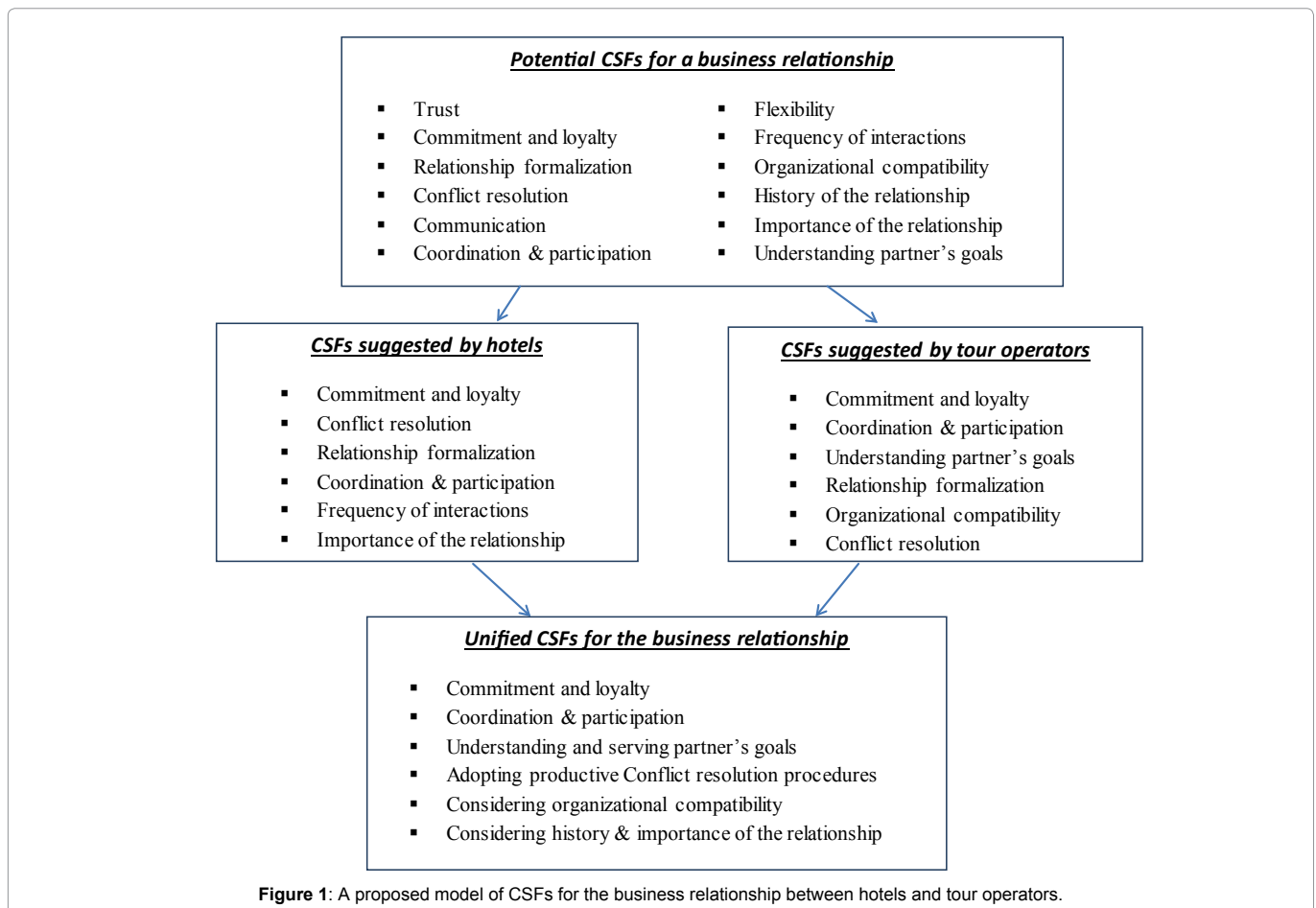
Table 9: Experiencing a failure business relationship.

Response	Hotels		Tour operators /travel agents	
	Freq.	%	Freq.	%
Yes	8	16.0	17	34.0
No	42	84.0	33	66.0
Total	50	100.0	50	100.0

Table 10: Reasons for relationship termination.

Reasons	Hotels		Tour operators/ travel agents	
	Mean *	Rank	Mean*	Rank
No need/desire to deal with tour operators	2.37	4	-	-
Adopting direct selling by hotels	3.50	3	4.11	1
Increased commission of intermediary	4.00	1	-	-
Over-controlling practices of tour operators	3.75	2	-	-
Guests' desire to deal directly with hotels	-	-	3.94	2
Decreased commission of intermediary	-	-	3.88	3

* Mean of importance, where 1 = completely not important, 2 = not important, 3 = neutral, 4 = important, 5= very important



CSFs suggested in this study are slightly different than the factors suggested by previous studies conducted in different geographical regions, such as: the study of Medina-Munoz in the USA; the study of Bastakis, in the Eastern Mediterranean region; the study of Khuong in Vietnam and Thailand. Fourth, a number of issues and factors were perceived to be serious threats for the relationship between hotels and tour operators/travel agents in Egypt. In some cases, these reasons could lead to termination of the business relationship. These issues involved factors such as: decreased amount of transactions; exploiting market position; adopting direct selling; commission conflicts; conflict of interests; over-controlling practices of tour operators. Such issues should be settled or resolved once they are detected in order to avert any possible threats that can jeopardise the relationship between hotels and tour operators/travel agents. Generally, this research paper has fulfilled its aims. It has provided a critical evaluation of the success and satisfaction about the inter-organizational relationship between hotels and tour operators/travel agents in Egypt. It has also developed a model for critical success factors for hotel-intermediaries relationship based on the combined responses of both hotels and tour operators/travel agents (Figure 1). The implications of this research contribute to theory, through filling gap knowledge, and to practice, through the proposed model and its recommendations.

Recommendations

Hotels and tour operators/travel agents need to develop a more satisfactory and successful business relationship that enables them to work together in harmony in order to guarantee the integration

of tourist products and services. Thus, more effort should be done by both sides to improve their mutual business relationship starting with acknowledging needs and goals of relationship partner. Both partners need also to coordinate and cooperate with each other to achieve mutual benefits and avoid exploiting their market position to control their partners' business or practice any bargaining power on each other. They are also advised to consider the benefits that could be achieved through their mutual relationship on the long-term rather than focusing on the present amount of transactions. Hotels and tour operators/travel agents are advised to always identify and adopt the CSFs for their business relationship to maintain a successful and productive relationship. In this context, the suggested CSFs in this study can represent an appropriate foundation for a satisfactory and successful business relationship between hotels and tour operators/travel agents, including: commitment and loyalty to relationship; coordination & participation with each other; understanding and acknowledging partner's needs and goals; adopting supportive conflict resolution procedures; considering organizational compatibility; considering history and importance of the relationship. If and when both partners have different views about the CSFs of the relationship, they need to reach an agreement that serves their mutual benefits. Hoteliers are advised to determine with tour operators/travel agents the amount of business they expect to achieve through their business relationship and rate of intermediaries' commissions to avoid any future conflicts or disputes on these issues. It is also worth recommending that hoteliers should involve in business relationship with tour operators/travel agents that have similar goals, interests and

organizational culture in order to mitigate any potential conflicts that would threaten the relationship. Tour operators/travel agents have to accept and adapt with new distribution methods/channels adopted by hotels, such as direct selling through hotels online website, in order to maintain their market position as tourism intermediaries. They are also advised to maintain a steady flow of transitions with hotels at a level that meets hotels expectations. Another piece of advice is that tour operators/travel agents should serve the interests the hotels, through marketing support for instance, alongside with their own interest and goals to strengthen their relationship with hotels.

Research Limitations and Opportunities for Future Research

This study had two main limitations. First, due to accessibility issues, sample size was relatively small and represented only two major tourist cities in Egypt. Thus, the results of this research may not be representative of the wider tourism industry in Egypt. Second, the proposed model in this study can be considered as prototype as it has not been judged or tested. Future research could be conducted on the CSFs of the hotel-intermediaries relationship adopting qualitative approach or accessing large sample to provide generalizable results. Also, the proposed model needs to be judged or tested in real life. So, research can be conducted to judge the model using a panel of experts or to test the model within the same enterprises approached in this study or within different contexts.

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