

**NEGOTIATION AND CONFLICT MANAGEMENT IN  
HOSPITALITY INDUSTRY**

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## **Introduction**

The rise of conflict in tours and travel industry can directly impact the growth of a company. This aspect arises due to various causes such as lack of proper facilities, and even cultural difference falls into the list. Through the implementation of the negotiation process, the aspect of conflict can be avoided. The company of Seri Malaya Travel and Tours is needed to implement this process for its development in the country of Malaysia. Through this, the company and its customers can reach a mutual decision. This would satisfy both the parties and help the company in maintaining its proper reputation as well as the growth rate.

## **1. Analysis of conflicts faced by tourism and hospitality industry and Seri Malaya Travel and Tours**

### **Issues related to the price of tour packages**

Tourists are mostly found to bring allegation on touring company about conflicts on the price of the package of the tour. As per Wang *et al.* (2018), the conflict has arisen when a tour organising body provides inappropriate details about the venues, that they are covering during the tour. Another reason for conflict is sometimes the touring organisation applies extra charges of meals and other external costs of sightseeing of the spot that they have promised to pay at the time of tour. Denial from the organisation gives rise to the conflict about the reliability of the touring organisation. In the case of, Seri Malaya Travel and Tours has raised that their booked hotel costs extra charges for meal and usage of hotel facilities. The organisation denied tourist about their assurance the company made at the time of finalising the deal. In the view of Khalilzadeh & Wang (2018), sometimes, tourists also bring the allegation on the touring organisation about the charges they have taken not satisfies the touring experience. Tourists are tending to pressurise

organisation about money return, but the organisations have no such money return policy in case of any discrepancies. Hence, they refuse to pay back. Seri Malaya Travel and Tours have faced a few times these types of issues and have to negotiate with customers to keep the reputation intact.

### **Recreational management**

It is quite natural that tourists expect the best recreational experience from the touring organisation. According to Murdy, Alexander & Bryce (2016), the gap between tourists' expectation and providing facilities give birth to a conflict on the performance of the organisation. Most of the time tour organising organisation provides basic foods and lodging facility to their customers. Some cases, tourists expect the organisations to comprehend their luxurious need during the vacation. It is impossible for organisations to meet the demand and expectation of each tourist. Those tourists sometimes spread rumours about the cooperation issue of the touring body that give rise to a conflict.

Same happened in the case of Seri Malaya Travel and Tours, as some of the tourists in Malaysia tour have demanded the organisation to pay for their breakfast and shopping of traditional antiques from touring spot. The company failed to meet their need on the spot, which makes a falsely negative impression of Seri Malaya Travel and Tours for a few years among customers. As illustrated by Almeida, Costa & da Silva (2018), some customers are found to make a demand of a visit to the tourist spots they have found very interest after confirming their tour with Seri Malaya Travel and Tours. It is irrevocable for the touring committees to evade conflicts on these external entertainment issues. The reason behind this issue is the tour has already been confirmed by the organisation more than a month ago. It cannot be rescheduled as large number customers are involved with the package.

## **Cultural difference**

Cultural difference in the touring group is the most critical reason for frequent conflicts in touring organisations. Different tourists from different cultural background have joined the organisation at the time starting the journey (Brown et al. 2017). Each tourist has personal taste in culture, food, and entertainment. It is a touring body's responsibility to take care of individual tourists, but their choice can be reflected in tourist personalised food or facilities organised previously. People from different countries join Seri Malaya Travel and Tours every year to visit favourite tourist spots in Malaysia. Malaysia is a Muslim country. Hence, the choice of foods and facilities is also according to the country, as it brings an essence of the tradition. However, some of the tourists reported against Seri Malaya Travel and Tours that they give preference to the Muslim community and deprive the rest. As opined by Buultjens, Ratnayake & Gnanapala (2016), cultural conflict also arises in meal arrangement as in most of the cases children in the touring group prefer food from their community. As a result, the guardians of those children give rise to issues on the insufficient arrangement of food in the tour.

## **2. Issues occurred as a result of the conflict**

### **Deprived tourists interest**

Cultural and hospitality issues make people have a negative impression on the touring body as both the subjects are susceptible. In the tourism industry, most of the tour organising bodies found to have a negative inclination on customers about dissatisfactory feedbacks from old tourists. People rely on the experience of previous visitors at the time of choosing a tour and travel organisation. According to Andergassen, Candela & Figini (2017), hospitality issues make

tourists reluctant to join the organising body making tours. In Malaysia, Seri Malaya Travel and Tours has faced some the issue related to cultural bias psychology.

Tourists create conflict in the service provided by the organisation is an Islamic one. Cultural sensitivity conflict in Seri Malaya Travel and Tours has become a massive issue as the present government in Malaysia prefers to make commercial activity culturally neutral. The tourists spreading this type of conflicts are found to influence future tourist to join the organisation negatively. As per Riasi & Pourmiri (2016), tourist interest some time discourages by the tour organising body through the reluctant act of negotiation of the issue. The behaviour of a touring organisation makes tourists understand about the importance the organisation provides to make their participating tourists' journey safe and memorable.

### **Loss of revenue**

Most disadvantageous effect of a conflict is the loss of people's interest and reliability in the tourism industry. The industry, as well as participating organisations, face a high and sudden revenue loss due to these misleading conflicts. In Malaysia, tourism plays a significant role in revenue as the industry provides 82200 Million MYR of revenue to a country that is 8.3% of the total revenue (tradingeconomics.com, 2018). Seri Malaya Travel and Tours pays a significant part of the contributing revenue as it is one of the top three tourism organising organisations in Malaysia. In the year 2014, there was a conflict with provided hospitality facilities to customers by Seri Malaya Travel and Tours that make a significant loss in earned revenue of the industry. Conflicts on the negotiation of issues with customer play an essential role in the retention of revenue coming from tourism. The organisation has also faced a loss in income from this negotiation issues.

### **Loss of interest of fresher to retain in the industry**

Potential candidates, who are expected to join the industry, are getting demotivated by the rising number of conflicts in the tourism industry. Newly joined employees have shown less interest in adequately performing their different responsibilities. Existing hotel industry in Malaysia has evident a drop in a total number of new joiners because of the lower rate of wages in the industry. Ups and downs in the earned revenue, due to a conflict between tour organising body and customers, reduce the salary of individuals involved in the tourism industry. 0.4% drop in GDP is the proof of low income in Malaysia (heritage.org, 2018). The retention rate in the tourism industry is dropped due to the tendency of employees to avoid cultural conflicts. Conflicts regarding religion is a very delicate issue and can even cost lives. Employees of Seri Malaya Travel and Tours have found to hand over the company a pink slip at the time of conflict with customers on Islamic preference of accommodation.

### **3. Specific conflict management strategies**

#### **Collaborating with customers at the time of a deal**

The company of Seri Malaya Travel and Tours needs to give proper importance to the feedback from customers through which the company can experience a positive growth rate. Both the company as well as the customers' decisions is needed to be maintained. This can be attained through the implementation of a process of negotiation so that both aspects are satisfied. As forwarded by Gao & Kerstetter (2016), a process of negotiation enhances better decision-making facility. The customers or tourists might want more facilities at fewer prices which would, in turn, harm the revenue rate of the company. Through proper utilisation of time, the dispute regarding a process of this collaboration can be solved. Application of negotiation strategy would

help the company to reach a decision where the company and customer can both compromise and reach a decision suited for both. The company can respect the decision of customers in the process of dealing with tour packages with the help of negotiation. It would benefit both the parties in reaching an ultimate conclusion.

### **Compromising with profit to provide more facilities**

To bring in more customers, the company needs to provide some refreshing facilities to the tourists. One of such factors is providing exclusive discounts on specific tour packages. Although the discount provided by the company may cause initial losses in revenue, it will encourage more tourists to choose this company for their travel. As per the opinion of Chen & Peng (2016), new opinions might provoke an emotional response. In this tourism company, implementation of the idea of discount might be irrational to some due to which the idea is needed to be present in a strategic manner. These ideas can only be implemented through a proper process of negotiation. The idea of providing better facilities to tourists despite losses might be a contracting opinion in the company, but the ideal of value-creation should not be compromised because of this.

The company of Seri Malaya Travel and Tours is needed to add more attractive packages such as tours to woods as well as rural areas. One of the core aspects which is needed to be maintained by the company is an aspect of hygiene. Taking care of all these factors would undoubtedly require the use of financial assets of the company. One of the most important factors needed to be taken care of by the company is avoiding internal conflicts due to a difference in opinions. The process of negotiation is needed to be utilised in this case. This can be done through the process of negotiation where the company can consider and utilise the ideas by keeping negative remarks aside. The members of the company of Seri Malaya Travel and Tours are needed to

reach an agreement of trust as well as optimism through which the tourists can be given the top priority by providing with best facilities available.

### **Prioritize tourist interest at the time of determining packages to avoid conflict**

For increasing the growth rate of the company of Seri Malaya Travel and Tours, focus on customer satisfaction is needed. This company will only have more customers than other companies when it provides tour packages at a more flexible price. For the setting the price of tour packages, the company is needed to analyse the competitive market of Malaysian tours and travel. Generating revenue for the company and prioritising customers at the same time might present itself as a contraction. According to the opinion of Wheelen *et al.* (2017), instead of a conflict, the situation is needed to be turned into a positive aspect.

For the process of price determination of tour packages, various employees in the company will have a different opinion. There might be the difference in opinion in lowering the price range of some packages as well as providing special discounts. The competitive market might also criticise these new ideas regarding price, but the company should not let its decision be affected because of that. Through the process of negotiation, the company is needed to set a price limit which would not be too hefty for customers. The aspect of time is needed to be considered in the process of negotiation (Einarsen *et al.* 2018). Using the right strategy at the right time would give the company an additional advantage. Through the process of negotiation, the company can finally decide between providing special discounts during a particular season. This would satisfy both aspects of the customer as well as the company.

## **Conclusion**

In the industry of tours and travel in Malaysia, the rise of conflicts has thoroughly affected its growth. The company of Seri Malaya Travel and Tours has also faced many problems due to this. Various issues regarding cultural difference, the price of tour packages has added to this aspect. The only process through which the decision of both company, as well as the customer, can be respected is through the process of negotiation. Negotiation helps not only in satisfying both the parties, but it helps in balancing other factors such as revenue rate and growth of the industry as well. Through the implementation of this process, Seri Malaya Travel and Tours can move towards a positive direction in the country of Malaysia.

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