ABSTRACT: This presentation intends to approach tourism issues from the perspective of the dispute. The concept of international tourism determines that, in the case of a dispute, two or more legal systems might be called to solve a given problem, what is a complicated issue. Such problems lead, most often, to the consequence of denying compensation for damages. To solve or diminish this effect, organizations have been encouraged to use alternative dispute resolution modes like arbitration. Arbitration is the use of one set of referees who act as judges in a case, promoting all the steps they deem appropriate having in mind a fair resolution of the dispute submitted to them. As an alternative dispute resolution method, arbitration involves willingness. Only where the parties agreed, contractually, the use of arbitration this method is possible. In other words, arbitration is not something that one can impose, unilaterally, to others that has not given their consent.

Tour operators and travel agents celebrate contracts between themselves and with their customers. Their purpose, as a business, is and will always be profit maximization, which is directly related to the volume of business they are able to generate. Therefore, we think it is important to try to see whether and to what extent, if so, the option for arbitration influences the capacity of a given company to generate profits. As far as the literature review revealed to date, this relation has not yet been established.

In fact, arbitration has several advantages but has also some disadvantages. The most relevant disadvantage is its cost. The cost gap of the two ways of litigation (arbitration and state courts) is significant. The decision for arbitration, given the higher cost, should therefore bring to organizations that use it a real benefit.

The concept of performance leads us to a comparison between the results and outcomes achieved. We try to place one organization in face of its competitors. The performance and competitiveness in tourism has been widely studied on both tour operators and destinations. We do not intend with this dissertation to study the effect of arbitration in the performance of destination, which could possibly be a clue to another study. We only want to quantify the effects on the performance of the tourism organization (travel agent or tour operator) arising from the decision of implementing an institutionalized and widespread use of arbitration.

In one word, we will try to see if the use of arbitration brings a real benefit to organizations assuming the only variation is submission to arbitration. We also aim to understand if, even with a marginally higher cost, the adoption of institutionalized arbitration continues to deliver benefits to organizations.

It is also necessary to clarify what kind of conflicts we are willing to study. Potential conflicts can be grouped into at least two categories: the conflict between tourism organizations and final consumers; and the conflict between two or more tourism
organizations, especially the ones located in different countries. The first category is usually the most referenced and studied, but we believe that the second will create conflicts with much larger impact.

The aim of this research is to provide to the relevant stakeholders a more detailed view of various aspects of litigation in the international trade and to evaluate the effect in organizations of the use of arbitration. To measure the effect on the organizations of the use of arbitration we have collected data from the major tour operators, travel agencies and hotels of four and five stars operating in the Algarve, as well as tourists to cross validate the data collected.

The methodology used is the BiPlot methodology. We believe this methodology is the most adequate for the investigation to be carried on. Among the methods of multivariate analysis biplot methods have been a source of continuous contribution to science since they were created in 1971 by Gabriel being, however, still little known in the field of tourism. We propose the use of Multivariate Analysis Techniques in the context of reduced dimensionality, where the graphical representation of data using the methodology HJ-biplot can explain the relationship between the competitive practices of the tourism organizations. Consequently, this presentation also seeks to demonstrate the suitability of the biplot, especially the HJ-biplot (Galindo, 1986), for the inspection of data arising from the sensitivity of tour operators and tourists to the mechanisms of arbitration.

Finally, the results in the context of this research revealed that the offer doesn’t know what the demand is willing to pay to have the guarantee of a fair and fast judgment, which means this presentation will provide tourism companies new competences within this subject. The data studied also allow to develop suggestions and to encourage further research on the validity and reliability of the use of arbitration.

**Keywords:** Dispute; Arbitration; Tourism; Performance; Competitiveness; Biplot Methods.