The Embedded Construction of Price Fairness Evaluations
A Case Study of Air Greenland

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Abstract

Purpose – The purpose of this paper is to investigate how fairness evaluations are constructed in a B2B context.

Design/methodology/approach – This paper conducts a field study of Air Greenland and its internal and external customers based on strong structuration theory (Stones, 2005). We employ context and conduct analysis to analyze how fairness evaluations emerge across four levels of structuration.

Findings – The paper finds that fairness evaluations emerge as a result of the interaction between external institutional pressures, agents' internal structures, and situated reflection and outcomes. The construction of fairness evaluations was embedded in contradictory institutional structures, where groups of actors constructed different evaluations of fair profits, procedures, and prices. Actors furthermore worked on changing position-practice relations which shifted relations, external structures and affected outcomes and fairness evaluations.

Originality/value – This paper offers a conceptualization of embedded agency as emerging across the four levels of structuration. This contributes to debates in strong structuration theory through conceptualizing and analyzing how actors may be both be constrained and oriented by structures while reflexively adapting structures across the four levels of structuration. The paper extends extant pricing fairness research by illustrating how actors' construction of fairness flexibly develop fairness evaluations while responding to legitimacy and societal demands, including the needs of particular customer groups

1. Introduction

Norms of fairness affect the way firms set prices. Fairness is important because customers react negatively if they feel that they are treated unfairly (Kahneman et al., 1986; Thaler, 2015). Price fairness thereby affect the value that customers attach to a deal (Ho and Su, 2009). Specifically, fairness concerns have direct effects on demand (Anderson and Simester, 2008) or generates complications in price negotiations (Drake and Haka, 2008; Ferguson et al., 2014). Fairness concerns are therefore important when firms determine policies for their pricing and when they negotiate prices with customers.

Firms, however, have difficulties analyzing the fairness of their prices. If fairness was one unequivocal, universal norm understood similarly by all actors, norms of fairness could easily be factored into pricing policies and negotiations. However, fairness norms are not necessarily interpreted similarly. Thaler (2015), for example, found that MBA students make different fairness evaluations than the population in general. Specific norms of fairness also come in many forms. *Distributive fairness* concerns arise when profits are split unequally and have been shown to generate problems in pricing negotiations (Drake and Haka, 2008; Luft and Libby, 1997; Kachelmeier et al., 1991; Van den Abbeele et al., 2009). Concerns about p*eer-induced* fairness arise when a customer compares his or her own prices with others in similar circumstances, thereby reducing the value that customers attach to the product (Ho and Su, 2009; Wang and Krishna, 2012). Finally, *procedural fairness* focuses on the fairness of procedures of price setting and negotiation (Kelly et al., 2015; Ferguson et al., 2014). A further complication is that fairness evaluations are woven into institutional structures and are therefore subject to concerns for legitimacy (Covaleski et al., 2003; Ahmed and Scapens, 2000; Loft 1986).

Given this multiplicity of norms of fairness and the potential variation across actors, it is somewhat surprising that most research in pricing focuses on one specific norm of fairness, such as the distribution of profits. Research that does investigate more than one norm of fairness, for example, Ho and Su, (2009) and Hermann et al. (2007), does not account for how the different norms interrelate in concrete interactions. Fairness in most research is also analyzed as a relatively unequivocal concept, meaning that actors for example understand fairness of a distribution of profits in the same manner, which for example largely ignores how actors may interpret a particular distribution of profits in different ways. Furthermore, the institutional basis of norms is not as such investigated but is assumed to exist. The institutional basis of norms is further not envisaged to be contradictory, making it difficult to analyze how reflexivity and agency emerge (Seo and Creed, 2002). The pricing fairness literature therefore does not sufficiently account for the institutional embeddedness of actors constructing fairness evaluations. Nor does it account for the heterogeneity (Lounsbury, 2008) of actors' fairness evaluations.

Strong structuration theory supplies resources for expanding our understanding of how fairness evaluations are embedded and constructed. It does so by conceptualizing embedded agency in between four levels – external structures, internal structures, active agency, and outcomes (Coad et al., 2016; Feeney and Pierce, 2016; Giddens, 1984; Harris et al., 2016; Jack and Kholeif, 2007; Stones, 2005; Stones and Jack, 2016; Makrygiannakis and Jack, 2016; Moore and McPhail, 2016). Structures in this view both exists independently of agents and are mediated by agents. It "highlights the importance of agents' knowledgeability of the contexts in which they and their organisations operate" (Harris et al., 2016; 1179). Such contexts may entail multiple contradictory institutional pressures (Seo and Creed, 2002; Sharma et al., 2010), which both embed and structure action, but also generate an active space for constructing fairness evaluations. Based on these deliberations, we wish to investigate the following research question:

"How are price fairness evaluations embedded and constructed across levels?"

Building on a case study of Air Greenland's pricing policies and negotiations with internal and external customers, the paper finds that price fairness evaluations emerge across structuration levels. Price fairness evaluations further differed in between Air Greenland and its internal and external customers. While the groups agreed on the importance of norms of fair prices, procedures, and profit, they constructed different situated fairness evaluations. This generated substantial conflict. We further find that both groups' construction of fairness was embedded in knowledge of the specific Greenlandic context, such as the importance of increasing tourism to further development and the needs of particular customer groups for low prices.

This paper contributes to the extant literature in three ways. First, we extend the price fairness literature by conceptualizing how peer-induced, procedural, and distributive fairness norms are constructed differently by different groups of actors. The paper thus illustrates that the general prerogative that prices should be set fairly develops into a number of divergent interpretations of fairness as fairness is constructed across levels of structuration (Stones, 2005). Second, we develop the notion of price fairness by incorporating wider concerns for legitimacy than extant research (Ahmed and Scapens, 2000; Covaleski et al., 2003; Loft, 1986) such as fairness for different customer segments "needing" low prices (Rawls, 2009; Miller, 2003). To our knowledge, no price fairness paper has investigated how the "needs" of specific customers are related to the construction of fairness evaluations.

Third, we respond to recent calls for further research that "advance a view of embedded agency as a multi-level phenomenon, such research is still in its infancy, and it has yet to explore the recursive and reciprocal interplay between the work unfolding across different levels of analysis in greater detail. Doing so is important to avoid a view of such work as only evolving in a bottom-up or top-down direction and, thereby, advance a holistic understanding of the agency." (Modell, 2022, p. 42). In parallel, Feeney and Pierce (2016) call for research that offers "insights into the complexities surrounding freedom and choice with regard to external structures" (Feeney and Pierce, 2016, p. 1172). We respond to these calls by offering an analysis that conceptualizes how actors' fairness evaluations are embedded yet are heterogeneous and reflexively adapted across levels and that analyze changes of position-practices relations (Coad and Glyptis, 2014). This analysis empirically substantiates claims in strong structuration theory about the recursive and dynamic relationship between the different levels of structuration. We further support and expand Feeney and Pierces (2016) point about external structures being subject to "degrees of control" (Feeney and Pierce, 2016, p. 1168). For example, we analyze how contradictory external structures leaves considerable flexibility for actors in their construction of the fairness of prices, profit levels and procedures.

The rest of this paper is structured as follows. First, we discuss extant literature on fair prices, focusing on peer-induced, distributive, and procedural fairness norms. Second, we discuss strong structuration theory and how it relates to price fairness. Third, we explain the methods used in this paper. Fourth, we analyze Air Greenland's relation to internal and external customers utilizing strong structuration theory's quadripartite cycle of structuration. Finally, we close the paper with a discussion of the findings and conclusion.

2. Review of the literature on fairness in pricing

2.1 Peer-induced, distributive, and procedural fairness norms

Peer-induced fairness norms are prominent in cases of price discrimination. Price discrimination leads to fairness concerns when customers compare the prices they pay with other customers. Peer-induced fairness concerns are defined as "social price comparisons, i.e., comparing one's price to that received by similar peers"(Lee and Fay, 2017, p. 124). Peer-induced fairness concerns lead customers to refrain from purchasing products because it violates norms of fairness (Wang and Krishna, 2012) and therefore generates a negative transaction value that decreases the value of the transaction to the customer. Peer-induced fairness concerns may therefore eradicate profits from increasing prices for particular customers (segments). Anderson and Simester (2008), for example, found that fairness concerns make the charging of different prices for different sizes of clothing unprofitable, since the increase in sales prices for larger sizes is met by a larger decrease in total demand that reduces profits. Wang and Krishna (2012) found that peer-induced fairness norms also negatively affect demand from customers benefiting from lower prices, because of norm violation. Peer-induced fairness concerns may be managed via various mechanisms (Richards et al., 2016). For example, firms may try to reduce transparency about prices and hide information on the prices peers are paying (Kimes, 2004).

The literature, however, is rather silent on how customers define the relevant peers. While it is obvious that, for example, short and tall customers see each other as peers or that peers in an experimental setup are identified through the set-up of the experiment, identity may not be as obvious in other contexts. Particularly in B2B contexts, firms may be operating in multiple markets and therefore have multiple identities or positions to refer to when defining peers. Furthermore, despite awareness of the fact that price discrimination is viewed differently in different industries (Wang and Krishna, 2012)—for example, price discrimination is widely accepted in the airline industry, but not, for instance, in the clothing industry for different clothing sizes (Anderson and Simester, 2008)—it is not clear how peer-induced fairness concerns are affected by the institutional context in which firms operate.

Distributive fairness (inequity aversion norm) is another norm for judging the fairness of prices. Distributive fairness deals with the distribution of profits between an identified seller and a purchaser. A fair distribution is here usually conceptualized as an equal profit split. Luft and Libby (1997) for example showed that knowledge of accounting profit spurs concerns for fairness in the distribution of profits. They documented that when the difference between the market price and an equal profit split increases, buyers' and sellers' expectations regarding prices exhibit larger differences, leading to costly bargaining processes. Kachelmeier and Towry (2002) further substantiated Luft and Libby's findings by showing that fairness in the distribution of profit affects negotiation only when participants engage in face-to-face negotiations. Kachelmeier et al. (1991) found that purchasers resist price increases if they are based on profit as opposed to cost increases. Drake and Haka (2008) found that, because of distributive fairness concerns, sellers and buyers with ABC information were less willing to share cost information than buyers with full cost information. More accurate ABC information enables both the calculation of joint optimization opportunities and a more precise comparison of profits that generate distributive fairness concerns. Sellers therefore refrain from sharing cost information. These papers thus show that supposedly irrelevant factors, such as the distribution of profits and the extent to which interactions are face-to face, affect outcomes of price negotiations.

Distributive fairness evaluations often have a self-serving bias. The self-serving bias is the cognitive bias arising from an individual's tendency to view an outcome more favorable to themselves as being fairer, which increases the likelihood of conflicts regarding prices (Chang, et al., 2008). The self-serving bias is not the same as self-interest, as the focus is on bias. The literature, though, has little to say about what the bias is based upon and whether institutions may frame a self-serving bias. It is therefore not only unclear how the positioning of agents in, for example, different industries affect not just the approach to negotiations (Van den Abbeele et al., 2009), but also how the institutional context influences agent's bias and thereby how agents construct fairness evaluations.

A third norm of price fairness is procedural fairness (Hermann et al., 2007). Kelly et al. (2015) defined procedural fairness in relation to performance management as the "perceived fairness of the process by which performance is evaluated and rewarded" (Kelley et al., 2015, p. 4). In a pricing context, procedural fairness relates to whether social norms were followed and that "the processes used to determine the outcome are consistent, without self-interest, and represent interests of all concerned parties" (Ferguson et al., 2014, p. 219). Procedural fairness complements the two other definitions of fairness as they focus on outcomes (price and profit), whereas procedural fairness focuses on the processes by which prices are negotiated. The procedural fairness literature also does not focus on how institutionally embedded actors construct fairness evaluations.

2.2 A strong structuration approach to price fairness and embedded agency

The embedded construction of fairness may have different sources. The competing logics theory focuses on how several competing institutional logics affects a particular setting through divergent institutional pressures. Such logics exists at field or macro level (Yee, 2020) and enable and constrain actors' choice of means and their interests (Ezzamel et al., 2012; Lounsbury, 2007; Thornton and Ocasio, 2008). Another approach is theories of institutional work, which stress the work involved in creating, maintain or disrupting institutions (Aliabadi et al 2021; Aleksandrov et al., 2018; Biygautane et al., 2020; Farooq and Villiers, 2019; Lawrence and Suddaby, 2006; Perkmann and Spicer, 2008). Actors in this view intentionally seeks to alter institutions at the field or macro level, (Lawrence and Suddaby, 2006; Scott, 2008). Fairness evaluations are not just mobilized and reproduced, but are changed in careful and intentional processes, where "actors, with diverse interests, struggle to dominate particular fields" (Chiwamit et al., 2014, p. 146).

Strong structuration in parallel with institutional work theories focuses on how actors adapt institutions, and as the literature on competing logics it analyses how contradictory institutional forces affects actors. However, strong structuration theory has a more fine-grained apparatus for analyzing how different types of structures embed agency and thus opens up multiple interrelations between agency and structure. Strong structuration theory also focuses on "the more concrete aspects of structuration" (Coad and Glyptis, 2014; 142) through studying how the position-practice relations of actors shape their interactions and evaluations. Strong structuration theory complements extant institutional work and competing logics theory through this focus and is, as such, more suitable for our purpose.

In strong structuration theory embedded agency emerges through the quadripartite cycle of structuration (Feeney and Pierce, 2016; Jack and Kholeif, 2007; Makrygiannakis and Jack, 2016; Moore and McPhail, 2016; Stones, 2005). The four elements are discussed below.

External structures pertain to the context of action. External structures exist at a macro level and affects the more concrete interactions at the micro level (Moore and McPhail, 2016). These structures are external to the agent, may be acknowledged or unacknowledged by the agent, and are autonomous (Jack and Kholeif, 2007). External structures influence agents in two ways. The first type of structure works as an *'independent casual influence'* (Stones, 2005, p. 111), that "are constituted, reproduced, or changed entirely independent of the agent-in-focus (Stones 2005, p. 111). The second type of external structure influences agents through *'irresistible causal forces'*. While agents in principle are able to resist an external influence, they do not because they have to be "realistic" (Stones, 2005, p. 112). External structures may for example comprise industrial structures and concerns for societal legitimacy, that is, wider "economic, political and legal contexts" (Ahmed and Scapens, 2000, p. 198) that affect actors within a field. Such structures may be contradictory and are thus dependent on actors' reflexivity (Seo and Creed, 2002). So, while structures are independent of agents they are not automatically reproduced in agents' internal structures and construction of fairness evaluations (Makrygiannakis and Jack, 2016).

The second element consists of **internal structures** (Stones, 2005; Moore and McPhail, 2016). There are two types of internal structures: *general-dispositional and conjuncturally specific structures*. The general-dispositional structures (habitus) cover general structures within agents and are defined as "transposable skills and dispositions", such as generalized world views and principles of action (Stones, 2005, p. 88) that have been developed through socialization and are drawn upon in any context (Makrygiannakis and Jack, 2016). Mattimoe and Seal (2011) thus found that pricing practices entail the "mobilization of accounting and marketing templates generated in the wider institutional environment [and] hotel managers interpret economic events through 'indirect' accounting and marketing texts" (Mattimoe and Seal, 2011, p.382 and p. 361). Different industries may here have developed different norms and templates of fair prices that may clash in specific business transactions (Ody-Brasier and Vermeulen, 2014). Fairness evaluations are therefore not necessarily shared by the relevant agents since norms and templates are based on an agent's history and specific industrial embeddedness that shapes "transposable skills and dispositions" and thereby agency.

The conjuncturally specific internal structures, on the other hand, are specific to positions. They are only relevant in a particular time and space, and in specific positions relative to others. Stones (2005, p. 91), however, emphasizes that conjuncturally specific knowledge is not reducible to knowledge gained in a specific interaction; such knowledge is often developed over a long period of time. Social positions, and their position-practice relations (Stones, 2005, p. 62; Coad and Glyptis, 2014), may here be analyzed at individual, but also collective levels:

> *"Social positions may also be analyzed at a collective level, where groups of individuals make up social systems (Giddens, 1984; Stones, 2005) … we expect particular behaviours from organisations such as banks, regulatory bodies, or manufacturing enterprises" (Coad and Glyptis, 2014, p.146).*

Social positions shape the evaluations that groups and individuals make about the fairness of prices. The types of pressures for legitimacy differs based on positions, and e.g., a state-owned company (external structure) will often face different pressures than a privately owned company in their price setting. These pressures embed actors' construction of fair prices, procedures, and profits.

Active agency is the action, reaction or interaction performed by the agent at a particular time and place (Stones, 2005). Price fairness evaluations are therefore viewed as an effect of the external context, internal structures and of concrete interactions where agents reflexively adapt fairness evaluations. Institutionalized norms therefore do not determine how agents define fairness in interactions, since agents reflect upon the relevance and applicability of structures and may create new fairness evaluations when acting. The reproduction of price fairness norms is therefore not automatic but is the medium and outcome of concrete interactions where reflective and critical agents not just mobilize, but also modify price fairness norms.

Outcomes are the production or reproduction of social structures. Independent or irresistible external structures may lead to the reproduction of structures. However, specific external structures may be resisted if agents perceive themselves to be powerful and capable, and the agent has adequate knowledge of the structures and a reflective distance from conditions of action (Stones, 2005). Furthermore, the complex interrelations between the different levels of structuration make a direct top-down effect from external structures unlikely.

In sum strong structuration theory focuses on the analysis of how embedded agency emerges through the four levels of structuration: external structures (independent or irresistible), internal structures (conjuncturally specific and general dispositional), agency and outcomes. How links between the four levels may be generated is discussed in the subsequent method section.

3. Method

3.1 Data collection

Air Greenland is an interesting site to study the construction of price fairness evaluations across different levels. Air Greenland operates in Greenland which is a closely knit society with 56.000 inhabitants. The small scale of the Greenlandic society facilitated access to respondents in Air Greenland's institutional field. The different institutional levels were easier to access and detect due to the small scale of the society. Greenland is further a society with social and political tensions – some relating to its history as a Danish Colony, which made the multiple norms and institutional templates affecting the field more prominent. The second author's employment as industrial Ph.D. further facilitated data collection through easy access to data.

We employed a case study design using multiple methods to carve out the different elements of the quadripartite cycle of structuration. We performed archival analyses of government records and newspaper articles. These have been used particularly in the context analysis. We had access to most documents within the organization, with the exceptions of board meeting minutes and the actual revenue calculations. These were mainly used as preparation and background knowledge for interviews and was not as such used in the analysis. This choice was caused by an interest in actors' reflections about fairness, which required more direct testing in interviews. The most important data material however is interviews. We conducted interviews with 45 respondents of which some were interviewed two or three times. The data collection period was three years and interviews were transcribed verbatim to facilitate the analysis (see appendix 1 for details about respondents).

The data collection and analysis had to deal with validity issues. The second author was employed by the case company and was as such involved in the conflicts and diverging constructions of fairness. To deal with this issue, the second author sought to develop the interview so that respondents would open up for their thoughts on fairness issues (Hermanowitch, 2002). Furthermore, the second author performed the initial coding of the data using a coding software, while the first and third authors questioned, reviewed, and participated in all elements of planning, data collection, and analysis of data. The questioning of data collection and iterations between data collection, analysis and readings of literature meant that all emerging findings were questioned and reviewed from multiple angles throughout the research process.

3.2 Research process and data analysis

The research process focused on developing data on embedded agency in fairness evaluations across structural levels through *conduct* and *context* analysis. The *context analysis* focuses on the outward link between internal and external structures. It thus focuses on how agents make sense of external structures and "the possibilities and limits to the possible" (Stones, 2005, p. 122)[1]. The research started out investigating agent's internal structures (general dispositional and conjuncturally specific). We discovered that actors had quite different opinions of the pricing of tickets for package tourists. Based on analysis of interviews it was evident that opinions were split between two subgroups (Air Greenland/Network Revenue Management (NRM) and

[1] In contrast with Giddens' (1984) institutional analysis it does not assume chronic reproduction of institutions; external structures are adapted by knowledgeable and reflective agents.

Albatros/Greenland travel), that also were sellers and buyers of Air Greenland's transportation services. We interpreted the differences as being embedded in their general-dispositional frames, because actors (e.g., Albatros) referred to normative claims about how actors like an airline company should set prices. We also found that agents used widely differing conjuncturally specific arguments such as claims that Air Greenland should promote tourism and that pricing policies should be solidary. We then moved on to specify the external structures. This specification was initially based on the analysis of data on agents' internal structures and was later augmented through secondary literature on the Greenlandic society. We made this choice because external structures need not be acknowledged by agents (Jack and Kholeif, 2007), and due to the special context and conditions in Greenland. Here we found contradictions between e.g., modernization and traditional cultures, and between Danes and natives. We inquired further into these issues and found that Air Greenland's ownership structures and objectives also were contradictory through e.g., a twin purpose of increasing tourism and sustaining settlements. The *context analysis* was thus carried out by questioning how actors perceived fairness of prices and the relations between perceptions and the external structures of Air Greenland.

Agent's *conduct analysis*, on the other hand, investigate agents' knowledgeability and active agency as part of actors "actions and interaction within an unfolding sequence" (Stones, 2005, p. 122). The focus is on how agents make decisions and interact with other agents at particular points in time. It focuses on active agency, and its links to internal structures. To analyze the *conduct* of key actors, we followed a negotiation process in order to follow an "unfolding sequence" (Stones, 2005) of the construction of fairness and tease out whether the position-practices and internal structures were transformed through active agency. Initially, we investigated two price negotiations. One internally in relation to a wholly owned subsidiary (Greenland Travel) and another in relation to a large customer (Albatros). We later abandoned the former case to keep the analysis manageable, but also because data were less dense in this case. We therefore only studied the Albatros case in greater detail.

While the research process focused the two separate analysis of context and conduct analysis, the process was iterative and recurrent (Stones, 2005; Alvesson and Kärreman, 2011). We therefore moved back and forth in between context and conduct analysis, specifications of findings across structuration levels and readings of literature on price fairness, institutional theory, and strong structuration theory. For instance, initial observations about conflicting internal structures lead us inquire deeper in to how they affected relations and negotiation processes and how they related to the more general contradictions in the Greenland society. Based on findings that negotiations were highly conflictual in relation to the concrete prices, we inquired further into the literature on structuration theory to conceptualize findings. This led to further inquiries into how external and internal structures affected agency. This iterative process facilitated the analysis of how fairness is constructed across levels, with a theoretical warrant in strong structuration theory (Ketokivi and Mantere, 2021).

The analysis is organized around context and conduct analysis and through subdivisions focusing on the four levels of structuration. This does not signify that the analysis should be read as a top-down analysis of how external structures affect internal structures and then agency and outcomes. We stress throughout the analysis how internal structures and agency are interrelated and how structures are adapted based on repositioning. The context and conduct analysis furthermore draw on the three general norms of fairness—peer-induced, distributive, and procedural fairness—to generate the frames that may affect interactions. We made this choice, because the frames were prominent in the data material and, as Stones argues, "structuration theory needs other theories and perspectives to provide such frames" (Stones, 2005, p. 6). Furthermore, "there is no reason why it [strong structuration theory] can't be used with other theoretical approaches if those can, together, better address the research problem at hand" (Stones and Jack, 2016). We thus utilized our method theory[2] to analyze how the generalized frames from the domain of fairness are interpreted and constructed across the four levels of structuration in the concrete context of Air Greenland.

4. Analysis

4.1 Background and external structures

4.1.1 Greenland

Greenland is an autonomous region within the Kingdom of Denmark with 56,225 inhabitants (2020; Greenland statistics). Greenland has been populated via various Inuit and Danish migrations. The first Inuit immigrated to Greenland about 2000-3000 years BC (https://naalakkersuisut.gl). Today's native population are descendants from the Thule culture, which immigrated approximately 800 AD (https://naalakkersuisut.gl). Vikings inhabited Greenland from app 982 to 1400, and the first Viking was Eric the Red, who gave Greenland its name in order to attract immigrants. Danes were not present for several centuries after 1400. Relations between Greenland and Denmark were reinitiated with the Norwegian missionary Hans Egede in 1721, who was supported by the Danish King Frederik the 4th, and Greenland was henceforth gradually colonized. Some natives see the Danes as a colonial power, and most people in Greenland want increased independence from Denmark (64% in 2016, Sermitsiaq). Similarly, 'many Danes had deep feelings of guilt when considering the troubles, the Danish colonial effort entailed for the locals in some periods' (Hastrup, 2019, p. 255). In 1979, the home-rule law increased Greenlandic independence, and the self-rule law (2009) acknowledged the Greenlandic people as independent people with the right to become a nation. The self-rule law also grants Greenland the right to take authority (including costs) over multiple areas of law and government that are now under the jurisprudence of Denmark (Hastrup, 2019).

The route to independence, however, is difficult, because Greenland is a country with social and economic problems. The primary income in Greenland comes from fishing and subsidies from the Danish state. In 2018, subsidies from Denmark were DKK 3.823 million in an economy that produces a GNP of DKK 14.270 million[3]. The economy is dominated by a few big companies owned partly or fully by the home rule (stat.gl, 2019). Social problems are severe in Greenland with, for example, high rates of alcohol abuse (Dr.Dk, 2016). Similarly, people from Greenland, living in Denmark, are "particularly vulnerable" with five times higher unemployment rates and ten times higher rates of individuals in treatment for alcohol abuse (Danish Ministry of Social Affairs, 2021). Solving these issues as an independent nation would not be easy. Further independence would come at the cost of increased cost of the public sector in Greenland and a potential lack of competencies within key public areas, and, in the case of full independence, loss of subsidies. Greenland is as such dependent on Denmark for keeping the current standard of living, yet the majority want further independence. There are thus tensions in the relationship between Greenland and Denmark, between dependence and independence.

Tourism together with mining are viewed as the industries that could generate a viable income for Greenland (besides the fishing industry) and thus pave the way for independence. Despite the

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[2]According to Lukka and Vinnari (2014) a domain theory refers to a particular set of knowledge on a substantive topic area such as pricing fairness. A method theory on the other hand can be defined as a meta-level conceptual system for studying the substantive topic of the domain theory.

[3]stat.gl/publ/da/GF/2019/pdf/Grønland%20i%20tal%202019.pdf

focus on tourism, Greenland received a meager 84.299 tourists in 2017 (www.tourismstat.gl). The travel industry is also heavily dependent on Danish travelers that account for 50% of all foreigners flying into Greenland and 60% of stays in hotels and hostels (Tourism statistic 2019).

Language, transportation, and rural areas also generate tensions. Greenlandic is the official language even though few of the 10.000 Danes living in Greenland speak the language (Hastrup, 2019), and some Greenlandic natives are not fluent in Greenlandic. The fact that many families consist of a mix of Danish and Greenlandic parents further challenges the discussion of Greenlandic natives. Politics remains dependent on rural voters who, to a large extent, want to maintain traditional Greenlandic culture in settlements (Hastrup, 2019). Settlements, however, are subject to diseconomies of scale and the high cost of sustaining adequate public services (Økonomisk råd, 2014). There are no roads between the cities due to the enormous size of Greenland; it is the world's largest island, approximately half the size of the EU. All transportation has to take place by either sea or air. Transport has therefore been subsidized by the Home Rule government. The fact that Greenland has 56.000 inhabitants, of which less than half live in the four biggest cities, generates tensions about the cost of sustaining the smaller settlements (Økonomisk råd, 2014). Income and access to public services are very different between settlements and cities (Økonomisk råd, 2014).

The external structures of Air Greenland are characterized by several tensions. Greenland has social problems and an expensive public services and transportation infrastructure. Greenland has a historical and economic dependence on Denmark but, at the same time, a population that to a large extent wants increased independence. Tension also arises between modernization vs. traditional cultures, cities vs. settlements, and Danes vs natives.

4.1.2 Air Greenland

Air Greenland's is the national airline in Greenland, and it operates as a semi-public, semi-private state-owned enterprise (SOE). At the time of the case study, Air Greenland had three shareholders: the Danish State (25%), the Greenlandic Government (37.5%), and SAS (Scandinavian Airlines) (37.5%).

Air Greenland's position as a semi-public, semi-private firm reflects the tensions in the external structures. Air Greenland should, on the one hand, seek to increase its effectiveness and profits through modernization. On the other hand, it is an important economic agent generating approximately 10% of Greenland's GNP with social responsibilities for rural areas. For many years, tourism has been seen as a potential for future income, and this is discussed in most annual reports since 2009, the annual report 2018 for example states:

> *The growth focus should ensure that Air Greenland and Greenland are strong together. We shall connect Greenland with good fares and attract tourists with unique travel experiences (translated from Danish)' (Annual report 2018, p. 8).*

Air Greenland should thus have a focus on growth that should serve the twin purpose of attracting tourists and ensuring low fares for routes within Greenland (between cities and settlements). Air Greenland should help modernize Greenland through tourism and thereby further the country's independence, but it should also sustain traditional cultures and settlements through low fares within Greenland. The contradictory external pressures translate into contradictory objectives for Air Greenland.

Air Greenland owns a line of subsidiaries that operate as privately held companies in which Air Greenland has complete or minority ownership. The ownership of subsidiaries is a part of the strategy to support the organization's main function as an airline and to support the development of tourism (i.e., hotels, the airline, ferries, travel agencies, and tour operators). Greenland Travel is a subsidiary of Air Greenland that focuses on Greenland as a travel destination, but also sells products to other areas in the Artic. Greenland travel serves both business and leisure customers. The subsidiary operates as an individual privately held company with its own board that develops its own strategy and goals. The organization has 30 employees at their offices in Denmark and Greenland. They have a team of 60 professional tour guides and staff operating in their subsidiaries in Greenland.

Albatros Travel A/S (hereafter Albatros) is a Danish travel agency that was established in December 1985. Today, Albatros operates package tours all over the world, selling the "Albatros Traveling Concept." There are 100 full-time employees at Albatros. Albatros has had a partnership and joint venture with Greenland Travel as co-owners of a joint incoming company. This joint venture, World of Greenland – Arctic Circle (WOGAC), supported Albatros' own cruise ship operation in Greenland with embarkation and disembarkation from Air Greenland's transatlantic flight in Kangerlussuaq to their ships at the harbor.

Air Greenland has a partial or natural monopoly on its direct route to Denmark, as it is the sole operator on the transatlantic route. The only indirect competition is Air Iceland's route flying from Denmark via Iceland (and with change of airport in Iceland) to Greenland. The transatlantic route is a natural monopoly as SAS, one of the owners who used to operate the transatlantic route, had to give in to Air Greenland when they started servicing the route. There are simply not enough passengers to allow for more than one operator flying regularly. Air Greenland also controls most internal flights in Greenland, controlling, for example, the connecting flight from the international airport, Kangerlussuaq, to the capital Nuuk, thereby further cementing their monopoly. To service its clients, there were 631 employees in Air Greenland in 2018. Air Greenland's fleet consisted of 27 aircrafts and helicopters, ranging from the large Airbus 330-200 to the small AS 350 helicopters[4].

Air Greenland is profitable, and its earnings are subject to public scrutiny. In 2018, Air Greenland generated revenues of DKK 1.37 billion, with a return on equity of 7.3%. (2018 Annual report). The financial results have always been the object of heavy debate in Greenland regarding whether the profit is a consequence of its monopoly status or the result of the efficient operation of Air Greenland. While Air Greenland's routes within Greenland are subsidized, they are also subject to competition via service contracts where airlines bid on the price, they charge for serving particular routes with particular frequencies and prices. Air Iceland has won smaller parts of the route net on several occasions. In the latest round of service contracts during the data collection period (2017), Air Greenland won all airborne service contracts. Air Greenland has historically cross-subsidized between profitable (route to Denmark and routes between larger cities) and unprofitable routes in Air Greenland (routes to settlements, Transport Commission Report, 2011). The independent external structure is contradictory with a requirement for modernization effectuated through service contracts and pressure for ensuring a well-connected society that maintains traditional settlements.

Air Greenland's operations are heavily involved in the tensions of the Greenlandic context. Air Greenland is an important economic actor and is responsible for most routes and transportation both to and from Denmark and to the settlements. They are subject to expectations for increasing tourism, lowering prices on routes, and operating unprofitable routes with the help of service contracts. The analysis of external structures demonstrates that Air Greenland and its suppliers are located in a field with multiple contradictory institutional pressures. This is summed up in the figure below:

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[4]Air Greenland.dk/media/1536714/ag_dk_a-rsberetn2018.pdf

Insert figure 1 about here

In the following, we will analyze how actors' construction of fairness evaluations are embedded in external structures through context analysis. We will do so in relation to two interconnected price fairness conflicts: price discrimination and division of profits.

4.2 Context analysis- links between internal and external structures

4.2.1. Fair price discrimination

The prices that Air Greenland offered to internal and external travel agencies were disputed. Travel agencies (Albatros and Greenland travel) argued that prices for the airfare for package tourists should be lower than for regular travelers due to price discrimination. The travel agencies saw a big potential for Greenland and Air Greenland in a price discrimination strategy where package tourists were used to fill up the planes and thus fulfilling the demands for increasing tourism.

Prices should be low because there were no alternative sales opportunities and lower prices could increase demand. In the following quotation, "milk" is used as a metaphor for an empty seat:

> *…try to listen! When the milk has expired [exceeded the sale date], it will be thrown out. When the aircraft has flown, the cost is added! It is elementary… We both sell with yield in mind, but we also do price discrimination, and that is where we can't agree on the parameters. (Distribution manager at Albatros)*

The distribution manager draws on the general dispositional structure of yield management utilized in parts of the travel industry[5]. Unused capacity constitutes an opportunity for increasing demand that is not utilized and therefore decreases yield. The opportunity cost for "expired milk" is zero since it has no alternative use. Therefore, selling tickets at low prices to tour operator's increases capacity utilization and thereby yield. This is a practice used in most areas where Albatros does business.

Selling tickets at low prices to travel agencies was important because if the price of the package is high, tourists may choose alternative destinations. A distribution manager from the World of Greenland explained:

> *"I must pay 4.200 kr. [app 600 euros] to fly from Copenhagen to Kangerlussuaq. I have paid 5.100 kr. [app 700 euros] for five days of on a luxury hotel in Iceland incl. airfare back and forth Copenhagen-Reykjavik. The other ticket is one-way. A tourist will not pay such prices. Because if a tourist must pay that much, there are many other destinations they can fly to. What I mean is that if Air Greenland wants to drive tourism. And they should. It should be the national*

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[5] In Air Greenland, as in many other firms in the travel industry, profit-maximization is effectuated through the yield management pricing tool. In principle, Air Greenland can improve yield if they increase average prices through price discrimination and maintain a high-capacity utilization. To increase average prices, it is often necessary to have capacity close to departure for last-minute high-paying customers. On the other hand, if forecasts indicate that capacity utilization will be low, capacity may be sold at lower average prices, and yield may be improved through increasing capacity utilization. Yield management often works through a high degree of price discrimination (Kimes, 1989; Belobaba and Wilson, 1997; Huefner and Largay, 2008). Many companies use yield management to pursue a pricing strategy where they forecast demand by passenger type and then divide the available capacity into discrete segments (fare classes) and focus on filling up capacity with low-fare customers first, while reserving capacity for passengers booking late that are willing to pay the full price (Belobaba and Wilson, 1997). Yield management is utilized by firms where fixed costs are substantial and where inventory is perishable.

airline driving tourism… They must be active about their pricing and flexibility in relation to travel agencies. (Distribution manager World of Greenland)

According to the distribution manager, Air Greenland should drive tourism, but the current prices and conditions do not drive an increase in tourism. Air Greenland was resisting the independent external structure of pressures for increasing tourism.

For Air Greenland's own travel agency, it was also difficult to understand why price discrimination was not pursued in situations with low demand and available seats. A board member of Greenland Travel argues:

> *…there is a lot of frustration here because you do not feel understood…I couldn't get the tickets at the requested dates even though that we knew there were empty seats, and when I asked for an alternative date, I got tickets for a price and with conditions that I could not sell. I think this is very frustrating, and if it were my own business, I would have given everyone a firm talk through and fired them!*

Greenland travel like Albatros and World of Greenland similarly think that capacity is not utilized optimally. They cannot get tickets on the dates required with conditions and prices that would enable them to sell their product bundles, even though Air Greenland apparently had free capacity.

NRM and Air Greenland, on the other hand, would rather charge higher prices to Danish business travelers. An empty seat close to departure has a high value in the very specific context in which Air Greenland competes with alternative airlines for the more lucrative business travelers:

> *We have a completely clear strategy, saying that it's okay that we are a bit more expensive than our competitors close to departure, because it only takes six hours, and we know that those people who travel via Keflavik (Iceland ed.) typically are not businesspeople. Businesspeople don't want all the hassle involved in going via Iceland, but if we are completely sold out then maybe they have to do it, and then we lose a high-end ticket to the competitors. We don't want that, and therefore we try to have tickets available, and then it is better to say no to someone in the low end.* (Commercial director)

The quote underlines that the group around NRM perceived profit as being created by focusing on charging higher prices for businesspeople purchasing tickets at the last minute rather than on expanding tourism. In their view, the position as a monopoly supplier on the direct route, allowed Air Greenland to charge higher prices than the competitor Air Iceland close to departure. Their view is, therefore, that "A full airplane is not necessarily the best outcome", even if it could have increased tourism (NRM manager). NRMs interpretation of the yield management template differed from travel agencies interpretation of the template – they constructed and employed different internal structures.

Another element of the challenges with price discrimination relates to the extent to which there is transparency about prices. A distribution manager from Albatros explained their view:

> *As an airline company you need a base load of a kind, and you need to make it with a partner who can hide the prices and can add some parts to the tourist part without it destroying the normal sales…apparently in Air Greenland they do not think that they need that [the base load ed.].* (Albatros distribution manager)

The Albatros distribution manager utilizes the general dispositional structure from other markets/tour industry of "a baseload". This ensures that capacity utilization will be high and thus improves yield for the airline. The tour operator conceals the price of airline tickets because the package is a bundle consisting of flights, hotels, and sometimes excursions. Concealing prices could accommodate the external structures of institutional pressure for increasing tourism without engendering concerns about (peer-induced) fairness (Kimes, 2004).

NRM, on the other hand, argues that prices cannot be hidden, which could induce peer-induced fairness concerns. The market is transparent, and therefore, they have what they call a conservative pricing strategy:

> *It is a completely transparent market; it is like an aquarium. That is why there is no reason to try to hide anything. …We [therefore] have a very conservative price policy in the company.* (NRM manager)

The Greenlandic society, with only 56.000 inhabitants, is very closely knit and even the capital Nuuk, with about 17.000 inhabitants, is but a small village. The concrete discussions about prices and fairness were thus embedded in Air Greenland's unique external structures. Air Greenland could have sought to conceal prices, but the external structure of the close-knit society and its associated transparency, was perceived to reduce their capacity to conceal price discrimination. They couldn´t "resist" the external structure and their pricing policy is therefore "conservative", with limited use of price discrimination.

A final point of conflict in relation to price discrimination is related to the fact that the two groups construct fairness in relation to the specific Greenlandic context and the contradictory external structure of relations between Danes and natives. Air Greenland used the concept of "solidary pricing policies" to refute price discrimination. Solidary pricing policies had a conjuncturally specific meaning, which goes beyond the traditional discussions of fairness mentioned in the literature. In Air Greenland, one group of customers apparently ought to benefit from price discrimination:

> *…I have a feeling that you deceive the native population, who purchases the ticket on the internet. I think you would achieve more, for example in terms of image, if you focused more on pricing for the native population instead of focusing on package tours.* (NRM controller)

The controller draws on the contradictory external structure of the tensions between Denmark and Greenland and argue that Air Greenland´s image would benefit if they lowered the general price of tickets for the native population. It would not be solidary to sell cheap tickets to Danish tourists and expensive tickets to natives. This would generate peer-induced fairness concerns and problems with image.

The travel agencies also drew on the external structure of Danes vs. natives in their justification for price discrimination in favor of native package tourists:

> *It would be nice, if we once in a while could make a package for people who could really benefit from such a package… it could be great if there was something for them, because they often pay full price" (Sales manager Greenland travel)*

Price discrimination could create a new market by lowering prices for native package tourists. Both the travel agency and Air Greenland refer to external structures and the contradiction between Danes and natives, through acknowledging the needs of natives. However, there is a plurality within the conjuncturally specific internal structures and how it reaches out into external structure. Air Greenland focuses on the native general traveler while the tour operators focus on native package tourists. Both parties' fairness evaluation is embedded, but they construct and evaluate fairness differently.

In sum, the tour operators viewed price discrimination as a fair pricing policy that would enable Air Greenland to comply with the institutional pressures (external structure) for increasing tourism.

Their fairness evaluation was also embedded in the general dispositional structure of yield optimization through establishment of a "baseload". Bundling the different services would remove price transparency and peer-induced fairness concerns and there would thus not be an apparent conflict between the contradictory pressures of modernization/tourism and concerns for the local populations' fairness evaluations. Air Greenland and NRMs construction of fairness and pricing differed. They also used the general dispositional structure of optimizing yield; however, their focus was on free capacity close to departure that could be sold to Danish business travelers at high prices based on a solidary and conservative pricing policy. NRM also referred to the external structure of the small and close-knit society of Greenland, which is transparent as an "aquarium". This is summed up in figure 2 below.

Insert figure 2 about here

Both parties constructed fairness in terms of legitimacy in the Greenlandic context by arguing for lower prices for natives. However, they constructed fairness differently disagreeing whether better prices should be available for native package tourists or ordinary native travelers. The institutional work performed was not based on a clear, consistent institution or template that they maintained or disrupted (Aleksandrov et al., 2018 Aliabadi et al., 2021). Rather they constructed different fairness evaluations based on the contradictory institutional context, their interests, and their different industrial embeddedness that generated different foci in the yield management template.

4.2.2 Fairness and profits

Air Greenland and the travel agencies also constructed fairness of the division of profit differently. A NRM manager explained:

> *I can see how much Albatros makes a year; they actually earn about the same as us but with 20% of the volume. They have a very high margin. I know they sell cruises starting at 24-25,000 Danish kr. [3,300 euros], and then it makes no sense that they want the tickets at a very low price. They make more than a million on these cruises.* (NRM manager)

The distribution of profits is unfair, according to the NRM manager. A fair division of profit should be based on the volumes (revenue). Since Air Greenland's volume was five times that of Albatros', and the two companies make the same profit, the distribution of profits was not equal but unfair. NRM saw the two parties as occupying equal positions and profits should reflect that (conjuncturally specific structure).

The perspective of Albatros is different. The distribution manager of World of Greenland—Arctic Circle (partly owned by Albatros/Greenland Travel/Air Greenland) argues:

> *…Albatros is tired of selling Greenland, there is God damn it—excuse me—too much trouble, they do not want to make an effort, because they can't earn enough money. They cannot multiply with that factor…Because, when they can take many different destinations and make it work and multiply with that factor, then they want to use their energy on that.*

According to this perspective, it is too difficult to work in Greenland, and therefore Albatros is less inclined to "use their energy" in Greenland. Albatros' position as a tour operator operating in multiple markets also made them compare the general profit margin that they earned in other markets to evaluate profit margins in Greenland. The general expected profit margin (general dispositional structure) was impossible to uphold for Albatros in the Greenlandic market due to the difficulties in doing business with Air Greenland.

Albatros also used prices on other destinations to gauge the fairness of profits:

> *It takes 4 hours and 20 minutes to fly to Greenland. It takes 5 hours and 30 minutes to fly to Gran Canarias—why can I buy it at half the price? This is of course due to artic conditions and bla, bla, bla. We take that in. However, it is still half the price.* (Albatros distribution manager)

Albatros perceives Air Greenland's profits to be higher than for airlines on other comparable destinations. According to Albatros, the airline's position is that of a supplier that is "basically a taxi service" (interview with Albatros distribution manager), with very high prices and profit margins that are above industry averages[6]. Profits should not be equally divided between the two parties but should be based on market-based prices and general industry profit margins.

There was also conflict in the relationship with Greenland travel. The manager of NRM states his version of the conflict:

> *There is a huge communication problem in relation to the subsidiaries…and I know that some of them are tired and disappointed, but we cannot sell everything for half the price, so they [Greenland travel] can make a profit.* (NRM manager)

NRM suspected that if they reduced prices, then Greenland Travel would maintain prices and thereby just increase their profits. This would not stimulate demand. NRM therefore wanted to control pricing by looking into Greenland Travels' books.

This, though, was not deemed appropriate by Greenland Travel:

> *… It's the strangest thing I have heard, when the airline argues that if we want a low price then we shall decrease our profit…Where did that come from? Please deliver the seats, calculate the price of the seats, and then we will calculate our price. I mean the airline must have an idea of what they can do it for, and then we must have an idea of what we can do it for. None of us are rubbing our hands because we are making a fortune.* (Manager, Greenland Travel)

The quotation from the manager of Greenland Travel highlights that they think that the domination by Air Greenland is unfair. They are not eager to accept the position of a sales organization subservient to Air Greenland. They cannot understand why they are requested to share cost data, and they furthermore do not share the perception of NRM that they receive an unfairly large share of the profit since "none of us are rubbing our hands because we are making a fortune." The request for sharing of cost data was here generating the concern that distributive fairness would be part of negotiations and Greenland travel therefore sought to resist (Drake and Haka, 2008).

The distribution of profits was an important concern in discussions about prices between Air Greenland/NRM, Albatros and Greenland travel (Luft and Libby, 1997; Kachelmeier and Towry,

[6] The airline industry has in the past 60 years earned a 1% profit margin (The Economist, 2014). The transatlantic route, which is the disputed route, has historically been highly profitable (Travel People, 1997), and Air Greenland had profit ratios between 5.3 and 9.7 in the period 2010-2018, except for 2016 with a profit ratio of 2.7%. Such results are well above industry averages.

2002; Ahmad and Scapens, 2000; 2003; Luft and Shields, 2009). This is illustrated in the last part of figure 3 three below:

Insert figure 3 about here

The figure illustrates how the evaluation of the fairness of the distribution of profits is based on the positions of the different agents and was embedded in different external structures. NRM views the positional structure and their relation as equal. Each party supplies different parts of the same product. One supplies airline tickets in a monopoly market and the other services (cruises, hotels, excursions) surrounding the airline ticket. Due to this balance, they should split profits (more) equally (Drake and Haka, 2008; Kachelmeier and Towry, 2002). Albatros, on the other hand, is part of the global travel industry and focused on the general dispositional structure of expected profit margins and mark-ups from tour operators and airlines in other markets. They view Air Greenland, a supplier of transportation services, as a "taxi service". This supplier should have the same cost and profit margins as other airlines around the world. While they agreed that profitability is important for judging the fairness of transactions, they constructed fairness differently. These different fairness evaluations were arguably biased and self-serving (Chang, Cheng and Trotman, 2008), but were also based on their different internal structures including their links with external structures such as embeddedness in different industries. In the following, agency and outcomes are analyzed through conduct analysis focusing on a concrete negotiation between Albatros and Air Greenland regarding flights to Greenland for summer cruises. In the negotiation, procedural fairness concerns emerged.

4.3 Conduct analysis: Agency and outcomes

4.3.1 Fairness of procedure used in negotiations

Every year, Air Greenland and Albatros negotiate the prices of airline tickets for Albatros Travels summer cruises. The negotiations have always been challenging, as the CEO of Albatros explains:

> *…yes, every year—the same thing has happened. We ask for a price, and it is always a very high price and always somewhat bad terms about the sales of them. That is a high commitment and a high price, and it is always with a little grin behind, saying "ha, but what else could you do?" Even this year the grin was there, and where else should you get the seats? This provokes my staff enormously.*

Albatros is convinced that Air Greenland's prices are too high. They dominate the transatlantic route and exercise their monopoly power through the offered contract terms (conjuncturally specific structure). They are not happy about the position that the negotiation gives them and don't like the "little grin" and the reference to their lack of alternatives. The CEO elaborates on the anger about the treatment they receive:

> *My employees are furious. My colleagues in other travel agencies, even Greenland Travel, are furious about the treatment they get. There is absolutely consensus about this. All agree that the treatment and the prices we get is terrible.*

Travel agencies think that prices and the procedures used in negotiations are unfair.

According to Albatros, the high price and treatment they receive contradicts Air Greenland's stated objectives of increasing tourism and furthering its development in Greenland. According to the CEO of Albatros, it has always been part of Air Greenland's mission to improve tourism:

Air Greenland has, since I started getting involved in Greenland, talked about their responsibility for furthering tourism in Greenland. If you have a company that is partly owned by the government, then you need to adapt to the State's interests. That means that you focus on the local population's need for traveling but also the general development.

The CEO of Albatros explains how he sees Air Greenland's obligation to their dual and contradictory objective of serving the local population with cheap tickets and the need for also developing Greenland through tourism. Air Greenland's position as a partially state-owned enterprise (external structure) means that they have wider social obligations. The procedures used in negotiation and the prices offered by Air Greenland are seen as an obstacle to further tourism and are therefore in his view unfair and illegitimate. It was an obstacle toward the modernization of Greenland.

Albatros had previously been negotiating with competitors. This had generated a market-based reference price, which in Albatros' view reduced their dependence on Air Greenland as it positioned Air Greenland as a supplier in a competitive market. The change in position also entailed different prices to be offered to Albatros. The fact that Air Greenland in previous years had made counterbids that could match the external bids was a strong indication that Air Greenland's prices are higher than market prices. It was a clear confirmation for Albatros that Air Greenland's prices were unfair.

NRM views the situation quite differently; the prices Albatros had paid in the past were far too low. They were furthermore skeptical about the procedures that Albatros used in the negotiation. The result is highly problematic and unfair:

…Albatros comes with a request for some seats, and they have said they wanted some prices, this, and that. They have done this before, "playing a trick on us," and back then, they got a two-year deal with prices that were extremely low for that time of the year. I know we can sell them to others at a higher price... Either they give us something else at other times of the year, or they must do something else to compensate for the low price. (NRM manager)

From the NRM manager's perspective, it was procedurally unfair to get quotations from other airlines "playing a trick" on them, changing positions, rebalancing power, and securing overly low prices. Such low prices would reduce Air Greenland's profits, because they thought that they could potentially sell the seats to other customers.

During the case study, Albatros had obtained a new offer from Atlantic Airways. Air Greenland argued that the price of this offer was unrealistically low and that in their calculations Atlantic Airways would lose money flying Albatros' passengers to Greenland. A manager of NRM explains:

Either they are lying to us, or someone at Atlantic Airways has overlooked the actual costs of fuel in Greenland. We can at least match these fuel prices, but someone has had a need to get rid of us… Maybe they are hungry and think that they will earn some money in the future in a different way and that is also fine. (Manager, NRM)

For NRM, in their calculation, the too low (below cost) price illustrates that Air Greenland is exposed to unfair competition. The remarks– "someone need to get rid of us" and "think that they will earn money in the future" –illustrate how NRM perceives the market-based prices as unfair and as an indication that the other companies were having a long-term, investment perspective in Greenland, while losing money in the short term. In their view, this was an unfair procedure used to set prices. Albatros, on the other hand, viewed the negotiation process quite differently:

…We had dialogue with other airlines in the past. We were first able to negotiate price and conditions with Air Greenland when we mentioned a second offer from a competitor

> *and that we would not fly with Air Greenland if we couldn't get a fair agreement. But there'll come a point where you—if you want to be able to look yourself in the eyes—must go with the partners who you talk to year after year and disappoint them and take a decision…Another thing is that we with other partners get better conditions and flexibility, as Air Greenland will just refer to paragraphs and conditions on how they want it … Now we have made a deal with Atlantic Airways for the next four years.*

Albatros felt that their approach to partners was procedurally unfair, as they used their partners to generate a price reference that could pressure Air Greenland. In the end, they chose not to deal with Air Greenland for a four-year period.

The findings of the conduct analysis are illustrated in the in final part of figure four below:

Insert figure 4 about here

The figure illustrates how Albatros perceived Air Greenland to be using their monopoly and that this in interactions lead to a negotiation where Air Greenland was dominant (conjuncturally specific structure). The introduction of prices from other airline companies changed the positioning of relations between Air Greenland and Albatros. Albatros was able to reposition Air Greenland from a monopoly seller to a supplier subject to competition on prices. The fact that Air Greenland in the past had lowered their prices after being presented with prices from other airlines was a clear signal for Albatros that Air Greenland's original prices were unfairly high as also analyzed in the context analysis. NRM, on the other hand, has the impression that Albatros Travel historically had been "playing a trick on us" and using unfair procedures in the price negotiations. This had forced Air Greenland to propose prices that were too low. The other airlines' prices had been so low that "either they are lying" or they had made cost calculation errors. Air Greenland, therefore, lost its customers, and a new airline entered the market.

5. Discussion

Employing a strong structuration perspective, this paper set out to investigate how price fairness evaluations are constructed across levels of structuration. The analysis found that while procedural, distributive, and peer-induced fairness norms were present in fairness evaluations, actors constructed widely diverging fairness evaluations. The actors were embedded in institutional structures, but reflexively challenged evaluations and actively sought to position and reposition their identities and relations with other players within the field. Price fairness evaluations were constructed and emerged across the different levels of structuration as illustrated in figure four above. This analysis generates three contributions.

First, we respond to calls for institutional research that conceptualizes embedded agency across levels (Modell, 2022). Our research here adds to the sparse strong structuration research investigating embedded agency across levels (Moore and McPhail, 2016). Our analysis here illustrated how structures enabled, constrained, and oriented actors that actively "filtered" institutional pressures while adapting and enacting institutions across the different levels. For example, for Air Greenland, the external constraint of partial public ownership meant that they were responsible for the contradictory task of delivering transportation to settlements (though supported by service agreements) and reducing the general level of prices while also furthering tourism. Air Greenland choose to focus on the needs of natives' (conjuncturally specific structure). Yield could by optimized through expensive tickets to last minute business travelers (general dispositional structure) rather than through higher capacity utilization through price discrimination benefitting tourists. Here they argued that the close-knit society made it impossible to conceal prices. In their negotiations with Albatros, they sought to defend their prices so that they could maintain a solidary pricing policy, arguing that using competitor offers to pressure prices was an unfair procedure. Air Greenland took a stance and defended their pricing policy which could have had other foci such as tourism or both tourism and prices for natives. Fairness evaluations were both embedded and actively constructed across the levels of structuration.

Furthermore, external structures are not totally independent (or irresistible) from agency. This goes for both more normative demands such as the need for increasing tourism or decreasing prices for natives but also for relatively more concrete structures such as the partial monopoly, which is an effect of distances, size of population etc. Based on this, Air Greenland was arrogant and sought to dominate interactions, according to Albatros. The external structure however was not independent of Albatros´ solicitation of offers from competing airlines. The perceived independence of the external structure was challenged through the actions of Albatros. This finding empirically substantiates claims in strong structuration theory that links between structuration levels are recursive and not linear flowing from external structures through internal structures and action.

Additionally, the contradictory, external institutional input (e.g., a perceived external demand for catering to the needs of locals and the requirement to facilitate tourism development) generated flexibility in actors' response to institutional requirements. Contradiction was here important for engendering reflexivity and agency because "contradictions enable a shift in partially autonomous social actors' collective consciousness from an unreflective and passive mode to a reflective and active one" (Seo and Creed, 2002, p. 231). All actors were reflexive and formed their arguments in relation to parts of the contradictory external structures in their arguments for the fairness of pricing. Albatros and Greenland travel for example continuously argued for the need for furthering tourism, while Air Greenland and NRM rebutted arguments pointing to the needs of natives. We thus support Feeney and Pierces (2016) argument that caution is warranted when defining external structures and their degree of independence and extends their findings through analyzing how both agency and contradiction generates variability in the independence and irresistibility of structures. The independence of external structures is more a scale than a dichotomy.

A second contribution relates to the way fairness is conceptualized. The paper here extends extant research on price fairness through conceptualizing how fairness evaluations emerge in the complex interplay between the different elements of the quadripartite structure of structuration. A fair distribution of profit cannot be assumed to be a 50/50 split because the evaluation is made in a context where tour operators and airlines have very different profit margins and actors change positions to affect fairness evaluations and outcomes. A fair price and issues of peer-induced fairness were also moderated by conjuncturally specific schemas that were oriented towards external structures—should natives or tourists have the lower prices, and could prices be concealed in a close-knit society? Fairness evaluations thus "appears to be much more contingent, emergent from a number of specific relations between agents within networked clusters of practice." (Stones, 2005, p.143). The norms of fair prices, profit, and procedures evolved into a 'plethora of competing managerial 'logics of action' (Whittington, 1992, p. 705) as fairness was constructed differently across levels. So, while both parties had a concern for fair prices, procedures, and profit, they created different fairness evaluations. Fairness in pricing is thus not a universal norm affecting actors irrespective of time and place (Drake and Haka, 2008; Ferguson et al., 2014; Ho and Su, 2009; Kelly et al., 2015; Luft and Libby, 1997; Kachelmeier et al., 1991; Van den Abbeele et al., 2009; Wang and Krishna, 2012), but is more the result of situated processes where agents reflect, and strategically change conduct and positions to affect fairness evaluations and prices.

A third contribution relates to the discovery of "need" as a basis for evaluating the fairness of prices. Concerns about the fairness of prices were based on various types of concerns about legitimacy. Legitimacy concerns for example arose in relation to which customer groups that should benefit from lower prices. Comparisons about prices paid by different customers were embedded in the institutional context and the tensions between natives and Danes, particularly the benefits that natives would get if they received better prices. Native travelers should receive lower prices due to their needs. "Need" was thus constructed as a norm for a fair price. This norm is well known in the broader literature on justice (Deutsch, 1975; Rawls, 2009); however, we have not seen discussions related to need in the extant pricing research. The finding also underscores the point that pricing processes are both legitimacy- and efficiency-seeking practices (Hodgson, 1998; Ahmed and Scapens, 2000; Covaleski et al., 2003). Legitimacy in our case study was, however, more complex, and contradictory than it is often portrayed in extant pricing literature. "Need" was utilized as an argument for benefitting particular Greenlandic customer groups that each party was focusing on (package tourist or ordinary travelers). Need was thus not a universal norm automatically defining fairness evaluations, and actors drove their evaluation in particular directions.

Finally, our analysis here does not contribute to extant accounting research into institutional work and competing logics, because we have not as such utilized these lenses to analyze data. Our analysis however complements this work. Institutional work has come a long way in defining the many ways in which institutions may be created, disrupted, or maintained (Battilana et al., 2009; Chiwamit et al., 2014; Lawrence and Suddaby, 2006; Perkmann and Spicer, 2008), however relatively little research investigates institutional work across levels (Modell 2022) though such an interest is emerging (see e.g., Mulligan and Oats 2016). This papers analysis here illustrates the complex construction of fairness evaluations where each level adds and adapts external structures and institutional pressures.

The institutional pressures were as such not grouped into relatively stable logics at the macro or meso level that competed for prominence (Ezzamel et al., 2012; Lounsbury, 2008; Thornton and Ocasio, 2008). The optimization of yield (management) could be achieved through high capacity utilization or high average prices, while these speak for either furthering modernization or maintaining low prices to natives flying in Greenland and thus relate to competing institutional pressures, they were also interpreted based on actors experiences of yield optimization through "base load" or through "high prices for last minute business travelers", which again was affected by other conjuncturally specific internal structures such as "solidarity". Grouping these views into two competing logics would remove much of the specificity of the construction process. Our analysis also does not point to sharp distinctions between a business logic and other logics. The logics of actors had a multiplicity of different pricing and fairness elements that were mixed and intertwined. Agency – and the construction of fairness – was embedded in, and enabled by, a field of multiple contradictory values and institutional pressures across the different levels of structuration.

6. Conclusion and implications

Norms of fair procedures, profit, and prices affect evaluations of pricing policies and outcomes of price negotiations. The norms of fairness, however, do not have a uniform meaning and actors do not mobilize them in the same manner and they do not constitute a totality that exhaustively defines fairness. External and internal structures enable, constrain and orient action, but may be contradictory, leaving room for actors to define what constitutes legitimate and fair prices in a particular context. Actors are thus not submissive recipients of prices and arguments of fairness; rather, they position and reposition themselves to affect outcomes and structures. Norms of fairness are contextualized, and fairness evaluations emerge and are constructed in the complex interplay between external and internal structures and interactions between situated, reflexive actors that seek to affect outcomes.

Evaluating whether a particular price or price policy will be considered fair is therefore a difficult task. The findings of this study suggest further dimensions for the analysis of fairness, including the analysis of institutional pressures, their potential contradiction, heterogeneity in internal structures and actors' situational knowledge of a particular context. This further complicates the analysis of potential reactions to the fairness of prices and supports arguments against centralization of pricing decisions across markets and standardization of price structures (Hansen et al., 2008). It also warns against relying on pricing functions with an exclusive focus on analysis and number crunching. Pricing managers also needs skills in negotiation and analysis of fairness and social structures.

On a macro level, the issues between the different actors in the travel and tourist industry may have had societal effects. While such effects are difficult to discern and require different methodologies to be carved out in their totality, it may be speculated that the issues analyzed have wider repercussions. This paper has illustrated some of the obstacles to increasing tourism in Greenland faced by key players in the Greenlandic tourism industry: Air Greenland, WOGAC, hotels, Greenland Travel, and Albatros. While tourism performance is not solely their responsibility, they are definitely able to affect it. Greenland's tourism performance is generally considered to be less than outstanding (Interview CEO Albatros). The number of pax on international flights to Greenland ranged between 70–80,000 per year in the period 2008–2016, with 76,068 pax in 2008 and 80,806 pax in 2016, counting both residents and tourists. As a comparison, the number of international visitors in the neighboring country of Iceland was 1,289,140 in 2015, with a yearly increase of 16.6% to 29.1% in the period 2010–2015. On the other hand, the average posted prices for flights within Greenland and to Denmark have continuously decreased in the period (CEO Air Greenland).

The research site of the current paper is extreme: Greenland is vast, with a small population and a unique history, and the country is rife with tensions. These unique characteristics have facilitated an analysis that underscores not only institutionalized features of fairness evaluations but also how actors construct and seek to change evaluations and interactions. While we feel confident that this analysis is also relevant in other contexts where norms of fairness affect interactions, further research is necessary to substantiate such claims.

Appendix 1

List of respondents

Insert table 1 about here

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		Year 1		Year 2		Year 3	
	Job title - Company	**Date**	**Duration**	**Date**	**Duration**	**Date**	**Duration**
1	Former Station Manager - Air Greenland	21-03	01:20:11				
2	Former CEO Air Greenland/Chairman AUL	26-03	01:25:51				
3	Board Chairman - Air Greenland	28-03	01:28:07				
4	Sales Manager - Greenland Travel	04-04	57:23:00				
5	Post Nominated Holder Operations - Air Greenland	17-04	01:03:19			01-04	35:42
6	Chief System Engineer – Air Greenland	18-04	59:42				
7	General Manager Charter - Air Greenland	20-04	47:42	13-03	40:47		
8	CEO - Air Greenland	24-04	01:16:16				
9	HR Manager - Air Greenland	27-04	01:01:22				
10	CEO - World of Greenland	30-04	01:06:22				
11	Hotel Manager - Hotel Arctic	01-05	01:23:14				
12	Station Manager/Board Member - Air Greenland	04-05	42:58				
13	Distribution Manager - Air Greenland	05-05	01:29:58	09-04-13	34:25	07-04	01:36:00
14	CEO Arctic Umiaq Line	06-05	55:25				
15	Former Chief Mechanic - Air Greenland	06-05	01:17:29				
16	Former CFO - Air Greenland	22-05	01:14:11				
17	CEO - Greenland Travel	22-05	01:21:53	22-03	45:57		
18	Chief Accountant - Greenland Travel	24-05	56:32				
19	Chief Operating Officer - Greenland Travel	29-05	01:18:42				
20	CEO - World of Greenland Arctic Circle	31-05	49:11				
21	Chief Commercial Officer - Air Greenland	20-06	52:50	06-03	45:56	02-04	38:00
22	CEO - Greenlandic Airports	21-06	01:03:50				
23	Network Revenue Manager - Air Greenland	22-06	01:05:09	05-03-13	01:00:42		
24	Vice Chairman - Air Greenland	22-06	50:09				
25	Chief Commercial Controller - Air Greenland	24-06	57:44	17-04	56:43	01-04	59:56
26	Chief Financial Controller - Air Greenland	26-06	01:08:15				
27	Chief Lead Mechanic/Board Member - Air Greenland	28-06	01:16:38				
28	Chief Financial Officer - Air Greenland	29-06	01:14:48	02-04	01:16:06		
29	Minister of Finance and Treasury - Grl. Government	03-07	01:13:14				
30	Chief Technical Officer - Air Greenland	03-07	01:08:56				
31	Deputy Minister – The Government of Greenland	17-11	01:04:21				
32	Division Manager Greenland Travel			04-03	01:07:00		
33	e-Business manager - Air Greenland			05-03	37:00	07-01	01:27:44
34	Network Revenue Controller - Air Greenland			11-03	41:08:00		
35	Sales Manager -Air Greenland			13-03	43:40		
36	Group Leader, Accounting - Air Greenland			14-03	41:35	03-04	01:32:20
37	Former Sales Manager - Air Greenland			20-03	40:02:00		
38	Sales Manager - Albatros Travel			21-03	36:33		
39	Owner, CEO - Albatros Travel			21-03	47:56		
40	Sales Director - Air Greenland			09-04	42:12		
41	CEO Vejle Rejser - Travel Agent			29-04	43:44		
42	Chief Operating Officer - WOGAC			03-06	35:32		
43	Manager, Network Accounting - Air Greenland			06-07	56:12		
44	IT-Manager - Air Greenland					02-04	01:07:06
45	Network Revenue Controller - Air Greenland					23-08	01:10:15

External structures			
	Greenland	↔	Denmark
	Independence	↔	Dependence
	Monopoly	↔	Competition
	Close knit, traditional society	↔	Modernization
	Rural areas	↔	Cities

Figure 1 External structures

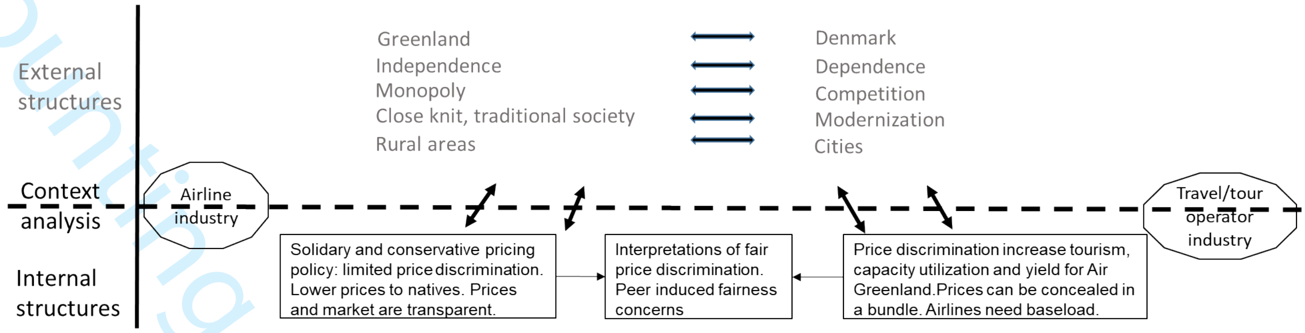

Figure 2 Context analysis: fair price discrimination

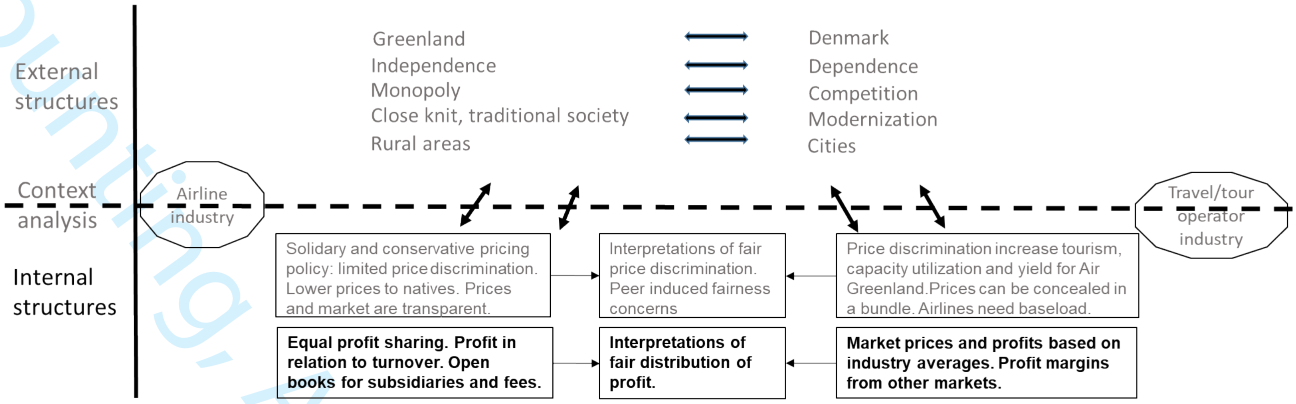

Figure 3 Context analysis: fairness and profits

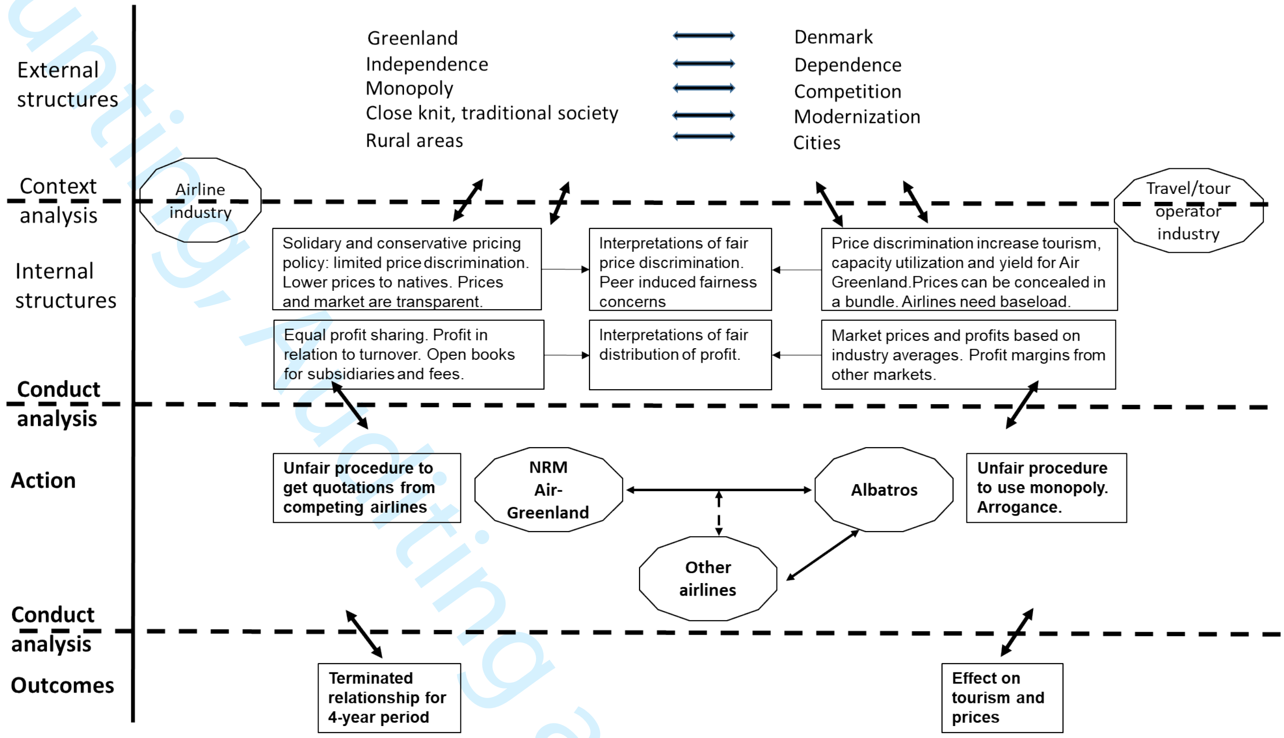

Figure 4 Fairness construction all levels. Conduct analysis emphasized: fairness of procedure used in negotiations