Global Account Management and Organizational Culture: A Literature-based Conceptual Model

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Abstract

The globalization of the world economy is creating numerous opportunities for multinational corporations, but it is also generating a unique set of challenges for buyer and supplier in managing relationships with diverse cultures. Global Account Management (GAM) emerged as a new frontier in relationship marketing and regarded as one of the most important units in supplier companies that increases revenue by providing special treatments to their most valuable global customers. The failure of buyer-supplier business relationships in the past resulted in the loss of billions of dollars due to cultural differences. As the current GAM literature lacks a theoretical model that can integrate multiple aspects of GAM and organizational culture, we conducted a systematic literature review, identified, and integrated various GAM and cultural models and framework, and developed a "GAM model of organizational culture." This model can be used as a prerequisite for managers to effectively manage their global customers and can contribute to the existing literature by combining GAM and cultural distance elements.

Keywords: global account management, organizational culture, conceptual model

1. Introduction

GAM is defined as an organizational form in companies whose global activities for serving multinational customers are coordinated centrally by one individual or team within the supplying company (Birkinshaw, Toulan, and Arnold 2001; Montgomery and Yip 2000). Supplying companies identify their "Global Account (GA)" based on a number of factors, including the account's size and revenue potential, the possibility of centralized procurement activities, and the strategic significance to the supplier (Shi et al. 2005). The primary function of GAM is to maintain long-term relationships between suppliers and their GAs that are capable of providing suppliers with long-term and sustainable benefits (Yip and Madsen 1996).

Existing research identifies "organizational culture" as a significant factor influencing GAM relationships (ALHussan, AL-Husan, and Fletcher-Chen 2014; Kadam, Niersbach, and Ivens 2022). The failure of international buyer-supplier mergers such as Daimler-Chrysler and Sprint-Nextel, which cost shareholders billions of dollars, was primarily attributed to organizational culture conflicts (Bouwman 2013; Kumar and Sharma 2019). Nevertheless, little attention is given to investigating the impact of organizational culture on GAM (Wilson and Millman 2003; Wilson and Weilbaker 2004). In addition, various conceptual models are presented in the literature on organizational culture, but relatively few of them are applied to the GAM setting (Bouwman 2013). Therefore, the purpose of this study is to develop a "GAM model of organizational culture" that combines actors, resources, and activities in GAM with an inter- and intra-organizational network approach in cross-cultural setting.

To accomplish this goal, two objectives are specified. The first objective is to conduct an extensive literature review of Key Account Management (KAM), GAM and organizational culture. The second objective is to identify and analyze pertinent theoretical models and frameworks, from which a GAM model of organizational culture is developed.

## 2. Literature Review and Theoretical Foundation

Hofstede, Hofstede, and Minkov (2005, p. 28) define organizational culture as "the collective programming of the mind that distinguishes the members of one organization from another." Although there is no standard definition of organizational culture, the majority of authors agree that it consists of a set of fundamental assumptions and beliefs learned and held by the organization's employees, which are then developed and transmitted to address external adaptation and internal integration issues (Limaj and Bernroider 2019; Schein 2010).

Researchers in marketing have acknowledged the significance of organizational culture in providing greater value and enhancing organizational performance (Berghman, Matthyssens, and Vandenbempt 2006; Joseph and Kibera 2019). According to Ojasalo (2002), it is essential to assess differences between the corporate values and cultures of customers and suppliers, as these cross-cultural differences can hinder the development of sustainable relationships.

We conducted a comprehensive literature review and identified the following four theoretical models and one framework:

1. *The interaction model of IMP group:* The interaction model by Håkansson (1982) demonstrates that relationships between buyer and supplier can be turned into profits that are proportional to the quality of their relationships.

Figure 1: The interaction model of IMP group adopted from Håkansson (1982)
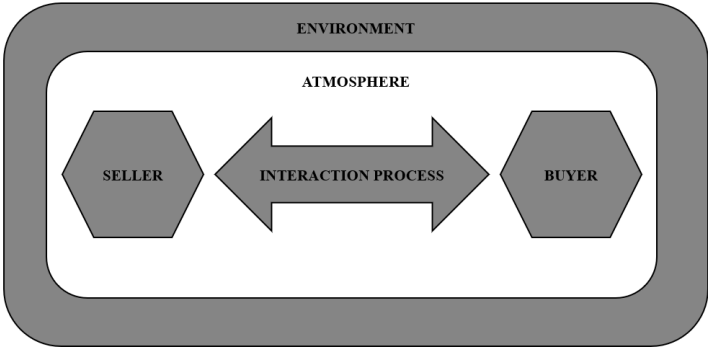

2. *The ARA model of IMP:* The ARA model by Håkansson and Johanson (1992) emphasizes the significance of business networks (actors, resources, and activities) as an acquisition of linked business relationships.

**Figure 2:** The ARA model of IMP adopted from Håkansson and Johanson (1992)
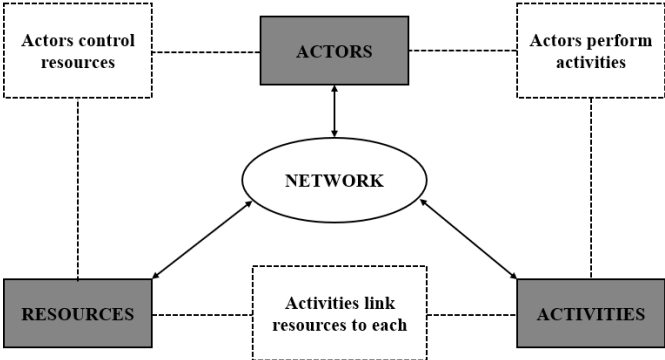
3. *The network model of KAM:* Ivens and Pardo (2007) suggest that the KA manager must not only manage the internal network, but also the external network, which consists of the cluster of links between his/her own business as the supplier and the KA organization as the customer. As GAM is regarded as an international KAM, this model is also applicable to the GAM context.

**Figure 3:** The network model of KAM adopted from Ivens and Pardo (2007)
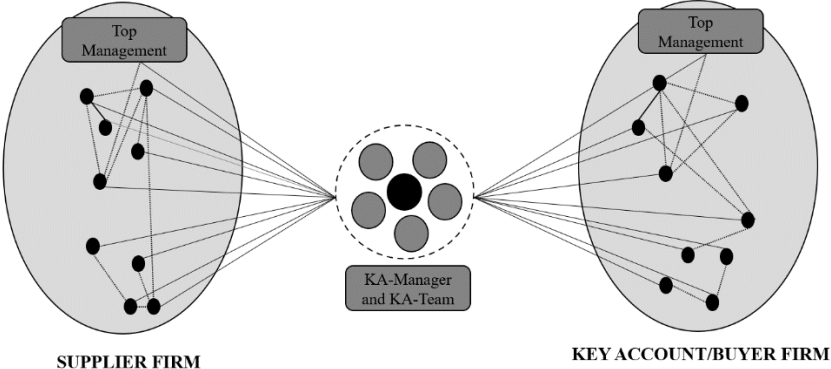
4. *Schein's model of organizational culture:* The organizational culture model from Schein (1988) demonstrates that each company is distinguished by distinct organizational cultures, some of which are visible while others remain hidden.

Figure 4: Organizational culture model adopted from Schein (1988)
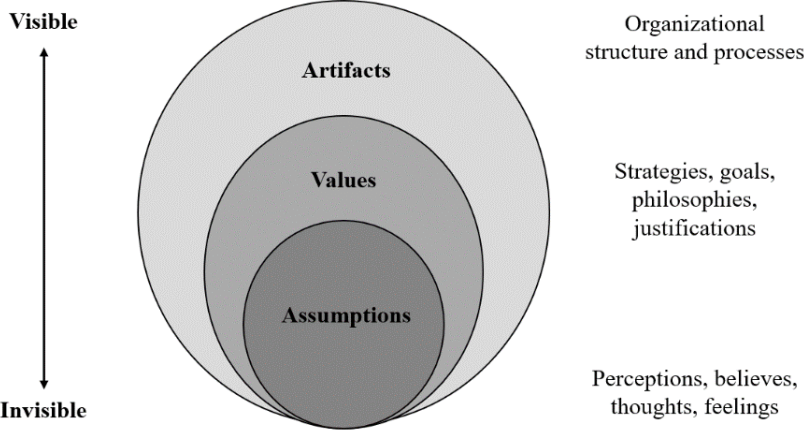
5. *CAGE distance framework:* CAGE distance framework from Ghemawat (2001) describes organizational culture for investigating the impact and effect of diversities for firm internationalization. CAGE refers to the cultural, administrative, geographic, and economic distinctions across nations. Adopted from the CAGE framework, "cultural distance" indicates disparities in social norms, languages, and beliefs (Ghemawat 2001).

Figure 5: CAGE distance framework – own illustration based on Ghemawat (2001)
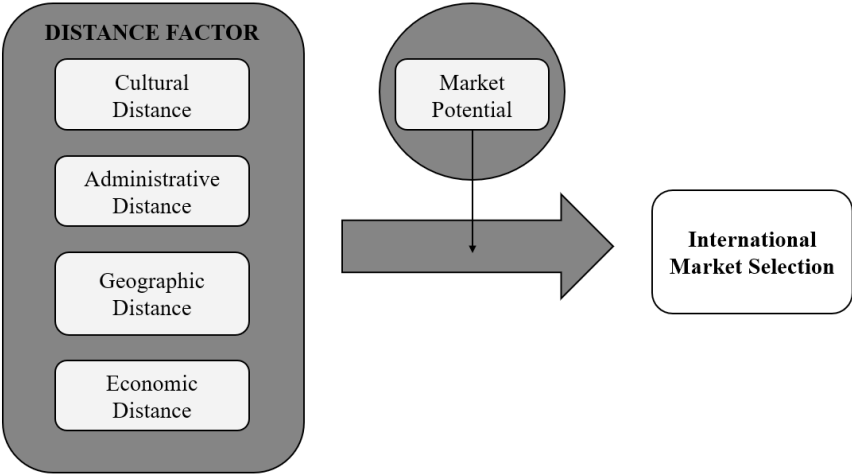
3. Research Methodology

Following the recommendations of Xiao and Watson (2019) and Guesalaga et al. (2018), the literature review for the conceptual model development is divided into planning, searching, selection, extraction, analysis, and reporting. A defined set of keywords are used to search and filter online databases such as Google Scholar, Science Direct, and Emerald, which display 127 relevant sources, of which 71 are filtered based on the research topic, methodology, data collection method, and data analysis method. Finally, the content analysis method recommended by Krippendorff (2018) is implemented, and the relevant data are extracted and synthesized.

4. Research Findings

The final conceptual model is shown in Figure 1, which was developed using the framework and models discussed in the theoretical foundation section. It has four main components:

1. *The internal and external networks of supplier and GA:*

According to Niersbach (2016), there are both internal and external networks connecting buyers, suppliers, and their top management. These are depicted by the connecting lines in the model, which are then connected to a common component, "GAM," which is positioned in the middle as a bridge between the two organizational units. The concept shares a similar interpretation with Birkinshaw, Toulan, and Arnold (2001), which demonstrates that from the GA's perfective, simplicity is intended because GAM offers a single point of contact with the supplier organization. This interconnection is referred to by Johanson and Mattsson (2015) as a network approach to internationalization.

2. *GAM – the bridge between supplier and GA networks:*

Montgomery and Yip (2000) suggested that GAM consists of various actors, resources, and activities, which are comparable to the ARA model's approach. GAM actors consist of the GA manager, the GA team, and the top management (Niersbach 2016; Wilson and Millman 2003). GAM resources include tangible resources such as plants, machines, and assets, as well as intangible resources such as knowledge, sales, leadership skills, and organizational culture (Guesalaga et al. 2018). Unique prices, product or service customization, opportunities for exceptional services, and information sharing are all part of GAM activities (Shi et al. 2005).

Figure 6: GAM model of organizational culture (source: authors)
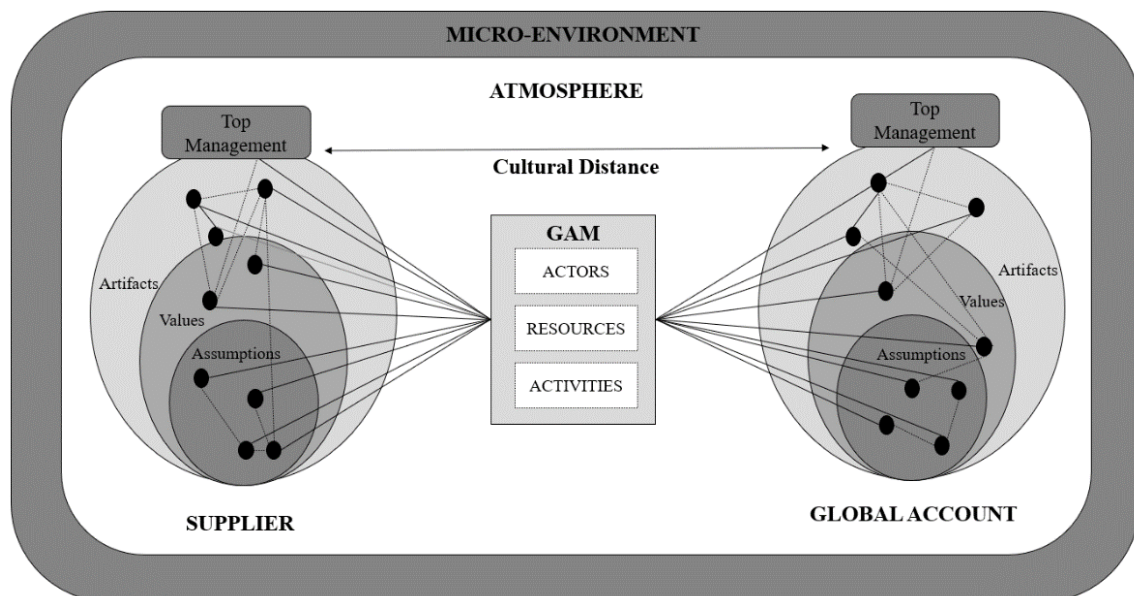
3. *Cultural distance between supplier and GA:*

Cultural distance is a crucial factor in the success or failure of corporate relationships. According to Solberg (2008), cultural distance is the uncertainties that exist between organizations at the intra- and inter-organizational levels, which can lead to performance

ambiguity. Our model indicates that the "cultural distance" between supplier and GA should be kept to a minimum in order to achieve the ideal cultural fit and, as a result, increase profitability and business opportunities with GA.

4. *The surroundings:*

Microenvironment and atmosphere make up the surrounding environment. First, the microenvironment of both supplier and GA companies is influenced by numerous factors, including market developments, market structures, the degree of market dynamism, market internationalization, and the social system. The atmosphere also plays an important part in corporate relationships. It can be portrayed in terms of power or reliance, level of cooperation, and overall social distance between the supplier and the GA (Håkansson 1982; Håkansson and Johanson 1992). According to Håkansson and Snehota (1995), economies of scale can be achieved through a high level of cooperation, such as resource sharing among dependent firms.

5. Limitations and Implications

The outcomes discussed are based solely on literature research, which is one of the methodological limitations. Furthermore, the GAM model of organizational culture is applicable to multinational corporations with well-established GAM programs; it cannot be generalized at the domestic KAM level.

This study examines and integrates the notion of "organizational culture" in buyer-supplier network settings. These elements are presented in a new conceptual model titled "GAM model of organizational culture," which can be regarded as a significant contribution to the current literature on GAM and organizational culture. This model can serve as a theoretical basis for future GAM and organizational culture research and academic purposes. On the management side, this results of this analysis are prerequisites for global sales managers, GA managers, and executives who intend to work in multicultural buyer-supplier environments. The model enables managers to have a rigorous theoretical understanding of GAM and ensures they do not overlook essential aspects, such as cultural distance in GAM.

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