Challenges in Strategic Customer Management
in International and Multicultural Markets

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Abstract

Businesses in many countries attempt to operate internationally and to be successful in the internationalization process and reduce the risk, one beneficial strategy is to establish a long-term relationship with customers in export markets and to realize this goal, Key Account Management has developed in many international organizations. In the other side, success in an international context is largely dependent on the way of communication with customers from different culture. So, the purpose of this study is to investigate how KAM can be successfully implemented when a company goes international, and how communication and culture can have a direct and/or indirect effect on the implementation process of a KAM. In conducting this study, we applied Hofstede's national culture model and developed a conceptual framework to show how different dimensions of culture can be related to various stages in implementation of KAM system. The primary result of this study shows there is a tight relationship between three dimensions of Hofstede's model of national culture model and the implementation process of KAM.

Keywords: Strategic Customer, Key Account Management, International Markets, National Culture

Research Aim and Objectives:

Key account management (KAM) is a strategic approach to managing customer relationships that seeks to deliver long-term benefits for both the buyer and the supplier. By aligning resources, capabilities, and efforts, KAM addresses the specific needs of the most critical customers, known as "key accounts" (KA) (Gounaris and Tzempelikos, 2014; Guesalaga et al., 2018). As globalization continues to rise, KAM has become increasingly vital, particularly in international and multicultural markets. The Middle East, a key region for European suppliers due to its strategic location and prominence in the oil and gas industry, necessitates effective KAM strategies to foster strong relationships with key accounts and secure a competitive edge (Badawi, Battor, and Badghish, 2022; Luft, 2009).

KAM literature highlights "culture" as a significant factor influencing the coordination of KAs in multicultural contexts (Kadam, Niersbach, and Ivens, 2023). The failure of IKEA in the Middle East can be linked to the lack of cultural understanding of the region's market (Dumetz, Zanolini, and Morgan, 2020). In contrast to the developed economies, however, relatively little research has been conducted on KAM in emerging and developing economies and the Middle East region in particular (ALHussan, AL-Husan, and Fletcher-Chen, 2014). Therefore, the aim of our research is to examine how KAM can be successfully implemented when European companies operate in the Middle Eastern market, as well as how communication and cultural barriers can have direct or indirect effects on the implementation phase of a KAM program. To achieve this aim, we have established three objectives: (1) Conduct a comprehensive literature review of KAM, national culture, and organizational culture (2) Interview KA Managers in Middle Eastern countries and collect primary qualitative data. (3) Using qualitative interview data and findings from the literature, build a conceptual framework that explains each phase of KAM implementation in light of cultural differences in Middle Eastern countries.

Theoretical Background:

High context cultures are ones in which the content of communication is conveyed primarily through nonverbal and contextual signals like facial expressions, voice tone, and situational conditions, whereas low context cultures rely only on explicit verbal and written language (Hall, 1976). We have adopted the six dimensions model of national culture from Hofstede (2001) and the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study from House et al. (2013) for analyzing cultural differences. These theories provide insight on several

cultural factors, including power distance, individualism-collectivism, uncertainty avoidance, masculinity-femininity, long term-short term, and indulgence-restraint (Hofstede, 2001). Considering the cultural characteristics outlined by these two studies, we examine the challenges of establishing an effective KAM strategy in the high context culture of Middle Eastern countries.
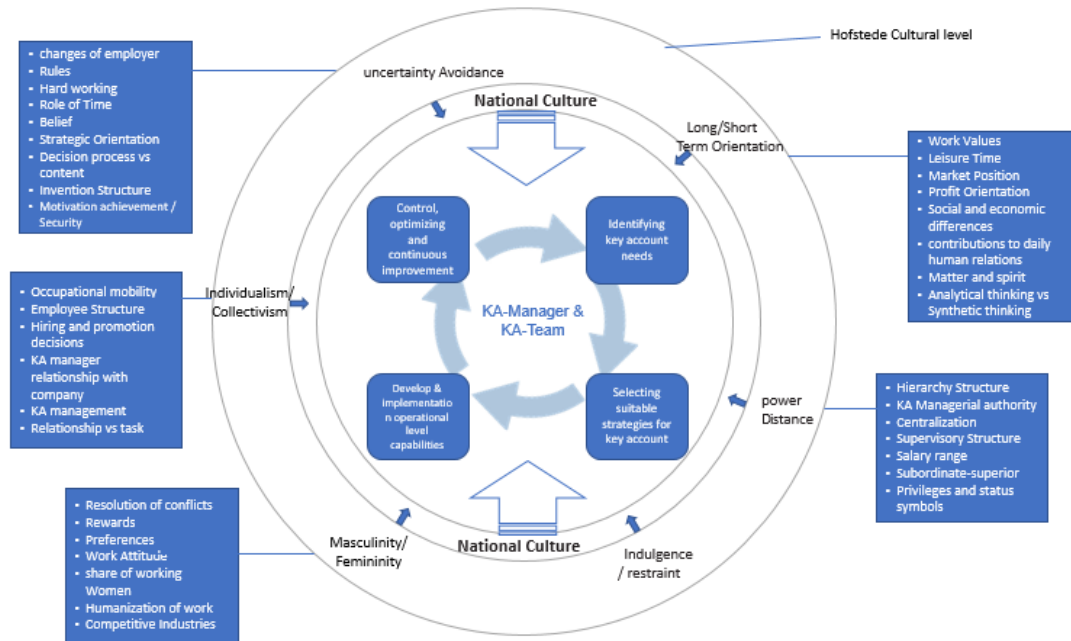
Research Design/Methodology:

This research adopts a qualitative research methodology and a case study approach to investigate the opinions and experiences of KA Managers engaging with Middle Eastern customers. The case study method is used as it offers a broad and in-depth analysis of a particular phenomenon, in this case, the interactions between KA Managers and KAs (Heale and Twycross, 2018). We have performed five semi-structured interviews so far, and we aim to conduct approximately twenty semi-structured interviews that will be transcribed. We are using content analysis method to find key themes and patterns in the data recommended by Krippendorff (2019). The study will integrate interview results with outcomes of literature research to develop a conceptual framework in the Middle Eastern context.

Findings (work in progress):

The preliminary results suggest a substantial relationship between Hofstede's cultural dimensions and KAM implementation in the Middle East region. The findings highlight the discrepancies in KAM implementation process between companies with high and low context cultures. In high context cultures, where long-term orientation is low and uncertainty avoidance is high, KA Managers struggle to build long-term plans for customers, resulting in a short-term perspective. In cultures with a large power distance, hierarchical organizational structures may restrict the alignment of strategy between the top management from both buying and supplying organizations, forcing structural changes in KAM relationships. Figure 1 depicts the initial findings in the contextual cultural framework.

Figure 1: Contextual Cultural Framework for KAM in the Middle East (Source: Authors)

The figure shows a circular KAM cycle model with Hofstede cultural dimensions. Central cycle: "KA-Manager & KA-Team" with stages "Identifying key account needs", "Selecting suitable strategies for key account", "Develop & implementation operational level capabilities", "Control, optimizing and continuous improvement". Surrounding labels: "National Culture", Hofstede Cultural level, "uncertainty Avoidance", "Long/Short Term Orientation", "power Distance", "Indulgence / restraint", "Masculinity/Femininity", "Individualism/Collectivism".

Left upper box:
- changes of employer
- Rules
- Hard working
- Role of Time
- Belief
- Strategic Orientation
- Decision process vs content
- Invention Structure
- Motivation achievement / Security

Left middle box:
- Occupational mobility
- Employee Structure
- Hiring and promotion decisions
- KA manager relationship with company
- KA management
- Relationship vs task

Left lower box:
- Resolution of conflicts
- Rewards
- Preferences
- Work Attitude
- share of working Women
- Humanization of work
- Competitive Industries

Right upper box:
- Work Values
- Leisure Time
- Market Position
- Profit Orientation
- Social and economic differences
- contributions to daily human relations
- Matter and spirit
- Analytical thinking vs Synthetic thinking

Right lower box:
- Hierarchy Structure
- KA Managerial authority
- Centralization
- Supervisory Structure
- Salary range
- Subordinate-superior
- Privileges and status symbols

Research Implications and Limitations:

The study provides theoretical insight into the effect of cultural influences on KAM implementation in high context cultures. The research demonstrates how culture influences the long-term planning view of KA Managers and the strategic alignment between the top managers of customer and supplier organizations. Managerially, the findings provide valuable insights into how firms can implement effective KAM programs in the Middle East region. The research highlights the importance of cultural understanding and the need to tailor KAM strategies to fit the cultural context of the region. Moreover, the study suggests that companies should consider the differences in organizational structures and power dynamics while implementing KAM strategies in high context cultures. The study findings could also help firms in avoiding cultural encounters and misunderstandings while establishing relationships with their KAs in the Middle Eastern market. One of the limitations of this study could be the reliance on qualitative data from semi-structured interviews, which may limit the generalizability of the findings. Additionally, the study focuses on the Middle Eastern market, and the findings may not apply to other high context cultures in different regions.

The detailed study and findings will be presented in depth at the conference.

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