

Context Matters: The Impact of External Business Environment on the Design and Execution of Key Account Management: Insights from the Middle Eastern Market

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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 driven by external challenges that create complex challenges. This study highlights the necessity of tailoring KAM implementation process to local business ecosystem. By applying the PESTLE lens and addressing political, economic, sociocultural, technological, legal, and environmental considerations, our findings address existing research gap to rearticulate international KAM as an interfacing mechanism linking internal operations and external variables. In this research, we employ a qualitative case study approach to achieve a rich and textured understanding of KA managers experiences accountable for developing and managing key customers relationship in the Middle Eastern business environment. Drawing upon qualitative data, this study focuses on expanding theoretical understanding of environment-driven adaptation in KAM. We applied semi-structured interviews approach recognized for its methodological versatility and comprehensive analytical depth. Our final data set were analyzed using a hybrid qualitative approach that combined Spiggle's framework for inductive interpretation with key phases of King's template analysis. The primary result of this study shows that five external forces shape international firms' strategy and KAM. These interlocking factors compress decision cycles, raise costs, reduce flexibility and push firms to adapt KAM processes with local market standards.

Key Words: *Key Account Management, External Business Environment, Strategy Implementation, Customer Engagement, Middle Eastern market,*

Research Aim and Objectives:

As international business becomes more competitive and complex, fostering long term and strategic customer relationship management is fundamental to keep competitive edge. Key Account Management (KAM) has been recognized as a strategic approach in the context of business-to-business (B2B) marketing, empowering businesses to build closer relationship with their top-tier customers. Moving away from engaging identically with all clients, KAM

implements a customized approach, in which supplier companies dedicate purpose-built resources, teams, and structural configurations to develop and nurture long-term ties with key strategic customers, often called Key Account (KA) (Ivens and Pardo, 2007; Workman *et al.*, 2003). Successful KAM implementation relies substantially on well-developed communication and relational abilities centered on strategic alignment internally, collaboration across departments, and trust formation with KA (Tzempelikos and Gounaris, 2013). Therefore, in the KAM implementation process, securing organizational capability at a structural level and internal operational enablers is a foundational requirement for successfully implementation of a KAM strategy (Gounaris and Tzempelikos, 2013; Niersbach, 2016).

The Middle East business context is driven by external challenges that create complex challenges for organizations aiming to implement customer management strategies (AlHusan and Brennan, 2009; Mellahi *et al.*, 2011). Persistent political instability, complex trade barriers, and inconsistent regulatory environment alongside economic instability across Middle East often move toward more short-term decision-making cycles and may reshape customer preferences and expectations, negotiation dynamics, and the meaning of long-term partnership dedication (Meffert *et al.*, 2024). Therefore, the influence of external complexities on the design and execution of KAM strategies has become a focal point in understanding for businesses striving to build long-term ties with key customers in the Middle East region. However, limited studies have paid attention to how external business environment factors shape the development and operationalization of KAM program specifically within this challenging business climate (AlHusan *et al.*, 2014; Sandesh *et al.*, 2023).

This study highlights the necessity of tailoring KAM implementation process to local business ecosystem. By applying the PESTLE lens and addressing political, economic, sociocultural, technological, legal, and environmental considerations, our findings address existing research gap to rearticulate international KAM as an interfacing mechanism linking internal operations and external variables. The evolving and unstable dynamics of external environment in the Middle East region position it as an insightful setting for understanding how international organizations tailor KAM strategies to foster long-term customer engagement and value generation. Drawing upon qualitative data from KA Managers operating within the Middle Eastern context, this study focuses on expanding theoretical understanding of environment-driven adaptation in KAM and provide applicable guidance for companies seeking to establish long-term strategic relationship in externally challenging business

environments. To achieve the goal of this study, the following research questions have been formulated:

RQ1. How do external business environment factors influence the design and implementation of KAM strategies in the Middle Eastern market?

RQ2. What political, economic, sociocultural, technological, legal, and environmental dynamics are most critical for shaping customer engagement in KAM programs?

RQ3. How can organizations effectively adapt their KAM structures and processes to navigate environmental complexity in international markets such as the Middle Eastern market?

Theoretical Background:

Middle East is recognized as a socio-political and cultural zone with unsettled and shifting borders (Budhwar and Mellahi, 2007). Mellahi, Demirbag, and Riddle (2011) characterize the Middle East as the region spanning from Morocco to Turkey, the southern and eastern Mediterranean borders, and stretching east to Iran, and south to Sudan and Yemen. The Middle East is often associated with conflicts within this region rather than collaboration (Del Sarto and Soler i Lecha, 2024), as a result, collaboration often faces challenges, and does not always proceed smoothly. Despite ongoing political and regulatory obstacles, governments are reforming their business environments to create more investment-friendly business climates (UNCTAD, 2023). Therefore, organizations that adeptly address the Middle East's institutional complexities can gain not only growth opportunities but also a valuable platform for sustained market presence. Nevertheless, pursuing these opportunities calls for a profound understanding of macro-environmental drivers that influence market entry strategies and business stability (Kotler *et al.*, 2022; Grant, 2021). Strategy alignment with these external conditions enables businesses to foresee potential risks, tap into emerging trends, and achieve a competitive advantage in the market. According to Meffert, Burmann, Kirchgeorg, and Eisenbeiß (2024), development of the marketing strategy starts with a holistic environmental analysis that contrasts micro and macro environmental elements. At the macro environmental level, structured analytical tools such as PESTEL are broadly employed to evaluate market dynamics that impact customer expectations, relationship strategies and contribute to the formation of market structure (Aguilar, 1967; Whittington *et al.*, 2021). This framework underscores the importance of political, economic, social, technological, environmental, and

legal factors that directly and indirectly shape the structure, extent, and long-term viability of strategic planning.

The success of implementation, however, is largely influenced by external business environment conditions. As described by Meffert *et al.* (2024), political, economic, technological, and sociocultural factors constitute a dynamic business environment that may even enhance or challenge implementation steps in KAM process. To illustrate, political instability or uncertain regulations can hinder project approvals and disrupt long-term relationship planning with key accounts (Meyer *et al.*, 2022). Economic instability, including inflation or currency fluctuations, can alter key account purchasing behavior and consequently pricing strategies, complicating the maintenance of previously agreements and service obligations (Sharfaei *et al.*, 2023). Innovation in technology can facilitate enhanced customer interaction (Prentice and Nguyen, 2020), though it also requires rapid adaptation and the acquisition of new skills (Trenerry *et al.*, 2021; Bouwmans *et al.*, 2024). As a result, organizations need to incorporate the influence of external business conditions into the KAM implementation process, integrating flexible frameworks with scenario-based strategies to address uncertain environments. Therefore, organizations can improve key account satisfaction by synchronizing execution processes with evolving environmental conditions, to be able to create robust and enduring partnerships. Accordingly, KAM implementation is not only an internal responsibility but a dynamic process driven by external environment factors which is also crucial for the success of KAM objectives (Jean *et al.*, 2015).

Research Design/Methodology:

The PESTLE framework addressing political, economic, sociocultural, technological, legal, and environmental variables, provided the basis for constructing the theoretical framework to understand how external environmental dynamics drive the implementation process of Key Account Management (KAM) (Yüksel, 2012). In this research, we employ a qualitative case study approach to achieve a rich and textured understanding of KA managers experiences accountable for developing and managing key customers relationship in the Middle Eastern business environment, with a particular focus on the Iranian market as a representative research sample owing to its complex and exceptional external business environment. We applied semi-structured interviews approach recognized for its methodological versatility and comprehensive analytical depth. This approach enables us to analyze a series of interrelated themes allowing the expression of unforeseen insights (Kallio *et al.*, 2016). Data collection

involved conducting 28 semi-structured interviews with KA managers from mainly small and medium sized enterprises from multiple industries which are based in or active in Iran market. This sample size is in line with accepted standards in qualitative research to ensure data saturation and broad analytical coverage (Guest *et al.*, 2006; Boddy, 2016; Malterud *et al.*, 2016). Our final data set were analyzed using a hybrid qualitative approach that combined Spiggle’s (1994) framework for inductive interpretation with key phases of King’s (2012) template analysis.

Findings (work in progress):

Table 1 summarizes the main categories and sub-categories of external business environment factors identified through qualitative interviews with industry professionals. Each main category represents a broad dimension of external influence, while the sub-categories detail specific elements within these dimensions that affect international companies’ strategies and key account management processes.

The preliminary results suggest that five external forces shape international firms’ strategy and KAM: political, economic, technological, legal-regulatory and sociocultural. Politically, instability, sanctions and shifting policies create chronic uncertainty, forcing repeated plan revisions. Economically, inflation, currency swings, contracting demand and restricted banking strain pricing, budgeting and supply chains. Technologically, access limits and uneven digital infrastructure hinder collaboration, yet selective adoption (e.g., AI) can improve planning and customer engagement amid cybersecurity and software constraints. Legally, volatile rules, protectionism, trade restrictions and slow dispute resolution increase compliance burdens and delay projects. Socio-culturally, risk-sensitive customers shorten horizons; cultural and religious norms shape acceptance and communication, while online shopping and demographic shifts reorder preferences. These interlocking factors compress decision cycles, raise costs, reduce flexibility and push firms to adapt KAM processes with local market standards.

Table 1 Template analysis: the final coding template

Main Category	Sub-Categories
Political Environment	1) Political Stability / Instability 2) Sanctions and Embargoes 3) Government Policies 4) Regulatory Uncertainty 5) Corruption and Bureaucracy 6) International Agreements
Economic Environment	7) Inflation & Currency Fluctuations

Main Category	Sub-Categories
	8) Market Size & Purchasing Power 9) Economic Stability / Instability 10) Financial Infrastructure 11) Supply Chain & Cost Pressures 12) Industry-Specific Economic Impact
Technological Environment	13) Access to Technology 14) Technological Innovation 15) Digital Infrastructure 16) Remote Communication Tools 17) Technology Dependency by Industry 18) Cybersecurity & Software Restrictions
Legal and Regulatory Environment	19) Regulatory Framework Stability 20) Trade and Import/Export Regulations 21) Compliance and Sanctions Enforcement 22) Protectionism and Local Content Rules 23) Contractual Law and Dispute Resolution 24) Administrative Delays & Bureaucracy
Sociocultural Environment	25) Customer Expectations and Buying Behavior 26) Cultural and Religious Influences 27) Social Trends 28) Communication Styles 29) Market Hypes vs Trends 30) Demographic Changes

Research Implications and Limitations:

This study provides theoretical insight into the effect of external business environment influence on KAM implementation in Middle-East context. The research demonstrates how five external forces influences the planning process for 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 context understanding and suggests that companies should consider the differences in each market while implementing KAM strategies. The study findings could also help companies in avoiding context 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.

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

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