Conceptualising the Corporate Cultural Fit – A Global Account Management Perspective

Holger Wendt
PhD Student
Coventry University – Faculty of Engineering and Computing
UK

Dr. Richard Anderson
MBA Program Manager, Senior Lecturer
Coventry University – Faculty of Engineering and Computing
UK

Dr. Katja Kuhn
Professor, Academic Dean, Management and Engineering, SRH University Heidelberg, School of Engineering
Germany
An Introduction to
ATINER's Conference Paper Series

ATINER started to publish this conference papers series in 2012. It includes only the
papers submitted for publication after they were presented at one of the conferences
organized by our Institute every year. The papers published in the series have not been
refereed and are published as they were submitted by the author. The series serves two
purposes. First, we want to disseminate the information as fast as possible. Second, by
doing so, the authors can receive comments useful to revise their papers before they
are considered for publication in one of ATINER's books, following our standard
procedures of a blind review.

Dr. Gregory T. Papanikos
President
Athens Institute for Education and Research
This paper should be cited as follows:

Conceptualising the Corporate Cultural Fit – A Global Account Management Perspective

Holger Wendt
PhD Student
Coventry University – Faculty of Engineering and Computing
UK

Dr. Richard Anderson
MBA Program Manager, Senior Lecturer
Coventry University – Faculty of Engineering and Computing
UK

Dr. Katja Kuhn
Professor, Academic Dean, Management and Engineering, SRH University Heidelberg, School of Engineering
Germany

Abstract

This work is based on an evaluation of the most important corporate cultural factors that influence complex supplier-customer relationships. To outline an integrated Corporate Cultural Fit Model, an interdisciplinary aggregation of concepts from account management, corporate culture and customer relationship management theory are supported by a case study including extensive qualitative data from 21 interviews with experts of Global Customer or Global Account Management organisations inside a leading global automotive supplier. The findings address the existing research gap regarding the process whereby Global Customer Organisations align themselves with their global customers’ corporate culture.

Keywords:

Corresponding Author:
Introduction

Global Account Management
A closer look at today’s business markets shows that the sales function is especially challenged by the steady globalisation of (potential) customers (Yip & Madsen 1996). National customers are expanding their global activities to become global customers and tend to shift away from national and towards global purchasing strategies. As a result, international suppliers frequently modify and adapt their sales management practices and sales territory design (Babakus et al. 1996) to become omnipresent and more accessible to global customers. One of the most discussed approaches within global sales and customer relationship management literature is the concept of Global Key Account Management (GAM) as ‘an organisational form and process in multinational companies by which the worldwide activities serving a given multinational customer are coordinated centrally by one person or team within the supplying company’ (Yip & Montgomery 2000:2). With this, organisations have begun to place more effort into gaining competitive advantages at global levels, meaning they must learn how to build stronger relationships with a wider range of individual global and multinational customers. Much has been written about the formalisation of GAM programs in terms of strategy organisational structures, processes and performance as well as staff related to GAM (Yip & Madsen 1996, Senn & Arnold 1999, Capon 2001, Birkinshaw, Toulan & Arnold 2001, Homburg, Workman Jr. & Jensen 2002, Townsend et al. 2004, Hui Shi, Zou & Cavusgil 2004, Toulan, Birkinshaw & Arnold 2006). According to Shi et al. (2005:93), ‘global account management (GAM) has become a strategic focus among most multinational companies, but there is little empirical research on what type of organisational capability fosters GAM programs’. Resultantly, researchers and practitioners constantly seek new designs for Global Account Management Organisations, herein described as Global Customer Organisations (GCOs), that reduce internal friction and provide greater customer orientation.

Corporate Culture
Early research simply describes the phenomenon of corporate or organisational culture as the way things are done in an organisation (Bower 1966, Quinn 1988). However, the formal examination of Corporate Culture as it is understood today is often linked to Edgar Schein’s classification of organisational culture as ‘a pattern of basic assumptions invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration...’ (Schein 1988:7). Schein (1988) splits corporate culture into three different levels: artifacts, values and underlying assumptions. In his model, the level artifacts forms the surface of a company’s culture, is ‘visible but difficult to decipher’ and describes the company’s easily observable attributes, such as presentation, atmosphere and architecture. Yet, the interpretations made by an external observer do not allow a full understanding of what these attributes mean to insiders. Therefore, a careful
analysis of the values of a company, the second level, is required. Employees or informants are the best source for understanding to espouse a company’s values. These values are comprised of the goals, ideals, norms, standards, principles and other untestable premises of a company. Finally, the last level of corporate culture is formed by underlying assumptions, specifically the settled assumption shared by the members of the company. Considering the extensive variety and resultant individuality, corporate culture is also recognised as the personality of a company which varies from company to company and therefore does not come with a uniform set of dimensions and characteristics (Van der Post, de Coning & Smit 1998). It is clear that GCOs are important interfaces to customers organisations and link the corresponding corporate culture to internal operations but the sheer number of variables involved, the changing conditions and the general demands for (and resistance to) changes can continually challenge even highly successful sales organisations.

Further Associating GAM with Organisational Culture and Direction of Paper

Despite the considerable amount of literature on various aspects of Global Account Management, there is no current understanding of how important the influence of corporate culture of global accounts on international business-to-business relationships is, what the main cultural factors that influence a customer supplier relationship are or how suppliers can increase their competitiveness by adopting certain aspects of their customers’ culture. By explicitly linking corporate culture to an organisation’s managerial functions, Denison (1990) underlines the influence corporate culture has on management practices and behaviours, including that the customer’s corporate culture influences supplier selection. This leads to assumptions that the ability of GCOs and their members to decode and adapt to customer corporate culture, to align and represent the internal organisational response, leads to improved competitiveness in the supplier selection process due to the fact the selling company’s culture automatically becomes more systematic and customer oriented. We therefore argue that optimised GAM must consider how the customer’s corporate culture affects variables involved in the business, especially when there are significant differences between the two business partners, including, i.e., differences in the companies’ set ups and modus operandi. In the following sections we present an integrated organisational fit model based on a case study with qualitative data collected from 21 GAM experts in a leading automotive supplier with a sophisticated GAM organisation that supplies services and products to all car manufacturers worldwide while generating several hundred million USD in revenue. This provides a unique data set to the existing knowledge base while addressing the aforementioned research gap.
Conceptual Corporate Cultural Fit Model

Tailoring GAM to fit corporate culture demands that organisations thoroughly consider both elements even though addressing the recommendations and best practices for even one area is commonly an issue. As stated in the previous section, there is a lack of emphasis on the interrelationship between corporate culture and GAM activities. Although GAM naturally encompasses a few (but not all) of the areas involving corporation culture in its fundamental nature, our model highlights the areas where a so called fit between GCOs and the corporate culture of individual global customers appears to be valuable. Although the term ‘Fit’ has various meanings, in the context of this work it is understood as a ‘static match between actors and / or conditions’ (Dranzin & Van de Ven 1985). In GAM research, the concept of interactive fit, which focuses on performance variation based on the interaction of pairs of organisational structure and context variables (Shi et al. 2004, Toulan et al. 2006), is commonly emphasised. We adopt the interactive approach and assume that a fit between the specific dimensions of the Corporate Culture of a Global Customer and a supplying organisation is a complex undertaking made worthwhile, as demonstrated by this research project, by the relationships it fosters. Therefore, we developed a corporate cultural fit model consisting of two second order variables, organisational response and moderating managerial functions, that both directly influence the relational performance of a Global Account Management program, as demonstrated in Figure 1.
Organisational Response

Underlying the homogenous concept of joint sales activities to attain profitability from large international accounts, we define the second order dimension of our model, Organisational Response, as the capability of GCOs to align and unify the essential corporate functions of the supplying company in order to serve Global Customers in a unique, customer specific and culture oriented manner. Thereby the ability of the selling organisation to respond to individual customer requirements is determined by a set of 4 first order variables: organisational structure, people, strategy and processes. This construct simultaneously links the most important support structures of the contact areas for customers and suppliers vital to an inter-organisational form of exchange and limits the framework account managers can employ. Throughout intensive, in depth interviews it became clear that GAM organisations have to be able to direct and enable these internal corporate functions to match each customer’s culture as closely as possible. This is underlined by the fact that global customers not only judge suppliers according to hard performance indicators such as price, quality and product availability but also their ability to understand and match the customer’s corporate culture: ‘That particular customer started to rate us and how we match with their
culture in some kind of soft metrics, for example how we communicate and how we say no to certain topics’ (Senior Executive, Study Participant #17).

Proposition 1: The alignment of the Organisational Response towards customer culture has a positive effect on relational GAM performance.

Proposition 2: The degree of cultural alignment of the Organisational Response influences Managers Capabilities to build up customer oriented relationships.

Structure

Organisational structures of GCOs are described as ‘one of the most interesting and controversial parts of account management systems, because of the variety of organisational options that are available’ (Kempeners & van der Hart 1999:310), and due to the diversity of customer organisations, there is no one fits all solution (Shapiro & Moriarty 1984). However, the global footprint of the vendor and their subsequent ability to provide all customer markets with uniform products or services plays an important role in customers’ decision making processes (Montgomery, Yip & Villalonga 1999). The challenge for supplying companies is therefore to tailor GCOs to the individual needs of each of their specific customers by taking the customer’s culture into close consideration. If the supplier focuses on more than one global account, the Account Management set-up has to have a flexible structure which can be individually tailored to suit each customer. Additionally, Global customers prefer the possibility to have their inquiries addressed by several levels of hierarchy which occur as matched pairs. Specifically, it is vital that the customer’s representatives have an easy to identify and easy to access point of contact for their inquiries which match their own position. As such we argue that as, from a resource perspective and in most cases, suppliers cannot completely mirror the purchasing organisation, suppliers should aspire to reflect strategic important management positions when dealing with customers that have a very hierarchical culture.

Proposition 1a: A GCO structure that takes the corporate cultural aspects of their customers into consideration (e.g. hierarchal structure) has a positive effect on the organisational response of supplying companies.

Staff

Members of GCOs have to be highly customer oriented and able to identify the exact needs and requirements of every customer inquiry. It is extremely important that GAM staff share the customer’s perspective and understand the culturally determined background of the customer’s organisation: ‘If you are aware of the context buyers are working in, which is determined by their company’s culture, you are able to identify interrelationships and thus more likely you will be able to choose the right approach’ (Global Account Manager, Study Participant #3). We claim that members of Global Account Management Organisations not only have to share a similar cultural background, be highly trained, customer oriented and motivated (Millman & Wilson 1995, Hui Shi, Zou & Cavusgil 2004) but also
have to understand the corporate cultural framework the customer operates under to clearly categorise their actions and decisions.

Proposition 1b: Members of Global Customer Organisations that understand and can adopt customer corporate culture have a positive effect on the organisational response of supplying companies.

Strategy

GCOs should be able to align internal strategic decisions towards individual customer requirements, and corporate culture, as part of each individual customer’s requirements, undoubtedly forms a critical element in the service delivery process (Macaulay & Clark 1998). Given the fact that a customer-oriented service culture affects the customer strategy of a firm (Denison & Mishra 1995) and is a prerequisite of quality service (D’Egidio 1990), suppliers have to put effort into exploring their customers strategic orientation and requirements, and thereby their culture, in detail in order to be able to adapt rapidly and effectively. One key dimensions of GAM strategy in conjunction with corporate culture that was identified throughout this research is responsiveness. A responsive GCO has to be able to motivate relevant downstream functions to react to customer requests as quickly as possible. This can be realised by providing a high level of availability, having quick connections to customer locations and having facilitated access to relevant resources such as engineering, project management etc. To become responsive, GCOs should also be internally as well as externally aligned. Internal global alignment describes the degree to which GCOs are able to internally exchange customer relevant information from different markets such as technical and financial requirements, portfolio strategies or changes amongst decision makers. Thereby, internal alignment serves to ensure that vendors clearly show integrity in their external strategy amongst different regions.

Proposition 1c: Adaptation of GAM strategies towards individual customer culture has a positive effect on organisational response.

Processes

The prospect of fulfilling inter-organisational processes is frequently a challenging proposition for GAM organisations. This is simply a function of the fact that global customers represent much broader and complex sets of the operational processes necessary to standardise supplier selection, cost-comparison and negotiation practices that support optimal financial results (Nydick & Hill 1992, De Boer, Labro, & Morlacchi 2001). Both the manner of implementation and the specific processes (such as in relation to sourcing) must be sufficiently particular to meet all of the needs of every individual organisational component. In principle, customers who heavily depend on process-driven organisational cultures typically present the greatest challenge to GAM organisations. On one hand, conformity to established customer processes is a crucial requirement to support successful business partnerships. Irrespective of price and quality issues, process-driven customers require prospective suppliers to meet cost-disclosure procedures and standardised
quotation processes as prerequisites for doing business. On the other hand, GAM organisations attempting to fulfil the established external processes, especially within large corporations, must simultaneously coordinate internal processes and restrictions that may pose conflicts with customer directives. The corresponding management dilemma for GAM organisations is that they must comply with external customer culture defined by processes within the parameters and limitations of inflexible internal restrictions. Generally, successful resolution requires that suppliers maintain a degree of flexibility to permit Account Management to satisfy all enterprise stakeholders. Ultimately, the principal role of the GAM organisation in this complex process landscape is to ensure the highest possible degree of customer-process fulfilment simultaneously for multiple entities with very different initial concerns.

Proposition 1d: The ability of GCOs to fulfill customer specific process requirements has a positive effect on the organisational response of supplying companies.

Managerial Capabilities

For our second order variable, Managerial Functions, it is important to recognise the theoretical foundations of this construct. Stemming from a relationship management perspective, commitment – trust theory (Morgan & Hunt 1994) provides a starting point for describing the abilities required to meet the individual cultural aspects of customers. In its original structure, the commitment – trust theory includes several types or relationships such as supplier, lateral, buyer and internal partnerships (Morgan & Hunt 1994). Workman et al. (2003) furthered this approach by identifying that suppliers that implement GCOs seek to build trust, improve information sharing, reduce conflict and increase commitment. Due to the focus of our research on Global Account Management and customer corporate culture, we adapted Morgan & Hunts approach, aligned it to Workman et al.’s results, and identified as well as isolated those factors that are especially important for Account Managers to consider in a cultural context. Therefore, we argue that Managerial Capabilities represent the interface capability to coordinate all organisational factors towards the purpose of building a sustainable customer relationship. In this work we describe Managerial Capabilities as a set of customer management principles that serve as a precondition for relationship focused Global Account Management organisations in a corporate cultural context.

Proposition 3: The alignment of Managerial Capabilities towards customer culture has a positive effect on relational GAM performance.

Collaboration

Enhancing and facilitating inter-organisational collaboration forms a major task of GAM organisations and has an inevitable influence on GAM relationships (Shi et al. 2005, Richards & Jones 2009). However, the literature does not take into consideration that the aspired degree of a collaborative
relationship may vary significantly according to the background and culture of the buying company. Through our research, we were able to identify that customers behave very differently regarding supplier involvement and collaboration. Depending on the culture of the buying company, a collaborative orientation may either be a dominant characteristic, e.g., when the customer wants to develop innovative solutions with the supplier based on partnership, or unimportant, e.g., when expectations move away from collaboration and towards a ‘just deliver’ the best price product.

Proposition 3a: Collaborative orientation towards individual customer culture fosters Managerial Capabilities.

Communication

In account management literature communication is often seen as a value generating key construct that influences long-term customer satisfaction for both vendor and buyer (Ahearne, Jelinek & Jones 2007). Schultz & Evans (2002) highlight that communication, especially in buyer-seller relationships, has a personal – informal, bi-directional character, is determined by frequency and content, and results in role performance, trust and synergic solutions. The authors also recommend a structure ‘which reduces the communication barriers and allows customers to directly contact appropriate vendor representatives’ (Schultz & Evans 2002:29). However, during our qualitative study, Account Managers and Executives highlighted the fact that communication to and from global customers turns out to be highly individual and differs in the level of personal involvement, type of communication (e.g. face to face, mail, phone), frequency and level of information shared depending on the cultural background of the customer. We therefore argue that the right communication approach can only be identified according to the peculiarities of the customer’s corporate culture, i.e., communication frequency, decision matrices and escalation levels. Additionally, to avoid confusion or discrepancy in GAM communication, the responsible interface has to ensure consistency in customer communication throughout various positions within the supplying organisations.

Proposition 3b: The more communication channels are aligned towards customer culture and individual requirements, the more efficient the information exchange fostering Managerial Capabilities will be.

Commitment

Commitment plays a central role in relationship marketing (Ulaga & Sharma 2001), can be defined as ‘an exchange partner believing that an on-going relationship with another is so important as to warrant maximum efforts at maintaining it’ (Morgan & Hunt 1994:23) and is understood ‘as an enduring desire to maintain a valued relationship’ (Moorman et al.1993:316). Due to the fact that commitment is a major aspect of any transactional relationship building process (Cann 1998), commitment forms an important mediating first order variable in our construct. For a customer to be committed to a supplying company, they must believe that the relationship value and quality are worth
the effort. However, to show commitment, GCOs must empower the supplying company to commit to their customers, prove their commitment and maintain this commitment as a long term customer strategy in order to become an incumbent partner. As a result, business partners are less willing to exchange their suppliers, even if competitors come up with aggressive strategies.

Proposition 3c: The ability to show and prove commitment to the customer fosters Managerial Capabilities.

Trust

We argue that one central issue in any relationship that deals with financial transactions is the persistent fear that one party is trying to take advantage of the other. Therefore, it is indispensible for the responsible positions within GCOs to minimise or eliminate this fear by gaining the trust of the (potential) business partner. The literature provides various key terms such as reliability, honesty, integrity, consistency, fairness, responsibility and other supportive actions, to fully develop a multifaceted paradigm of trust (Rotter 1971, Dwyer & LaGace 1986, Morgan & Hunt 1994). We mainly agree with the constituent parts and, from a GAM perspective, enhance the description with transparency and genuineness. Providing a certain level of transparency e.g. in the supply chain, product development, product pricing and strategic decisions while keeping a consistent and genuine appearance throughout the whole supplying organisation can significantly increase the level of trust and minimise potential fear.

Proposition 3d: To gain trust by adapting towards the customer’s culture and values (e.g. responsiveness, process fulfilment) fosters Managerial Capabilities.

Relational GAM Performance

Account Management performance commonly is described through the financial and relational effects on supplier customer interactions (Birkinshaw et al. 2001). While financial performance is represented through hard or quantitative values such as Sales Growth, Sales Profitability and Market Share (Birkinshaw et al. 2001, Homburg et al. 2002, Shi et al. 2004), it also depends on the quality on the relationship between selling and buying company (Workman Jr., Homburg & Jensen 2003). This phenomenon can be described through relational performance: the capability of GCOs to build long term customer relationships (Birkinshaw et al. 2001). Relational performance in B2B environments is typically determined through a proactive, cooperative and facilitation service design that seeks to deeply understand their customers in order to increase competitiveness (Bhappu & Schultze 2006). Prior research implies that relational GAM performance has a direct impact on the financial performance of a selling company (Atanasova & Senn 2011, Richards & Jones 2009, Workman Jr., Homburg & Jensen 2003). We agree with this approach, but for our model chose to focus only on relational GAM performance as a second order variable as measuring the impact of an applied cultural fit extends beyond the scope of this research.
Contributions

In bridging literature and first hand information from expert interviews, this study offers several contributions for both Academics and Managers of GCOs. We introduce a conceptual Corporate Cultural Fit model that closes the existing gap in the literature and links two areas of research: Global Account Management and Corporate Culture. Unique insights into Global Account Management provide researchers with a framework that discloses the influence of the second order variables Organisational Response and Managerial Capabilities on Relational GAM performance in a cultural context. From a practical point of view, our study shows that global customers now measure how well suppliers correspond with their corporate culture. Consequently suppliers should aspire to a cultural fit which can only be realised if supplying companies structure GCOs to coordinate all activities according to each customer’s culture and Account Managers are aware that there are clear interrelations between the performance of GAM programs and the degree to which they are able to adapt to the specific cultural requirements of each customer. As such, our conceptual model can guide organisations to become more customer oriented by taking cultural variables into consideration and thus perform better in their customer activities.

Limitations and further Research

The fact that the major part of this study was performed in a single world leading automotive supplier provides us with exclusive data but also opens several new doors for further research. Primarily, we acknowledge the explorative, cross-sectional character of our research and note that due to the high degree of complexity in an international business context, the construct of a cultural fit might also take other, unrevealed dimensions into consideration. The presented model should therefore be understood as a starting point for researchers and practitioners seeking to widen their customer management practices and develop even more customer oriented GCOs. Further studies can therefore follow two directions: Firstly, they can help validate the proposed model through empirical testing or by extending the large-scale longitudinal investigations. Secondly, the presented work exclusively provides a supplier’s perspective. Although it is beyond the scope of this study to examine the impact of a cultural fit from a customer perspective, scholars also may address purchasing organisation to obtain a holistic overview of the importance of the corporate cultural fit in supplier – customer relationships.
Bibliography


