Antecedents of Relational Capabilities in an Arab context: the case of Industrial Firms in Jordan

Fawaz Baddar AL Hussan
Université Catholique de Lille

Faten Baddar AL Husan
Newcastle University

Abstract

Within the business-to-business and international marketing fields it is recognised that inter-organisational relationships are context bound and require the development of responsive relational capabilities. However, there is a dearth of knowledge with regard to the institutional influences on companies’ relational capabilities, particularly across border and in the Arab Middle East region. This study draws on the relational view, relationship marketing and institutional theory to identify and highlight the influence of context-specific relational antecedents on the relational capability of firms in managing inter-organisational relationships with key customers in emerging economies in the Arab Middle Eastern Region. It is based on an extensive qualitative enquiry that utilises 68 in-depth semi-structured interviews conducted in Jordan with indigenous and multinational/western firms. It concludes that relational capabilities within an Arab context are shaped by a number of relational antecedents and contingencies that are embedded in broader institutional contexts that have implications for the ways resources are utilised and capabilities adapted and developed in order to be more competitive in such an uncertain and dynamic environment.

Keywords: business-to-business/industrial marketing, relational capabilities, Arab Middle East region, key account management, institutional context.

Introduction

Recent changes and developments in the world economy have made business networks and relationship building critical for the success and survival of organisations around the world (ALHusan, AL Hussan, and Fletcher-Chen 2014). Consequently, and based on research evidence, many scholars are increasingly arguing that interfirm business relationships and networks are the primary source of competitive advantage as they enhance firms’ survival and capabilities by providing opportunities for shared learning, transfer of technical knowledge, legitimacy, and resource exchange (Dyer and Dingh, 1998; Park and Luo, 2001; Mitrega et al. 2012; Thornton, Hennenberg, and Naude, 2013). At the same time, it is acknowledged that the advantages gained from being embedded in business relationships and the wider business networks depend on the firm’s ‘relational capability’ and its ability to utilise resources and to manage within such complex relationships (Moller and Torronnen, 2003; Smirnova et al., 2011). The complexity of management of business networks and external relations with other firms has been stressed by studies within the international marketing field (Hitt, Lee and Yucel 2002), and Industrial Marketing and Purchasing (IMP) Group (Ford et al. 2002; Pagano, 2009). The phenomenon is even more complex when dealing with the management of external relations and business networks across borders due to highly different local contexts in terms of economic, social and institutional dimensions (Bartlett and Ghoshal, 1989). Consequently, it is argued that the management of these complex networks of inter-firm relationships entails the development of specific relational and networking capabilities which comprise organisational solutions, procedures and competences concerning both intra and inter-organisational dimensions (Goerzen, 2005; Li and Ogunokun, 2001; Pagano, 2009). However, despite of the significance and strategic importance of the management of firm’s external relations, the literature on relational capabilities is still relatively fragmented and lacks in-depth studies on the main elements of such capabilities and the necessary conditions for its development (Pagano, 2009; Smirnova et al. 2011). Furthermore, our knowledge is scant with regard to institutional influences on the nature of
companies’ relational capabilities, particularly in the Arab Middle East (AME) region—also known as the Middle East and North Africa (MENA) region. This is alarming since the Middle East region is strategically vital due to its strategic political and economic significance and the high volume of business opportunities available to foreign investors across the region. There are also calls for conducting research in the Arab Middle East region, particularly in light of the monumental changes that have recently been taking place (Zahra, 2011). Accordingly, the aim of this paper is to address these gaps in the literature by identifying and understanding the influence of context-specific relational antecedents on the relational and network capability of firms in managing inter-organisational relationships with key customers in Jordan as an Arab context. We consider the context of key account management to be an important illustration of the concept of relational capability, since it is seen as an essential ‘indicator’ and a specialisation in developing relational capabilities (Moller and Torronen, 2003, p. 115). Hence, we aim to answer the following two research questions: What are the relational antecedents that influence firms’ relational capabilities in managing key customers in an Arab context; and how are they shaped by the Arab institutional context?

We seek to make two important contributions to the understanding of relational capabilities. Firstly, by drawing on the relational view, relationship marketing and Institutional Theory, we intend to contribute toward a better understanding of context specific relational factors that promote development of the firm’s relational capability. Secondly, we develop a conceptual framework that contributes to understating the relationship between context-specific relational antecedents, relationship constructs and relational capabilities of firms within the context of key account management.

This paper is divided into six main sections. In the first section, a brief review is provided on the debate concerning key account management and relational capability. This is followed by discussion of nature of KAM, relational capital/quality and its antecedents. The third second goes on to consider institutional context. The fourth section outlines the research methods utilised. The fifth section reports the key findings obtained from the interviews. The final section, draws together the key points emerging from the study and considers their implications for the existing debate relating relational capabilities and the management of key accounts.

**Theoretical background**

**Key account management and relational capability**

Managers and firms have long been interested in developing new competitive selling approaches to sustain their presence in the highly competitive markets. As a result, we saw many companies in the last two decades move away from transactional selling/marketing towards relational marketing strategies, particularly, that it has been suggested by the ‘relational view’* that inter-organisational cooperation can lead to competitive advantage only when firms transcend transaction-based exchange and develop long-term relationships (Dyer and Singh, 1998). Within this perspective the relational view extends the resource based view (RBV) that focuses on internal critical resources and capabilities, and suggests that a firm’s critical resources may span firm boundaries and may be embedded in interfirm resources and routines (ibid).

The move towards relationship marketing led to the birth of a new management philosophy, known by key account management (KAM). KAM applies the concept of relationship marketing to become closer to the customer, to better interact with them and integrate them into value creation (Ivens, Niersbach, and Pardo 2015). Indeed, KAM as currently portrayed in the relationship marketing literature, as a significant approach to creating value, by implementing specific processes targeting most important/strategic customers (Wengler, Ehret, and Saab 2006), that require a coordinated effort across product divisions, sales regions and functional groups at different levels (Workman, Homburg, and Jensen 2003). Hence, KAM is concerned with the effective management of these complex relationships which involves the initiation, development and maintenance of relationships with the most important and strategic customers.
Hence, we can argue that Key/Strategic key account management is a relational capability (Storbacka, 2012; Moller, 2003) since the advantages that a firm can gain from being embedded in business relationships and the wider business networks depends significantly on a firm’s ability to manage within such complex relationships, i.e. a company’s relational capability (Sminorva et al., 2011), which is the core and essence of KAM. Indeed, Storbacka (2012) for example, define strategic account management programme (SAMP) as ‘a relational capability, involving task-dedicated actors, who allocate resources of the firm and its strategically most important customers, through management practices that aim at inter- and intra-organizational alignment, in order to improve account performance (and ultimately shareholder value creation). It must be noted that while resources are viewed as a collection of factors owned and or controlled by a firm; capabilities are viewed as a capacity to deploy these resources (Amit and Schoemaker, 1993).

Relational capability has been discussed in various contexts with no agreement regarding a single definition it and many conceptualisations of the terms have been presented (Helfat et al., 2007; Mort and Weerawardena 2006; Walter, Auer and Ritter 2006. For example, Day (1994) conceptualised relational capabilities as customer linking capability which is based on creating and managing close customer relationships, while Lorenzoni and Lipparini (1999) conceptualise relational capability as the ability to interact or partner with other companies. Dyer and Singh (1998), for their part, give a more comprehensive conceptualisation of relational capability as a source of competitive advantage based on the ability to forge, develop and govern partnerships. However, according to Ayvari and Moller (2003), the difference in the theoretical backgrounds of different studies that examined relational capability are motivated by the different levels of conceptualisation. Hence, for example, Interfirm partnering competence (Johson and Sohi, 2003) is a firm-level concept, while the relational competence framework by Phan et al. (2005) is an individual level competence. The scholars to on to argue that the different definitions of the relational capability/competence concepts are very similar although the level is different. In our study, we focus on relational capability first at the individual level since business relationships in the Arab world are personal and depend on the capability of the individuals who play a key role in business-to-business relationships. Furthermore, most of the studies focus on the firm level with a dearth of studies on the individual level.

The nature of KAM

By examining the components of KAM, the literature indicates that KAM comprises of organizational as well as relational aspects’ (Ivens and Pardo, 2007, p. 471). Hence, KAM involves the management of both: a) organisational capital; and b) relationship capital. ‘Organisational capital’ consists of the organisational/formal dimensions or structural/task related aspects of the business relationship. Organisational capital involves the internal environment established by the firm to manage the relationship effectively. Ideaeddeath includes information systems, operation processes and procedures, practices and routines, structures, systems, tools, and organisational culture (Tseng and Goo, 2005).

‘Relationship capital’ consists of the relational/informal dimension or socio-psychological aspects of the business relationship or relationship capital. The socio-psychological aspects embodied in relationship capital are important since they act as coordinating mechanisms and determine the quality of the relationship in the business relationship and collaboration (Sarkar et al., 2001). Relationship capital has also been conceptualised as the relationship quality that exists between social actors (Cullen et al., 2000; Coleman, 1990). However, very few studies have focused on the relational/soft aspects of KAM that deal with the social aspects of the business relationships. Hence, there have been calls to investigate these relational aspects. For example, Tzempelikos and Gounaris (2011) argue that researchers considering the issue of what drives KAM success, need not only to focus on the organisational aspects of KAM but also on the relational aspects of KAM, which are extremely important for managing the long-term relationships with key accounts. The relational aspect of KAM is seen to involve the investment in and the management of ‘relationship capital’ or ‘relationship quality’ (Cullen et al., 2000: 224). The focus of this study is on the relational aspect of KAM.
**Relationship capital/quality**

Relationship quality is ‘generally conceptualised as being concerned with the extent to which relators trust each other, are satisfied with the relationship, and are committed to its long-term maintenance’ (Smith, 1998: 78).

Researchers typically conceptualise relationship quality as a higher-order construct composed of trust, commitment, and satisfaction – with trust and commitment as first-order constructs (Ulaga and Eggert, 2006; Morgan and Hunt, 1994). These three relational resources have been identified as essential for building and assessing successful long-term business relationship. In line with previous studies, our present research focuses on trust, commitment and satisfaction as key characteristics of relationship quality.

**Trust**

There is general consensus that trust is the key element in the development of buyer-seller relationships and the main ingredient of successful inter-firm relationships and collaboration that leads to long-term business relationships (Wang et al., 2008; Morgan & Hunt, 1994; Marshall, 2003, Brashear et al., 2003). The importance of this variable stems from its contribution to the strength of interpersonal relationships, intra-organisational relationships and inter-organizational relationships (Svensson, 2001; Ojukwu & Georgiadou, 2007). In particular, some of the advantages of trust are its contribution to the decrease in the level of anxiety and transaction uncertainty and negotiation costs because it enhances the confidence between partners (Wang et al., 2008). In addition, according to McKnight & Chervany (2001) it is considered that trust is mandatory in every interpersonal and commercial relationship, and it is seen as the glue that holds dyadic buyer-seller relationships and the essence of co-operation (Pressey & Mathews, 2004; Ashnai et al., 2009).

In the relationship marketing literature, trust is defined as ‘the willingness to rely on an exchange partner in whom one has confidence’ (Moorman et al., 1993: 82). This indicates that trust exists when one party has confidence in an exchange partner’s reliability and integrity (Morgan & Hunt, 1994: 23). Consequently, trust is conceptualised to have two important elements: ‘credibility’ which is based on the supplier’s effectiveness and reliability in performing the job; and ‘benevolence’ which is based on the belief that the supplier will act in the best interest of the exchange partner (Ganesan, 1994). According to Barshear et al. (2003), for example, credibility, may be viewed from two perspectives – competence based credibility that reflects confidence in the trustee’s knowledge and skills associated with performing a specific task, and honesty(or integrity)-based credibility which involves the ability to rely on one’s word, keeping promises and obligations (Kumar et al., 1995). Thus, Walter et al., (2000: 3) define customer trust as the customer's belief in the supplier's benevolence, honesty and competence to act in the best interest of the relationship in question. This in line with Mayer et al. (1995) who suggested that the trustee’s characteristics of perceived ‘ability, integrity and benevolence’ are antecedents to trust; and that the level of trust is determined by these antecedents and of the trustor’s propensity to trust. The researchers also argue that the specific consequences of trust will be determined by contextual factors and that the assessment of these antecedents of trust (ability, benevolence and integrity) are affected by context. In a similar vein, Gill et al. (2005) argue that the antecedents of ability, benevolence and integrity may contribute differently to the establishment of trust based on the context that determines which antecedent is most important in the formation of trust.

Trust is conceptualised in the form of two important elements: ‘calculative’ and ‘affective’ trust (Abosag et al., 2006; Huang & Wilkinson, 2006). Calculative trust is based on the rational decision that one party will behave in a binding way because of the financial outcome that will result from collaborating in the relationship (Hammervoll, 2011; Tzeng & Li, 2011). Affective trust, on the other hand, focuses on the emotional side or trust generated by social bonds between the parties that created mutual feelings of empathy, benevolence and interpersonal liking (Abosag et al., 2006). This has been explained by Huang & Wilkinson (2006), as the purest form of trust and the exchange partners will perform in the best interest of each other to avoid harming each other.
Trust is also considered to be a significant indicator of commitment as it strengthens the commitment in a relationship by reducing the levels of risk between interacting parties and reduces the transaction cost in exchange relationships (Caceres & Paparoidamis, 2007; Hamner-Lloyd & Canning, 2002; Wang et al., 2008; Hausman & Johanson, 2010). However, the meaning, degree and intensity of trust varies enormously between different cultures and nations (Gummesson, 2008; Ashnia, et al., 2009; Wang et al., 2008; Yen et al., 2007; Abosag et al., 2006; Zabkar & Bencic, 2004), which implies that the means of its of application and operationalization will differ across countries.

Commitment

Commitment is perceived as a crucial element in successful relationship marketing and goes hand in hand with trust (Morgan & Hunt, 1994; Bennett & Gabriel, 2001; Caceres & Paparoidamis, 2007). Relationship commitment refers to ‘an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it’ (Morgan & Hunt, 1994: 23). Thus, commitment indicates the extent to which the parties are willing to continue the relationship and their desirability to maintain loyalty and stability with one another (Egan, 2008). Moreover, commitment supports the notion of solidarity and cohesion between channel members in favour of exchanging short-term gains expected for long-term benefits by staying with current/existing partners (Geyskens et al., 1996). Research evidence also indicates that commitment is directly related to loyalty and repeated purchase and operates to some extent the way as trust, in the sense that a minimum level of commitment is needed at least to initiate the relationship, and as the relationship evolves and develops so does the formation and the strength degree of commitment, and without it no relationship is feasible (Evans et al., 2004).

In addition the literature on commitment distinguishes three types of commitment based on their underlying motives (Zabkar & Bencic, 2004) - affective commitment, calculative (or cost-based) commitment, and obligation-based commitment (Sharma et al., 2001). The first two types are the most cited in the literature (Gustafsson, 2005). Affective commitment is also known as the altitudinal commitment, and it is based on the emotional attachment and respect for the other partner (Sharma et al., 2001; Gustafsson et al., 2005; Geyskens et al; 1996). This type of commitment focuses more on the personal side of the relationship, and it is generated through the social interactions, social bonding and personal liking between partners, reciprocity and trust (Wetzels et al., 1998; Abosag; 2006; Gustaffsson et al., 2006; Leszczynski & Zielinski, 2010).

Calculative commitment, which is also known as economic commitment or structural commitment or cost-based commitment, as created through switching costs, puts more emphasis on the economic side of the relationship, and refers to the party’s awareness of the costs associated for opting out of the relationship (Abosag, 2006; Gustafsson et al., 2005). In other words what will be the switching cost associated with the termination of the relationship between partners after an economic investment has been made by that partnership. Hence, partners in the relationship perceive that cost and based on that continue the relationship (Tellefsen & Thomas; 2005; Abosag; 2006; Leszczynski & Zielinski, 2010). Obligation-based commitment is one type of commitment that has been under-researched in the literature. Obligation-based commitment stems from a person’s sense of responsibility towards another person or group of people that he identifies or interrelates with. Although the other types of commitment the economic/cognitive commitment emphasise the economic element of the relationship for its continuation, and the affective commitment considers that emotional attachment for its continuation, while obligation-based commitment builds on the morality of the relationship and whether it is moral to continue the relationship or not, and it is a culturally bound construct (Sharma et al., 2001).

However, it must also be noted that the level and type of commitment can differ between countries. Research evidence indicates that in Western-individualistic cultured countries calculative commitment has higher influence on the relationship between partners. In contrast, in collectivist cultures the affective commitment is a major driver for the long-term relationship and has more influence than calculative commitment between the two parties (Zabkar & Bencic, 2004; Rodriguez & Wilson,
2002; Abosag, 2006). This may have implications for KAM relationships in the Arab world which is the context of this study. The relationship management literature emphasizes two different dimensions of relationship commitment that drive loyalty: Affective commitment, as created through personal interaction, reciprocity, and trust; and Calculative commitment, as created through switching costs (Bendapudi and Berry, 1997; Fullerton, 2003; Garbarino and Johnson, 1999; Morgan and Hunt, 1994).

**Satisfaction**

According to (Gustafsson et al., 2005: 210) customer satisfaction is defined as ‘...a customer’s overall evaluation of the performance of an offering to date.’ Satisfaction is derived from relationships between buyers and sellers and indicates the overall feeling and attitude of both parties in the relationship, and it is seen as the extent to which parties are pleased with each other’s relationship activity (Barnes et al., 2011). It is argued that the presence of satisfaction in a relationship acts as a prominent element for conflict resolution and improved performance of firms (Rodriguez et al., 2005; Caceres & Paparoidamis, 2007). However, in the literature there are many contradictory views about what leads to satisfaction or what is seen as an antecedent to satisfaction. Evidence shows that satisfaction is determined by perceptions of the interaction between buyer and seller and perceptions of being treated with respect, dignity, courtesy, and empathy (Patterson and Spreng, 1997; Long and Andrews, 1990 cited in Phan et al., 2005).

Some scholars also see satisfaction as a predictor or antecedent of trust, others see it as an antecedent of commitment (Brashear et al., 2003). Some others consider trust as an antecedent of satisfaction or satisfaction as an outcome of trust and commitment, or commitment and service quality are the antecedents of satisfaction (Rodriguez et al., 2006; Egan, 2008; Wetzels et al., 1998). In general, there is no consensus on how satisfaction is positioned in the relationship hierarchy, however the literature on satisfaction has approached satisfaction from two aspects: economic satisfaction; and social satisfaction (Geyskens & Steenkamp, 2000; Bennett & Rundle-Thiele, 2004; Ivens & Pardo, 2007).

According to Geyskens & Steenkamp, (2000: 13) satisfaction is ‘a channel member’s evaluation of the economic outcomes that flow from the relationship with its partner such as sales volume, margins, and discounts’. From this definition, it is apparent that economic satisfaction considers how productive and effective the relationship is in terms of its financial outcome. This dimension has been operationalised from the point of view of how competent the supplier is in his service orientation, the quality of the suppliers’ products and his ability in order handling (Ivens & Pardo, 2007).

Social satisfaction dimension assesses the physiological element of the relationship, which has been identified by the extent to which one partner is satisfied with the social outcome of the relationship - that is, the extent to which a partner prefers and likes to deal and work with his other partner on the personal level (Geyskens & Steenkamp, 2000). For example, social satisfaction is assessed by looking at the supplier’s friendliness, how he shows interest in the business partner as a person, how he shows respect to work done by the business partner (Ivens & Pardo, 2007). The previous research has mainly approached satisfaction from the emotional perspective more than the economic perspective. However, research evidence indicates that this is more bound to the context and the situation of how satisfaction is being perceived (Bennett & Rundle-Thiele, 2004). This may also be influenced by culture, as how people attach meaning to things is influenced by their culture (Hofstede, 2001; Trompenaars, 1993).

**The institutional context of KAM & relational capabilities**

According to Oliver (1997), institutional theory’s emphasis on organisational networks suggest the importance of firms’ relations as a potential source of co-specialised and complementary assets. Consequently, a firm’s ability to generate rents from resources, such as relationships that extend beyond the firm’s boundaries, and capabilities will depend on the firm’s effectiveness in managing the social context of these resources and capabilities, and that a firm’s sustainable advantage depends on its ability to manage the institutional context of its resources. Hence, within the process of developing
external and inter-organisational relations it is important to understand that firms’ decision to initiate relations with another organisation is commonly based on multiple contingencies such as legitimacy and reciprocity which stem from specific institutional and cultural contexts (Oliver 1990).

Within the context of developing and emerging economies, which include Arab Middle Eastern economies, research evidence indicates that the social context have a profound impact on how firms develop their business relationships, strategies and capabilities to create competitive advantage (Ingram and Silverman 2002, p. 20). Indeed, due to uncertainty of such volatile markets and institutional void stemming from weak or non-existent formal institutions, informal institutions and personal social networks play a vital role in determining firms’ success and competitive edge (Khanna and Palepu, 1997). However, despite of the strategic importance of institutions, knowledge about them is still scant (Williamson, 2000, p. 595), and most marketing studies tend to treat institutions as a background factor (Ju et al. 2013). Therefore, the aim of study is to highlight the context-specific relational antecedents and relational resources that shape firms’ relational capabilities in the region.

Since in the Arab world relationships are primarily developed at the interpersonal level, we adopt Caplado’s (2007) view that as inter-organisational relationships are managed by individual boundary spanners, the key account managers in this study, who interact on behalf of their organisational across the organisations’ boundaries, micro behaviours at the interpersonal level generate macro outcomes at the inter-organisational level. Hence, in this study we shall examine how such relational capabilities are developed by key account managers and how are used to manage the relationship with key customers. We shall also, examine how such capabilities are shaped by the social institutional and context-specific relational antecedents.

**Methodology**

A qualitative research design was adopted given the context of investigation of relational antecedents and relational capabilities necessary for the development of business relationships in the Arab Middle Eastern context, where the conduct of business is under-researched and not well understood in Western management literature. A qualitative research was seen to be most suitable to develop a rich contextual understanding of the phenomenon under investigation (Miles and Huberman 1994). The research followed inductive research design, and was designed to allow themes and nuances to emerge from the research data (Glaser 1992) by utilising theoretical replication logic (Yin 2003), where a new context can be compared against the existing theoretical frameworks from different contexts. The information under investigation was gathered from 68 semi-structured, in-depth interviews. The interviews were conducted in Western and Arab owned companies in financial services, IT, telecommunications and heavy industry in Jordan. The respondents were directly involved with key accounts and in the development of relationships with key customers and included senior managers, key account managers, key account directors and sales managers. Thus, multiple respondents from different levels and roles were drawn from the companies to corroborate data, to ensure comparability, and to obtain a sufficient depth and diversity of information. Where possible all interviews were either verbatim style transcribed or detailed notes were taken. The transcripts were read and reread line-by-line to analyse the data.

This method leads to a better understanding and becoming more familiar with the data which in turn helped in arranging the data into relevant categories. The verbatim transcript data were coded into thematic categories (Guest et al. 2012). However, the initial codes and categories were expanded and collapsed inductively to account for the other categories and sub-categories that emerged from the data analysis. The resulting codes were used to assess existing theory and to generate theories regarding the research questions (Forstenlechner and Mellahi, 2011). To make sure that the categories were reliable, in other words would another researcher perceive the same categories, un-coded transcript was given to an external researcher and was asked to recognize categories. A comparison of categories was made and were discussed until an agreement has been reached (Taylor-Powell and Renner 2003; Spiggle 1994). A summary of the participating companies are presented in Table 1:
Table 1: Summary of sample companies and codes

<table>
<thead>
<tr>
<th>Company code</th>
<th>Industry</th>
<th>Ownership</th>
<th>Number of Interviews</th>
<th>Interview numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>W-LA</td>
<td>Heavy Industry</td>
<td>Western</td>
<td>10</td>
<td>1 – 10</td>
</tr>
<tr>
<td>A-ZT</td>
<td>Telecom</td>
<td>Arab</td>
<td>4</td>
<td>11 – 14</td>
</tr>
<tr>
<td>W-OT</td>
<td>Telecom</td>
<td>Western</td>
<td>18</td>
<td>15 – 32</td>
</tr>
<tr>
<td>A-AR</td>
<td>Financial Services</td>
<td>Arab</td>
<td>6</td>
<td>33 – 38</td>
</tr>
<tr>
<td>W-SG</td>
<td>Financial Services</td>
<td>Western</td>
<td>4</td>
<td>39 – 42</td>
</tr>
<tr>
<td>A-AC</td>
<td>Financial Services</td>
<td>Arab</td>
<td>4</td>
<td>43 – 46</td>
</tr>
<tr>
<td>A-ST</td>
<td>Technology</td>
<td>Arab</td>
<td>10</td>
<td>47 – 56</td>
</tr>
<tr>
<td>W-HS</td>
<td>Financial Services</td>
<td>Western</td>
<td>2</td>
<td>55 – 56</td>
</tr>
<tr>
<td>A-UT</td>
<td>Telecom</td>
<td>Arab</td>
<td>11</td>
<td>57 – 67</td>
</tr>
<tr>
<td>A-RC</td>
<td>Heavy Industry</td>
<td>Arab</td>
<td>1</td>
<td>68</td>
</tr>
</tbody>
</table>

Results and discussion

The findings indicate that the relational capability of the firms, and hence KAM in Arab context, depends more on the management of the social aspect of the business relationship (relationship capital) than on the management of organisational/structural aspect of the business relationship (organisational capital).

More specifically, the findings indicate that priority should be given to developing relationship capital which was essential for enhancing the relational capability of firms. This was revealed by all participants who confirmed that effective key account management and the capability to build long lasting relationship with key customers depends on establishing, maintaining and strengthening three key interrelated relational resources, namely: trust, satisfaction and commitment. The findings also suggest that there are three sub-relational variables that act as antecedents to the above three key factors of relationship quality/relationship capital. These are: Wasta; personal characteristics and similarity; and social bonding and communication. These are explained below.

Relationship capital/quality

The findings reveal three interrelated relational factors that were considered important for improving relational capability and managing key accounts successfully. These three relational factors that influence the success of the relationship are: Trust, Satisfaction and Commitment. The findings and the way that respondents perceived and discussed these relational constructs suggest that commitment and satisfaction are inter-wined, while trust is separable and precedes the other two relational factors.

The role of trust in developing relational capability

Trust was seen as the most significant driving force for establishing and developing relational capability and KAM in general. Trust was perceived by the respondents as ‘being frank and honest’, as ‘fulfilling promises and obligations’, and as ‘never cheating the customer’ (5, W-LA). For example, the sales manager at A-ST defined trust in the following way:

‘Trust means whatever I tell you- you believe me. You are sure 100% that what I say to you is right and correct, and there is no dishonesty between us.’ (45, A-ST)

It was perceived by all respondents that trust must be established between the buyer and seller, as a first step in the relationship before conducting any business. In relation to this, for example, the sales manager at W-HS pointed out that:
‘To have a relationship with the key-customer you need to establish the primary element which is trust’ (49, W-HS).

In a similar vein, the territory Manager at W-LA emphasised that trust for Arabs is essential in any business relationship and it is considered to be an antecedent for any relationship to progress, and hence the focus should be on establishing and nurturing trust. Thus he added the following:

‘For Middle Easterner Arabs trust is essential. I would say trust is 90% of the relationship, and 10% is to use your knowledge to develop the key-customers’ business. Without trust there is no business’, (W-LA)

Consequently, it was seen that one of the major objectives for account managers is to establish and build trust with key customers, and hence he/she needed to seek all possible means to establish this goal. To underscore this matter more clearly, the outdoor sales manager at A-ZT has stated:

‘...The main issue here is how I am going to gain key-persons trust so that I can do business with him, and this can be a problem’ (12, A-ZT)

The above is also linked with the fact that trust in the Arab world is ‘personal’. This means that trust is usually established at the personal level first before being established at the organisational level. One reason for this may be because in the Arab world business is ‘personal’ and is done with a trusted person and not with the organisation as in the West, as Hofstede, (1994: 50) argues, and as this quote by the corporate sales manager at A-AC reveals:

‘.....In our country, the clients do not recognise the bank, that is, they are not dealing with an establishment called X bank, but they deal with particular people inside that bank. Hence, the bank is represented to them by the person who deals with them, and so you will hear this a lot- “I don’t know the bank, I know you”. Because of this, if the key customer does not like and trust the relationship manager then he will not do business with the bank.’ (38, A-AC)

Similarly, the business account manager at W-OT highlighted that a major reason for winning business is the personal trust that the key customer has in the account manager, and hence the assurance that he will not be deceived by the key account manager. This personal trust, in turn, can contribute to the client’s trust in the organisation. Thus, the account manager further explained that:

‘A key customer terminated his contract with another provider just because he knows me and he has utter trust in me and in that I will never deceive him with any product or any offer that I will provide him with. Because he knows me personally and we have trust between us the customer came to perceive that my company is better for him in every service’. (16, W-OT)

Thus, for the account manager the most important part of his role is to establish trust with the key customers to satisfy the customer and generate his commitment, and hence to succeed in managing the KAM relationship, as failing to do so may have detrimental effect on the business. The findings also revealed the importance of trust in establishing and maintaining the commitment with the key-customer, where the majority of the interviewees emphasised that ‘if there is no trust then commitment cannot be developed’. Accordingly, it was accentuated that an account manager has to put a significant effort in establishing trust at the beginning with the key-customer before establishing the commitment element in the relationship, and that priority must be given to creating and developing trust first.

Similarly, when asked about the factors that help in establishing the commitment with the Arab key account, the national sales manager at W-LA, for example, instantly stated that ‘Trust’ was the main factor in establishing the commitment with the key-account and stressed the fact that for the Arabs trust is the ultimate element in building and establishing the commitment in the relationship with the key-customer, and underscored that
‘Trust is the main factor in the Arab world for establishing the commitment. I would give that top priority’. (2, W-LA)

The significance of the account manager’s role in establishing trust and hence commitment (Morgan & Hunt, 1994) as well was also emphasised, particularly that in the Arab world trust usually is personal, as mentioned above, and therefore an account manager must establish this before establishing the organisational trust. Thus, for example, the outdoor sales manager at A-ZT emphasised that trust and an account manager’s honesty and credibility in what he promises to the key-account can lead to the customer’s satisfaction and can build the commitment bridge between the buyer and seller, and stated that:

‘...If the account manager is honest in what he offers to the key-account this will make the key-customer very appreciative and satisfied and will be more committed to the relationship as there is no deception between the two parties’. (12, A-ZT)

The above clearly demonstrates that trust is the real force that drives Arab’s satisfaction and commitment to the relationship, and thus, it may be considered as an antecedent of satisfaction and commitment since trust must precede both satisfaction and commitment, as pointed out in all of the interviews. The following section will indicate the how customer satisfaction and commitment were further achieved in more detail.

Customer satisfaction and commitment
This section will be looking at satisfaction and commitment together as the interviews suggest that commitment and satisfaction are inter-twinned and the respondents tended to use these terms interchangeably. Overall, the results show that achieving customer satisfaction has been perceived to be salient for enhancing the relational capability and hence for managing the relationship effectively with customers and for achieving the customer’s commitment. It was emphasised that one way to achieve customer satisfaction, particularly when there was intense competition and more homogeneity in the products and services provided in the market, was for the supplier firms and their key account managers to focus more on achieving trust and personal/social satisfaction to keep the customer happy through such means as keeping in contact with the customer and through socialising with the customer more. Keeping such ongoing social relationships with the key customers give them the satisfaction of feeling that they are respected and appreciated for themselves as ‘persons’ and not for ‘material’ things (like business and money) which is very important in the Arab culture. This has been highlighted, for example, by W-SG senior corporate relationship manager who noted that:

‘...In the banking sector wherever you go, banks are giving the same level of services and products. So what we are left with is the personal touch. The personal touch like calling up the customer in the morning and asking him to come-over for a cup of coffee, can really make difference and the customer this way feels he is being appreciated and respected and most importantly happy. This makes a lot of difference in our culture.’ (32, W-SG)

The data indicates that making the customer happy through having a friendly attitude and showing him the required respect (to him and to his business) can make the key customer “personally satisfied” and reluctant to switch to another supplier, although in some cases the economic reward may be higher. Indeed, the findings indicate that often Arab customers appreciate and value the personal and social satisfaction more than the economic satisfaction, and as a result, can sometimes overlook the economic rewards offered by the other competitors, as evidenced by the following quote, for example, given by the account manager at W-OT:

‘...by showing the customer that you care about him and his work, and that you are trying your best to solve his problems, makes the key customer value this very much and even more committed to the relationship. Sometimes other companies may make him a better offer, and because he is satisfied more with the account manager and knows that the account manager is sincere in trying to serve him and his business he can decline the other companies’ offer and this happened with me personally,'
where the key-customer declined a better offer from the other competitor just because he was happy and satisfied with our relationship. ‘(19, W-OT)

The second way in which the key customer’s satisfaction was achieved and further increased was through the performance of the account manager and services provided. The data shows that by meeting the customers’ expectations, and even exceeding them as was highlighted by some account managers, solving customers’ problems, and cutting their costs helps in achieving customer satisfaction. In addition, it was indicated that the speed and quality of the service enhances the satisfaction level of the key-customer.

The evidence shows that achieving Arab customers’ satisfaction leads to maintaining the relationship with the customer and his commitment and loyalty to the supplier firm. This may be achieved by providing appropriate solutions to the customers, finding ways to reduce his operations’ costs, offering good quality and fast service, meeting the customer’s expectations and delivering on what is promised on time. More importantly, satisfaction is achieved by developing personal and caring relationships with the key customer, which develops the emotional attachment as Arabs are affective people (Hampden-Turner and Trompenaars, 1998), which has a relatively very positive effect on the level of trust, satisfaction and commitment.

In the Arab world, commitment and willingness to maintain and continue in a long-term relationship also seems to be based on personal and affective relationships and ties. For example, the branch manager at A-AC highlighted how customers are committed to the person rather than the organisation and they would follow the person whom they have relational bonds wherever he goes. Thus, he noted that:

‘...When I moved to another bank, the customers followed me because of the relationship I had with them. Although I have told the customers to stay with the new bank manager and he will be looking after them the way I did, however, they preferred to follow me to the new bank.’ (35, A-AC)

The above shows that both commitment and satisfaction are interrelated and that they both are more influenced by the personal and affective ties and side of the relationships. Overall, the data reveals that trust, satisfaction and commitment are important relational resources that enhance the firm’s relational capability and, hence, its ability to develop and maintain long-term cooperative and successful relationships with key customers.

Determinants of relationship capital/quality

The findings revealed that More specifically, social institutions, particularly Tribal traditions and Islam were found, and in line with the literature (e.g. Rice, 2003; Al-Omari, 2008) to be very important socio-cultural and context-specific factors that influenced all aspects of people’s lives in an Arab context, including business relationships and how they were initiated and developed and how firms’ sought to utilise and develop their relational capabilities. Consequently, it was found that the interplay between them has an all effect leading to three main categories of interrelated relational antecedents that influenced the relationship quality and the relational capability of firms operating in Jordan as an Arab context. These context-specific relational antecedent are: wasta connections; personal characteristics and similarity; and social Bonding and communication (see Figure 1).

Wasta connections

The findings indicate that due to the personal nature of Arab business and tribal social systems, firms’ relational capabilities relied heavily on key account managers’ social capital and network of personal connections as represented by their wasta connections through family and friends networks. It must be noted that all the interviewees acknowledged the importance and use of wasta as a referent power (French and Raven, 1959). Although this concept may be difficult for some to comprehend, and in line with Khakhar and Rammal’s (2013) findings, using networks and connections for favourable
outcomes continues to be an accepted business practice in the Arab world. Indeed, the results show that *wasta* continues to have an important impact on the daily lives of Arabs and the way they do business, make decisions and interact with each other. This has been highlighted, for example, by the corporate credit officer at A-AC and the territory account manager at W-LA respectively:

‘...Wasta is always going to be present because it is the culture, and you know that we come from tribal background, so I don’t think it will ever dissolve from our country. We use it every day and deal with it every day.’ (37, A-AC)

‘...Wasta always goes into our line of work, you cannot avoid it because it is the culture here.’ (5, W-LA)

The results also indicate that *wasta* connections and personal social networks through family and friends that key account managers possess, play a pivotal role in establishing trust. This role was seen to be more critical in creating trust, particularly with regard to new members joining an existing social network of relatives, friends, acquaintances, and business networks. Creating this ‘trust base’ was considered to be essential before conducting any business with the key customer, and this is in line with the literature (e.g. Al Omari, 2008) which emphasises that before initiating the business relationship with customers in an Arab context, trust has to be established first. At the same time, this trust was also important for initiation and developing interaction (Kemper, Engelen and Brettel 2011).

**Figure 1: Relational antecedents influencing relational capabilities and KAM in an Arab context**
Actor personal characteristics and similarity

The results also show that actor ‘personal characteristics’ and ‘similarity’ are important in ‘enabling’ and enhancing relational capability (McGrath and O’Toole, 2013). The personal characteristics include: Personality and first impression, honesty, benevolence and competence, which help in developing relational capabilities as they enhance the ability to establish trust and commitment with key customers.

First impression

First impression about the account manager was seen to play a prominent role in building the credibility and trust with the Arab customer, which in turn, enhances interaction with key customers. Thus, an account manager has to be very careful in terms of his appearance, the way he communicates and presents himself otherwise, he will have detrimental results if he uses the wrong approach, even not deliberately, which can inversely affect his efforts to establish trust with the key customer. In relation to this, for example, the credit officer at W-SG noted that:

‘...Remember that we are Arabs and if the key-person gets the wrong idea about you from the beginning it will be very difficult for you to gain his trust. I do not say you will not do mistakes, but it will take you very long time to gain that trust back, and in some cases you will not be that lucky to gain that trust....Mistakes can happen but with the Arab customer it might be the only chance you have to build the trust connection’. (33, W-SG)

It was thus perceived that the account manager has to behave in a certain manner to establish the trust element with the Arab key-customer, because his behaviour will give the primary indication of his ability to deliver what he says that he will do to the key-account, and whether he has a nice personality that is easy and pleasant to deal with. This behaviour includes explicit and clear communication, listening well to the customer, using the right body language, smiling nicely, standing up and shaking hands to show respect, and showing good knowledge of the product. The qualities necessary for creating a good first impression are outlined in the following quotes by the business account manager at W-OT and the account manager at A-ZT, respectively:

‘...The first impression is very important in our business, because it helps in building the trust and this is shown in the way we speak, our body language, eye contact establishment, from these behaviours you can know if the person is trustworthy or not.’ (16, W-OT)

This reflects that in high power distances cultures (Hofstede, 1991), like Arab culture, respect for status and age, and politeness are very important for establishing successful relationships based on trust. They also reflect Islamic ethics.

Liking

The results show that liking the account manager is also important for the establishment of credibility and trust, which in turn enhance the relational capability. This has been highlighted numerous times by the account managers in the various companies. It also seems that the liking element is linked with the ‘personality’ of the account manager. For example, the major account manager at WO-T emphasised the importance of the account manager’s personality in the relationship with the key-account and the influence it had on the flow of that relationship, where liking the account manager’s personality can help in removing some of the hurdles in the relationship and can help in developing the relationship, such as enhancing trust, cooperation and exchange of information. He reflected on his own experience and noted the following:

‘...The key-customer did not like the account-manager assigned to him so he asked the management to change the account manager, and they assigned me to his account. I believe that I was the right person because I can feel that he likes me and likes to discuss issues about work and other personal issues with no reservations. Because he likes me he trusts me and even shares sensitive information with me’. (19, W-OT)
A number of key account managers highlighted that personality plays a role in establishing the trust and interaction with the client and it has been underscored that personality is a ‘gift- either you have it or you do not’, and that not all account managers possess it. It was also pointed out that the account manager can be trained on personality improvement, however, his original personality will still have an effect on his behaviour with the key-customer.

The findings show that it is necessary for the key-account manager to be pleasant, modest and have a respectful personality which can make the key-account customer more comfortable to work with and encourage cooperation between the supplier and buyer. The above clearly demonstrates that affection is important for building one’s credibility and trust, particularly that Arabs are affective people (Hampden-Turner and Trompenaars, 1998), and hence an important strategy for key account managers to apply as it enhances the relational capability of key account managers.

**Honesty and benevolence**

Another important factor which was seen by all respondents to contribute to credibility and trust is ‘honesty’ and ‘fulfilment of promises’ made to customers. Being frank and open about what can be offered and fulfilling ones promises and hence ‘honouring one’s word’ is considered to be very important to establish trust. This is reflected in the following two quotes, when respondents were asked about the important factors in establishing trust:

‘Firstly, what I promise I deliver, and secondly, I do not lie and be honest to build trust’ (15, W-OT)  
‘...You must be honest and deliver what you promise, and if you have a slight doubt of not delivering then do not promise at all’. (37, A-AC)

The importance of honesty may be seen to stem from religious beliefs as in Islam to become a true Muslim you have to be an honest person (Abuzained, 2007). It is also linked with Arab cultural values of Honour and how a person’s word is his honour. Consequently, the account manager tries to apply this principle in his interaction with the key customer by being honest in terms of what he can offer and achieve for the key-customer in a realistic manner to gain his/her trust.

Benevolence is also a very important antecedent to building trust. Thus, by showing concern and care for the well-being and interest of the customer – that is benevolence. Such feelings are very much appreciated in the Arab culture and create trust and a sense of obligation towards the other person who is perceived care and show concern. Thus, the corporate relationship manager at W-HS observed respectively the following:

‘...I try to show the key-person that I care about his work and that our relationship is not always about business. This way he appreciates me more and becomes more motivated to trust me further. For example, he can call me and ask me for a personal favour and I will tell him that I will try to sort it out, now if I am able to do it that’s great, however, if I cannot do it then I have at least showed him that I have put effort to do something for him, and in this way he even trusts you more and still will be willing to do business with you’. (50, W-HS)

‘...An account manager should have personal relationships with the key-customer. When the customer refers to you in personal matters for advice he will surely refer to you about his business, ask you what choices to make or what suggestions I can give him, what is the best advice to give to serve his interest. This way you build trust and you make the key-customer very happy and you can also benefit from his network in the future’. (10, A-ZT)

**Similarity**

The findings show that similarity is important in the sense that the key-customer prefers to deal with an account manager who comes from his background and from his way of thinking, and it seems that this is a cultural requirement. This has been highlighted by a number of sales managers and account managers as follows: If a key-customer is dealing with an account manager who comes from his background, religion, and from the right clan, he is more willing to do business with him. He will trust
him and will be more comfortable in interacting with the account manager. By contrast, key customers may be anxious or wary of unknown ‘outsider’ account managers and somewhat uncomfortable with interactions with them. This may result in terminating the contract and moving to a different supplier. This is reflected in the following quote by one of the senior sales manager A-ST:

‘Coming from the right family definitely plays a role, even your nationality (native Jordanian or Palestinian-Jordan), and religion can matter for the customer. For example, we have dedicated specific account managers for some customers, like the army, they require people from a special background and clan, so that they are more comfortable in dealing with them, this is one phenomenon that you would expect in Jordan and other Arab countries’. (44, A-ST)

Hence, our findings support the view that ‘similarity breeds connection’ (McPherson, Simth-Lovin and Cook 2001). The ethnic origin, family and religious belief seem to play a strong role in the development of the perceived identity of the interacting parties. This in turn plays an important role in the development of actor bonds, trust and business relationships. This is something very well understood by management and it incorporated in their strategies. Thus, similarity between the buyer and seller seemed also to be an important factor in creating trust, satisfaction and commitment.

**Social bonding and communication**

The results show that continuous communication and interaction, personal relations, friendship and deep involvement in a relationship with customers are very important for enhancing relational capability and KAM. What appears from the interviews is that key account managers need to establish social bonds and personal relationships with key customers first before conducting any business. Indeed, the main role of this personal relationship is to enhance the relational capability to be able to build trust, which is a pre-requisite for any business transaction and any business relationship in the Arab world. It is pointed out by respondents that personal relations govern the work culture in Jordan which is a cultural thing in the Arab world. Thus, for example, the sales manager at W-HS and the territory account manager at W-LA, respectively, noted that:

‘...Personal relationships is what builds the business for you and establishes trust with your customers. If there is no trust then there is no business’. (49, W-HS)

‘...Personal relations govern the work in Jordan - it is the culture and it plays a big role in terms of the employee’s evaluation and in terms of developing the relationship with the key customer...We build good relations and personalised relations with all of our key customers. That’s what we aim for and look for. We become friends with the customer to the extent that if there is a competitor they will tell us about him...’ (6, W-LA)

The conception is that you need to build trust at the personal level and become intimate in the relationship to the extent of sharing private and personal issues. Once this has been established then business will follow and can be seen an extension of this personal relationship. As explained by national sales manager at W-LA

‘Trust is a very essential element in the relationship with the key customer. If he trusts you with his “personal life”, then he will trust you with his businesses’. (2, W-LA)

Thus, without personal relationships we can say that there is no business in an Arab context. In the Arab world “relationship is business”, because this entails obligation and commitment and hence a duty to avoid any opportunistic behaviour and to reciprocate favours. The strength of the relationship is reflected in how actors are willing to sacrifice their own benefit for the sake of this relationship and what it involves in terms of obligation and reciprocity. For example, a customer, may be willing to buy form you just because of the personal relationship and to return a favour. Hence, for example, the senior corporate relationship manager at W-SG noted:
‘If my interaction with the client is solely based on business then it would be difficult to build trust and it will take a longer time to develop the relationship with the client. It has to be on friendship style and the customer needs to really feel that I care for his interest’. (31, W-SG)

In light of the above, a number of tactics are utilised to establish this level of personal relationship and hence trust and commitment with the key customer. The first thing is that in the first and initial meetings account managers may try to avoid discussing business directly, or offer help and assistance to the key customer, and talk about general things and issues that make them closer to the key customer. So the strategic account manager, for example, at W-OT noted:

‘...So when we go to the key customer, the first visit may be very formal, the second visit might be less formal until it becomes informal and it becomes personal’. (20, W-OT)

Secondly, the account manager keeps in continuous contact with the key customer through frequent contact and communication, through different means such as phone calls, visits and emails, as well as going to social and private events such as funerals, weddings and religious occasions, and making courtesy gestures on special occasions by sending cards on birthday occasions and flowers in weddings and so on. Frequent contact and deep personal involvement with the key customer even with personal issues builds trust and commitment and strengthens the relationship. This is reflected in the following quote by the territory manager at W-LA stated:

‘...I need to contact the customer very frequently to strengthen the relationship between us, and to make the customers feel and see us as their partners and friends. When the customer sees this kind of attention and constant contact with him, this makes him feel that he is important and that we are always there if he has any problems...we try to build friendship relationship and consider ourselves as friends’. (7, W-LA)

Similarly, the corporate relationship manager at W-SG emphasised the importance of personalising the business relationship with key-account to make it more of friendly to enhance the trust and commitment between the two parties, as it is considered that focusing only on business does not make the Arab key-customer committed enough to the supplier. To highlight this matter further the corporate relationship manager noted that:

‘...To make the customer more committed, I need to make him feel that he is a friend rather than just a customer. So I try to socialise with him and even go to his special events. The other day I visited one of my important customers in the hospital together with my manager and chatted with him for two hours. This made him so grateful that we came and visited him in hospital. This makes the customers committed because of the personal relationship that we built with them’. (28, A-AR)

Staying in contact with the customer and communicating with him/her not only for business purposes but socially as well to maintain this trust and commitment is very important, as it may be seen as inappropriate or even insulting if you only contact the other person, in this case the key customer, for business only, particularly that some personal relationship has been established between the key account manager and the key customer.

Fourthly, the account managers make themselves available to the key customer all the time and keeps all lines of communication open with the customers even on holidays and after work hours. This means combining business life with personal life and not making any division between private and work lives. In relation to this, for example, the senior corporate relationship manager at W-SG emphasised that it is not possible to separate between business and personal life in the Arab world and noted:

‘...In our Arab countries there is no such thing as I work from 8:30am-4:00pm [official working hours] and after that I do not pick up calls or do any work. This is not acceptable and if you do that with a big customer then you have insulted him and this can cause problems to you with the
management. I sometimes receive calls on the weekends late at night from customers asking advice about banking. Probably the only place on earth you will find this is in our countries. (31, W-SG)

Similarly, the territory manager at W-LA explained the importance of being available to the customer at all times and not turning down any communication with him/her even on the honey moon and observed that:

‘...I was on my honey moon and one of my important customers gave me call, asking me if I can help solve a problem for him. He knew that I was on my honey moon and he still called, so I had no choice but to solve the problem for him. Now because he is not only my customer, our relationship has evolved more of a friendship type hence when I solved the problem for him he felt very grateful. This carries a lot of meanings in our society, and it builds very strong bridges of trust and commitment between us’. (4, W-LA)

The above clearly shows that in an Arab world one cannot separate “work” and “play”. The business partners must also be part of one’s social circle, otherwise business is difficult to achieve. The above also demonstrates the significance of the role of personal contacts, and how difficult it is to get decisions based on impersonal relationships, and there is a greater emphasis attached to maintaining and developing relationships than in the West. In a similar vein to the business norms in China, Japan and Korea, it shows the importance of “After-hours socialisation” (Usunier and Lee, 2005, p. 464), which represent important mediums for meeting, negotiating and convincing key decision makers in a friendly and socially more comfortable and convenient ambience.

It must be noted also, as alluded to earlier, that the close friendly relationship with the key customer and his fear of “losing face” in case he switched to another provider increases the key customer’s switching costs and enhances his social and moral obligation to the supplier.

It must be noted that although, in the Western literature there is the concept of ‘relational contracts’ (Macciavello and Morjara, 2009) and this might be seen similar to the Arab personal relationships style, however, relational contracts are often based on the expectations of uncontrollable circumstances that partners will face during a business journey to resolve business conflicts with the least cost on trading partners (Hviid 1999). Thus, this underscores the notion in the western commercial world that there is no ‘buddy buddy business’ (Rowlinson and Cheung 2002; Rowlinson and Cheung 2004) and even for what is considered to be an affective relationship like relational contract it is highly influenced by the economic and cost-cutting side of business.

However, from an Arab perspective the emotional side of the relationships built upon affective trust and commitment might weaken economic/hard side commitment to the relationship due to the importance of personal relationships and social bonds in the Arab world. It also shows that the social context in which a relationship is embedded is a very important factor that influences the nature of the business relationship and commitment between the exchange partners in the Arab world, and that the western concept of “business is business” is hard to apply and sell in Arab context because of the importance of the existence of the human/personal side in any business relationship. Hence, it is essential to focus on developing relational capabilities in the Arab world as they have a great potential to be the source of firms’ competitive advantage.

Conclusion

This article used data from 68 semi-structured interviews with Western and indigenous firms to identify and understand the relational antecedents that influence firm’s relational capabilities and how they are utilised to manage the relationship with key customers. The findings extend business-to-business and key account management by providing empirical evidence of the way in which ‘institutional social context’ impacts on the nature of relational capabilities required to improve firms’ performance and their competitive edge.
The study demonstrated that in an Arab countries where relationships are first established at the personal/individual level through relationships established by organisational actors play a crucial role in establishing firms’ relational capability. Three main relational antecedents that emerged from the study were essential for enhancing the firm’s relational capability. The first relational capability was contingent upon actor’s/key account manager’s relational portfolio and was a source of competitive advantage and therefore, foreign firms need to learn how to benefit from wasa and social networks when operating globally and in the Middle East.

It is important to understand how wasa operates to be able to establish relationship in Arab countries. Wasa reflects the strong influence of the tribal social system of Arab nations which continues to prevail. The second capability was contingent on key account manger’s personality characteristics and similarity with key customers. Hence, selecting the right key account manager with the right personality and ethnic and religious background is essential for enhancing relational capabilities. Ethnic and religious homophily, in particular, appeared to be very important antecedents that reflected the importance and dominance of tribal and religious institutions. The third capability was contingent on having the social competence to bond socially and to establish close friendly personal relationships with key customers characterised by benevolence, care and trust and intense social interaction and communication that fit with Arab social norms and institutional expectations. Thus, firms entering Jordan and the Arab world need to pay extra attention to the importance of the social side of business relationships which has implications for the way activities are designed, how actors are selected and involved in the relationships, investments made in the resources to enhance the relational capability of firms and develop successful key account management programmes that improve firms’ performance and competitiveness in the region. Clearly, the formal aspects of KAM can be designed to complement the relational elements of KAM since the relational factors take precedence over the formal/organisational aspects of KAM.

Overall, as Arab countries are collectivist and relationship-oriented societies in which ‘relationships are business’ (Berger et al. 2015, p.461), one can suggest that adopting the relational view and developing the necessary capabilities particularly relational capabilities that align with the institutional and cultural context of these countries are intrinsic for firms operating or wishing to operate in the AME region successfully and in a marketing oriented manner.

Managerial implications

This study makes a valuable contribution to practice because it enlightens the path for global managers and foreign MNCs as to how to develop relational capabilities and implement KAM in an Arab context. The study showed the importance of internal and social capital embedded in wasa connections and personal networks, which reflect the tribal mentality of Arab nations and bias to kinship and religious ties, in enhancing trust and relational capabilities. This implies that to manage key accounts effectively in an Arab context, it is essential to focus on having the right connections first that need to be established at the personal level first, rather than to focus on activities and product benefits offered to business partners, as in the West.

The study also demonstrates the social competences and personal characteristics required in an Arab context to establish and build the relationships with key customers. This has implications for: 1) training and development programmes that need to focus on communication skills, conflict management and networking skills; 2) selection criteria of boundary spanner key account managers which needs to include different ethnicities and religions and the portfolio of connections possessed; 3) investments in resources need to include allocation of time and money for developing personal relations and continuous intensive interaction with key customers.

Overall, the implications for doing business in the Arab context also include the following. First of all, appointing or sending managers who can develop cultural empathy and who can show an understanding of Arab’s high context culture and appreciation of the relative concepts of time, body
language and nonverbal cues. Furthermore, rushing negotiations and business deals could result in disappointment and loss of business. Ability to utilise connections and networks is essential in establishing and maintaining long-term relationships. Finally, transferring modern Western business practices such as KAM into the Arab context without adaptation may be difficult in a traditional society that attaches considerable emphasis on connections and human relations.

Limitations and future research

The study is limited to firms operating in one emerging economy located in the Arab Middle East region. Given that there is lack of research in marketing in general, and in business-to-Business marketing and key account management, in particular, there is substantial scope for conducting comparative studies in the Middle East region to explore the factors that influence firms’ relational capabilities and how they could be enhanced to support network capability and the successful management of key accounts within different contexts. At the same time, the study can be used as a reference point for conducting future research on relational capabilities and network management in other countries in the region and other emerging economies. The study also provides a base for future studies on the way that wasa is utilised and could be applied in business exchanges and in developing inter-organisational relationships.

References


AL-Hussan, Fawaz B. (2013), Key Account Management in Arab context. Unpublished PhD, Cranfield University, UK


Holt, Sue and Malcom McDonald (2000), ‘Managing global networks: The role of global account manager’: in *16th IMP Conference*, Bath, UK


McDonald, Malcolm and Dian Woodburn, (2008), *Key Account Management*, 2nd ed


Sisti, Marco (2011), “Designing and implementing a key account management strategy”.


