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The Role of Interorganizational Fit in Global Account Management

Abstract: *In this paper, we apply the concept of interorganizational fit to the use of global account management programs in multinational corporations. It is predicted that greater fit between vendor and customer on a variety of strategic as well as structural aspects will result in higher performance of the relationship. This is contrasted with a bargaining perspective approach to managing customer relationships. Support for the hypotheses is found using a survey of 106 global account managers in 16 multinational corporations.*

The concept of “fit” is central to much of the contemporary literature on organizations. Using the logic of contingency theory, fit suggests that a given set of environmental characteristics demands a certain response from an organization in order for it to be effective. This approach was first used to characterize organizational structures (Burns and Stalker 1961; Lawrence and Lorsch 1967; Woodward 1965) and has since been applied to most elements of the strategy, structure, and internal systems of organizations (e.g., Datta 1991; Ketchen, Thomas, and Snow 1993; Meyer, Tsui, and Hinings 1993; Seth 1990; Singh and Montgomery 1987; Van de Ven and Drazin 1985).

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We pursue a related line of thinking by looking at interorganizational fit, which we define as a high level of agreement or consistency (on matters of strategy and structure) between two interacting organizations. The concept of interorganizational fit can be seen as a logical extension of contingency theory across firm boundaries. Just as Dyer and Singh (1998) argued that resources and capabilities are developed in interfirm relationships as well as within firms, our argument is that fit between firms can be just as important as fit within firms or between a firm and its environment. However, the concept of interorganizational fit has received very limited research attention, and only in the specific contexts of mergers and acquisitions (e.g., Nahavandi and Malekzadeh 1988) and joint ventures (e.g., Fey and Beamish 1999).

In this paper, we develop the concept of *interorganizational fit* by looking at vendor–customer relationships and, specifically, at “global accounts” that are established by a vendor to coordinate its sales to a particular customer in multiple countries. For example, Hewlett Packard (HP) has roughly 100 global account relationships with major corporate customers. Each account has a global account manager who is responsible for managing the relationship with the client and coordinating all HP sales to that client. The concept of global accounts has been around for perhaps twenty years, but only in the last five years has it emerged as a strategic priority for large multinational firms (e.g., Yip and Madsen 1996).

Two broad issues are addressed in this paper. The first issue is practical in nature, in that we are interested in understanding the benefits of fit to the company that runs the “global account.” In terms of specific questions, we ask to what extent does the level of interorganizational fit between the vendor and customer in a global account relationship influence the performance of the global account? What aspects of fit, specifically, appear to be most relevant in influencing performance? The second issue is theoretical in nature. The logic of interorganizational fit is built on a foundation of trust and reciprocity in the establishment of a relationship, and it assumes that superior performance emerges from a process of mutual adjustment on the part of vendor and customer. However, this is somewhat at odds with a bargaining-power perspective in which high performance arises from the power the focal organization can exercise over those it interacts with (Pfeffer and Salancik 1978). For example, a bargaining-power logic would suggest that a centrally coordinated vendor working with a fragmented customer will be more successful because it can gain leverage over its customer, whereas an interorganizational fit logic would suggest that central coordination is only beneficial if the customer is also centrally coordinated. In this paper, we therefore address the specific question: Does an interorganizational fit or bargaining-power perspective provide a better explanation for vendor performance?

Theoretical background

Conceptualizing fit

A large body of literature suggests that organizational performance is in part determined by the level of “fit” or congruence between various actors and conditions both inside and outside the firm. As Fry and Smith (1987) pointed out, this is an approach that has been used to analyze a wide array of topics, including the fit between strategy and structure (Chandler 1962; Egelhoff 1982; Stopford and Wells 1972); strategy and systems (Galbraith 1977); and strategy and the external environment (Miles and Snow 1978). Whereas the first two groups of literature fall under the general definition of micro-congruence, focusing on fit inside the firm, the latter is better defined as macro-congruence as it emphasizes the interplay between the firm and actors in its environment.

It is this last type of fit that we focus on here, and specifically the concept of fit as it pertains to interfirm relationships. Within the broad category of interfirm relationships, we can identify three different modes of relationship: mergers and acquisitions, joint ventures and alliances, and basic vendor–customer relationships.

Mergers and acquisitions

A major stream of literature in the merger and acquisitions field has looked at the impact on performance of fit between merging firms in terms of their strategic direction (Chatterjee 1986; Lubatkin 1983; Seth 1990; Singh and Montgomery 1987), their organizational structure and systems (Buono and Bowditch 1989; Datta 1991), and their culture (Berry 1980; Nahavandi and Malekzadeh 1988). While there is a great deal of discussion about the importance of complementary versus similar resources and product–market combinations in mergers, the argument that merging firms should also fit together has found widespread support. On reflection, this is hardly surprising, because the tension between competition and collaboration that exists in the other forms of interfirm linkage should be absent in merging firms. Even if the two firms were in conflict before the merger, it is in both sides’ interests to work together once the deal is signed. Thus, the greater the fit on all relevant dimensions, the more likely it is that they will be able to work together.

Joint ventures and alliances

The issue of interfirm fit is also a consistent theme in the joint venture and alliance literatures, though there is considerable debate as to the nature of that

fit. One line of argument suggests that partner firms should be similar on such dimensions as strategy, dependency, organization, and culture for the relationship to be successful (Beamish 1988; Fey and Beamish 1999; Geringer 1988). An alternative line of argument states that partners should actually be rather different or more specifically complementary on key dimensions for the relationship to be of value (Killing 1983; Nohria and Garcia Pont 1991; Parkhe 1991). These two perspectives need not be in conflict in that partners can be different on certain levels and similar on others, but it is clear that alliances and joint ventures over time continue to have both competitive and cooperative elements.

Vendor–customer relationships

There is a large but fragmented body of literature concerned with the relationship between vendors and customers. Several strands of this research touch on the issue of interorganizational fit. The “business networks” perspective argues that important business relationships typically develop over many years, and that there is a process of reciprocal adaptation between vendor and customer in terms of their activities and their way of working (e.g., Håkansson and Johansson 1992). Interorganizational fit, using this argument, is therefore a natural outgrowth of a long-term business relationship.

In a separate stream of research, Dwyer, Schurr, and Oh (1987) argued that relational exchanges benefit partners by reducing uncertainty, replacing dependence with interdependence, increasing efficiency, and providing social satisfaction. Building on this work, Morgan and Hunt (1994) argued that the key factors in long-term cooperative relationships are trust and commitment based principally on repeated rounds of relationship-specific investments that increase the exit costs for partners.

A third important body of literature in this area examines how large manufacturing firms, particularly automobile manufacturers, manage their supplier networks. As is widely known, “first-tier” suppliers to the manufacturers are given high levels of responsibility, but they are also required to invest in equipment and skills that are specific to that particular relationship (Dyer 1996; Nishiguchi 1994). Again, the net result is a high level of interorganizational fit between manufacturer and supplier, but it is very much on the manufacturer’s terms.

This brief review is meant to clarify how the approach taken in this analysis is unique. First, our focus is explicitly on complex vendor–customer relationships, in this case stemming from the international coordination needed to manage global accounts. This international aspect also creates the greatest opportunity for differences across firms to emerge—in the international con-

figuration of the firm's assets, and in the extent to which it coordinates its activities on a global basis. Second, our focus is on the vendor and its downstream relationships (that is, with its customers), whereas the focus of most prior research has been on the customer and its upstream relationships (that is, with its own suppliers). Finally, we are concerned with the early phases of adjustment between a vendor and its customer rather than with the end result of a long period of reciprocal adjustment. In other words, while any successful relationship involves mutual adjustment over time, it is likely that in the early stages of the relationship there will be big differences between the two parties

Types of fit

Van de Ven and Drazin (1985) identified three types of fit: selective, interactive, and systemic. In the first of these, the environmental context is assumed to determine organizational design (i.e., through a Darwinian selection process), with the assumption being that high-performing organizations adopt structures that suit their context, so the link with performance is left implicit. By contrast, interactive approaches to fit explicitly focus on explaining variation in performance from the interaction of pairs of organizational structure and context variables. Systemic approaches "emphasize the search for contingencies among multiple dimensions of organizational context, structure, and performance" (Fry and Smith 1987, 123). This approach is one adhered to by advocates of configurational theory in which the unit of analysis becomes a multidimensional constellation of firm and environmental characteristics (Baker and Cullen 1993; Ketchen, Thomas, and Snow 1993; Meyer, Tsui, and Hinings 1993).

Whereas each approach has its advantages and disadvantages, emphasis in recent years has been placed on the last two approaches—interactive and systemic. In the context of this research, hypotheses are developed in line with the interactive approach, which focuses on the pairing of variables, as each of the hypotheses is conceived to be independent of the others. In adopting an interaction approach to fit, however, one must also define whether the basic assumption is that the variables identified interact in a multiplicative or matching manner (Pennings 1987; Schoonhoven 1981). Whereas the first approach considers high levels of performance to be the result of high pair scores, the latter assumes that high performance is associated with similar paired scores, regardless of whether they are high or low. What matters in the latter case is how well the scores match, not their actual levels. This matching conceptualization is embodied in the idea of equifinality, as described by

Van de Ven and Drazin (1985), with which it is proposed that there is no one unique solution, but rather that organizations can exhibit different profiles of congruence that produce the same level of performance.

A challenge with adopting the latter approach is that one must define what is and what is not a match. Take the case of fit in the structuring of alliances or acquisitions. Fit can be interpreted as similarity in terms of strategy or competences. However, it can also be conceived of as complementarity depending upon the goal of the alliance or takeover. One may wish to partner with a firm whose skills fill in the gaps present in one's own organization, rather than one that is a simple mirror image (Nohria and Garcia Pont, 1991). Furthermore, is it necessary that what one partner wants from the other should be the same as what the other desires of it? As such, one must determine a priori whether one would expect symmetry or asymmetry to define fit.

Fit and global account management

Global account management is defined as “an organizational 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” (Montgomery and Yip 1999, 10). Whereas multinational enterprises are traditionally organized around country or product divisions (Stopford and Wells 1972), global account management programs introduce a third dimension responsible for coordinating sales of the various divisions across countries to a single customer. The objectives in establishing such accounts vary from preserving or growing sales to the development of new products jointly with one's customer. In either case, what was once an arms-length relationship is transformed by a process of heightened integration and coordination of activities across the two organizations. In the process, the importance of interorganizational fit in affecting the performance of the vendor is also increased.

Building on the earlier discussions, we expect two aspects of fit between vendor and customer to be positively related to the performance of global accounts—*strategic fit*, referring to the fit across elements of their chosen strategic orientation; and *structural fit*, referring to the fit across elements of their organization structure. We adopt a matching interaction perspective to fit in this case, in that we expect the presence of parallel strategies and structures between the vendor and customer to be associated with heightened performance. In doing so, it is argued that a “match” should be defined by symmetry in approaches across the two firms. In the following paragraphs we present four hypotheses, the first pair focusing on strategic fit between

the two organizations and the second pair addressing the issue of structural fit. In all cases, the relationship between fit and performance is assumed to be from the point of view of the vendor.

Strategic fit

Underlying the success of global account programs is the belief that both sides are committed to deepening existing ties for the good of each party involved. If, however, both sides are not vested in the program objectives to the same extent, the door is opened for a misalignment of expectations, in which one party wants and expects more cooperation than the other is willing to provide. One way of judging the potential for such conflict is to look at the relative importance each party to the relationship places on the other. When the dependence is roughly similar for the two, one would predict expectations as well as influence over the other to be roughly aligned, thus diminishing the potential for conflict.

Hypothesis 1: The closer the fit between vendor and customer regarding the strategic importance of the global account relationship, the higher the performance of the global account.

A major element of strategy for an internationalized firm is the extent to which it adapts its products and services to different national markets. There has been a long debate in the international marketing literature on this issue (Douglas and Wind 1987; Levitt 1983; Quelch and Hoff 1986), and to this day, there is still considerable debate as to whether a standardized or a differentiated/adapted approach to global marketing is superior. In the context of the current study, the approach to global marketing strategy takes on a new twist because the customer spans multiple national markets. Thus, it is no longer a question of differentiating the product from country to country, but one of differentiating the product from customer to customer. Some global customers will demand a standardized product in all countries around the world, some will require a different product in each location, and others will sit somewhere between these extremes.

It follows that too much standardization by the vendor is likely to result in a loss of sales to the customer, because the product will meet the customer's needs in only a subset of its markets, whereas too little standardization will often result in higher prices and uncompetitive products.

Hypothesis 2: The closer the fit between vendor and customer regarding product/marketing strategy (adapted versus standardized), the greater the performance of the global account.

Structural fit

Because of the international focus of this study, the most critical aspect of organizational structure is the configuration of activities at the interface between the two firms—the vendor’s sales operations and the customer’s purchasing operations. The basic choice here is between a pure global and a multidomestic configuration (Porter 1986). In the former, all major activities are centralized in one location; in the latter, they are replicated on a country-by-country basis. However, the reality in most large firms is that some activities are global while others are multidomestic. A typical arrangement, for example, is that some level of negotiation by the global account manager is done centrally but much of the order-fulfillment process and after-sales service is done locally. And as before, the basic argument is that the more effectively the vendor’s customer-facing activities fit with the customer’s purchasing and supply activities, the more successful the account will be, even though problems can transpire on either side. If the vendor is operating on a multidomestic basis and its customer is centralized, the individual national markets can be played against one another (for example, the customer might demand that the low price the customer negotiated in one country be given to other higher-priced countries). And if the vendor is operating on a more centralized basis than its customer, the ability to service the customer on a local basis is likely to be compromised.

Hypothesis 3: The closer the fit between vendor and customer regarding the configuration of activities (dispersed versus centralized), the greater the performance of the global account.

Finally, an important determinant of the effective coordination between vendor and customer, and within the vendor company, is the extent to which members of senior management are involved in the relationship. In terms of the vendor–customer relationship, it has been shown in the marketing literature (McDonald, Millman, and Rogers 1997; Weilbaker and Weeks 1997) that key accounts work more effectively when there is an operational relationship (e.g., between the key account manager and the purchasing manager) and a strategic relationship (e.g., between two more senior executives). This is because these senior individuals are able to take a more strategic or long-term perspective on how the account should be managed, which prevents it from falling apart over such things as price negotiations. In terms of internal coordination within the vendor organization, the theoretical argument here can be traced back to information-processing theory (Galbraith 1973), in that the global account manager can be viewed as a form of integrating mechanism to improve the flow of information across the national markets. For the global account man-

ager to be an effective integrator, he or she has to have a certain amount of power, and if he or she has a strong executive “mentor” in the vendor firm, this helps considerably.

Hypothesis 4: The closer the fit between vendor and customer regarding senior executive involvement, the greater the performance of the global account.

Fit versus bargaining-power perspectives

These four hypotheses are based on the premise that vendor–customer partnerships are superior to “zero-sum” relationships based on bargaining power (e.g., Dyer 1996; Nishiguchi 1994), and, consequently, that a high level of fit between the strategies and structures of the partner companies will improve vendor performance. However, there is an established line of thinking around the importance of bargaining power in vendor–customer relationships (Klein, Crawford, and Alchian 1978; Porter 1980; Stern, El-Ansary, and Coughlan 1996), and it is possible to identify a number of ways in which bargaining-power differentials between the vendor and customer can affect the performance of a global account. From the vendor’s perspective, securing a centralized contract as a mandated supplier should result in greater account penetration and increase the criticality of the products or services to the customer, thus augmenting customer dependence on the vendor. If this were the case, one would not expect Hypothesis 1 to be supported—instead, we would expect the vendor’s performance to rise in cases in which it rated the strategic importance of the relationship higher than did the customer. Likewise, if the vendor’s organization were more centralized than the customer’s, it might be able to exploit this coordination advantage, thus contradicting the claims made in Hypothesis 3. For these two hypotheses in particular, adopting a fit definition based on asymmetric strategies or structures would completely change the predicted outcomes. As such, in empirically testing these hypotheses, we will ensure that the constructs are operationalized in such a way that they allow us to consider both the fit and bargaining-power arguments.

Research methodology

The research and hypotheses were developed from the point of view of the vendor. Following more than 35 preliminary interviews, a questionnaire was developed and distributed to global account managers (GAMs) in 16 multinational enterprises. They were chosen as the key informants because they are the individuals closest to the accounts. The survey was conducted in 1998.

Table 1
Sample characteristics

Company	Primary industry	Home country	Surveys sent	Surveys returned
1	Electronics equipment	Sweden	14	14
2	Business solutions	Sweden	12	10
3	Insurance	Sweden	9	7
4	Banking	Sweden	9	6
5	Electronic and consumer products	United States	7	7
6	Consumer durables	Sweden	3	3
7	Telecommunications services	United Kingdom	13	11
8	Chemicals	United States	14	10
9	Engineering	United States	12	6
10	Chemicals	United Kingdom	25	11
11	Banking	United States	17	9
12	Computers	United States	10	7
13–16	Other	Varied	5	5
Total			150	106

Global account program executives were also surveyed so as to provide a check for self-reported performance data. See Table 1 for a breakdown by responding company.

Sample definition

No single company we spoke to had enough global account managers to do a single-company study, so we decided to work with a limited number of companies and survey all the account managers in each. The final sample of 106 account managers came from 16 companies, with between one and 14 responses per company. The companies were selected according to certain

criteria: (1) size of more than \$5 billion, (2) presence in ten or more countries, (3) an active global account management program in place, and (4) not in direct competition with other companies in the sample (a condition that was placed on us by the participating companies).

The survey was sent to the global account managers in each company with a cover letter stating that their company had agreed to participate and giving the name of our lead contact in the company. The questionnaire was six pages long, and respondents were asked to answer the questions for the global account on which they spent most of their time. Despite the length, using the approach we did, we ended up with a response rate of 70 percent, which compares favorably with other work previously discussed on this topic. In order to mitigate concerns that both dependent and independent variables were collected from the same source, we also surveyed the heads of the global account programs at each company and asked them to evaluate the performance of each account. The correlation between their ratings of account performance and the ratings of the global account managers was 0.51 ($p < 0.001$), which provided some validation of the performance measure.

Construct measurement

Global account performance

This was measured in two ways—the first a measure of efficiency and sales growth, and the second a measure of the extent to which the program had resulted in greater learning from the point of view of the vendor.

Efficiency and sales growth. Respondents were asked to indicate the extent to which the following had occurred since the establishment of the global account: (1) coordination of sales to customer operations around the world; (2) more efficient use of salespeople's time in serving customer; (3) reduced cost of sales to customer; (4) growth in sales to customer worldwide; (5) cross-selling into divisions of customer operation that we were formerly weak in; (6) greater control of relationship with customer; (7) increased responsiveness to customer's specific needs; and (8) tailoring of product/service to local market demands (1 = not at all, 7 = to a great extent). A composite measure was then formed from these responses. Cronbach's alpha equaled 0.71.

Learning from global account. Respondents were asked to indicate the extent to which the following had occurred since the establishment of the global account: (1) joint innovation projects with customer; (2) access to leading-edge practices undertaken by customer; (3) tapping into new product ideas suggested by cus-

tomers; (4) creation of a long-term relationship (1 = not at all, 7 = to a great extent). Again, a composite measure was created, with Cronbach's alpha equal to 0.79.

Strategic importance fit

Participants were asked to provide their opinions: (1) "We view this customer as a recognized 'opinion leader'" (1 = disagree, 5 = agree); and (2) "The customer views us as one of its most important partners" (1 = disagree, 5 = agree). To conform with the expected behavior in Hypothesis 1, the construct was measured by taking the absolute value of the difference between these two answers—that is, giving a number from 0 to 4 where 0 = exact fit and 4 = complete misfit. This is in line with other deviation approaches to measuring interaction effects (Alexander 1964).

Marketing strategy fit

This was calculated in similar fashion to the above. Two questions were asked: (1) "To what extent do you tailor your product/service to the specific needs of the customer?"; and (2) "To what extent do your customer's needs vary in their different countries or businesses of operation?" (1 = very much, 3 = very little). The construct was again calculated as the absolute value of the difference between the two answers.

Activity configuration fit

This construct is concerned with the vendor and customer activities that interface with one another: purchasing on the customer side and sales on the vendor side. We asked two questions: (1) "To what extent are sales activities in your company undertaken on a country-by-country basis?"; and (2) "To what extent is purchasing/procurement in the customer's organization undertaken on a country-by-country basis?" The scale ranged from 1 = coordinated globally; 2 = partially globally coordinated; 3 = done locally, with some central coordination; and 4 = done exclusively on a local basis. Again, the final construct was calculated as the absolute value of the difference between the two answers.

Executive support fit

This construct was measured with a single question, asking "to what extent have account relationships been established at a senior executive level, between people in your company and their counterparts in the customer or-

ganization?" (1 = no relationship established, 5 = very strong relationship). This question was used on the basis that such a relationship could exist only if higher-level executives in both parties actively supported it. Note, however, that for this construct, we are looking for a positive correlation with performance, whereas for the three previous measures, a negative correlation is indicative of fit.

Control variables

We used the following control variables in the analysis: (1) customer sales revenues—that is, the customer's 1997 annual sales revenue in dollars; (2) age of account—that is, the number of years since the formation of their primary global account; and (3) account manager experience—that is, the number of years the respondent had been in his or her current job. We also included firm dummy variables, though these are only reported in the models where they are consistently significant.

Findings

Statistical analysis

The survey data were analyzed using ordinary least squares (OLS) regression techniques. Table 2 provides zero-order correlations for all the constructs. Table 3 shows the results of the OLS regression analysis using the two different measures of account performance as dependent variables. As mentioned in the Methodology section, the first three hypotheses were operationalized as the absolute value of the difference between the scores for each firm, implying that the lower the score, the greater the fit. As such, for the hypotheses to be supported, one would expect to see a negative sign on the various coefficients. By contrast, the fourth hypothesis is operationalized in such a way that a positive coefficient would indicate support.

The results of the first model, with efficiency and sales growth as the dependent variable, provide support for Hypotheses 1, 3, and 4. In other words, higher performance is associated with strategic importance fit, activity configuration fit, and executive support fit. Although the direction of the product/marketing fit variable is as predicted, it is of low significance. By contrast, the second model focusing on the extent to which partnerships with the customer are established provides support for Hypotheses 2 and 4. Thus, in the latter case, not only is executive support on both sides critical but so is fit in terms of marketing strategy.

Table 2
Zero-order correlations between all variables

	2	3	4	5	6	7	8	9	10	11
1. Efficiency	0.49**	-0.33**	-0.05	-0.32**	0.35**	-0.06	0.06	0.18	0.03	0.13
2. Partnership		-0.13	-0.18†	-0.19*	0.40**	-0.03	0.05	0.23	-0.01	0.10
3. Strategic importance			0.11	0.15	-0.36**	0.16	0.13	0.06	-0.21*	-0.11
4. Marketing fit				0.22*	-0.12	-0.13	0.12	0.04	-0.10	-0.02
5. Activity fit					-0.26**	-0.01	-0.12	-0.10	-0.22*	-0.15
6. Senior executive support						-0.26*	-0.07	0.10	0.34**	0.18
7. Customer size							0.21	0.08	-0.21*	0.09
8. Account age								0.54**	-0.15	0.27**
9. Account manager's experience									-0.17	0.49**
10. Firm 1 dummy										-0.10
11. Firm 3 dummy										1.00

† < 0.10, * < 0.05, ** < 0.01.

Table 3
Ordinary least squares regression results: Predictors of account performance (standardized coefficients)

ABS(Q1–Q2)	Efficiency and sales growth of global account	Learning from global account
Strategic importance fit	–0.29**	–0.00
Marketing strategy fit	0.03	–0.24*
Activity configuration fit	–0.25*	–0.04
Senior executive support	0.35**	0.43***
Customer sales revenues	0.07	0.04
Age of account	–0.07	–0.03
Account manager experience	0.15	0.11
Company 1 dummy	–0.19†	–0.22†
Company 3 dummy	–0.14	–0.15
ANOVA F	4.10***	3.25**
R^2	0.34	0.29
Adjusted R^2	0.26	0.20
N	80	80

† < 0.10, * < 0.05, ** < 0.01, *** < 0.001.

The fit versus bargaining-power approaches

In order to assess the relative influence of the fit and bargaining-power approaches to vendor–customer relationship management, we undertook the following analysis. For each of the fit constructs (activity configuration fit, strategic importance fit, and marketing strategy fit), we ran the regression models in two ways: using the existing measures calculated as the absolute value of the difference of the question scores (ABS(Q1–Q2)); as well as using a straight difference measure, calculated simply as (Q1–Q2).

Provided in Table 4 are the results of the same model as presented in Table 3, but in place of the absolute difference fit measures, the straight difference measures are used. First, looking at the efficiency and sales growth model, one sees that support is also found for the power argument presented earlier. Both strategic importance and activity fit are significant and in the direction expected. As coded, the negative coefficient on the strategic importance mea-

Table 4
Ordinary least squares regression results: Predictors of account performance (standardized coefficients)

(Q1–Q2)	Efficiency and sales growth of global account	Learning from global account
Strategic importance fit	-0.35**	-0.11
Marketing strategy fit	0.03	-0.38***
Activity configuration fit	-0.24*	-0.16†
Senior executive support	0.34**	0.43***
Customer sales revenues	0.10	0.14
Age of account	-0.10	-0.07
Account manager experience	0.07	0.15
Company 1 dummy	-0.23*	-0.12
Company 3 dummy	-0.18†	-0.14
ANOVA F	4.46***	4.71***
R^2	0.36	0.37
Adjusted R^2	0.28	0.30
N	80	80

† < 0.10, * < 0.05, ** < 0.01, *** < 0.001.

sure implies that performance from the point of view of the vendor is worse when it is relatively more dependent upon the customer than vice versa. As for activity fit, the negative coefficient means that when the customer is better coordinated (more centralized) than the vendor, the customer tends to be successful at exploiting this advantage at the expense of the vendor.

So what does the fact that support is found for both forms of operation-ization mean? One way to assess it is to look at the scatter plot of the raw difference data. In Figure 1, the scatter plot of “strategic importance fit” versus the “account performance” measure (the line drawn in) can be seen. In Figure 1, the peak or highest level of performance appears to be achieved at zero, which means that fit between vendor and customer in terms of strategic importance gives the highest level of vendor account performance (i.e., supporting Hypothesis 1). However, the slope of the data is not equal on both sides of the maximum because one side (the one in which the vendor is advantaged) is flatter. The implication is that even though matched strategies and structures may be the first-best solution, if the relationship has to be unbalanced,

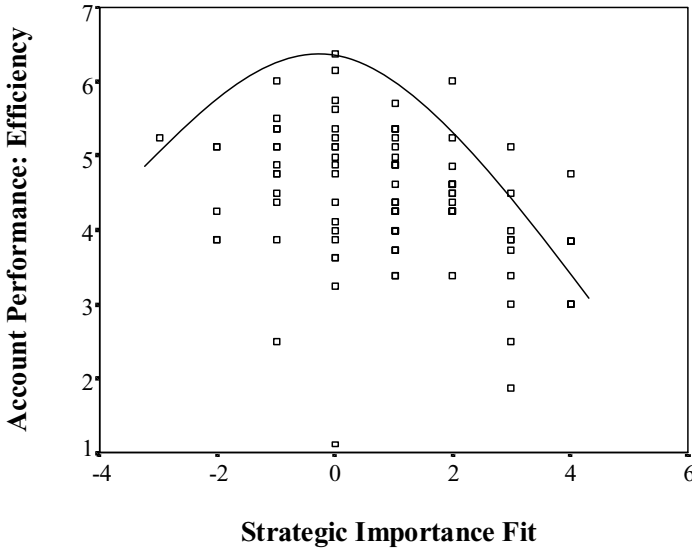


Figure 1. Efficiency versus strategic importance scatter plot

it is better for the vendor if it is the one able to exploit the power differential between itself and its customer. The same curve holds true for the activity fit versus efficiency plot.

We see the same basic results when using the straight difference measures in the regression on learning performance. Again, the marketing strategy variable is significant and positive, indicating that when the customer demands a high tailoring of product by market and the vendor does not provide it, performance will be worse. Likewise, one is rewarded for providing greater levels of local flexibility even if not demanded by the customer. As with the efficiency regression, one can scatter plot the raw data, and the picture seen is parallel to those already described, with matching strategies appearing to provide the first-best option, but if not, it is better to be more rather than less locally responsive.

Discussion and conclusions

In addressing the issue of interorganizational fit in the context of global account management relationships, we found support for the idea that similar strategies and structures between the two parties correlate with better performance

of the relationship. In addition, fit in terms of relative strategic importance of the partners as well as complementarity of marketing/product strategies were important. Furthermore, structural fit and executive support from both sides were crucial. These conclusions support the claims of interorganizational fit and contingency theory as providing the first-best solution. In addition, support was found for the bargaining-power argument as the second-best solution. In other words, if fit is not feasible, it is better to be the one more coordinated or more responsive than the one that is not.

A number of implications for research and practice flow from these conclusions. In terms of research, we showed how the concept of fit could be applied to interorganizational as opposed to intraorganizational or organization–environment relationships. Furthermore, the research highlighted the usefulness of fit in explaining performance across the spectrum of interorganizational relationships, rather than only those involving extremely close ties, such as mergers or alliances. Last, by contrasting the predictions of contingency theory with those of a bargaining-power perspective and by providing alternative model specifications to test both, it was shown how the two could receive support simultaneously. At the same time, the analysis allowed for the identification of which of the two theories provided the first-best versus the second-best solution.

As for practice, the primary implication stemming from the research relates to the choice of customers to be designated as global accounts. Although customer size and profitability may make an account an attractive candidate, one must make sure that a high enough level of fit exists between the organizations to allow for one to reap the benefits of the closer relationship. Otherwise, the effort and resources expended on making them a global account could go to waste. Likewise, the research pointed to specific aspects of the relationship, such as the degree of marketing standardization and the seniority of executives involved, which should be monitored and managed so as to preserve or increase the level of interorganizational fit.

The current work has limitations that should be addressed in future research. Prime among these is the one-sided focus on the vendor's perspective in its relationship with the customer. The next step should be to analyze the relationship from the point of view of the customer as well as the vendor so as to ascertain whether the effects described here are mutual. Furthermore, we explored interorganizational fit in terms of four high-level constructs. It would be interesting, for example, to look at the degree of fit between the two parties on the detailed aspects of the configuration of their activities, or their strategic orientations toward the relationship. The findings could also usefully be corroborated in other settings beyond the specific context of a global account management relationship.

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