

Long Term Sustainability in Exporting Creativity

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PREFACE

The research project is an academic and industry collaboration combining the following partners: Queensland State Development Export Trade Services, DEM Architects and Woods Bagot and University of Newcastle. The project is lead by the University of Newcastle. The project aims to provide the opportunity to influence government policy in terms of exporting design services. It investigated examples of design firms internationalising and by doing so provided insights into constraints that hindered these firms achieving long term sustainability and also the successful strategies used by these firms. Design services in the construction industry can be exported through various means. This study focussed on the design services that are supplied directly to construction clients and included case studies of two architectural design consulting firms and one 'design and construct' contractor. The three firms were considered to be successful. By examining the barriers each firm can understand more intimately their own organisations' capabilities. This study can also impact upon the industry through dissemination of information to other firms seeking how to gain long term success in the internationalisation process. The descriptions of the three case studies provide both generic and industry specific information on exemplary firms who have developed long term sustainability in exporting 'creativity'. Finally, one of the more long term and significant implications of this is the impact which it can have on future negotiations of international trade policy agreements.

This study began in late December 2003 and was completed in mid March 2005. The study has Kerry London working on average at least one full day per week as Project Leader, Jessica Chen worked on the study from January 2004 till the end of the study contributing at least 10 hours per week through all phases of the project. Nathaniel Bavinton came on board after the fieldwork had been completed and worked from September 2004 till the project ended. It is noted that in the very early stages of the project Luke Davey completed literature searches. David Fox also worked on the study. The core of the intellectual thinking in the research team has come from the close work between Kerry London, Jessica Chen and Nathaniel Bavinton.

During the 15 month study three reports were produced and peer reviewed. The three reports were also circulated and approved by the industry partners involved in the study; the reports were:

- Literature Review (06/04) including critical analysis of literature and draft model
- Research methodology Report (09/04) including methodology
- Draft Results Report (12/04) including draft results of case study 1

This final report is a compilation and editing of these three reports as well as the analysis of the other two case studies.

EXECUTIVE SUMMARY

This project aims to assess the extent of economic sustainability of working in international markets by Australian construction design-related firms. This investigation also identified **barriers and success factors** firms experience, which ultimately increases or reduces their exposure to financial risk. This study explored new research territory by developing a detailed understanding of the way three successful firms have maintained their longevity in various international markets. The firms are not considered to be large firms by international standards. The manner in which the firms achieve long term sustainability, deal with problems and barriers in international markets and develop successful strategies rely upon being adaptable to different markets and changes within markets.

A model was developed based upon a critical analysis of the literature. An adaptive performance framework for sustainability was developed which had three key areas; internationalisation process, market knowledge and design management. The sustainable business model is underpinned by the management of non-economic factors, which include social, cultural and intellectual capital. The ultimate aim of any firm and the ultimate indicator of success is financial capital. Firms typically develop their own highly sophisticated financial measures themselves however have only an implicit understanding of other softer and less tangible factors that impact upon sustainability. Adaptive performance is the firm's continual adaptivity of business practices to respond to and thereby achieve client satisfaction by a combination of self, market and project needs assessment.

This study is timely in Australia for two reasons. Firstly, "A great deal of attention worldwide is being directed toward the reporting activities of companies" (AGDH, 2004). The Australian federal government have recently recognised the significance of the concept of sustainability to the economy through the release of a national study, "The State of Sustainability Reporting in Australian 2004". This report defines sustainability reporting as the measurement of the economic, environmental and social dimensions of their activities, products and services. Firms in all industry sectors are increasingly recognising the benefits of producing sustainability reports and have cited the key benefits of measuring success as the following (AGDEH, 2004):

- Reputation enhancement
- Gain confidence of investors, insurers and financial institutions
- Operational and management improvements
- Improved management risks

Secondly, this study is timely as Australia is currently developing a Trade Agreement with China, our second largest international trading partner. This is probably heralding a new era for our industry. The China market is undoubtedly vast and our ability to understand how to successfully enter and develop sustainable business models for design services can only contribute to the growth of this sector.

The general research question that will be addressed is "How do construction sector design firms internationalise and develop sustainable business models?"

The research objectives are:

- To clarify why firms work in international markets
- To identify policies and map processes that firms undertake to enter international markets
- To identify difficulties of entering various markets and successful strategies used for particular markets
- To map project processes and identify difficulties on particular projects

-
- To identify the significance of cross cultural business communication in design management and thus the acquisition of social and cultural capital and
 - To develop long term economic performance criteria to enable the measurement of an firm's performance in selected markets (social, cultural and intellectual)

Key findings include:

- The primary reasons for firms working in international markets were associated with expanding the firm and improving the financial viability of the firm. For senior partners, international markets, particularly growing and developing markets, present an opportunity for growth and these opportunities affected business decisions concerning market selection and entry. For design team staff, the primary values associated with working in international markets was again associated with their developing status, but indicated opportunities to be involved in significantly larger scale and a more diverse range of projects, particularly those associated with capital works and development of infrastructure. The value in such work was the opportunity to develop conceptual skills of a nature not readily available in domestic projects.
- The primary barriers to firm internationalisation that have been identified in the literature include difficulties in gaining cultural awareness and market knowledge and accessing social networks and therefore the understanding of cultural issues and market knowledge have been proposed as the key success factors for firms when exporting their services.
- This research has further identified that the key barriers in the internationalisation process of design firms were demonstrated to have their causes in underlying conditions. Solutions to financial barriers involved improved informational and experiential market knowledge. Solutions to market knowledge barriers involved improved levels of multi-lingual capacity and deeper level of cultural understanding. Central to a firm's capacity for sustainable business in international markets is therefore the extent to which it can manage cross cultural communication difficulties.
- This study has demonstrated that sustainability in international markets is supported by other considerations of non-financial indicators of performance, which includes social, cultural and intellectual capital to assist the financial success of the export enterprise of firms. Management of social, cultural and intellectual capital involves understanding the interrelationships between forms of capital, so as to be able to maximise advantage through the utilisation and leveraging of one form of capital to gain another. The strategic management of social, cultural and intellectual capital leads to the development of increasing reflexive capability within the processes related to internationalisation.
- The strategic management of social, cultural and intellectual capital provide the facilitation of the primary characteristics of reflexive capability; awareness, responsivity and adaptability, and allowing the immediate micro-management of issues that potentially arise in the process of design firm internationalisation. A highly significant outcome of this research is the identification of the central relation between a level of reflexive capability within the firm and the firm's level of successful business practices in international markets. The reflexive capability approach is appropriate to all design processes but what is speculated upon is that the reflexive capability is *particularly intrinsic* to design firms who work globally and who are successful in that process. A reflexive capability is a characteristic of successful and innovative firms internationalising and working within global models of practice.

This final report is the compilation of three interim reports, which includes; Literature Review, Summary Report and Draft Results Report. Each report has been circulated to the industry partners for comment. External reviews have also been completed for each report; full review is available upon request.

1. LITERATURE REVIEW

This section has two objectives:

- Review key literature in relation to the internationalisation process of firms
- Develop a conceptual framework for a sustainable business model for the internationalisation process of Australian construction industry design firms

The literature review informed the development of the framework, which will now be summarised. The conceptual framework relies upon three key areas including:

- Design management
- Market knowledge
- Internationalisation process

Design management is the strategy developed by a firm to deliver their design service to clients. This then refers to the way in which a firm's strategic design management policy for the external design service translates into internal organisational processes of individual project design management. For effective utilisation of the potential to be realised by design expertise and skill, management of the design process is required at both the individual project level and the strategic level of a firm. Design management supports the 'selling' of the firm's design service and is integral to the competitive advantage of the firm. The design management concept is important to the internationalisation process of firms. Design management in the international context is fundamentally impacted upon by cross-cultural communication. A national Australian survey conducted by the Royal Australian Institute of Architects (RAIA) in 1998 on architectural firms exporting services identified three key success factors which are aligned to design management and include: cultural awareness, networks and market knowledge.

Market knowledge within a firm includes both experiential knowledge and informational knowledge of the market. Informational knowledge includes such factors related to institutional arrangements, legal and economic frameworks - all information that is often accessible and transferable by government trade agencies and/or management consulting firms specialising in providing assistance to organisations trying to export. Such information is often typically generic though not always and is very critical. Informational knowledge often seems critical at market entry and is tangible, can be made explicit and can be static. Experiential knowledge typically arises from individual experiences with particular markets, clients and projects.

Within a firm a project or product line can be considered an *export venture* and for sustainability it should be considered as a strategic business unit in that it represents the individual export market efforts of the firm and comprises a unique design service exported to a specific foreign market. The export venture's knowledge base of experiential knowledge can include both an individual and the venture's experience. The venture includes all the people within the firm and the accumulation of tacit knowledge in relation to working on international projects.

Experiential knowledge is really nothing if it is not matched to the venture's organisational capabilities. The venture's organisational capabilities involve the marketing, planning and implementation capabilities; which refer to the way in which those involved in the particular venture apply the knowledge to the venture. The adoption to changing market conditions of the export venture is key to maintenance, performance and success of the firm. The alignment of the venture's objectives to the firm's strategic organisational objectives underpins the ultimate success of the venture.

This concept was tested using small to medium sized manufacturing firms from China and the United Kingdom who export and as anticipated the results indicate positive relationships between a firm's collective knowledge and individual's knowledge of markets. Perhaps most interesting to this CRC-CI study on design firms in the construction sector is the relationship that knowledge has to adaptive performance as well as the relationship that knowledge has to initial market entry strategies. Maintenance of existing relationships with clients is critical to future project contracts that clients may offer and to the reputation that the firm will have in the region. Adaptive performance is critical to design firms in the construction sector as they internationalise, as their ability to win new projects relies upon the success of the immediate past contract – their firm's credibility and reputation.

Finally, the internationalisation process is the last major component to the model. The internationalisation process has four key factors including market selection, decision to enter, entry modes and factors affecting entry modes. The internationalisation process has been well established within research literature. Small and medium enterprises have demonstrated an increasing involvement in international markets. Consequently, activities and processes involved in internationalisation of SMEs present important issues for understanding from entrepreneurial, managerial and research perspectives. A research gap exists, however, through emphasis in research having been given to large firms, and in particular those within manufacturing. Consequently there is less known regarding the internationalisation of SMEs, especially those that provide a service such as design firms.

The literature is quite detailed in discussing decision to enter, entry mode types and factors affecting entry mode. International market selection is a pivotal aspect of international business and involves a company deciding which country or regions will constitute target markets. A number of factors contribute to international market selection including: *Business factors*, *Chance* and *Psychic distance*. After reaching the decision to enter a particular market, an enterprise needs to determine a mode of entry. Mode of entry has been described as utilizing an institutional arrangement for organizing and conducting international business transactions. Business transactions may take the form of contractual transfers, joint venture and wholly owned operations. An enterprise's choice of a particular foreign market entry mode is a function of a large number of diverse factors. It varies with *product characteristics*, *firm characteristics* and *external environmental factors*.

One of the most important parts to the framework is the development of business performance indicators specifically designed for the firm entering new markets and aiming to achieve sustainability. There is little literature that explores business performance indicators for internationalisation. This is somewhat surprising given that indicators of success are the cornerstone for long-term sustainability. It is at the early stage of internationalisation that firms tend to identify what they wish to achieve and how they know they have achieved it. Sustainability of course, has a different meaning for every firm.

Hence, this project aims to explore the factors affecting long-term economic sustainability of exporting Australian construction design-related firms. This investigation will also identify **barriers and success factors** firms experience, which increases or reduces their exposure to financial risk. The general research question that will be addressed is "*How do construction sector design firms internationalise and develop sustainable business models?*"

The major assumption that underpins the development of the adaptive performance framework for a sustainable business model acknowledges that these three factors and their various components interact and impact upon each other.

Figure 1 - Adaptive Performance Framework for a Sustainable Business Model

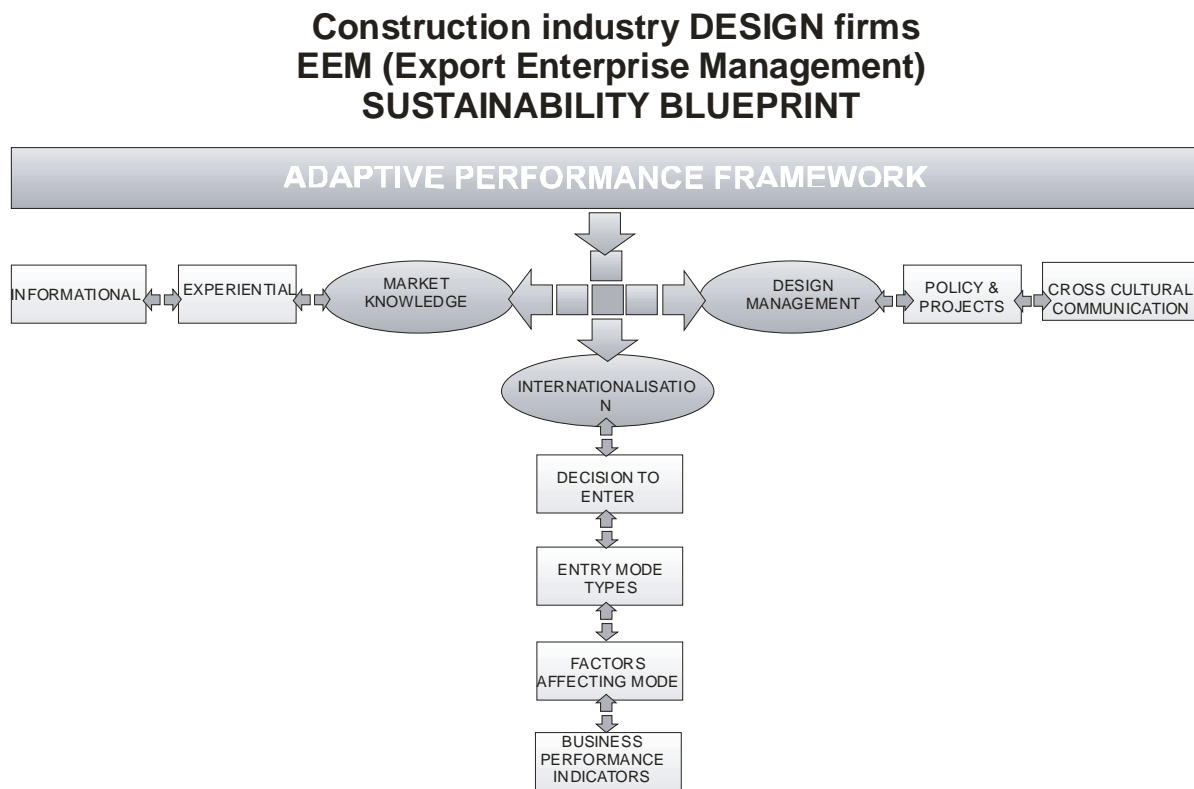


Figure 1.1 illustrates the key aspects identified in the literature in internationalisation theory. The review in the Project Agreement was to be a selected literature review because this project was only intended to be a scoping study.

1.1 Introduction

This scoping study attempts to create a theoretical framework for investigating the internationalisation of construction design firms. Considered was the possibility to adapt some previous exploratory studies of internationalisation of such firms using Porter's diamond framework (see for example Wiess, 1993). Porter's model has however been criticised as being static (Rajneesh, 1993) and its applicability to all countries and industries is also challengeable (Oz, 2001). This research subsequently develops an independent theoretical framework to guide data collection and theory generation in order to encompass an *adaptive* aspect to internationalisation business practices. By doing so this study integrates flexibility into the framework, which would allow for appreciation of development of internationalising firms. In addition, the framework is adaptive so as to take into account measures of performance, which previously centred on 'achievement of cost, programme and quality targets' (Dainty *et al.* 2003, p. 209). Dainty *et al.* (2003) argued that such measures are too crude within the context of the construction industry. Furthermore, the importance of this research is reinforced by Nicholson and Naamani (1992, p. 487) who concluded 'design management is vital for architects nowadays'. Australian firms have been exporting products and/or services related to design and construction for numerous years. The internationalisation of architectural, engineering and construction design firms in Australia has become increasingly significant in the last decade in the construction industry as a source of economic growth.

A study published by the Australian Dept. of Foreign Affairs in 1998 indicated that services represented 40% of the total value of all exports. This percentage has declined, however, in the past 3 years as seen in Table 1.1 below where services only make up 22% of total exports.

Table 1.1 Exports of goods and services (Source: Trade in Services Australia 2001-2002, DFAT, 2003)

Years	Export of goods (A\$ million)	Export of services (A\$ million)	Total export of goods and services (A\$ million)
2000-01	120,307	33,547	153,854
2001-02	121,090	32,250	153,340
2002-03	115,961	32,569	148,530

It is important to note whilst the export of construction, architectural, engineering and other technical services have undergone growth, as indicated in Table 1.2 these activities comprise approximately 2.1 % of total exported services in 2001-2002. It is on this basis that it could be argued there is significant opportunity for growth in the export of these particular services.

Table 1.2 Australia's exports of services by type of activity within the construction industry (Source: Trade in Services Australia 2001-2002, DFAT, 2003)

Type of activity	1997-98 (A\$ million)	1998-99 (A\$ million)	1999-00 (A\$ million)	2000-01 (A\$ million)	2001-02 (A\$ million)
Construction services	31	18	23	68	101
Architectural Services	23	13	6	8	21
Engineering services	212	236	549	420	344
Surveying services	20	19	12	13	4
Other technical services	113	168	133	148	200

Notwithstanding assistance provided for design firms through international trade missions, organised export firm support networks and information packages by a burgeoning number of government agencies, anecdotal evidence suggests that there are still perceived barriers to market entry and long term economic sustainability for small to medium sized firms. A variety of international markets are penetrated with a variety of entry strategies with increasing success. However, less is known about the appropriate entry mode and management of the export of design services. Specifically there is less known about *design management* and its relationship to **long-term economic sustainability for the individual firms**.

1.2 Terms: SME and Design Management

This research will concentrate on literature relating to small and medium enterprises (SMEs) and internationalisation as the majority of construction sector design firms are classed as small to medium enterprises. For this study a SME is defined according to the Australian Government Department of Finance and Administration as:

"businesses registered in Australia and New Zealand that employ less than the full time equivalent of 200 persons".

It should be noted that one of the industry partners for this study, which is one of the case study firms analysed would not be considered an SME; however they would not be the equivalent in size nor turnover of some of the large multinationals in manufacturing that many of the previous international business studies have used as case studies.

Design management has had various interpretations of where it sits within other management constructs related to the management activities in the construction industry. It has been considered to be subsumed by project management (Allinson, 1997) or alternatively on an equal standing as project management, construction management and facilities management but subsumed by architectural management (Emmitt, 1999).

According to Allinson (1997)

"Design management concerns itself with the design content of project outcomes and the effective management of the design process. In broader terms, it also concerns the 'beneficial' capture and effective utilization of the potential to be realized by design expertise and skill".

For effective utilisation of the potential to be realised by design expertise and skill management of the design process is required both the individual project level and the strategic level of a firm. Design management supports the 'selling' of the design service and is integral to the competitive advantage of the firm.

For the purposes of this study, those firms that 'sell' a design service in the construction industry include the following:

- Those that provide a design service without a product primarily removed from the construction site; for example architectural, engineering, urban and landscape design consultants
- Those that provide a design service linked with a product primarily built onsite; for example specialist subcontractors including façade subcontractors, mechanical services subcontractors, etc
- Those that provide a design service linked with a product built off site; for example sanitary product manufacturers, precast concrete fabricators, etc
- Those that provide a design service linked with a product that is not installed; for example, furniture systems, free standing fixtures for eg lighting

It is suspected that firms who achieve competitive advantage in international markets and thus long term sustainability are constantly adapting their business practices to achieve client satisfaction by a combination of self, market and project needs assessment. All successful firms ultimately achieve this in local markets but what is intensified in the international market is the complexity of barriers grounded in cross-cultural contexts. Therefore the need for flexibility, adaptability and continual reassessment is enhanced as the market evolves in various localities. Firms working in international markets not only need to be strategic in their selection of markets and entry mode type – they also need to have an extensive knowledge of the market in question. This involves the need to have considerable knowledge and understanding of the market's regulations, project organisational structures, development processes and political issues, all of which is readily available and already known to firms working locally in their own country. Furthermore, exporting firms are generally not as well known as the local firms in international markets and thus there is an increased need to gain access into client networks through adaptability and flexibility. Flexibility occurs in resource management, design service/solutions and client responsiveness.

The success of the Yokohama International Port Terminal in Japan well illustrates the responsiveness of an exporting design firm that has incorporated, and benefited from the development of a flexible and innovative organisational structure. The Yokohama project was a large-scale international project that involved multi-actor collaborations between various participants. It presented numerous complex challenges and diverse needs throughout the design process. Through a flexible organisational structure that allowed a high degree of originality of design and also a positive response to change, the firm was able to overcome the many challenges presented by the diverse nature and complexity of the project. Consider this quote that identifies the many aspects of a flexible and responsive design structure that were essential to the success of the Yokohama project:

'The design process became in itself a process of creating knowledge...organising themselves into arrangements we could not predict at the onset of the project...One can either operate within a linear structure where decisions are made in a hierarchy of command, or within a culture where a more complex system of relationships between team members allows a much higher degree of flexibility, innovation and feedback' (Moussavi and Zaera-Polo, 2002, p31, 33).

It is interesting to note that Draganich (1998) proposed that *'Despite strong international recognition, architecture is not amongst the major consultancy services exported by this country. Nor has its growth matched that of consultancy export as a whole. Only a handful of Australian architectural practices maintain a continuous and active program of seeking and performing overseas commissions.'*

It is thus essential to understand the dynamics encountered by Australian consultancy design services firms in internationalising. It has been identified that many of the factors affecting project management differ from country to country and project to project (Spencer et al, 1991; Kramer, 1982; Cooke and Walker, 1994; Atkinson, 1995 as cited by Rowlinson and Root, 1997; Draganich, 1998; Kwan and Ofori, 2001; Loosemoore, 2001). Similarly, it is anticipated that design management will be affected by country and project type. Therefore the continuous adaptation of the export enterprise part of a firm to changing market conditions and the new knowledge generated from each project is fundamental to the development of a sustainable business model.

This research is important because it builds upon previous studies that have simply identified and superficially described the difficulties encountered by exporting firms. This research investigates in-depth the underlying issues that surround these barriers with an aim to develop a sustainable business model for firms working in international markets based upon an understanding of the successful strategies to effectively manage the challenges that firm internationalisation present. The importance of this research is also reinforced in reference to increasing globalisation of industries and academic researchers have proposed within this context international construction is placed as a topic of significance (Ofori, 2003; Raftery et al., 1998). Literature on the internationalisation process will now be reviewed.

1.2 Internationalisation Process

This section outlines the key issues, in particular the contribution that this study will make, and a review of market selection, decision to enter, entry modes and factors affecting entry modes. The internationalisation process has been well established within research literature. Small and medium enterprises (SMEs) have demonstrated an increasing involvement in international markets (Haahti, Hall and Donckels, 1998; Erramilli and D'Souza, 1993; Bonaccorsi, 1992). Consequently, activities and processes involved in internationalisation of SMEs present important issues for understanding from entrepreneurial, managerial and research perspectives. Most researchers have described internationalisation as the outward movement in a firm's international operations (Turnbull, 1987). There is not, however, a general agreement on the definition of this concept. Welch and Luostarinen (1988, p36) suggested a broader definition of the process:

"Internationalisation is the process of increasing involvement in international operations".

A research gap exists, however, through emphasis in research having been given to large firms, and in particular those within manufacturing (Coviello and Martin, 1999). Consequently there is little known regarding the internationalisation of SMEs, especially those which provide a service such as design firms. This study not only can make a small contribution to the construction and architectural management literature both in Australia and globally but it can also make a small contribution to the wider international business literature in relation to 1) SME's, 2) service firms and 3) design / creative industries. It is important to note that the design and creative industries have attracted recent attention from a business and industry competitiveness perspective.

The importance of this research gap is reinforced through the differences between SMEs and larger firms as well as those between services and products. SMEs differ from larger firms in (O'Farrell and Hitchins, 1988):

- managerial style,
- ownership,
- independence, and
- scale and scope of operations.

These differences are due to SMEs being more likely to have limited financial, management, human and information resources (Erramilli and D'Souza, 1993; Buckley, 1989). Service firms are also active in international markets (O'Farrell, Wood and Zheng, 1998; Dunning and Kundu, 1995) and services have been recognised as being different from products (Zeithaml, Parasuraman and Berry, 1985; Buckley, Pass and Prescott, 1992).

Internationalisation can be perceived as a part of the ongoing strategy process of most business firms (Melin, 1992). The main differences between internationalisation and other types of strategy processes (or growth strategies) can be found in the following dimensions: first, the firm transfers products, services or resources across national boundaries. This implies that the firm has to select in which country (or countries) the transactions should be performed. Second, the firm has to select the international exchange transaction modality, that is, a foreign market entry strategy. These two dimensions – international market selection and choice of entry mode – represent key strategic decisions in connection to a firm's internationalisation (Bradely, 1995)

1.2.1 Market selection, decision to enter, entry modes and factors affecting entry modes

International market selection is a pivotal aspect of international business and involves a firm deciding which country or regions will constitute target markets. International market selection has been described as a component of a firm's operations that needs to be executed correctly (O'Farrell and Wood, 1994; Kay, 1993).

A number of factors contribute to international market selection including:

- *Business factors* such as sales potential (size and growth), openness of markets and risk (Agarwal and Ramaswami, 1992; Terpstra and Yu, 1988, Crosthwaite, 1998);
- *Chance* where there is evidence of enquiries by foreign customers or encouragement by a financial institution such as the Chamber of Commerce (Hoang, 1998);
- *Psychic distance* where firms tend to internationalise into foreign markets where information flows are relatively unimpeded as these countries are more easily understood by managers (Johanson and Wiedersheim-Paul, 1975);
- *Political stability* where firms favour internationalising into 'safer' developed countries rather than perceived higher risk in developing countries (Crosthwaite, 1998)

After reaching the decision to enter a particular market, an enterprise needs to determine a mode of entry. Mode of entry has been described as utilizing an institutional arrangement for organizing and conducting international business transactions (Erramilli and Rao, 1993; Root, 1987). Business transactions may take the form of contractual transfers, joint venture and wholly owned operations.

An enterprise's choice of a particular foreign market entry mode is a function of a large number of diverse factors. It varies with:

- *product characteristics*, such as degree of differentiation, importance, age, and technical content (Erramilli and Rao, 1990; Gatignon and Anderson, 1987; Goodnow, 1985).
- *firm characteristics* such as size and resources, degree of diversification, and corporate policies (Erramilli and Rao, 1990; Root, 1987; Davidson, 1982).
- *external environmental factors*: host country trade and investment restrictions, host country market size, host country geographic and cultural distance, and exchange rate fluctuations (Gatignon and Anderson, 1987; Root, 1987; Bauersmidt et al, 1985, Fisher and Ranasinghe, 2001).

The choice of correct entry mode for a specific market was reinforced by Terpstra and Sarathy (1991, p.361) as “*one of the most crucial decisions in international marketing*”. Two critical dynamics determined through the entry mode are levels of involvement in developing and implementing activities in the foreign market and the amount of control the firm has regarding activities. Table 1.3 illustrates the various entry methods placed on the level of involvement scale.

Together these dynamics have a profound influence on the degree of success the enterprise has within a particular market (Terpstra and Sarathy, 1991; Hill et al, 1990; Root, 1987; Anderson and Gatignon, 1986).

When analysing entry mode choice for firms, it is useful to think about the degree to which a firm participates or is involved in a given foreign market using a particular entry mode. This may be defined as the Level of Involvement (LI). A firm’s level of involvement in a foreign market will depend upon

- the amount of managerial and financial resources committed to that market, and
- the degree to which this resource commitment is specific to that particular market.

Table 1.3 The level of market involvement scale (developed for this research)

Foreign market entry mode	Resources required for commitment	Market specificity of commitment	Level of involvement (LI)
1. Wholly owned subsidiary / branch started from scratch	Very high	High	9 (highest)
2. Wholly owned subsidiary acquired	High	High	8
3. Majority joint venture	Moderate to High	High	7
4. 50-50 joint venture	Moderate	High	6
5. Minority joint venture	Moderate	High	5
6. Export subsidiary	Moderate	Moderate	4
7. Direct to customer exports	Low to moderate	Low	3
8. Agent / distributor exports	Low	Low	2

As previously mentioned, examinations of entry mode have been performed with an almost exclusive preference for manufacturing enterprises (Erramilli and Rao, 1993). While the majority of literature has concentrated on manufacturing enterprises, there has been a small amount of research that provides increasing evidence that service firms demonstrate a number of important differences from manufacturing enterprises (Erramilli and Rao, 1993; Chase and Tansik, 1989) and confront distinctive challenges in market entry and expansion processes (Carmen and Langard, 1980). Consequently, entry modes for construction design firms will now be discussed with reference to service firms in general.

The tremendous heterogeneity which characterises the service sector, leads to widely differing international trade and investment patterns in the service sector (Erramilli and Rao, 1990; Shelp, 1981). This poses a major challenge for researchers trying to study behaviour of diverse firms, for example, software companies and advertising agencies, in one common conceptual framework. The problem of heterogeneity could be, to some extent, circumvented by performing industry-specific studies. Such an approach fails to provide insights on issues that extend across industry boundaries.

Erramilli and Rao (1990) proposed all service firms could be classified into:

- *soft-service firms* with services for which it is extremely difficult or even impossible to decouple production and consumption (such as car rentals, restaurants, and healthcare) or

- *hard-service firms* with services for which it is eminently feasible to separate production and consumption (such as architectural firms, engineering designers, consultants and software firms).

Such a classification provides insights into the variation of entry mode choice. Soft-service firms cannot export (since exporting necessarily requires a separation of producer and consumer) and have to rely on contractual methods (licensing or franchising) or foreign direct investment (joint ventures or wholly owned subsidiaries) to affect foreign market entry. On the other hand, hard service firms can and often do export. Hence, the separation process is not simple. The high level of diversity of construction industry design firms makes it even more problematic to classify design firms into hard or soft service types. Firms can be both hard and soft service type as their relationship with clients may differ from project to project. For example a sanitary product manufacturer may sell a sanitary product that is produced off site, which places it within the hard service framework. However, the same sanitary product manufacturer may be required by its client to install the sanitary product onsite thus placing it within the soft service framework.

In attempting to understand the variation in entry mode choice among service firms, it pays to examine another phenomenon characteristic of the service sector. A large number of service firms enter foreign markets primarily to serve the foreign subsidiaries of their domestic clients (Terpstra and Yu, 1988). For example, many American advertising agencies and banks follow their US clients to overseas markets. Similarly, Australian architectural firms designing high-rise office buildings could follow their financial institution clients to international markets. This phenomenon of *client following* while not unheard of in the manufacturing sector, is nevertheless a unique characteristic of service firms in terms of its occurrence and importance. In summary, there are two types of foreign market entry situations among service firms; *client following* (CF) and *market seeking* (MS). This second entry situation refers to the case where a service firm enters foreign markets primarily to serve foreign customers, i.e. customers in that particular overseas market. It basically encompasses all non-CF entries.

A firm can be expected to be more knowledgeable about its market when it goes abroad to serve its current domestic clients (CF entry), than when it enters a foreign market to serve foreign customers (MS entry). This means firms in MS entries can be expected to perceive relatively higher levels of uncertainty and risk. Therefore relative to firms in CF entries they would be more inclined to scale back their resource commitment and show a greater willingness to team up with external entities during foreign market entry. This explains why firms in CF entries could be expected to be more aggressive in their choice of entry modes when entering foreign markets.

Examples of client following and market seeking strategies are illustrated in Table 1.4.

Table 1.4 Examples of CF and MS entry strategies and associated types of service firms (Erramilli and Rao, 1993)

Motives for entry	Soft service firms	Hard service firms
Client following	An advertising agency sets up office abroad to serve a domestic client's foreign subsidiary	A software company provides software support to the foreign subsidiary of a domestic client
Market seeking	A fast-food chain appoints a franchise in a foreign market to serve the local customers there	An architectural design firm sells blue prints to foreign customers

If nothing else suggests that further research is required on the construction sector and by those with discipline knowledge it is the naïve and simplistic description of an architectural firm as an example of a market seeking firm selling blue prints to foreign customers. Design firms can and often do operate as both client following and market seeking.

It is useful to conceptualise firms as seeking entry modes that allow them to exercise maximum possible control over their foreign operations (Vernon and Wells, 1976). Entry modes differ in the amount of control they provide the firm (Erramilli and Rao, 1990; Root, 1987). Typically the amount of control increases as a firm's resource commitment and hence level of involvement increase. This means firms preferring to maintain control over their foreign operations may have to choose entry modes with high involvement levels. When faced with 'unacceptable' levels of uncertainty and risk (Mascarenhas, 1982) decision-makers try to reduce their involvement by cutting back on the amount of resources and/or by teaming up with outside agents, distributors, and partners, especially in the host market.

Consistent with the above arguments were the actions of Peddle Thorp architects (Centre for Corporate Change, 1995) now known as Peddle Thorp and Walker. This firm demonstrated a general conservatism in entering foreign markets through client following practices into foreign markets in the 1970's. Further underscoring this conservative approach was the development of a representative office in Jakarta in the early 1980's. Thus, the approach has been one of client following, in the form of firstly exporting skills, and then opening of representative offices demonstrating a low level of involvement with a high level of control.

1.3 Export of services by architectural firms

The economic position of architectural firms participating within international markets is challenging to elucidate. However, the issues that confront architectural firms attempting to enter a foreign market have been examined and include language, culture, and entering networks of strategic partners, subcontractors and suppliers. Some of these issues are born out by research performed on Australian firms undertaking internationalisation as seen in the next sections.

Research to date on the Australian architecture profession has been by the profession rather than academia. Consequently, this review utilises the available data in the form of a study conducted by the Royal Australian Institute of Architects (RAIA), which involved 1,893 responses to a questionnaire, and a series of 22 case study interviews. It is noted that the case studies were developed through a series of written answers and therefore were not independently validated. The study indicates that about 23% of Australian architects have made efforts to export their services from the mid to late 1980's onwards. The study was aimed at assisting Australian architects to take advantage of emerging export opportunities. It identified South East Asia as the most popular export destination. Many of these exporting firms cited China and India as potential export markets offering future opportunities for Australian architects.

In particular, Australia's export of services to China has seen a steady rise in the past 4 years, exporting \$387m in 1993 to \$574m in 1997.

Table 1.5 Australia's exports of services to China (A\$ million) (Source: Trade in Services Australia 2001-2002, DFAT, 2003)

Type of services	1993-94	1994-95	1995-96	1996-97	1997-98
All services	320	375	378	396	485
Other services (includes construction and design services)	67	96	88	80	89

1.3.1 Decision to export

According to the RAIA (1998) the firms' decision to export services includes both proactive (looking to grow, national boundaries – market seeking) and reactive (asked to by client / consortium – client following) approaches and is distributed in percentage terms rather evenly.

Proactive approaches were initiated by

- decisions to shield from downturns in Australia (fluctuations, boom-bust cycle)
- desire to expand firms' growth through specializations

Reactive approaches were initiated by

- approach by clients due to firms' reputation in niche areas
- Australian clients who required offshore work
- invitations, referrals, affiliations and former colleagues' recommendations
-

1.3.2 Market entry

The following were identified by the RAIA (1998) as key operating methods in overseas markets:

- local participation / partnership (long / short term)
- agents (local agents / Australian consultants)
- consortia and turnkey contracts
- joint ventures (mixed experiences – may not work due to dissimilar business interests)

1.3.3 Exporting assistance

A majority of these exporting firms have established overseas registered offices (usually formed after an initial project in export destination) as most firms agree that it is preferable to obtain a high level of control if a firm is keen on sustaining future opportunities. Whilst affiliations are seen to be of lower risk, they are deemed unsuitable for long-term business as 'they do not show commitment to the country and may cause payment issues'.

1.3.4 Exporting skills

A majority of these exporting architects are self-reliant, with 53% stating they have not received external assistance in exporting their services (RAIA, 1998). The following table indicates the various types of exporting assistance received.

Table 1.6 Types of assistance received by exporting Australian architects (Source: A Guide to Export Markets for Architectural Services, 1998)

Exporting assistance received	Exporting architects (%)
Austrade Export Market Development Grant (EMDG)	18.1
Austrade advice / assistance (eg. Preparation of tender documents, arranging overseas contacts, etc.)	14.4
Other government services / financial assistance	6.3
Private sector financial assistance / investment	7.6
None	53.0
Other	5.8

Most exporting architects rate themselves favourably in the following skill areas: documentation, practice / personal promotion, project costing & fee negotiation, project management and communication skills (RAIA, 1998). This clearly implies the importance for architects to be equipped with specific / appropriate skills in ensuring success in internationalisation of design services.

Table 1.7 How exporting architects rate their work skills (Source: A Guide to Export Markets for Architectural Services, 1998)

Work Skill	Average rating	Unskilled / poorly skilled (%)	Well / highly skilled (%)
Project management	3.8	7.7	66.0

Office administration	3.9	3.4	73.0
Design	4.0	3.4	71.4
Documentation	4.1	3.4	77.4
Contract administration	4.0	4.2	74.7
Job programming / time management	3.8	6.6	66.2
Project costing & fee negotiation	3.8	9.0	62.5
Building budget estimating	3.2	23.3	40.2
Practice / personal promotion	3.5	14.1	55.3
Teaching	3.1	29.3	35.5
Communication skills	4.0	2.9	76.5
All average	3.7	9.8	63.5

Exporting firms range from SMEs to large firms. Traditionally services have been considered a locally produced solution and service firms have been considered local establishments (Gronoos, 1999). In recent times however services have become more internationalised and the growth in the export of services is expanding. Irrespective of this, in spite of the improved trade conditions and enabling IT the growth has been relatively slow. Many barriers are identified in a general sense and key obstacles include: lack of resources, too little knowledge about exporting and a belief that linguistic and cultural differences will make internationalisation too demanding.

1.3.5 Barriers

Key issues/barriers which exporting architects encountered are summarized in Table 1.8 below. For a more detailed table outlining individual cases and factors for success determined by the RAIA (1998) see Appendix A.1.

Table 1.8 Barriers to Exporting (Source: A Guide to Export Markets for Architectural Services, 1998)

Barrier	Exporting architects (%)
Prohibitive costs	45.9
Lack of awareness	26.0
Lack of overseas network	45.7
Lack of awareness of exporting assistance available	21.5
Lack of exporting information / assistance available	16.5
Complying with overseas regulatory requirements	19.4
Understanding cultural / regional differences	26.8
Uncertainty of payment	7.6
Overseas economic climates / collapse of overseas economies	3.1
Other	18.1

It appears that underlying over half of the barriers is market knowledge; both informational type of knowledge and knowledge gained from experiences in the market.

1.3.6 Factors for success

While a number of barriers were identified factors perceived important to successful export of construction design services were also determined (RAIA, 1998), as illustrated in the table below.

Table 1.9 Factors contributing to exporting success (Source: A Guide to Export Markets for Architectural Services, 1998)

Factor	Exporting architects (%)
Establishing overseas networks / contacts	76.6
Understanding cultural / regional differences	45.1
Awareness of export market opportunities	38.3
Financial assistance	26.8
Obtaining export information / advice	19.2
Complying with overseas regulatory requirements	16.0
Other	12.3

The RAIA study is an important contribution to our understanding of barriers and success factors in the internationalisation process of architectural design firms. However, as with all surveys it provides surface level understanding of the issues across a large number of cases. The survey does not provide an in-depth examination of the experiences that firms and their staff have on projects. Whilst the survey has offered a broad overview and simply described the key issues that architectural firms encounter in international markets and briefly highlighted some key success factors, it has not provided insights into the complexities that need to be overcome in relation to the specific barriers that have been identified. The survey lacks a more detailed or in-depth understanding of these issues that have been identified, particularly in relation to long-term sustainability. It does however serve as a starting point towards uncovering the underlying causes of the barriers to internationalisation and the strategies to overcome such barriers. Some particularly significant issues that arise from the survey that need to be studied include: Can cultural and regional differences be overcome? How much does it matter on a project? How do firms establish overseas networks? What do successful firms do on international projects? Is there one best way to achieve international project performance?

1.4 Sustainability model

The adaptive performance framework relies upon three key areas including:

- Design management
- Market knowledge
- Internationalisation process

Design management includes the firm's strategic design management policy and approach to external design service and the translation into design management on projects. Design management in the international context is impacted upon by cross-cultural communication.

Market knowledge includes both informational and experiential knowledge. To undertake international contracts an understanding of fundamental and basic information is required; which is concerned with the various legal, economic, institutional frameworks. Coupled with this there is knowledge that is reliant upon experiences within the market.

Finally the internationalisation process is the last major component to the model. This has been discussed in detail in the previous section 1.2. One of the most important parts to the framework is the development of business performance indicators specifically designed for the firm entering new markets and aiming to achieve sustainability. It is at this early stage that firms tend to identify what they wish to achieve and how they know they have achieved it. Sustainability has a different meaning for individual firms.

The major assumption that underpins the development of the adaptive performance framework for a sustainable business model acknowledges that these three factors and their various components interact and impact upon each other. The three most significant factors identified for success (in table 1.9), cultural awareness, networks and market knowledge, are supported in the general academic literature and will now be discussed.

1.4.1 Design Management: Cross Cultural Communication

Cultural awareness has a profound impact upon the internationalisation process of any firm. It is even more acute for design service firms as the acquiring of projects and the successful completion of projects relies upon effective cross-cultural communication, which relies upon cultural awareness. Cross-cultural business communication is an important part of how a firm manages the design service and operates on three levels.

Firstly, design firms interact in the early stages of a project with the client to enter a market. This relationship often relies upon trust. A significant element of trust is developed through professional credibility combined with an ability to work together. This is dependent upon shared understandings, which is often affected by values. This in turn can be impacted by cultural awareness. It is suspected that the engagement in social and business networks plays an important role in developing that cultural awareness and improving cross cultural communication. Varner and Beamer (1995:xi) state 'What does culture have to do with business? Business communication *is* intercultural communication. In order to communicate with another culture, you have to come to terms with it somehow. You need to understand it'

Secondly, linguistic and cultural differences are a significant issue for design related firms as the design service is characterised by a high level of communication. Design firms upon getting engaged on a project are involved in brief and design development. This requires ensuring effective interaction and efficient communication between design staff, client and other consultants who are typically of various cultural backgrounds and often speak different languages. Varner and Beamer (1995) highlight the multiple and embedded nature of cross cultural contexts that complicate processes of understanding and transmission of meaning. Their study however is largely based in communication and cultural theory and only minimally reinforces this theoretical base with explicit and rich accounts of how such complexities are managed by successful business organisations. The present study, therefore, seeks to identify the successful strategies at the level of practice; to identify the means through which the complex interrelation of differentiated spheres of cultural meaning and value are negotiated.

The delivery of a design service has always been problematic regardless of the additional hurdle of these differences. For example, the briefing process is an important part of the design process and is the interaction between the client and the design firm. The briefing process involves the client informing designers of their needs, aspirations and desires (Barrat and Stanley, 1999). This process is continual over many phases of the project. The management of this process is critical but has been problematic (Koskela, etc).

Ultimately the challenge for design service related firms within the construction industry is to manage both their firm and the projects to provide a service that responds to their client's brief. The management of design firms and the management of design by firms is an interdependent process (Emmit, 1999; Allinson, 1997) and therefore cross-cultural communication becomes an important part of achieving and sustaining success in the international environment.

Fundamental to overcoming linguistic and cultural differences is cultural awareness and communication. Communication will be discussed in association with knowledge, the third factor for success in Table 1.9. Not only is communication important to coordinate in-house design teams and inter firm specialist teams, it is also important at the strategic level to develop design briefs. Communication in the design process has long been considered a complex and critical problem where the communication gap between expectations and realisation is central to the problem (Brown, 2001; Emmit, 1999).

The receptiveness by designers to knowledge held by others is a key issue for design management. An empirical study (London, 2002) highlighted that receptiveness by designers during the design process when there are teams of people working across firms is affected by the culture within various groups. These cultural issues were related to organisational culture and affected the assumptions various team members had of each other. The communication between design participants is affected by language and culture (London, 2002). The information handling between designers within a design team is characterised by creative, visionary, spatial, abstract thinking people who have a high level of technical knowledge and experience (Otter and Prins, 2002). This could potentially lead to further communication gaps between designers and the client, who often may not have the designer's capacity to visualise and envision the design process therefore resulting in

differences in expectations and realisations. Similar gaps in understanding may also emerge in communication flows between designers and managers due to differences in modes and objectives of communication.

The internationalisation of the design firm has heightened the need for an acute awareness of communication. As the London (2002) study indicated, within the one national culture a multidisciplinary design team will experience a variety of complex issues that hinder effective and efficient communication. Howes and Tah (2003) identified the added difficulty of communicating across international boundaries as further compounding the problem through the introduction of different national cultures, etiquettes and languages. In a brief discussion, this study attempted a superficial cataloguing of the variations between country-business cultures, rather than a more in-depth exploration of the impacts of cross cultural communication difficulties upon the design process in its various stages of development.

Unlike the issues that are raised in the international business literature where there is a propensity to discuss cross cultural communication in terms of one firm exporting to another country, a construction project will have far more firms involved in the design team and therefore far greater complexity in this situation. The simplest situation is whereby design consultants may be located in one country and the client is located in another; however it is far more likely that on the type of projects where clients are seeking international design services there are more complex scenarios with consultants originating from various countries. Mixed with this is the impact of country culture, professional/business culture and project culture. Therefore already we have layers of complexity largely untouched in the international business literature. Contractors who deliver design and construct services and also export products associated with the building will experience a great deal of complex situations as they simply have a wider collection of groups to deal with.

In a more recent study London, Chen and Bavinton (2005) revealed the important distinction between 'surface' level communication and 'deeper' levels of communication. 'Surface' level communication consists of strict translation between languages of particular words. 'Deeper' levels of communication are based on a level of cultural understanding that takes into account the various subtleties and nuances of meaning related to words within culturally specific situations. The study identified that communication between cultures occurs in three different contexts; (a) between national cultures (including language differences, cultural understandings and social customs), (b) between corporate business cultures (management styles, processes and procedures), and (c) between project cultures (fields of expertise, niche specialisation and conceptual compatibility and continuity). These three contexts regularly overlap and interpenetrate to create the complex field that is cross cultural communication.

Cross-cultural business communication on international projects is an important part of managing design on a project basis and managing for design on an organisational level. There are various strategies undertaken by firms to manage design at both project and organisational levels. Within the context of design management, effective cross cultural business communication becomes an important part of the firm's ability to develop knowledge to export, enter new international markets and to then maintain a strategic position within various markets. Information internalisation and the translation of information into relevant knowledge have been identified as an important part of the internationalisation process of SMEs (Morgan et al, 2003, Knight and Liesch, 2002).

1.4.2 Knowledge: Market and experiential

According to Morgan et al (2003) the export venture's knowledge base includes both experiential knowledge and informational knowledge of the market. The export venture is considered to be similar to a strategic business unit (SBU) in that it represents the individual export product market efforts of the firm and comprise a single product or product line exported to a specific foreign market (Cavusgil and Zou, 1994). The experiential knowledge includes both individual and the venture's experience. The informational knowledge includes

the venture's market information. Experiential knowledge is really nothing if it isn't matched to the venture's organisational capabilities. The venture's organisational capabilities involve the marketing, planning and implementation capabilities; which refers to the way in which those involved in the particular venture apply the knowledge to the venture. The adaptation to changing market conditions of the export venture is key to maintenance, performance and success of the firm. The alignment of the venture's objectives to the firm's strategic organizational objectives underpins the ultimate success of the venture.

This model was tested using SME manufacturing firms from China and the United Kingdom who export and largely as anticipated the results indicate positive relationships between a firm's collective knowledge and individual's knowledge of markets (Morgan et al, 2003). Perhaps most interesting to this study on design firms in the construction sector is the relationship that knowledge has to adaptive performance and not only the relationship that knowledge has to initial market entry strategies. Maintenance of existing relationships with clients is critical to future project contracts that clients may offer and to the reputation that the firm will have in the region. Adaptive performance is critical to design firms in the construction sector as they internationalise as their ability to win new projects relies upon the success of the immediate past contract – their firm's credibility and reputation.

1.4.3 Implied direction

There is the need to develop business performance indicators to determine the level of success of firms, which enter a foreign market. To date these indicators have not been developed within the academic literature and thus there has been no measurement as the sustainability of enterprises, which have entered a particular market. Kagioglus et al (2001) however have developed a performance management process framework (PMPF), which attempts to integrate the main features of performance management within a matrix based upon the balanced scorecard. The balanced scorecard has been used extensively by mainstream management researchers and practitioners and has more recently found favour in facilities and construction management. It is an approach particularly well regarded when financial performance is not the only consideration and therefore is used by public sector agencies or large organisations wishing to develop a more favourable corporate image.

The framework has been tailored for the construction industry through addition of 'project' and 'supplier' perspectives. One drawback of this framework, as outlined by Kagioglu et al (2001, p.94), is that the framework has not been validated through 'extensive empirical evidence' although it does provide a starting point for this research. Thus, business performance indicators need to be investigated for this research into entry and development of sustainable business into foreign markets by Australian construction design firms.

It has not been explicitly studied however, it seems commonly accepted that sustainability in international markets is supported by other considerations that are non-financial. The consideration of other non-financial indicators of performance, which includes social, cultural and intellectual capital, assists the financial success of the export enterprise of firms.

1.5 Proposed Model

There is not a need to look too far for theory to assist the development of a model for sustainable business performance in relation to capital. The concept of capital is one that has been extensively research based upon empirical evidence by Bourdieu from sociology research. The types of capital that have been adopted for this study in relation to Bourdieu's suggestion of the four capital (financial, symbolic, social and cultural) and include financial, social, cultural and intellectual capital. Bourdieu relates symbolic capital to power accumulation of groups or individuals to define 'who or what is most 'legitimate' in various societies and societal groups' (Skaates et al, 2002). Skaates et al however suggested that such a definition of symbolic capital is highly complex in the field of architecture and 'difficult to capture over the span of a mere decade' (Stevens, 1998 as cited by Skaates et al, 2002). As the present study is related to design firms within the construction industry, the high level

of diversity further compounds the complexity. Therefore symbolic capital has been excluded and replaced with intellectual capital, which is of more relevance to the study of internationalisation of design firms.

Social, cultural and intellectual capital should be considered in the early stages of the internationalisation process as they are firm's performance indicators; along with financial measures. There is the need to develop business performance indicators to determine the level of success of firms that enter foreign markets. To date these indicators have not been developed within the academic literature and thus there has been no measurement of the sustainability of firms that have entered international markets. The next section will now describe the less tangible aspects of a firm's capital, which are social, cultural and intellectual capital.

1.5.1 Social, cultural and intellectual capital

Social capital is the creation of personal relationships and networks based on trust built over time. Members of a social network interact and gain through a symbiotic relationship between each other. Working in a network helps spread risks and marketing costs. Social capital has relevance for the project team networks and the firm and client networks.

According to Cohen and Prusak (2001, p4):

'Social capital consists of the stock of active connections among people: the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible'

In a study on the internationalisation of Danish architectural firms Skaates et al (2002) saw national construction industries as milieus or groups characterised by geographical areas which had a network of actors with a set of 'rules and norms regulating the interactions between these actors' (Cova and Ghauri, 1996). Consistent with Cohen and Prusak's definition, Skaates et al (2002) defined social capital as recognition by other actors within the construction industry that the firm is a member of 'their inner circle due to one's dispositions...or one's way of working and 'tacit knowledge'.

Cohen and Prusak (2001) observe the benefits of social capital for firms as follows:

- Better knowledge sharing, due to established trust relationships, common frames of reference, and shared goals for firms to diverse their offering of services or products to match the changing needs of clients and to assist in the understanding of client's requirements.
- Lower transaction costs, due to a high level of trust and a cooperative spirit (both within the organisation and between the organisation and its customers and partners)
- Low turnover rates, reducing severance costs and hiring and training expenses, avoiding discontinuities associated with frequent personnel changes, and maintaining valuable organisational knowledge.
- Greater coherence of action due to organisational stability and shared understanding

Woodhead International is an example of an Australian architectural firm, which has achieved phenomenal success in internationalising to China through the acquisition of social capital. The firm has 'recorded a 150% increase in business with the Asian country over the past year' (Property Australia, 2004). Although an impressive record, it is noted that this level of success has only been achieved after a registration process that took more than five years. Through indicating a long term commitment to the country, Woodhead International, among a select group of international architectural firms has been granted a 20-year

registration as a wholly foreign owned enterprise. The 20-year registration allows the firm to operate in China without a Chinese-owned company partner. This of course challenges the myth that to conduct business in foreign countries, particularly Asia and China, one requires a joint venture to achieve success. It does suggest that client trust and satisfaction is an important part of a sustainable international business venture.

Cultural capital entails physical 'dispositions' such as 'building visible buildings, winning design competitions, or obtaining important tenders' (Skaates et al, 2002). These concepts are premised on the reputation of the firm in that the success of marketing architectural services 'depends upon the firm's ability to sell and deliver a credible promise' (Lowendahl, 2000).

It differs from social capital in that it is the high profile of a firm's projects that marks the firm as having acquired a high level of cultural capital. Therefore, cultural capital is the firm's highly regarded past achievements that create trust and credibility; which is different from trust that is formed through relationships or networks, which is social capital. A firm acquires cultural capital through building successful buildings, thus creating a presence in the foreign market. It can be likened to achieving a foothold in a market, where success often breeds further success. More and more clients are relying on instantaneous recognition when selecting suitable design firms and such recognition is gained through the creation of reputation. A firm's reputation is earned through a high level of cultural capital. An important part of this is that clients need to value the amount of cultural capital that the design firm brings to the relationship. We would suspect that cultural awareness will impact upon a firm's ability to design for a client located in another country. However, this assumption may be challengeable if the firm is client following and not market seeking.

Bourdieu however states that cultural capital is not only limited to such 'physical dispositions'. It also takes form in another dimension as the embedded 'culture' of a firm. '...it refers to the ensemble of cultivated dispositions that are internalised by the individual through socialisation and that constitute schemes of appreciation and understanding' (Swartz, 1997). Therefore a firm is also able to accumulate its cultural capital by employing staff of the desired 'culture'. This can be characterised by employment of staff with particular qualifications as well as dispositions to architecture, architectural practice and design philosophy.

Intellectual capital is a firm's collective skills, experience, competences and knowledge and is critical to the sustainability of firms, particularly in international markets. According to Stewart (1998), the strength of a firm lies within its intangible assets, where he proposes that intellectual capital of a firm is 'the talents of its people, the efficacy of its management systems and the character of its relationships to its customers'.

As previously mentioned, the 1998 national survey of Australian architectural firms by the RAI (Draganich, 1998) identified the understanding of cultural issues and market knowledge as one of the key success factors for firms when exporting their services. Therefore this study investigates in-depth the complexities related to gaining market knowledge and cultural awareness. A firm's market knowledge and understanding of cultural issues typically arises from individual experiences with particular markets, clients and projects. General knowledge of a foreign market and the client is improved through successive completion of projects and these experiences create tacit knowledge. Such tacit knowledge will contribute towards achieving client satisfaction.

A firm can also acquire its intellectual capital through establishing skills and niche expertise through by employing specific skilled staff members, which would enable the firm to respond to client's requirements more efficiently. A firm's skill specialisation which is accumulated through its involvement in previous projects and employment and can contribute to winning further projects as clients value a firm's expertise to deliver satisfying results.

1.6 Strategic Indicators for Internationalisation

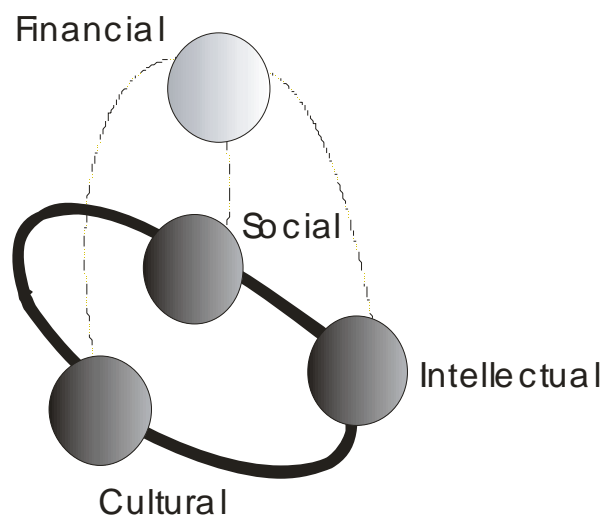
Whilst the internationalisation process is often viewed as one of which necessitates extensive country-specific knowledge and significant financial resources (Eriksson et al, 1997), long-term perspective afforded by the capital acquisition approach may provide advantages to firms attempting to internationalise into foreign markets. Scarce resources means one firm cannot supply all the necessary skills, knowledge and expertise for the process (Porter and Fuller, 1986). However, the dynamics of capital acquisition allows for a firm to build upon initial resources to achieve sustainability in foreign markets and to understand and contextualise the value of various forms of capital to a firm's internationalisation strategy. This is of particular importance to SME's who have less resources available.

An example of how a firm strategically manages its capital acquisition is the firm's conscious decision to penetrate a foreign market through heavy financial investments into that market without immediate return. Such investments may not lead to immediate financial success but will initiate the firm's acquisition of social, cultural and intellectual capital. As such the firm may build up its acquisition of capital by creating networks, gaining reputation and developing skills. This would in turn translate to financial success in the long term. This poses problems for SME's but it highlights two key points:

- 1) that if 'softer' capital is key to long-term sustainability then to what extent they are and through this understanding develop greater clarity on strategies to manage social, cultural and intellectual capital
- 2) this study needs to begin to uncover the underlying characteristics of how social, cultural and intellectual capital inter-relate

The benefits of acquiring social, cultural and intellectual capital are strategic indicators of long term sustainability of firms in international markets. Financial capital is significant to all three types of non-economic capital as ultimately all three types are aimed at creating financial capital for the firm (refer to Figure 1.2). The notion that "economic capital is at the root of all other types of capital" and that these other types are in fact "transformed, disguised and forms of economic capital" is not a new concept at all (Bourdieu, 1991). For example, economic capital makes possible the investment in cultural capital by making possible the investment of time needed to accumulate cultural capital.

**Figure 2 - Social, Cultural and Intellectual capital interactions to support financial capital
(Developed for this research)**



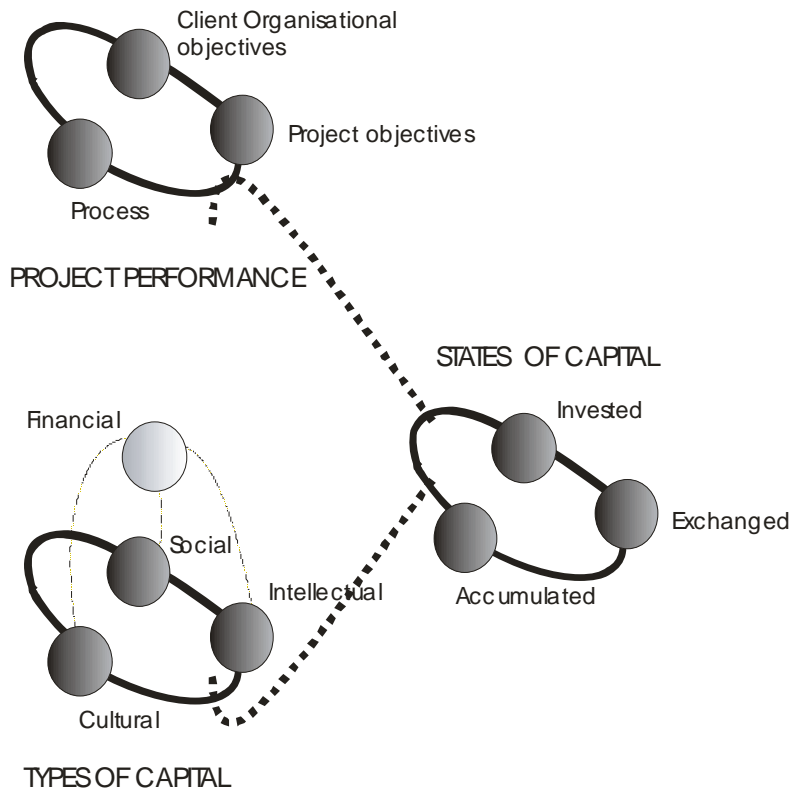
The relationships between cultural, social and intellectual capital are complex (Bourdieu, 1992). Capital exists in a variety of forms or states. Bourdieu (1992) suggested that these primary relationships are guided by an understanding of three concepts; investment, exchange and accumulation of capital. The investment of a particular type of capital can be aimed at the exchange of capital in order to accumulate capital. Alternatively the accumulation of a particular type of capital may be so that an exchange of another type of capital can take place.

The interrelationships between the all types of capital is critical towards achieving project performance in terms of both building performance and process performance. Project performance is important to a firm as the association with successful projects creates cultural and social capital for the firm. Project performance is a synthesis of client organisational objectives, design firm organisational values and goals and brief development. The performance is measured by achievement of project objectives, which should relate to client organisational objectives. The process performance is primarily measured by efficiency and effectiveness considerations. To achieve efficiencies and effectiveness the working relationships between project team members is often critical. The development and enhancement of social and business relationships is affected by social capital. Social capital can also be enhanced by an effective exchange of intellectual capital.

Performance is partially related to the development of clear client organisational objectives and further to that project organisational objectives. This is impacted by an understanding of the values of the firm and to understand values an understanding of the client's culture is critical. Culture is of course both country and organisational and ultimately there is a project culture. It is not difficult to see that social and cultural capital can perhaps play a significant role in project performance. Clearly intellectual capital is critical to the execution of a project. The concept of intellectual capital is not new either and the study of knowledge management is quite a large field and much has been written on this concept.

Figure 1.3 summarises the conceptual model of project performance related to types and states of capital. Perhaps what is important at this stage in this particular study is the drawing together of the forms of capital and the study of their interrelationships in terms of their various states.

Figure 3 - Types and state of capital related to construction performance (Developed for this research)



At this stage we can speculate on anticipated interrelationships between the various forms of non-economic capital. However, it is an empirical study that will identify and validate the merit of this theory related to how firms work successfully on international projects. The empirical orientation is certainly found in Bourdieu’s work where only empirical research can determine the key forms of capital and their interrelationships in a specific social space (Swartz, 1997). The social space described in this study is that occupied by construction design firms and their international clients. Understanding these complex relationships, according to Swartz (1997, p75), has been an important area of study in Bourdieu’s sociology, that is, “the study of how and under what conditions individuals and groups employ strategies of capital accumulating, investing and converting various kinds of capital in order to maintain or enhance their positions in the social order ...”

1.7 Reflexive Capability

Reflexive is a term that comes to us from sociology research and is a useful concept to borrow. According to Kenway and McLeod (2004) there are three main ways in which it is commonly used in sociological research. Key protagonists in the reflexivity field are Bourdieu (1992) and Giddens (1991). Kenway and McLeod when citing Pillow (2003) also suggest that “reflexivity is a much used term, over determined and under-defined with a multivalent lineage...”.

For the purposes of this study Giddens (1991) definition of reflexivity within the context of modernity is most useful. He suggests “modernity’s reflexivity refers to the susceptibility of most aspects of social activity, and material relations with nature, to chronic revision in the light of new information and knowledge”. (Giddens, 1991 p20). To clarify some terms common to sociological thought yet perhaps less well known in other academic fields; modernity is simply the underlying conditions and modes of thought correlating to ‘modern

society'. This is a tradition that has a considerable historical heritage that includes the scientific enterprise and technological proliferation. The underlying premise is that the natural and social world can be understood, and through understanding can be brought into the realm of human intervention. Material relations with nature encompasses the interactions between the social system and the natural world, including modes of production through which material (natural) resources are transformed into products and commodities, and systems of thought that dictate such processes. To be able to chronically revise means a continual responsiveness to change by participants in the system. Participants need to have some sense of self-awareness about what practices they are embedded within and be conscious or perceptive of that constantly changing environment and the various processes. Participants not only need this openness to change but also the skills and the culture or mechanisms that allow institutional change. To allow for change does not necessarily mean that everything is in a state of flux – there is a suggestion here that there is no need for prior learning of knowledge and that past experience does not contribute to our current practices. Therefore there are core principles that are not subject to change and boundaries should be placed around elements that are considered unchangeable.

Within our study we are suggesting that a reflexive capability to the internationalisation process by design firms is needed; and the ensuing manner in which they strategically manage social, cultural and intellectual capital that is highly appropriate to the intense, complex and dynamic environment of international projects. A reflexive capability of the collective firm and its institutionalised culture is the ideal. We concede that perhaps this is the ideal and that in reality design firms, who are typically responsive by nature but not necessarily all constantly vigilant of conscious responsiveness with such a determined and micro-managed strategy. Therefore a reflexive capability is a characteristic of successful and innovative firms internationalising and working within global models of practice.

There are three key dimensions to reflexivity:

- Awareness: Staff within design firms need self-awareness about what international process practices they are embedded within and to be conscious or perceptive of constantly changing international markets.
- Responsiveness: Staff members within a firm, both individually and collectively need to have an openness to changes in the firm's international practices and procedures. The firm business culture also needs to be supportive to change. Furthermore, it is essential that individual staff members have the skills and capacity to support changes that are implemented within the procedures and practices of the firm.
- Adaptability: Firms need to consciously identify the core principles which are non changeable versus changeable and adapt accordingly their practices and procedures based on the firm's values, staff member's adaptive skills and the collective firm culture and procedural mechanisms that facilitate institutional change. To facilitate this adaptability, firms need to actualise a pro-reactive attitude towards dynamic change.

This is quite easily translatable to the internationalisation process and the firms self micro-management. As many researchers previously have either explicitly or implicitly highlighted – the internationalisation process is dynamic. A true understanding of dynamic is to accept change as a positive rather than a negative characteristic. Rather than dealing, coping and managing in a reductionist manner the challenge of effective internationalisation process for design firms that is to embrace its dynamic nature. Awareness, responsivity and adaptability all contribute to the consciously determined micro-management of the process, where individual staff members are highly aware of both the nature of the process, and their own role in the process. Furthermore, they are able to separate these two elements to consider them rationally and objectively and to understand the relationships between the two.

To actualise this understanding, or be educated in this way of thinking is to perceive that any given position in the internationalisation process requires a specific yet interrelating mix of various forms of social, cultural and intellectual capital. Indeed, reflexive capability of the individual (as a product of the three characteristics outlined above) can itself be considered a form of intellectual capital as a specific skill that benefits the firm. It is also a form of social capital as a particular way of relating to colleagues and developing flexible networks, as well as a form of cultural capital in that it is a detailed awareness and understanding of the project and organisational cultures of the firm. The internationalisation process and the ensuing culture of change that necessarily accompanies this creative and enquiring process should not always been viewed as a problem situation. The reflexive capability approach is appropriate to all design processes but what is speculated upon is that the reflexive capability is *particularly intrinsic* to design firms who work globally and who are successful in that process.

How realistic is this model? What happens in reality is now considered for three case studies. There are many unique characteristics that international projects present; different players, different country characteristics, different legal and contractual environments, different regulatory constraints, a higher likelihood of more players from more countries. The model is concerned with the architectural firm's response to the globalisation of architectural services and is delimited to their role in the process. This of course does not negate that other professionals have a critical role and a study exploring their role on international projects would be equally valid; however this study is unapologetic about the role that the design firm plays on the international project and the various processes and procedures associated with it.

1.8 Summary

Academic and professional literature was reviewed in order to develop a position for investigation of market entry and development of sustainable business in international markets by Australian construction design firms. The literature review focused on the internationalisation process and export of design services. It was discovered there were a number of gaps in current academic research including research on internationalisation of service firms, particularly design firms, as well as factors which may lead to sustainable business within foreign markets which may be measured using performance indicators. As such, this research fulfils an important role in developing data on such details. By doing so it provides the future opportunity to influence government policy in terms of exporting professional design services and/or various products that have a design component in the construction sector. One of the most significant implications of this is the impact this has on future negotiations of international trade policy agreements.

2. RESEARCH METHODOLOGY

This section describes the methodology undertaken for this study. It contains two main parts: a generic case study methodology description and the data collection and analysis methods used for this study. Before this is described the nature of the research and the justification for the chosen methodology are discussed.

2.1 Research Characteristics

The characteristics of this research can be summarised as follows:

- The research is **exploratory** and **inductive** research because although there have been numerous international business empirical studies there have been few studies that explore those firms in the construction industry who are involved in a design process in some manner
- The research is exploratory and there is little theory related specifically to design management and internationalisation and it aims to investigate **in- depth the phenomenon of design firm internationalisation** and seeks to **describe** and **explain** how successful design firms internationalise and create sustainable business models
- The empirical work in the specific area of design firm internationalisation has implicitly indicated that social, cultural and intellectual capital are all important factors related to successful market entry and long term sustainability; however it has not been investigated to the extent where it can **explicitly provide rich descriptions** of such situations
- This research aims to investigate **selective examples** of the phenomenon where the firms have been successful in entering and achieving some measure of sustainability in international markets; it is suspected that there are only a limited number of examples that reflect this and will be able to provide descriptions of the phenomenon and explain “how” and “why” firms achieve long term sustainability
- The **resources** in the research team are limited and the study is intended to be a scoping study

The case study methodology was considered an appropriate choice for this research because it is generally acknowledged that case study research:

- is focused on studying a setting or phenomenon embedded in its real-life context and it encourages in-depth investigation;
- investigates a research problem which is based on interpretation; ‘how’ and ‘why’ questions (Yin, 1994).
- Allows for the selection of cases which are exemplars of the phenomenon which is under exploration

2.2 Case study methodology description

For this research, case study method has been variously defined as:

- an empirical investigation that leads to theoretical generalisation;
- an investigation providing rich descriptions from a management situation;

- a clinical investigation of a particular contemporary phenomenon within its real life context using multiple evidences;
- an investigation of a contemporary phenomenon within its real-life context in order to illuminate a decision or set of decisions regarding why they were taken, how they were implemented, and with what result

(Bonoma, 1985; Eisenhardt, 1989; Robson 1993; Yin, 1994; Perry *et al.*, 1997; Perry and Coote, 1994).

2.3 Quality

An important part of case study methodology is the establishment of constructs. A construct is a concept, theme or idea related to the phenomenon. Table 1 sets out four methods to increase construct validity, including ensuring constructs researched have been properly developed from the literature review, use of multiple sources of evidence and triangulation to examine the constructs being studied, establishment of a chain of evidence or data trail for each construct studied, and asking key informants to review the draft case study report once completed.

Table 1.10 Methods to achieve case study integrity and validity (Source: Lincoln & Guba, 1985; Yin, 1994; Miles & Huberman, 1994)

Design Tests	Case Study Method	Phase of research in which method occurs
Construct Validity	Constructs developed from literature review	Literature review
	Multiple sources of evidence (triangulation)	Data collection
	Establish chain of evidence	Data collection
	Key informants review draft case study reports	Data collection

One technique to enhance a study's construct validity is triangulation or 'qualitative cross-validation' (Alizedah, 1996). Alizedah (1996) identified four types of triangulation. First, data triangulation: collection of data on a phenomenon from a variety of sources. Second, researcher triangulation: use of multiple researchers on the same phenomena. Third, theory triangulation: use of multiple perspectives in relation to the same phenomena. Finally, methodological triangulation: use of multiple research methods in a single study. In summary, all four methods outlined in Table 1 to achieve construct validity were employed in this case study research.

2.4 Case selection

This section discusses issues of case selection and methods that can be adopted to contact and engage selected case study respondents.

There are no precise guides to the number of cases to be included in research – 'the literature recommending the use of case studies rarely specifies how many cases should be developed. This decision is left to the researcher...' (Romano, 1989, p39). In a similar vein, Eisenhardt (1989) recommended cases should be added until 'theoretical saturation' is reached and Lincoln and Guba (1985, p204) recommended sampling selection 'to the point of redundancy'. Similarly, Patton (1990, p181) did not provide an exact number or range of cases that could serve as guidelines for researchers, claiming 'there are no rules' for sample size in qualitative research. Some advocate a minimum of two, but the usual view is 'in practice 4 to 6 groups probably form a reasonable minimum for a serious project' (Hedges, 1985, p76). In brief, the widest accepted range seems to fall between two to four as a minimum and ten to fifteen as a maximum.

2.5 Data sources and collection techniques

This section discusses specific data collection procedures which may be adopted. These procedures and issues of the research plan aim to ensure construct validity and reliability of research (Yin, 1994). Key data collection procedures are guided by development of a case study protocol which includes key data sources, interview techniques, interview instrument, construction of a case study database and a case study report; which all assist in establishing a chain of evidence. Case study research may involve a variety of data collection procedures including the primary means of interviews with key people who can provide insights to the case under study and various forms of documentation related to the phenomenon.

2.5.1 Case study protocol

A key data collection procedure is the development of a case study protocol to guide the research. A case study protocol sets out general rules and procedures followed in collection of case study research data and is a particularly important document in multi-case and multi-researcher case studies to help ensure consistency and reliability in collection of case data (Yin, 1994).

The case study protocol is important for three reasons:

- first, a protocol is critical to establishing reliability in the research process (Perry and Coote, 1994; Yin, 1994).
- second, it assists the researcher to anticipate problems in the field and to minimise impacts of unforeseen circumstances (Yin, 1994)
- third, it may assist other researchers to reproduce the phenomena under study (Yin, 1994).

2.5.2 Key data sources

Interviews can be subject to bias, faulty recall and expression (Alizedah, 1996; Yin, 1995; Parkhe, 1993). Bias is particularly relevant when interviews are used as the primary data collection method. Interviewees typically focus upon past events and memory. Therefore, multiple data sources, apart from interview evidence, is a useful technique for triangulating the research. Multi-data sources could include the following:

- individual interviews (semi-structured) with people involved in the case or who can provide insights into the case
- group interviews with people involved in the case or who can provide expert opinion and insights into the case
- published documents by interviewees and/or their firms
- government reports about the case or related phenomenon
- popular press including newsclippings and other reports in the media and
- direct observation made by the researcher

2.5.3 Interview process

The face-to-face, in-depth interview process is an applicable case study data collection technique for research seeking to uncover complex social events, processes and phenomena (Alizedah, 1996). Interviews require close interaction, and therefore co-

operation, between researcher and interviewee, in order to accurately determine an interviewee's views on the phenomena under study (Alizedah, 1996; Patton, 1990). To be successful, close interaction and co-operation require the researcher to have an inquiring mind, good listening skills and sound interpersonal skills (Alizedah, 1996).

The face-to-face interview process involves a focused approach, in which the interview is in-depth, open-ended and conversationalist in style (Yin, 1994). The researcher's questioning is not totally unstructured, but rather guided by the interview instrument and case study protocol (Yin, 1994). As such, each interview becomes a '*...conversation with a purpose*' (Alizedah, 1996, p166) in which the researcher attempts to understand an interviewee's views and perceptions on the phenomena under study, seeing them from the interviewee's view, not from the researcher's perspective (Alizedah, 1996; Marshall and Rossman, 1989).

2.5.4 Interview structure

Structure of focused interviews may take the following form (Perry and Coote, 1994). First, the purpose of each interview is agreed with interviewees. Second, the first interview question is an open-ended question, inviting interviewees to tell the story of their experiences in a particular field. In this way, the questions begin to capture an interviewee's view of the process, not the researcher's (Perry, 1998; Perry and Coote, 1994). To the extent issues are not raised by the interviewee, the researcher may use the interview instrument as a checklist of probe questions to be covered. Finally, the interview finishes with another open-ended question asking the interviewee if there were any other issues he or she wanted to raise or other details they wanted to add.

2.5.5 Interview instrument

An interview instrument is a most important part of the case study protocol (Yin, 1994) and acts as a checklist of substantive questions reflecting the scope of the research which need to be addressed if they are not otherwise covered during the open-ended discussion with interviewees (Yin, 1994). Properly constructed, the interview instrument provides a reliable framework for cross-case analysis of data (Perry and Coote, 1994). The instrument needs to be cross-checked with the constructs developed through the literature review.

2.5.6 Case study database

The case study database comprises all the multiple sources of documentary evidence obtained on each case study; for example, detailed interview notes, press clippings, reports, memos, publications and letters (Yin, 1994). Yin (1994) noted these multiple sources are particularly important for triangulation of evidence.

2.5.7 Case study report

The case study report is a carefully constructed, systematic reporting of the data on each case, prepared in such a way it aids cross-case analysis and interpretation (Yin, 1994). The case study report for each case in this research contains an annotated bibliography of all documents relevant to each case study, to enable data in the case study report to be traced back to its source (Yin, 1994).

In summary, this section briefly outlined the key issues related to data collection that were considered before developing the specific methodology for this study. The following section now briefly overviews the various data analysis techniques available for case study research.

2.6 Data analysis techniques

Data analysis involves creating order, structure and meaning from data collected during case study research (Marshall and Rossman, 1989).

The process for data analysis typically involves the following stages:

-
- Stage 1: Raw data collection (taping interviews and/or collecting documents etc)
 - Stage 2: Data reduction (developing transcripts and coding documents/transcripts for common themes)
 - Stage 3: Data Analysis and Displays (interpreting coded data and relating it to the constructs/themes and producing graphics/tables etc which summarise the key concepts)

Qualitative data analysis techniques will be used for the study (Miles & Huberman, 1994). Coding is a major activity within qualitative research. Coding means creating categories from interpretation of the data. However a coding schema can be developed prior to data collection in order to orientate the research question to the constructs developed to the interview questions to the anticipated data collected from respondents. There is a balance to qualitative research in that there is some logic to what questions are asked and what answers are anticipated; however the researchers need also to be flexible and allow for open ended inquiry as it is the interviewees experiences that are sought at the end of the day. Cross-case and within case analysis will be conducted.

2.6.1 Within-case analysis

Within-case analysis seeks to address two levels of understanding: the descriptive meaning or 'what is going on'; and, the explanatory meaning, or 'why is it happening' (Miles and Huberman, 1998). Within-case analysis therefore involves examining each case as an individual 'experiment' with analysis undertaken to identify themes and explanations for their occurrence (Miles and Huberman, 1998). Within-case analysis should generally precede cross-case analysis (Huberman and Miles, 1998; Perry, 1998).

2.6.2 Cross-case analysis

Cross-case analysis involves analysis of data across a number of cases for each particular interviewing question for which data was collected. Cross-case analysis provides the identification of patterns of particular phenomenon across different cases, and so enhances the capacity for generalisation of the results (Huberman and Miles, 1998). Those instances in which particular cases do not fit the pattern do not necessarily discount the results, but provide an opportunity for close analysis to add further depth and understanding of that phenomenon (Perry, 1998).

Cross-case analysis may be approached in two ways (Miles and Huberman, 1994). A case-oriented approach investigates one case in-depth and patterns in this case are subsequently compared with patterns in successive cases. Miles and Huberman (1994, p174) explained '*one case in depth [is examined], and then successive cases are examined to see whether the pattern found matches that in previous cases*'. An alternative approach was the variable-oriented approach that centres on one variable or category of variables across all cases (Eisenhardt, 1989). A variable-oriented approach requires the researcher '*to select categories or dimensions, and then look for within group similarities coupled with intergroup differences*' (Eisenhardt, 1989, p540).

Both within-case and cross-case analysis allows the researcher to examine similarities and differences of relationships within the data that facilitates the search for patterns in the data and to emphasise why differences occur (Eisenhardt, 1989).

2.6.3 Data displays

Visual displays aid in examining the relationship between the complexity and frequency of different issues (Miles and Huberman, 1994; Yin, 1994). Displays and matrices facilitate understanding of data and provide for conclusions to be drawn and verified. The displays are typically supported by narrative text and quotations so as to allow the 'realness' of the data to

be highlighted (Perry 2001) and to justify conclusions regarding differences and patterns in the within- and cross-case analysis (Patton, 1990).

Huberman and Miles (1998) have emphasised the importance of data displays as a valid means of analysis of case study data. Some common forms of data displays include data arrays (Yin, 1994), data matrices (Alizedah, 1996; Yin, 1994), cluster analysis (Huberman and Miles, 1998), tabulation of the frequency of certain events (Yin, 1994), and, temporal schemes such as simple or complex time-series analysis (Yin, 1994). Matrix displays, tables and graphical representation should be employed to organise and illustrate the findings of the research.

In summary, this section discussed analysis techniques in case study research (Eisendardt, 1989). Three analytical techniques were discussed including within-case analysis, cross-case analysis, and data displays. Consistent with Carson *et al.* (2001), interpretation and reporting of data is not confined to any one mode of analysis.

This section briefly outlined the key issues related to data analysis that were considered before developing the specific methodology for this study. The following section now describes the various data collection and analysis techniques undertaken specifically for this research study on design firm internationalisation.

3. DATA COLLECTION & ANALYSIS

This section describes the actual processes undertaken in this research study.

3.1 Constructs

The three major constructs to explore in relation to the internationalisation of Australian construction design related firms are:

- Internationalisation process
- Design management
- Market knowledge

Table 1.11 Major Constructs and Themes of the research study

Internationalisation	Design Management	Market Knowledge
Theme 1. Organisational Goals	Theme 4. Organisational Image & communication – cross cultural communication	Theme 7. Exporting assistance
Theme 2. Market Entry Strategies & Selection	Theme 5. People management	Theme 8. Informational
Theme 3. Performance measurement - Business Performance Indicators	Theme 6. Policies & procedures	Theme 9. Experiential

These were developed from the literature review and were tested through the empirical study. Construct validity was increased through the use of multiple sources of evidence and triangulation, establishment of a chain of evidence or data trail for each construct studied and asking key informants to review the draft case study report.

3.2 Case selection

There are three cases. Two cases originate from industry partner organisations: DEM and Woods Bagot who are both architectural design service firms who export. DEM is located in Sydney and Woods Bagot are a multinational in scope with offices in all the major cities in Australia, Hong Kong, Dubai, London, Bangkok and Kuala Lumpur. The third case study is a firm who exports to China primarily and who design and construct buildings and are located in Queensland.

3.3 Case study protocol

In Australian research institutions, researchers are required to formally lodge an Ethics Application for every study undertaken involving humans in their study. This forms a useful protocol for this study and is appended to this report. A diagram indicating the method for recruitment and the parties involved is also included in the Appendix A along with the Ethics Application.

3.4 Key data sources

The single most important source of data for this research was in-depth, personal interviews

Within the firms there are two main stages to developing an understanding of the nature of the firms' internationalisation process and its success.

- Stage 1: Interviews with Senior Managers for approximately 60-90 minutes. It is anticipated that there will be 1-2 senior managers
- Stage 2: Interviews with Design Team Staff who have worked on any international projects It is anticipated that 4-6 design team staff interviewed from each organisation.

According to the Case Study Protocol a Project Coordinator was identified within each case who was responsible for distributing Information Statements about the project and Interview Consent Forms. Participants who agreed to participate were asked to be involved in individual interviews, which ran for approximately 60 to 90 minutes. The interviews were conducted at the participants' workplace. All interviews were taped and transcribed by the research team and analysed for recurring themes. Interview guidelines for Senior Managers and Design Team Members are attached (Refer to Appendix B). Interview guidelines were also attached with the Information Packages prior to the consent of the participants. For further details on this refer to Appendix.

3.4.1 Justification of research participants

The selection of the participants are due to the following reasons:

Group 1: Senior managers

- to clarify why the firm is working in international markets and the context with which the firm undertakes the work
- to explain policies, procedures and performance measurement related to international work
- to identify from their perspective the difficulties and successful strategies for various markets

Group 2: Design Team Staff

- to map the project processes and identify difficulties experienced by participants on projects
- to gain insight into the staff's experiences on international projects with a range of success levels

As this is an exploratory investigation, it is expected that 1-2 senior managers and 4-6 design team staff should provide sufficient information on organisational policies and experiences working on international projects to achieve the project's aims to identify barriers and success factors SMEs experience in international markets.

3.5 Interview instrument

Two interview instruments have been developed and are included in the Case Study Protocol in the Appendix A (Ethics Application). One interview instrument was developed for Senior Managers and one for Design Team Staff. The major topic areas and some example questions include the following:

Part 1: Participants role

What is your role in the organisation? What is your role in relation to international work?

Part 2: Policies, procedures and performance management (Senior Managers)

Is internationalisation a part of the organisation's objective?

Can you tell me which countries you work in and how you came to work in those countries?

How is the brief developed?

How are consultants managed?

Part 2: Project processes (Design Team Staff)

Of the projects you have been involved in do you know how they came about?

How were you assigned to the projects and did you receive any training?

Have you been involved in any project performance reviews?

Part 3: Successful strategies and inhibitors to success

What do you think has worked well in the past?

Why do you think you don't do as well in some markets as others?

3.6 Case study database

Staff members of DEM (Northbridge, Sydney) were interviewed by research team members, David Fox and Jessica Chen on Tuesday 7th September 2004. The staff members that were interviewed are recorded in Table 1.1 below. Interview duration was between 40 and 60 minutes and performed according to the interview instrument developed as a result of the prior theory development from the review of academic literature.

Table 1.12 Interview Schedule Case Study 1: DEM

Staff member	Position
1. Paul Allinson	Partner: Architecture
2. Vincent Guan	Senior Associate: Architecture
3. Claire McLay	Senior Associate: Landscape
4. Jenny Lambert	Associate: Landscape
5. Jon Pizey	Partner: Design
6. Peter Droege	Partner: Strategic Design (Study Research Coordinator)
7. Carolyn Tallents	Partner: Landscape

Staff members of Woods Bagot (Melbourne) were interviewed by research team members Jessica Chen and Kerry London on Monday 27th September and Tuesday 28th September 2004. Interview duration was typically for 60 minutes. The interview with one of the Project Leaders of a major project was 120 minutes in length. The interviews were conducted in accordance with the instrument.

Table 1.13 Interview Schedule Case Study 2: Woods Bagot

Staff member	Position
1. Fergus Hohnen	Design Team Staff (QSTP)
2. John Tallis	Project Leader (QSTP)
3. Kate Frear	Design Team Staff (QSTP)
4. Marija Cakarun	Design Team Staff (QSTP)
5. Peter Miglis	Design Team Staff (QSTP)
6. Sue Solly	Project Leader (EDS)
7. April Walsh	Design Team Staff (EDS)
8. Ivan Ross	CFO (Study Research Project Coordinator)
9. Andy Ford	Senior Partner
10. Sarah Kay	Project Director (EDS)

Staff members of Spaceframe (Brisbane) were interviewed by research team members Jessica Chen and Kerry London on Thursday 28th October 2004. Interview duration was typically for 60 minutes. The interviews were conducted in accordance with the instrument.

Table 1.14 Interview Schedule Case Study 3: Spaceframe

Staff member	Position
1. Chris Cooper	Project Manager / designer
2. Werner Rasponik	Managing Director (Study Research Project Coordinator)
3. Jane Rasponik	Accounts/Legal
4. Drogan Djordjevic	Engineer
5. David James	Shop drawings

3.7 Interview data analysis

All interviews will be taped and transcribed by the research team. Descriptions of the following concepts will be completed for each case:

- organisation's market knowledge through market information and experiences
- design management, policy, procedures and cultural and social capital
- internationalisation process
- successful strategies and inhibitors to success
- international project processes

Table 1.5 Senior Managers Interview Questions in relation to concepts within the Construct: Internationalisation

Interview Questions	Concepts
T1.Q1. Is internationalisation part of the organisation's objectives? – Why internationalise?	Firm type: Client following (CF) / Market seeking (MS)
T1.Q2. When did your organization start exporting? Can you give us a brief history of the key projects/events?	Adaptiveness / Context
T1.Q3. How long is the organisation willing to invest in a particular market?	Firm strategic goals
T2.Q4. Can you tell me which countries you work in and how you came to work in these countries? Has this changed since you began working internationally?	Entry mode
T2.Q5. How do you decide on which market to approach? How do you approach new markets?	Entry mode Market selection
T3.Q6. Do you have financial reviews or any other performance related reviews?	Financial capital
T3.Q7. Do successful projects impact upon new projects? Can you give any examples?	Cultural capital
T3.Q8. How do you know if you're doing well in a market? What makes you say that?	Business performance indicators: Capital
T3.Q9. Is your organisation a member of any international/exporting networks? How do you gain a new client contact?	Social capital
T3.Q10. Do you employ staff specific to skills necessary for international projects?	Intellectual capital
T3.Q11. What do you think has worked well in the past? What do you think are the best ways to approach new markets?	Successful strategies: Capital
T4.Q12. Why do you think you don't do as well in some markets as others?	Inhibitors to success

Table 1.6 Senior Managers Interview Questions in relation to concepts within the Construct: Design Management

Interview Questions	Concepts
T4.Q1. Does your organisation have a corporate approach to its design philosophy? What is it that your organisation 'sells'?	Firm type: artistic / professional / technical economic Intellectual capital (expertise/niche)
T4.Q2. If so, how is this developed and how is this communicated within the firm?	Communication: Internal organisational
T4.Q3. How is the 'image' marketed internationally?	Cross Cultural Communication
T4.Q4. How is the brief developed? How are the staff briefed on international projects? How are consultants managed on projects?	Cross Cultural Communication Social Capital
T5.Q5. Is there an international team? How do you assign staff to work on international projects? Are there design team networks?	Level of Involvement Social capital
T5.Q6. Is there a quality assurance or explicit documentation of the design management processes for your international projects?	Intellectual capital

Table 1.17 Senior Managers Interview Questions in relation to concepts within the Construct: Market Knowledge

Interview Questions	Concepts
T7.Q1. Has your organisation received any exporting assistance from any agencies?	Market entry
T8.Q2. What do you know about your clients prior to working for them?	Market / client research and study
T9.Q3. Are the design team provided training/staff development on cross cultural communication?	Knowledge management
T9.Q4. After a project, is there a feedback session to brief staff on processes that were particularly successful or unsuccessful?	Knowledge retention Intellectual capital

Table 1.18 Design Team Staff Interview Questions in relation to concepts within the Construct: Internationalisation

Interview Questions	Concepts
T1.Q1. Of the projects you have been involved in do you know how they came about?	Firm type: Client following (CF) / Market seeking (MS)
T2.Q2. Which countries have you worked in? Can you give me a brief history of the key projects that you've been involved in?	Entry mode
T3.Q3. Have you been involved in any other project performance related reviews? Have you been in any financial reviews?	Financial capital
T3.Q6. Have you worked for the same client or with the same team more than once?	Social capital
T3.Q8. What do you think has worked well in the past?	Successful strategies: Capital
T4.Q9. If you worked on future projects what do you think might make them easier?	Inhibitors to success

Table 1.19 Design Team Staff Interview Questions in relation to concepts within the Construct: Design Management

Interview Questions	Concepts
T4.Q1. Is there a specific design style or service to your approach?	Firm type: artistic / professional / technical economic Intellectual capital (expertise/niche)
T4.Q2. If so, how were you informed of such an image/style?	Communication: Internal organisational
T4.Q3. How was the brief developed? How were you briefed? How were the consultants managed?	Cross Cultural Communication
T5.Q4. How were you assigned to the projects? Do you work in design team networks?	Social capital
T6.Q5. Is there a quality assurance manual for these types of projects?	Intellectual capital

Table 1.10 Design Team Staff Interview Questions in relation to concepts within the Construct: Market Knowledge

Interview Questions	Concepts
T8.Q1. What do you know about your clients prior to working for them?	Market / client research and study
T9.Q2. Were you provided training/staff development on cross cultural communication?	Knowledge management
T9.Q3. After a project, is there a feedback session where you're told what went wrong or particularly well in the project?	Knowledge retention Intellectual capital

3.8 Coding schema

Coding has been developed for data analysis. The analytical methodology has been drawn primarily from the research perspective of **grounded theory** (Strauss and Corbin 1990, 1994, and Glaser 1992). Grounded theory is a research methodology of particular use in **generating theory from data**. In the absence of any significant theoretical framework, as discussed in the research methodology, this project was developed as exploratory and inductive, and seeks to describe and explain the in-depth phenomenon of design firm internationalisation. In response to this concern it was decided to employ grounded theory as a means of data organisation and theory generation, particularly useful in its capacity for providing structured guidelines for **conceptual relationships** and **explanatory frameworks** (Charmaz 2000).

In keeping with the methodological framework of case studies, grounded theory assumes the individual case to be an autonomous unit of action and therefore an independent unit of investigation. Each case study will be analysed as an independent unit and subjected to two stages of coding and analysis.

Stage 1: 'open coding'

- Involves the loose association of **themes and concepts** as revealed by the individual transcripts.
- At this stage, theory is considered only as a general outline that serves to organise the **indicators** that emerge from the data.
- Preconceptions as to what the data will reveal should be minimised in order to allow the themes present in the data to emerge naturally rather than be projected onto the data by the researchers. To this end a research assistant has been employed with experience in grounded theory analysis and no prior knowledge of the project.

Stage 2: 'axial coding'

- Involves the arrangement of data according to **dominant themes** that have emerged.
- At this stage a **comparative analysis** was also conducted that compared and contrasted the perceptions and meanings derived from the Senior Partners transcripts against those developed out of the Design Team data.
- Eventually this mode of analysis will be extended to comparative analysis between case studies in order to ascertain **common themes and irregularities** and to enhance the potential for generalisation of the resultant theory.

The next section outlines the development of concept indicators and textual descriptors utilised to identify themes present in the data.

3.9 Constructs, Themes & Concept indicators

The following tables demonstrate the relationships between textual descriptors, concept indicators and themes. They form the coding schema developed and utilised for both stages of coding. In the coding process, the interview transcripts are broken down and textual descriptors are identified. These are textual references to any of the potential characteristics listed within each table. These characteristics indicate the presence in the data of a particular concept, and that in turn indicate the presence of a theme, or a relationship between themes. Themes are then grouped according to the theoretical constructs, such as internationalisation, cross cultural communication or design management. Thus the data is organised to demonstrate the relationships between the constructs and provide textual evidence for the emerging theory.

The emerging theory is limited to the data set (the interview transcripts), and the data set is limited to the answers provided to the specific questions asked during the interviewing process. The research questions were grouped around (1) the participant's role in the organisation and internationalisation of the firm, (2) policies, procedures and performance management, and (3) successful strategies and inhibitors to success. While these questions were developed according to the preliminary theory and reflect the conceptual framework (as outlined in figure 1.1, and aimed to be as expansive and inclusive as possible, the end result is that the theory can only reflect what interviewees discussed.

The analysis that follows relates to the three case studies. Following the stage of 'open coding' a thematic analysis was performed on the dominant themes. It emerged that **cross cultural communication** was a central concern, and as such has been analysed as an independent theme rather than as a subset of **design management**. There remain substantial links between the two themes. Similarly, much transcript data was devoted to the interrelations of the various concepts grouped under the theme **business performance indicators**. While this is also analysed as an independent theme, there is a constant thematic thread running through the analysis that consists of the influence and impact that social, cultural and intellectual capital have on the firms capacity for maintaining sustainable business practices in international markets.

3.9.1 Internationalisation

Relevant research objectives:

- To clarify why firms work in international markets
- To identify policies and map processes that firms undertake to enter international markets

Table 1.11 Themes, Concepts indicators & Characteristics in relation to Construct: Internationalisation

Themes	Concept Indicators	Potential Characteristics
Firm typologies	Artistic subfield	Sell signature designs
	Professional subfield	Value a mix of artistic and technical aspects
	Technical subfield	Heavily emphasise efficiency and productivity
Market Selection	Business factors	Sales potential, risks, political-legislative barriers
	Chance	Enquiries by foreign customers, encouragement by financial institutions
	Psychic distance	Unimpeded information flows, conceptual & cultural continuity, original closeness, capacity for closeness, links to social-intellectual capital
	Political stability	Favour developed countries, perceive higher risk in undeveloped countries
Factors affecting entry mode	Product characteristics	Degree of differentiation, importance, technical content
	Firm characteristics	Size & resources, degree of diversification,

		corporate policies
	External factors	Host country trade & market size, geographic & cultural distance, exchange rate fluctuations
Decision to enter	Client following	Reactive approach
	Market seeking	Proactive approach
Market Strategies	Entry Level of Involvement	Involvement developing activities, involvement implementing activities, amount of control regarding activities, managerial resources committed, financial resources committed, degree of resources specificity

3.9.2 Cross Cultural Communication

Relevant research objectives:

- To identify the significance of cross cultural communication in design management
- To identify the role of cross cultural communication in facilitating the accumulation, investment and exchange of social, cultural and intellectual capital

Table 1.12 Themes, Concepts indicators & Characteristics in relation to Construct: Cross Cultural Communication

Themes	Concept indicators	Potential Characteristics
Relationships & Interactions	Modes of culture	Country Culture
		Project Culture
		Organisational Culture
Language translation & between languages	Speech, gestures, text, image / any combination	Representation and Interpretation
		Access to Interpreters
		Translation Barriers
		Understanding Social Custom
		Understanding Cultural Nuance
		Managing Cultural Difference
		Managing Ethical Discrepancy
Gate-Keepers to Social Networks		

3.9.3 Market Knowledge

Relevant research objectives:

- To identify difficulties of entering various foreign markets and successful strategies for particular markets
- To describe the extent and functions in which experiential and informational market knowledge is utilised by design firms in internationalisation

Table 1.13 Themes, Concepts indicators & Characteristics in relation to Construct: Market Knowledge

Themes	Concept indicators	Potential Characteristics
Informational	Accessing Information	Establishing Overseas Networks/Contacts
		Gatekeepers to Social Networks
		Formal/Informal Networks
		Lack of Overseas Network

	Market Information	Understanding Cultural/Regional Differences Awareness of Export Opportunities Obtaining Export Information/Advice Lack of Awareness of Exporting Assistance Lack of Awareness of Export Opportunities Awareness of Overseas Regulatory Requirement
Experiential	Individual Experience	Documented Personal Experience Formalising Personal Experience Disseminating Personal Experience
	Venture Experience	Archives, Records and Data Storage Access to Experiential Knowledge Maximising Experiential Knowledge Application of Experiential Knowledge Identifying Trends and Changes Accountable Decision Making Processes

3.9.4 Business performance indicators

Relevant research objectives:

- To identify processes and strategies involved in the accumulation, exchange and investment of social, cultural and intellectual capital
- To ascertain direct and indirect relationships between cross cultural communication and the accumulation, exchange and investment of Social, Cultural and Intellectual capital.
- To describe the significance of Social, Cultural and Intellectual on the capacity of design firms to internationalise and maintain sustainable business in foreign markets

Table 1.14 Themes, Concepts indicators & Characteristics in relation to Construct: Business Performance Indicators

Themes	Concept indicators	Potential Characteristics
Non-economic capital	Social	Membership of Professional Networks (formal) Membership of Social Networks (formal & informal) Establishing Alliances, Previous Relationships, Local Connections
	Cultural	Reputation – Status/Prestige Reputation - Branding-Market Positioning

		Cultural Sensibilities-Awareness National/International Awards & Competitions National Significance (Track Record)
	Intellectual	Skilled Staff Members, Creativity-Ingenuity, Niche Specialisations, Fields of Expertise, Information Sharing-Access, Cultural Understanding
Interrelationships between capital	Investments	The strategic use of firm resources in ways designed to accumulate soft capital. For eg. Outlaying the costs of attending business dinners and functions to develop informal social networks.
	Returns / Exchange	The acquisition of 'soft' capital by the firm as a result of strategic decisions and investments of firm resources. For eg, recognition as a member in a particular social circle or cultural milieu, as a result of developing informal social networks.
	Expenditures	The deployment of the firms 'soft' capital in ways designed to overcome barriers to success and to maintain sustainable business, for example, the use of membership in that social circle to get an application approved with minimal red tape or to secure new business contracts.

3.9.5 Barriers & Success factors

Relevant research objectives:

- To identify barriers and success factors the design forms experience, which increase or reduce their exposure to financial risk and capacity to maintain sustainable business.
- To identify market specific barriers and overcoming strategies (external factors) exhibited by design firms in entering specific foreign markets and staying in those markets.
- To identify project specific barriers and overcoming strategies relevant to those projects (internal factors). Mapping processes involved in undertaking projects in foreign markets.

Table 1.15 Themes, Concepts indicators & Characteristics in relation to Construct: Barriers & Success Factors

Themes	Concept indicators	Potential Characteristics
Barriers	External	Relationships with host country; impediments to action strategies or breakdowns in cross cultural communication, or disruptions in information flows.
	Internal	Internal: Relationships within the firm; breakdowns in internal communication, disruptions in internal information flows, poor resource distribution or allocation and flawed design management.
Strategies for overcoming barriers	External	Market Awareness and Market Knowledge: They are case specific and reflexive, and involve reallocation of capital and resources within the market. External barriers are

		minimised by the systematic documentation and organisation of individual and venture experiential knowledge.
	Internal	Internal communication and informational access: Recognition is dependant on interactive briefing process and feedback gathering process (two-way information flows).

3.9.6 Design Management

Relevant research objectives:

- To map internal processes involved in undertaking projects in foreign markets.
- To identify the role of design management in recognising barriers to success, and developing overcoming strategies relevant to those internal factors.
- To identify the significance of cross cultural communication in design management

Table 1.16 Themes, Concepts indicators & Characteristics in relation to Construct: Design Management

Themes	Concept indicators	Potential Characteristics
Senior Management	Corporate approach	Management Style
	Design Philosophy	Links to Firm Type: Artistic / Professional / Technical Links to Intellectual Capital: Niche Expertise and Specialisation
	Marketing of Corporate Image	Cultural Sensibility/Awareness Host Country Media
	Managing Export Related Work Skills	Design Documentation, Communication Skills, Contract Administration, Office Administration, Briefing-Time Management, Project Management, Project Costing – Fee Negotiation, Personal Promotion, Building Budget Estimation, Teaching
Design Processes Staff	Developing Design Briefs	Briefing Staff on International Projects Briefing Processes Managing Consultants
	Translating Brief Requirements	Links to Internal communication
	Internal Flow of Information	Informational Access In-firm Business Culture
	Structure of Design Teams	Project Assignments Matching Tasks to Expertise Formal and Informal Design Networks
	Feedback Gathering Processes	Maximising Experiential Knowledge Knowledge Retention

		Reflexive Self-Critique Two-way Openness to Process Identifying Problems and Solutions Disseminating Problems and Strategies
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4. CASE STUDY OVERVIEW

4.1 Case 1

Case study 1 involved conducting four interviews with Senior Staff and three with Design Team staff. It is an architectural firm with approximately 75 staff. It has one office located in an Australian capital city and has been exporting primarily to China in the last 10 years. It has 3 main divisions; urban design, landscape design and architectural design. Typically the firm operates internationally through third party relationships with another firm situated in Australia. Partners from this other Australian firm originate from the international market in which they carry out work and therefore increase the firm's capacity to win projects as well as achieve deeper local engagement. Likewise, this third party relies on the design firm in case 1 to win projects locally as the following quote highlights:

'They're kind of super proxies in a sense that they're not just our representatives but they're also using us in a parasitic relationship. They use us to get jobs and we use them to get jobs. So they not only trust us to work, I guess it's not just trust it's mutual obligation' (Senior Partner).

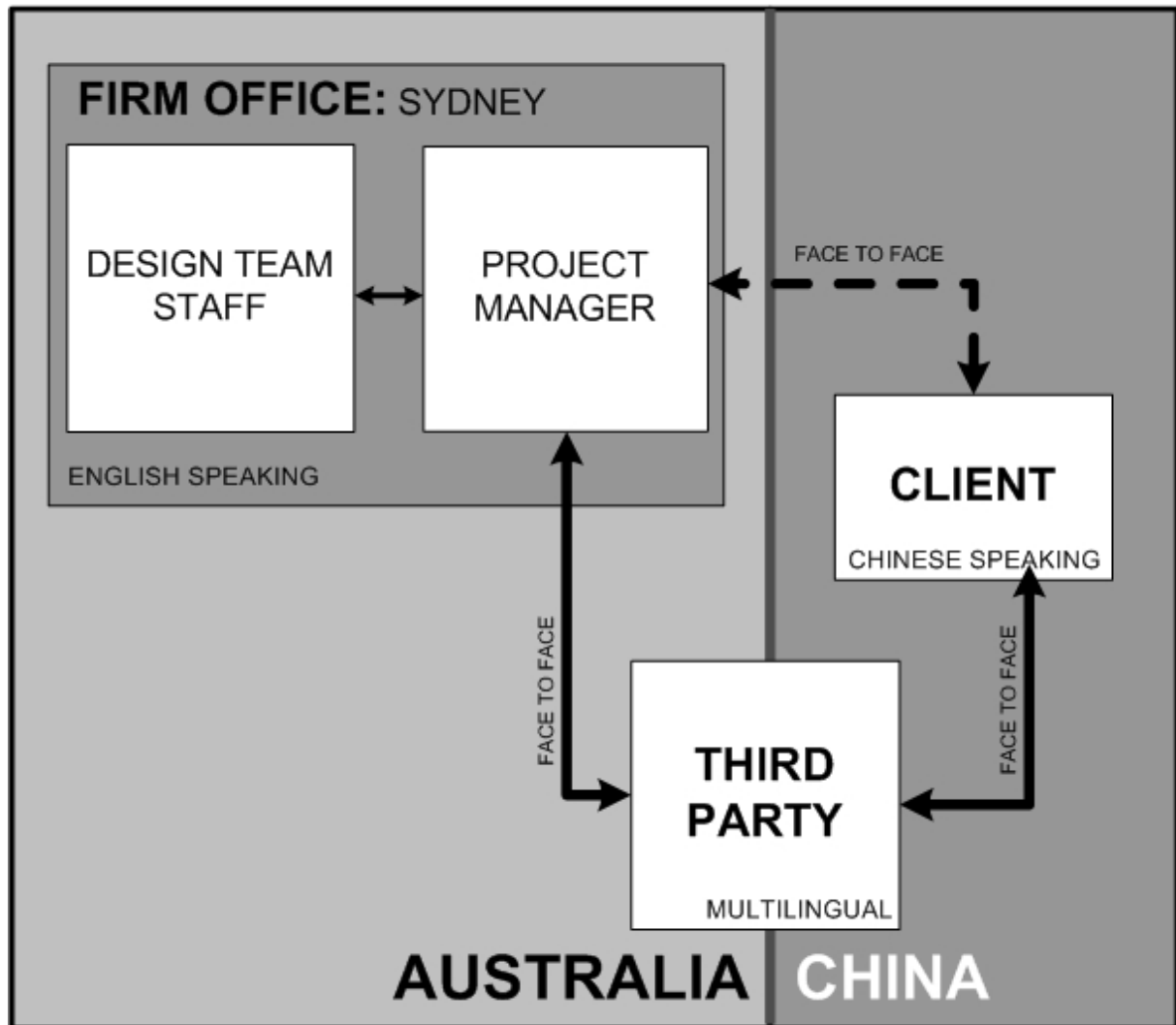
The design firm analysed in Case 1 operates within the client following typology, and as such readily identifies and acknowledges the importance of professional and social networks in facilitating sustainable business practice within international markets. For this particular design firm,

'Network is the only way we tend to do things...all of our work in China has been through relationships that we already have' (Senior Partner).

As a medium-sized firm, Client Following as a mode of engaging the market is recognised as providing significant benefits. These include financial advantages in terms of less investment of resources in marketing in order to attract clients, and an advantage in terms of accumulating social capital in the extension and consolidation of social networks.

For this firm, the decision to enter a particular market is thus largely reactive, in response to opportunities derived through already existing social networks. Decisions to enter particular markets are primarily based around 'market forces' and individual projects are weighed on their merits. Potential gains and benefits to the firm are considered alongside requirements in terms of time, capital and resource investment, *'to ensure the risk profile matches what people can live with and that the resources do exist to support the project' (Senior Partner)*. The market's status as international is recognised as presenting an added dimension to projects in terms of both increased levels of risk and differentiated types of risks, and also potentially greater benefits. The desire to minimise these risks explains to a large extent the firm's organisational structure as Client Following and its dependency on social networks.

Figure 4 - Firm 1's internationalisation model for achieving 'international reputation'



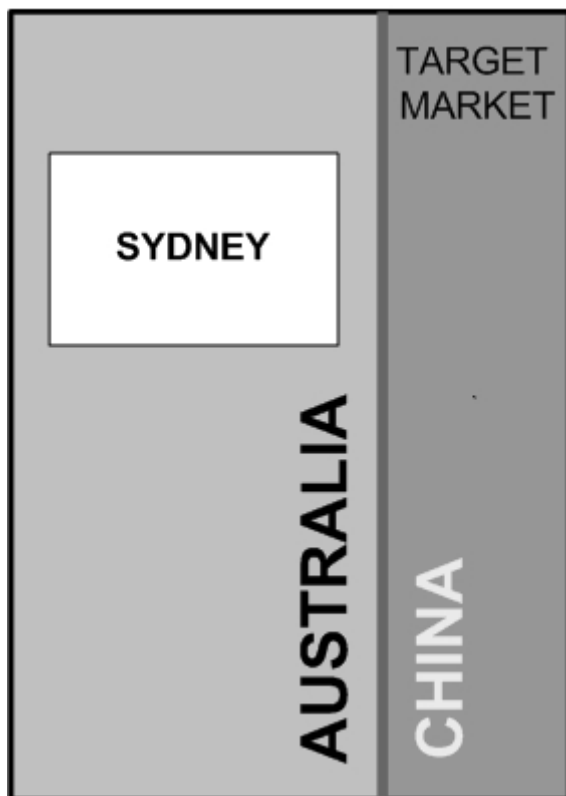
The firm's primary mode of entry into international markets has been joint ventures, where this involves a dynamic and shifting relationship between the Australian based design firm and a local partner on the ground in the international market. The firm recognises the need for a 'deep local engagement' with the market that incorporates the contexts and contours of the site locality, the local culture and its values, and the corporate business culture of the foreign market or region. These joint ventures are dynamic in the sense of being reflexively structured according to the needs of the project, with the workload shifting from one partner to another as projects near completion. This type of joint venture is seen as presenting certain positive financial and practical outcomes in overcoming the above mentioned difficulties in gaining a level of involvement that provides 'deep local engagement' by structuring a relationship with a local partner that seeks to address the issues surrounding geographic and cultural distance from the market and project site.

For this firm, difficulties surrounding cross cultural communication are also partly addressed through organisational dependency on joint ventures, but in this case with a third party. As cross cultural communication presents a fundamental problem and challenge for the internationalisation of design firms, this type of relationship can be considered crucial to developing and maintaining sustainable business in international markets. This third party is used specifically for their niche expertise and skills related to cultural understanding and a bi-lingual capacity – and therefore provide another means to acquire the 'deep local engagement' understood as necessary for international projects.

The dependency of this firm on joint ventures as a mode of entry facilitates solutions to some of the problems posed by internationalisation. It utilises and consolidates the social networks the firm relies on to acquire business. It addresses issues arising from geographical and cultural distance from project sites by having local engagement, and also difficulties surrounding cross cultural communication. Alongside these solutions however, as an organisational structure, it allows the firm other advantages related to the maintenance of an image and reputation as an international firm.

The most significant finding related to the firm's strategic and organisational approach to internationalisation were centred on recognising the desire within the Chinese market for *international* design firms, and the need to construct and present an image capable of taking advantage of that desire within the market. Internationality becomes a marker of status and quality, and also provides a level of product differentiation through the introduction to the market of external influences and design styles and techniques that are instrumental in providing an advantage in design competition. At the same time the market is becoming more discerning towards the quality of international firms – therefore competition between international architectural firms increases. As the firm relies primarily on social networks rather than marketing strategies for attracting clients, for this firm in particular, reputation becomes increasingly important.

Figure 5 - Firm 1 Organisational structure: operating from one single office in Australia



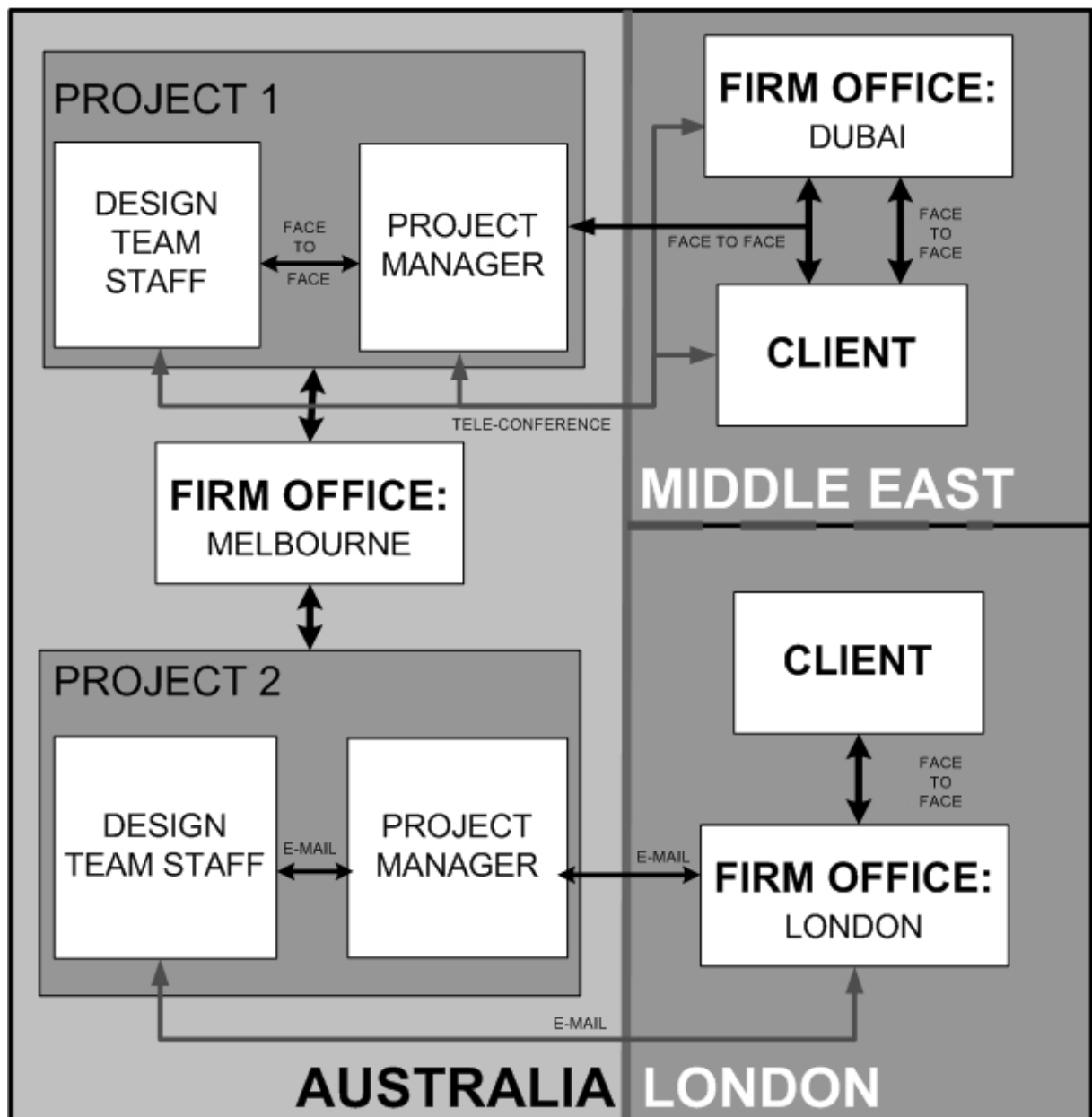
The organisation of the firm as international – operating through joint ventures with local partners and third parties rather than a local office - is crucial in developing the required reputation as international. In the absence of marketing campaigns, it is the actual experience of clients in dealing with the firm which is then passed on through the social networks and becomes the basis for recommendations and referrals central to the client following mode. In this sense, barriers presented by cross cultural communication and geographic distance between clients and designers can become positives, in that they are the experiential evidence for the client that they are indeed engaged with a firm that is International. These elements that demonstrate the internationality of a design firm to a client cannot therefore be eliminated from the process, they are essential to the firm's ability to represent itself as international, and therefore directly related to its reputation circling through social networks of

potential clients. Accordingly it is centrally important the issues involved with cross cultural communication be efficiently managed. At the end of the day they impact upon the financial operations of the firm, and hence its capacity for sustainable business in international contexts.

4.2 Case 2

In case study 2, four interviews were conducted with Senior Staff and five with design staff. However it is considerably more difficult in case 2 to define the staff interviewed to these categories, with several senior staff having experience as designers and working closely with design teams on projects, and many design staff periodically in charge of various divisions of the firm. Indeed, the difficulty in categorising levels of staff within firm 2 can be partially attributed to their greater reflexivity – individuals frequently move between projects, tasks and functions within processes. The firm is multinational in scope with offices in all the major cities in Australia, and has increasingly been exporting internationally for the past 20 years. Typically the firm operates as a global group with offices in 6 major international markets including Asia (Hong Kong, Kuala Lumpur), Europe (London) and the Middle East (Dubai). These local offices in international markets, as well as providing income from locally based design and construction, also act as 'sales and marketing offices' to facilitate work and access clients, with design 'outsourced' to Australia. Such an arrangement allows these smaller offices 'to punch well above their weight' in terms of what they can provide and resources they can draw upon from the global group.

Figure 6 - Firm 2 Organisational Structure: Outsourcing globally from Australian offices



The design firm in Case 2 was identified as operating within both the client following and the market seeking typologies, with little differentiation between the two typologies in terms of categorising the firm as a particular type or strict adherence to a specific strategy. Both entry mode strategies are perceived as having different advantages and the final selection about which mode is most appropriate is generally based upon the specifics of the market, and includes such factors as chance and regional proximity. For example client following was identified as the strategy for markets that were geographically close to one another and therefore likely to share certain social and professional networks. Alternatively, market seeking as a strategy was predominantly employed when entering a market relatively devoid of pre-existing social networks and client contacts.

Possessing a high degree of resource availability, this firm is well established both nationally and internationally, and conceives of itself and represents itself as a thoroughly global entity. As this Senior Partner emphatically states:

'We are global, no doubt about it.' (Senior Partner).

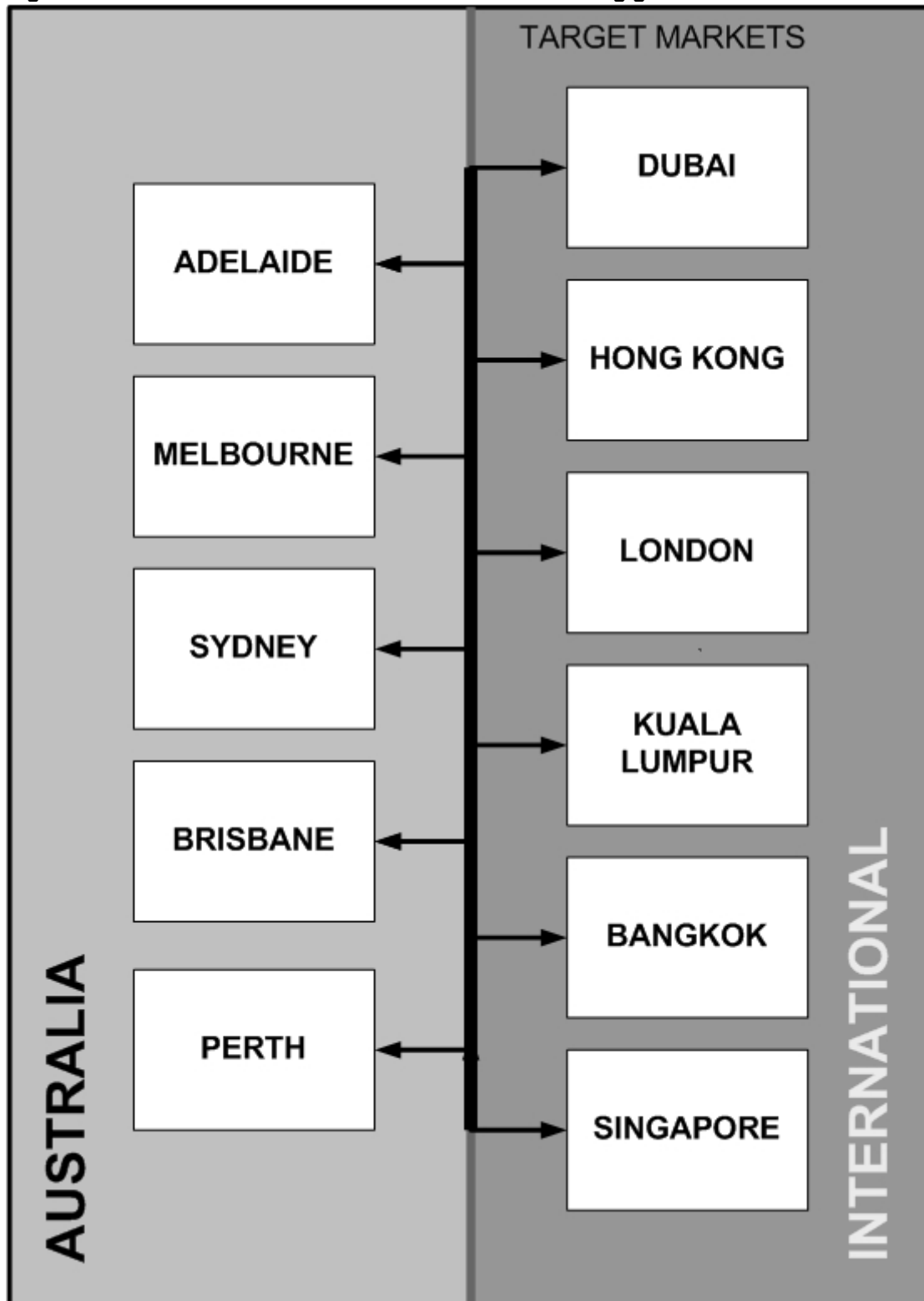
Consequently the firm's social and professional networks extend across national borders and the lack of an established network in a particular market does not necessarily translate into a complete absence of contacts. As a global entity, with ventures operating simultaneously in different markets around the world, the firm was seeking and following a particular *kind* of potential client into certain markets. The global operating strategy and organisation of the firm enable it to seek out clients with similar operating parameters, and within the firm is the perception that primary business with international clients provides a level of continuity across individual markets despite the various market specific differences.

The essential point in relation to the internationalisation process of the design firm analysed in case 2, is that its status as a global entity provides the required resources: personnel and financial capabilities to utilise both modes, therefore allowing a reflexive and individualised strategy regarding the methods of market entry. Accordingly, the primary influencing parameter affecting market selection and entry is the recognition of potential opportunities existing within a particular market, that is, market knowledge.

'Local knowledge, where the clients are, where the projects are. You'll notice that we've gone into mostly safe markets and generally speak English' (Senior Partner).

It should be noted that the last two clauses in the quote referring to 'safe markets' and those that 'generally speak English' are both factors that can be attributed to the international status of the majority of clients. The presence of global business concerns in a particular market contribute to its perception as 'safe' or at least potentially profitable, whereas 'international clients' are more likely to have English speaking capabilities.

Figure 7 - Firm 2's Internationalisation model for achieving global status



The global model operated by this firm can be considered as a macro-organisational strategy that includes within in regional market-specific strategies. The transformation of the London and Hong Kong offices to the Middle Eastern 'outsourcing' model is aimed at freeing prohibitive overheads such as high staff numbers at the same time as it increases the number and scale of projects any individual office is capable of delivering. Alongside their own local design and production, and their function as 'sales and marketing' offices, these main offices in international markets also serve as 'platforms' or 'staging posts' from which to conduct regionally specific market engagements. The firm's preference for dealing with international clients and doing 'major' or 'super' projects is an outcome of its organisation along certain

lines that permits the flexible and fluid distribution of resources across international borders and global markets in order to facilitate these kinds of large scale projects.

Of equal importance in terms of sustainable business practice in international markets is the global group's capacity to support underperforming offices where as previously an underperforming office might have been expected to 'pull through that itself'. This factor is significant not just in purely financial terms. The ability to distribute workload and resources across international markets means underperforming offices are not just financially supported by more successful offices or as part of the group as a whole, but rather underutilised offices that demonstrate spare capacity are put to work on projects delivering in markets with which they may have no direct contact. The effect of this is a more constant workload across the global group as a whole. Consequently staff are 'supportive of that model' because it guarantees work and therefore job security. Individual staff members may move around from office to office as required but rarely are they lost to the firms as a whole, and thus there is a considerable benefit in retaining and maximising experiential knowledge.

The bulk of 'design and production' work is done out of the Australian offices, and this in turn influences the distribution of human resources amongst the global group. There is strong recognition of the importance to the firm of the human element and associated intellectual capital, to the point that accessing and allocating intellectual capital within the global group is a primary function of the global model. On the other hand, managing the potential lack of intellectual capital and individuals with niche expertise in a particular market is also a primary function. The occasional function of offices in international markets as 'sales and marketing' related, with design work 'outsourced' to Australia is largely a response to the prohibitive costs and problems associated with importing talent to an international market if no suitable local skilled staff is available.

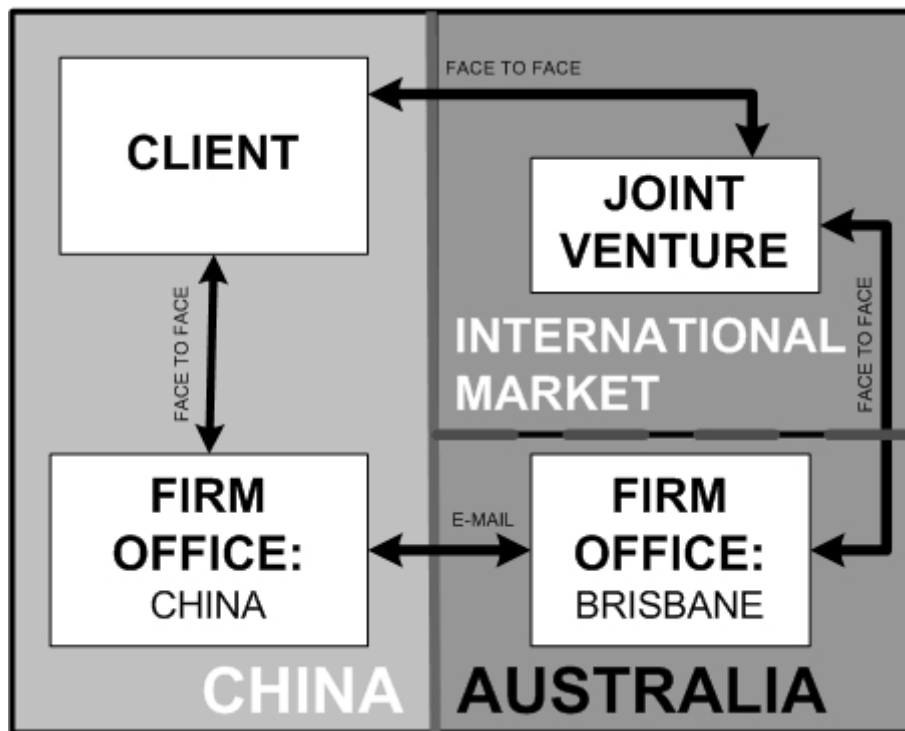
There are many significant advantages of the global model that characterise the internationalisation of the firm in case 2. The primary advantage is identified as being the capacity to do significantly larger scale projects – 'super projects', where this capacity is a result of the global groups ability to distribute workload and resources. This capacity produces certain beneficial results, notably is the development of a marketable image and reputation as global that obviously influences the ability to win projects of this kind. Furthermore, the distribution of workload across offices and markets means that the firm is more likely to have an alternative set of influences and range of possible solutions that will mark both proposal and the finished project with a particular style as 'international' relative to the local context or environment.

As well as having continual access to multiple foreign markets through local offices, the global interconnection of offices provides the possibility of conceptualising individual and geographically distinct markets as a single field of opportunity. The local contacts developed by offices on the ground in a particular market have the potential to be incorporated into the global social network. The development and utilisation of the global social network is seen as instrumental to the firm's international success as a means of maximising the potential client base and sharing and increasing market knowledge. This is a considerable benefit when taking into account the main targets as being international clients, and the main goals as large scale 'super projects' that necessitate a global reach and capacity.

4.3 Case 3

Case study 3 involved three interviews with senior staff and two interviews with design staff. Described as a turn-key operation, the firm in case 3 is a design and construction based enterprise premised on delivering design solutions and products that take a project from start to finish. This aspect of case 3 is a significant point of difference from the other two architectural design orientated enterprises and affects many of the processes and practices through which this firm internationalises. The firm specialises in steel-based design and construction in primarily industrial projects but has also successfully completed design and construction work in civil, commercial and occasionally residential based projects. This firm operates out of an Australian capital city and has three regional offices located in China – two in major capital cities, and one office in central China. This firm has been carrying out international work primarily in China for the past 30 years. Despite this market being its primary focus, the firm export to many other international markets including Asia (India, Sri Lanka, Vietnam), Eastern Europe (Russia, Yugoslavia) some South American markets (Uruguay) and some South Pacific markets (Papua New Guinea). Typically the firm operates as a design-construct contractor for joint ventures between an international and local client.

Figure 8 - Firm 3 Organisational Structure: operating as 'one' local office



The firm in case 3 typically operates within a client following typology and recognises the importance of developing social networks and maximising social capital to that process. In relation particularly to developing networks in international contexts for this firm has been the importance of national connections. Significantly affecting market selection and market entry for the firm has been the influence of 'expatriates that move from country to country' (Senior Partner), as the basis for an international social network founded in shared national and business cultures. On more than one occasion these contacts provided points of entry to the major international markets of Hong Kong-China and Russia. Entry into other international markets also followed the client following entry mode and typology, where design was conducted in Australia and the required staff and resources were exported to fulfil the requirements of the project. A large percentage of these projects were the result of repeat clients and referrals, and therefore in comparison to their operations in China, the firm's experiences of internationalisation were fairly straightforward.

'In other countries we didn't have any other pressures there other than we got the job, we sent people from here to erect it and build it' (Senior Partner).

This firm recognises the potential need to enter an international market in the absence of an established social or professional network to take advantage of the specific situation in that market at the time. Being prepared to make a minimal profit or loss initially before experiencing financial returns on the investment of capital and resources is perceived as a necessary capacity, particularly in relation to this firm's primary market of China. Rather than reflecting a market seeking ideology, this in fact relates to the vital strategic importance of social networks in China for facilitating professional and business contacts.

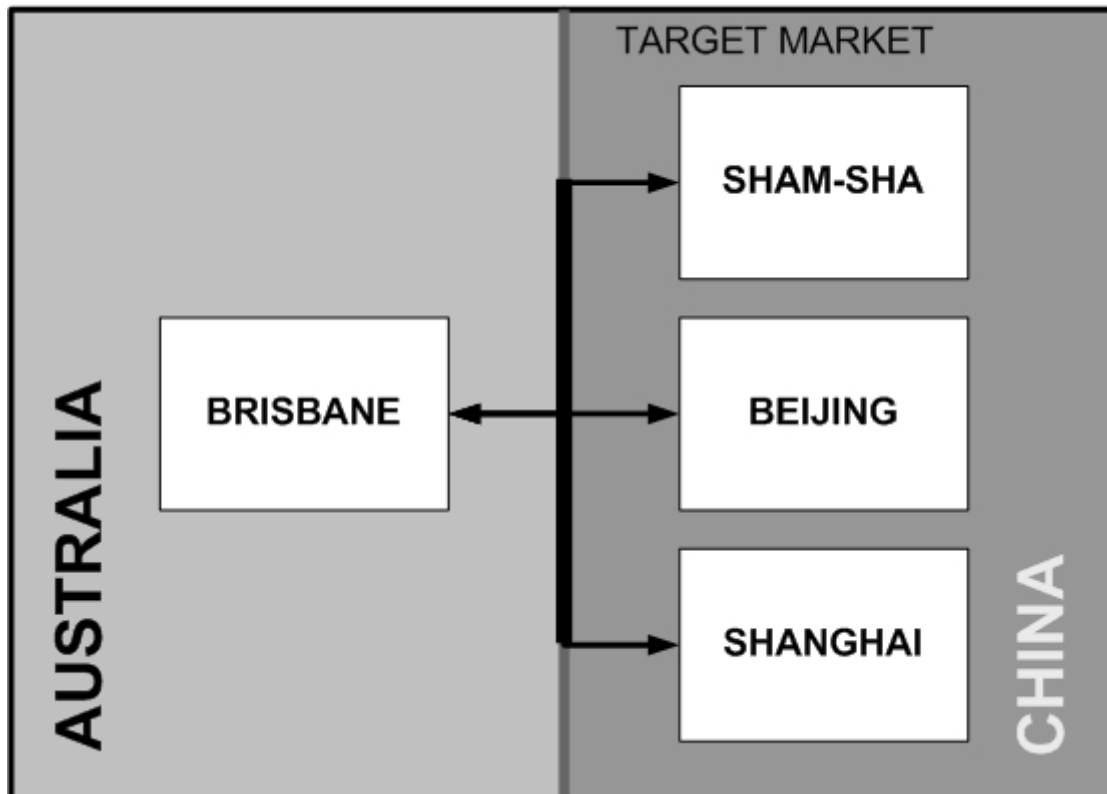
'It takes a long time to get into China and to make money...We probably didn't make any money for about four years, didn't lose a lot of money either but we didn't make any. Because you've got to establish contacts, you've got to establish a sort of network' (Senior Partner).

Establishing networks was therefore related to the desire for a permanent presence in China conducted through the local offices, in order to take full advantage of China's rapidly developing status as a market, and also to maximise the firm's advantage in product differentiation as a steel-based construction outfit.

The firm attributes much of its success to leveraging the intellectual and cultural advantages of Australian business culture and practice as compared to many international markets. This is particularly the case when those markets are newly opened and/or developing. In particular in relation to China this resulted in product and process differentiation that provided a marketable variation from local construction enterprises. The capacity of the firm to do both design and construction provides greater control over the process of project development and implementation, and minimises many communication difficulties associated with internationalisation by reducing the amount of information needing to be passed between entities in order to complete the project. This advantage was combined with the product differentiation of being steel-based construction in a market used to concrete-based to capitalise on built forms once the market was entered that in turn provided cultural capital and market recognition, attracted more clients and ultimately the creation of the necessary client networks.

'[We do] quicker and bigger spans and bigger base, and when we put one up in three months whereas the bloke next door doing concrete took 12 months, that in itself generated work for us' (Senior Partner)

Figure 9 - Firm 3's Internationalisation model for achieving 'product differentiation'



The majority of international projects undertaken by the firm in case 3 are minority joint ventures – as in the firm operate as a design or construction contractor for a joint venture composed of 'somebody in Europe or here and a Chinese company who want to build a facility' (Senior Partner). The underlying strategy behind the preference for this entry mode strategy and particular level of involvement is to simultaneously develop the professional and client networks and also manage some of the risks associated with international markets such as minimising the risk of not getting paid. Likewise the selection of projects is aimed at medium to smaller scale projects that are less risky and potentially consumptive of resources and time in red tape and regulation,

'[Our] philosophy all the way through we've never gone for the big prestige jobs...its always been the smaller jobs but there's some money in it'. (Senior Partner).

'You're generally on a fairly tight sort of programme, and you've got to make sure that you meet that programme otherwise unless you perform on time and with good quality you just don't last, it doesn't matter where you are.' (Senior Partner).

The smaller scale of project means they are finished more rapidly and therefore more frequently. While the other case studies focused on firms aimed at the high-end 'prestige jobs', the firm in this case has developed its international reputation based on delivering quality in a quicker time fram

5. RESULTS: ANALYSIS

5.1 INTERNATIONALISATION PROCESS

The following table describes and compares the various themes/concept indicators within the construct of Internationalisation Process in relation the experiences of the three firms analysed. The significant characteristics of each firm will be discussed to illuminate the key point of difference between the three firms.

The primary reasons for firms in all three cases working in international markets were associated with the firms' motivations related to growth and enhancement of financial viability. All three firms acknowledged opportunities presented by working on international projects as having higher level of diversity and complexity, which were also of significantly larger scale. The value in such work was the opportunity to develop conceptual skills of a nature not readily available in domestic projects, which was particularly valuable to design team staff in all three firms. In addition, Firm 2's decision to internationalise was also guided by the desire to shield away from fluctuations and downturns in the local market and as such utilizes its global outsourcing strategy to maximise its capacity for working internationally.

Firms 1 & 3 operate within the Client Following typology whilst Firm 2 was identified as operating within both the Client Following and Market Seeking typologies. This difference was caused mainly by the differences in individual firm characteristics and motivations whereby for firms 1 & 3, which are comparatively smaller in size and resources than firm 2, Client Following as a mode of internationalising was seen to provide significant benefits in terms of minimising financial risks. As such, these two firms were highly dependent on social networks and joint ventures to gain entry into markets. For firm 1, the primary mode of entry was the utilisation of third party relationships with another Australian design firm to form a larger joint venture with local partners in the international market. This choice of entry was determined by the firms medium sized scale and therefore joint ventures as the primary mode of entry provided the firm not only an increased ability to win projects and minimise financial risks, it also provided solutions to issues of geographic and cultural distance. For firm 3, minority joint venture was the primary mode of entry whereby design work was largely conducted in Australia and the required staff and resources were exported to fulfil other requirements of the project. A large percentage of these projects were the result of repeat clients and referrals. Establishing networks was therefore related to the desire for a permanent presence in China conducted through the local offices, in order to take full advantage of China's rapidly developing status as a market. On the other hand, for firm 2, operating within the two forms of Client Following and Market Seeking typologies were perceived to provide respective advantages and therefore the final selection of entry mode was dependent upon market specifics. Possessing a high level of resource availability and longevity the firm is able to represent itself as a global entity, operating simultaneously in different markets to both seek and follow clients with similar operating parameters.

Perhaps the most significant point of difference between all three firms was the market image or design philosophy that the firms portrayed as their key organisational strategy. Whilst both firms 1 & 3 operate within the client following typology, the organisational approaches undertaken by the firms somewhat differed. Firm 1's strategic and organisational approach to internationalisation centred on the maintenance of an image and reputation as an international firm, hence the conscious decision not to set up any local offices in any international market. The essential point in relation to the internationalisation process of firm 2 was its status as a global entity possessing the capacity to carry out significantly larger scale projects hence impacting on its ability to win projects of this kind. For firm 3, its market image related to an emphasis on product and process differentiation as a steel-based construction outfit that provided a marketable variation from local construction enterprises.

The differences in organisational approaches thus affected upon the individual firms strategies in terms of market and project type selection. All three firms' market selection revolved around the sales potential of specific markets whereby for firms 1 & 3, internationalising into developing markets were preferred as it was seen to provide potential opportunities for being involved in larger scale projects. Firm 2 favoured developed markets in line with its global strategy whereby 'safe markets' generally comprised of international clients who not only spoke English but also potentially offered projects of international status and significance. For firm 1, market selection was also guided by the market's cultural and conceptual continuity in that much emphasis was placed on 'the way people do business in the other country' or the business culture. While firms 1 & 2 aimed at high-end prestige jobs, firm 3's choice of projects were largely determined by its desire to repute the firm as one based on delivering quality in a quicker time frame and therefore preferred smaller scale projects that were less risky that were consumptive of resources and time.

Table 1.27 Cross comparison of Internationalisation process between case study firms

THEMES	FIRM 1	FIRM 2	FIRM 3
Purpose	<ul style="list-style-type: none"> • Growth & Diversification <p>‘*** as a company, I think it would be motivated by diversification of urban design projects and the ability to engage in more significant projects than there would be otherwise’.</p>	<ul style="list-style-type: none"> • Growth & Diversification <p>‘Through the mid 90s the firm was starting to perform strongly and they sort of said OK next phase of development we’ve got to take the firm globally. I don’t know how clear the thinking was behind what benefits being globally drive, I think it was about just really putting yourself on a different stage and competing at a different level opens different doors’</p> <ul style="list-style-type: none"> • Shield away from downturns <p>‘By doing work overseas it actually starts to flatten out the peaks and troughs in our own market. Because whatever office in Australia is actually a bit quiet may have a bit of spare capacity and we might team together to do a particular project offshore’</p>	<ul style="list-style-type: none"> • Growth & Diversification <p>‘I like to do it over there because over there we build larger buildings you never design here and more’</p>
Firm Type	<ul style="list-style-type: none"> • Client Following <p>‘Network is the only way we tend to do things. The fact that it grows is because the network grows as you’re working up there and it’s been quite an interesting experience’</p>	<ul style="list-style-type: none"> • Client Following • Market Seeking <p>‘Generally we tend to get in on the back of a project, but that’s not always the case. In the Middle East that was the case, in London we actually actively sought and bought an existing office, as was the case in Perth. It just depends on where we want to be. We don’t normally just send people in and have them sit around waiting for something to happen’</p>	<ul style="list-style-type: none"> • Client Following <p>‘Its all context you know, you meet a lot of expatriates that move from country to country...one of those guys got us started in Hong Kong...another guy I knew, a Polish guy, he had some contacts in Russia and we got into Russia through him’</p>
Market Image & Design Philosophy	<ul style="list-style-type: none"> • Design competitions • International reputation <p>‘Most of these projects are won through design competitions. Its interesting that even the American firms that have offices in China, although they’ve got the American name, the graphics, the look, even the ideas are all very similar. Then there’s this one that stands out, which is the Australian one and it looks all quite different because the influences are different. It’s a different slant on the way that you’re approaching the project. That is the reason we’re winning because they see it as different. If we had our office up there I think the people start to become localised and blend in’</p>	<ul style="list-style-type: none"> • Developing global status <p>‘Winning work is the same anywhere. I actually find it easier to win work overseas than here because the fees is better. There’s less competition because the projects globally are larger. There are fewer firms that can do large projects therefore you have less competition. You don’t have all these small firms bidding the fees down so the margins are much better. It’s like global in size and its capability to do very large projects is what really makes the difference - there’s less competition’</p>	<ul style="list-style-type: none"> • Product differentiation <p>‘You’ve got to sell know how. You’ve got to say to people it doesn’t matter what market you’re on that our product is better than anybody else’s. Its quicker to put up, saves you time, it gets you in a factory quicker and you can generate cash flow quicker and I think that’s fairly standard, it doesn’t matter where you go right.’</p>
Entry Mode Strategy	<ul style="list-style-type: none"> • Joint Ventures <p>‘In most of these projects we’ll usually have a third party that helps with that so it’s like a smaller entity and we have a particular person who’s out of Brisbane that we use a lot and we actually form like a joint venture so that then forms the bigger joint venture with the local area’</p>	<ul style="list-style-type: none"> • Global Outsourcing Strategy <p>‘What we call our global studio’s outsourcing strategy is all about taking those high cost markets, staffing probably more heavily with senior staff, making them more sales and marketing offices. When they win a large project they then outsource that back to Australia to actually do both design and production work on those projects at a high level’</p> <ul style="list-style-type: none"> • Local offices (multiple markets) <p>‘The strategy now for Asia which we’re visiting is to use Hong Kong as a staging post to develop our China strategy. The perspective to take on the London office is that it’s a platform for</p>	<ul style="list-style-type: none"> • Minority Joint Venture <p>‘Most of them are joint ventures, that’s our market. The joint venture is between somebody in Europe or here and the Chinese company who wants to build a facility. So we build a facility for them’</p> <ul style="list-style-type: none"> • Local offices (single market) <p>‘We’ve got an office in Shanghai and one in Beijing now and one in Shamsha which is sort of in the middle of the central part of China. But at the moment all the extra efforts are all in China, we get into New Guinea and the Solomon Islands we do a little bit but the majority’s China’</p>

		us to do other European work'	
Factors Affecting mode of entry	<ul style="list-style-type: none"> • Size & Resources <p>'We see that we actually control things and do a better job by being a smaller outfit out of one place so that's a decision we've made deliberately is to actually bring everything back to one headquarters if you like and work from there'</p> <ul style="list-style-type: none"> • Geographic & cultural distance <p>'It is necessary to have local participants to act on your behalf and certainly it's more practical and financially rewarding if they actually do a lot of the local framework. The reason we do that is that this particular group originated from China themselves and came here and worked for many years in Australia. They understand the culture of the Australians and they understand the culture of their home country'</p> <ul style="list-style-type: none"> • Mutual obligation to form trust <p>'They're kind of super proxies in a sense that they're not just our representatives but they're also using us in a parasitic relationship. They use us to get jobs and we use them to get jobs. So they not only trust us to work, I guess it's not just trust it's mutual obligation'</p>	<ul style="list-style-type: none"> • Size & Resources <p>'We look at the business as having a 40 year old business that is going to keep going for another 140 years therefore the business needs to be a continuity whereas I think many architecture firms only have the lifespan of current principles'</p> <ul style="list-style-type: none"> • Corporate Culture <p>'The design ability, the design and delivery. To convince the client that you have the ability to give them the best design, then you have to deliver it. Whether or not you document it yourself you have to be in control and be responsible for the process of delivery'</p> <ul style="list-style-type: none"> • Accessing Human Resources <p>'At the base level there's two reasons you have an office in a market, one is to access the market itself, the other thing is to access the talent in that market'</p>	<ul style="list-style-type: none"> • Size & Resources • Minimising Financial risk <p>'We're fairly selective on what we do now. We don't work for straight Chinese companies, we do mainly work for joint ventures and that way at least you're fairly certain you're going to get paid'</p>
Market Selection	<ul style="list-style-type: none"> • Sales Potential • Developing markets • Conceptual & Cultural Continuity <p>'It is very much derived by market forces...so the way we look at whether we go into a particular market is first of all what do we personally get out of it, the issues of protecting the company is very, very important. What we would look at is based on experience of the culture and how people do business'</p>	<ul style="list-style-type: none"> • Conceptual & Cultural Continuity <p>'Local knowledge, where the clients are, where the projects are. You'll notice that we've gone into mostly safe markets and generally speak English'</p> <ul style="list-style-type: none"> • Developed & Developing markets <p>'Compared to just working in Australia - you don't get them here. China is different in that you can't do the whole of the projects, you have to involve locals. In the Middle East, there aren't many locals with the expertise and not a lot of people want to go there so it means that the prices are premium'</p>	<ul style="list-style-type: none"> • Sales Potential & Openness of markets <p>'Because here you're probably struggling with client that's going to give you to design five hundred square metres building. Over there five thousand is nothing, huge buildings'</p> <ul style="list-style-type: none"> • Developing markets <p>'*** has grown from very small beginnings to a group of turnover of *** million a year of which is now at the moment is probably *** million of China as a turnover. We've done a lot of work in Russia, done a lot of work in Sri Lanka, Laos, Vietnam, Uruguay, India, bits on a couple of jobs in Yugoslavia'</p>
Firm strategy in relation to project selection	<ul style="list-style-type: none"> • Large scale projects <p>'The fantastic thing about doing some of these projects is that they're such a large scale of work and you very rarely get that size work here and involved in that large scale of work is you know thinking sort of in a different manner and thinking of really broad scale design principles and that's fantastic'</p>	<ul style="list-style-type: none"> • High prestige & Large scale projects <p>'This project [in the Middle East] has given us the ability to paint something imaginative, it's really quite a design orientated building which people are going to see and appreciate and look at. It really has questioned certain ways of doing things and I think it's going to give us great promotional material and yes people will see us in a different light, they'll recognise us for doing some very interesting work and I think that's the beauty about doing work in the Middle East, is that it's a bit of an architect's playground. People over there want something different and they're prepared to pay for it and we just grasp that with open hands because in our local sort of climates here in many ways we're suppressed from doing that sort of thing because it's all about the bottom dollar'</p> <ul style="list-style-type: none"> • Specialist-type projects <p>'It's only a very specific type of project that would work as well as EDS did in that it was a very repetitive and very generic so it wasn't designed around any specific base building constraints or</p>	<ul style="list-style-type: none"> • Small scale • Fast turnover <p>'We've never gone for big prestige jobs; we've always gone for some big jobs but not the Eiffel Tower or something. Its always been the smaller jobs but there's some money in it'</p> <p>'You've generally on a fairly tight programme and you've got to make sure that you meet that programme. Unless you perform on time and with good quality you just don't last, it doesn't matter where you are. I mean that's one thing we do up there, we do it on time, we do it on good quality and we don't do advertising in China but people are coming to us'</p>

		<p>around any sort of highly complicated user groups and it was just a generic solution that was layered across each of the buildings. So a lot of the projects that we'll work on here will be complicated in terms of the buildings though or in terms of the complexity of the client's requirements so won't lend themselves so well to being sent back to Melbourne. So it really needs to be a big repetitive generic type of project and then it works well'</p>	
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5.2 DESIGN MANAGEMENT

The following table describes and compares the various themes/concept indicators based on the experiences of the three case studies in relation to Design Management. The key barriers that the firms experienced in relation to design management and the strategies that were employed to overcome such barriers will be discussed and compared to highlight similarities and differences in their approaches.

The different ways that the three firms enter and conduct work in international markets - a high frequency of dependence on local joint ventures for firm 1, local offices on the ground outsourcing work to Australia for the firm 2 and minority joint ventures with local offices on the ground for firm 3 - provide differentiated contexts for the internationalisation processes that they experience. Despite quite different modes of entry, firm typologies and organisational strategies, these firms encounter relatively similar barriers impacting on their design management processes. Furthermore, the manner in which they have responded to these challenges, while different in approach as befitting the project-specific situation, are relatively comparable in their underlying principles. Primarily the measures taken to alleviate and manage the difficulties arising from design processes and procedures in international contexts revolved around the strategic management of social, cultural and intellectual capital resources within the firm.

In relation to People Management, all three firms provide examples of the importance of recognising the social, cultural and intellectual capital requirements of specific positions in the all processes and of placing an appropriately skilled individual in that position. Firms 1 & 2's reliance on one staff member to be the key client contact as well as to manage the internal flow of information was felt to be a disadvantage as it often generated difficulties in terms of potential misinterpretations of client requirements and therefore the possibilities for misrepresentations of information to design team members. In recognition of this problem, firm 1 placed importance in recruiting staff with a wide array of forms of intellectual capital that are relevant to internationalisation, where this could refer to linguistic capacity, experience of other cultures through overseas work or extensive travel whilst firm 2 utilised senior staff in the crucial interface position that have previous design experience, and therefore first hand knowledge of the design process, what it involves and how best to facilitate it. Whilst firm 3 understood the necessity of matching appropriately skilled individuals to the specific tasks, the firm resolved many potential issues through its very design processes that involved the key client contact who is both the manager of the design process and the designer of the building thereby eliminating possible misrepresentations and misinterpretations. This form of design process also increased the firm's reflexive capacity in that the mode of interaction between the client and the designer is direct which enables the designer to respond instantaneously to emerging clients requirements and enquiries as they arise.

Both firms 1 & 2's reliance on one staff member to be the primary client contact and to manage the briefing process also resulted in a separation of the design staff from any direct source of information or feedback. This separation produced a relationship to the project for designers that they characterised as 'abstract', implying that it lacked any material reality and context, and was instead just 'lines on a page'. To overcome this issue, both firms utilised social capital in the form of informal team-oriented meetings to maximise the amount of information flow between all team members involved in the design process and the key client contact who was also the project manager. Furthermore, firm 2's global outsourcing model that 'moves people around' from one office to another enabled the networking of staff and the development of strong personal relationships. This strategy assisted tremendously in terms of enhancing understanding between staff members on projects to once again maximise the flow of information.

For this firm, the importance of generating the in-firm culture right across the global group was deemed necessary to ensure consistency in its processes and procedures to project the desired image to clients in international markets. This continual assessment of processes and procedures to achieve consistency thereby simultaneously increases the firm's reflexive capability in that there is an embedded culture at both senior management as well as staff levels of the firm that serves as a benchmark for the global group. Likewise, firm 3 recognised the significance of ensuring consistent in-firm culture through the development of staff intellectual capital. This firm makes certain that staff intellectual capital in the form of education credentials and understanding of computer systems matched the niche expertise of the firm. For firm 1, the in-firm culture appeared to be less evenly distributed amongst staff members whereby design team members were often unaware of the strategic aims of the firm. Interestingly for this firm, it was recognised by the senior management that consistency within design management processes and procedures through the development of in-firm culture was not necessarily the only way to achieve client satisfaction. For this firm, emphasis was placed in the understanding of how the client in the other country did business in order to develop the required awareness and responsiveness that engenders reflexive capability in the processes and procedures. Accordingly, the firm utilized social capital in the form of informal social networks to gain understanding into the client's organisational or business culture, which was the firm's way of achieving client satisfaction.

All three firms placed heavy emphasis on the utilisation of social capital in the form of trust for the successful management of design; for firm 1 it was trust associated with the 'very strong relationship' with their joint venture that provided significant benefits in terms of gaining an understanding into the client's country and business culture; for firm 2 it was trust within the firm whereby there were good connections and rapport between the staff members of the firm that in turn provided ease and convenience to the management of the design process and for firm 3, it was trust placed in the client contact to deliver the appropriate messages or image that portrayed the firm in the best light.

The most obvious and fundamental barrier – geographic and cultural distance from the market and client, was experienced by firms 1 & 3 in relation to difficulties arising from the language difference. To overcome these difficulties, the firms maximised the reflexive capacity for direct communication with clients through the acquisition of intellectual capital in terms of accessing staff that are multi-lingual and also possess a high degree of cultural understanding. For firm 1, it was through the utilisation of third party relationships and for firm 2, it was through the employment of 'right interpreters'. Unlike firms 1 & 3, firm 2 did not experience major difficulties in relation to linguistic differences as the firm generally only worked with clients who speak the same language. Despite being able to converse in the same language as the client, the firm still faced difficulties due to the design team's inability to have 'face-to-face' contact with the client due to geographic distance resulting from its very structure according to a global 'outsourcing' model. Technical implications from not being able to communicate directly with the client, including offices operating in different time zones, differences in accents and disparity in levels of information technology available to various offices and clients presented other challenges which include the possibility of design staff misinterpreting the 'essence' of the client's requirements. As such, the firm placed much dependence on intellectual capital in particular individuals to develop and manage standardised information technology across the global group. Furthermore, the firm relied on the IT networks to utilise a global social network connecting various international offices and consisting of locally embedded individuals. Through this global/local network cultural capital in the form of cultural understanding and culturally specific experiential knowledge is made available to the global group as a resource to ensure consistency and to constantly transfer ideas to clients and facilitate the understanding of client's requirements. Contact with a wide array of cultural knowledge and experience, alongside easier access to documentation and information concerning project specifics promotes faster resolution of difficulties and innovative solutions to challenges relating to the briefing process and thus the firm was able to react more quickly to client's requests.

Table 1.28 Cross comparison of Design management processes between case study firms

THEMES	FIRM 1	FIRM 2	FIRM 3
<p>People Management</p>	<ul style="list-style-type: none"> • Matching of individual skills (social, cultural & intellectual capital) to specific tasks <p>'Our best person for the job is the most important thing. We have people, the way we've worked in the office here, we have people who're stronger in design up front, we have people that are fantastic in the design development and through documentation and people who are very good at contractual issues'</p> <ul style="list-style-type: none"> • Trust <p>'It needs to be a longer association with somebody, it needs to be that sort of working together almost in the same team and this particular person that we work with in the joint venture, it's a very, very strong relationship and that's why I think it's been very successful'</p> <ul style="list-style-type: none"> • In-firm Culture not disseminated across design staff <p>'Why we are doing the work...it generally doesn't get said, look we're doing this project because we want to expand our vision into Asia or we want to have a reputation for doing massive master plan projects. Sometimes it happens at different levels of people within the organisation but I'd say there probably isn't a great understanding of why we're working in a particular region'</p> <ul style="list-style-type: none"> • Utilising staff experiences of cultural understanding (Cultural Capital) <p>'I worked in Asia for three and half years in the mid nineties and I guess there is some understanding of some of the influences that affect some of the areas that we've done some work in'</p>	<ul style="list-style-type: none"> • Consistency of staff in relation to In-firm Culture <p>'We took over a local practice in London and so it was important to get a crossover of *** culture into the office over here. There were two reasons for me coming - the reason that I understood the way *** did things in terms of filing and culture and all of those sorts of mundane things'</p> <ul style="list-style-type: none"> • Matching of individual skills (social, cultural & intellectual capital) to specific tasks <p>'Every project you do you've got to get the right sort of people at every point. A lot of it's personality driven, it's technical knowledge driven, it's blood, sweat and tears driven, you know it's a whole range of things. You can't put every person in front of the client, they'd say the wrong thing and you'd end up in a disaster. It's about developing up a mix that also suits that particular project and that particular client group and the other people within the actual project and it takes time'</p> <ul style="list-style-type: none"> • Trust <p>'Once the things are set up and are running and everyone knows their role. I don't have to worry - I know that someone's doing a particular part of it, it's sorted and he just plugs it in, I don't even have to question him, it's actually done. People just complete their little sections and then someone, virtually says print, they just upload it and it's sorted'</p> <ul style="list-style-type: none"> • Staff networking enabled by Outsourcing strategy <p>'I think because of the organisation and the way it's structured, we find that we do move around, London may need extra resourcing at a particular time so we go there for two or three weeks and then the beauty about that is you start identifying people, colleagues in other offices and it's amazing the links you start to create. We do that quite a bit in the organisation, that's one of the very positive things that we move people around'</p>	<ul style="list-style-type: none"> • Developing Intellectual Capital & In-firm Culture <p>'You've got to train them. We send them on different courses, we've got computer systems that we train them on and we bring them down here or the accountants down here [to Australia] to work with our accountants to see how our system works'</p> <ul style="list-style-type: none"> • Niche specialisation: Staff Intellectual Capital <p>'Most of them have degrees. Engineers, estimators, a few draftsmen or project managers, they've all got an engineering background or an engineering degree'</p> <ul style="list-style-type: none"> • Matching of individual skills (social, cultural & intellectual capital) to specific tasks <p>'You've got to get the right guys to work with you and that's very important to get the right Chinese or Russians or whatever, in that work with you in the office or on the job that understand what its all about and they can understand the culture and they can guide you and tell you – you shouldn't do this or you shouldn't do that'</p> <ul style="list-style-type: none"> • Developing staff reflexive capacity <p>'We try to train our guys to think outside the square because if there's a problem on site before coming back to me they must try to think about how they can solve that solution. You've got to be versatile, every jobs different and its not textbook stuff'</p> <ul style="list-style-type: none"> • Trust: Client Contact <p>'We've got three Australians up there full time and then we get the different jobs we fly up the foreman from here to run the various jobs. The guys up there they can do a fair bit of selling now – they're good. They're reliable, trustworthy so I don't go up there as much as I used to which is great'</p>
<p>Procedures</p>	<ul style="list-style-type: none"> • Similar procedures for international and local projects <p>'We discipline our projects the same way. We have to have the initiation reviews, the reviews have to be done properly and most of those projects offshore tend not to go through after the design work, we don't go through as much detail after the design development but we'll take up our quality assurance to that level. We don't tend to segregate them any differently'</p>	<ul style="list-style-type: none"> • Utilisation of Information Technology for managing international and local projects <p>'IT - we've got three or four people centrally, some that work on the network side and some that work on the more software and intranet and programming side developing systems and intranet and managing our external website as well - we've got office based resources with some IT skills that again do dual reporting, they report both to the office and to the central function'</p> <ul style="list-style-type: none"> • Standardisation of all projects <p>'Its something that we're looking at in more detail and that will need to be integrated with our business strategy of which obviously a key component of our business strategy is the global strategy so what you do is build a resourcing model that makes sense from the perspective of operating an individual office most</p>	<ul style="list-style-type: none"> • Developing procedures based on feedback & experiences: Enhancing firm reflexivity <p>'**** doesn't believe in a quality assurance manual definitely. The reason being is that it stops people thinking. You get the quality assurance manual, you tick the boxes and people think that the jobs perfect. You've got to think, read between the lines and what is not on the list gets missed with the amount of things on the building. So we do have checklists in place for drafting but its not an ISO accredited quality assurance system'</p>

		<p>efficiently but also from the perspective of an office that's going to receive outsource work'</p> <ul style="list-style-type: none"> • Maximising Reflexive Capability across Global Group <p>'What we try to do is set up a remuneration committee so it actually has the flexibility to downgrade or upgrade an individual's performance based on whether they're active in a way that maximises the global profit pool not just their local profit pool'</p>	
<p>Briefing Process</p>	<ul style="list-style-type: none"> • Non-market specific <p>'There's no difference between any of these projects, there really isn't, it's how you do your work'</p> <ul style="list-style-type: none"> • Single point source <p>'I tend to rely on particularly the third party and I've mentioned this person before and that person then will give me a delivery of a brief'</p> <ul style="list-style-type: none"> • Accessing staff with multilingual capacity and cultural understanding <p>'We have partners there who are bilingual, or multilingual or have been educated here'</p> <ul style="list-style-type: none"> • Gaining deeper local engagement <p>'I go through everything, I read papers, I read the local papers, I read the issues. You've got to find out all those things to really understand the culture and that's not in the brief and yet it would be in the brief. So there's a lot of background stuff and I'll go to cafes and talk to people and find out what it is that are the real issues of the place'</p> <ul style="list-style-type: none"> • Team-oriented meetings: maximizing information flow <p>'In relation to the project like when anybody goes over there, whatever area it is, they come back and we have drinks here on a Friday night or something and they show the photographs and we have discussions saying look we're doing this project etc..'</p> <ul style="list-style-type: none"> • Staff dissociation from the client <p>'You're not getting a lot of feedback that makes a lot of sense. I think sometimes it's just a guesswork job. Sometimes it was through the contact here, or the project architect in charge of the job. It would be a briefing from them to us and then further information would come, reports or drawings that we would get. So it would be like a gathering of everything together for us to piece it together'</p> <ul style="list-style-type: none"> • Reliance on Social Capital to gain understanding of client's business culture: Assisting the translation of client requirements <p>'It is skill based but it's also understanding the other entities and business. I mean it's not just the everyday work, it's about understanding how we do business...how payments work and how you've got to keep the business going'</p>	<ul style="list-style-type: none"> • Market specific <p>'Briefing is specific because the culture is completely different, the contracts are different etc, etc, construction is different, they're all individual, the tropics are different. Anything in the Middle East and England are different from each other'</p> <ul style="list-style-type: none"> • Single point source of information (interface between client & design team staff) <p>'I've done this project now for you know eight or nine months and there are points where I'm the only person who's had a face to face discussion with anyone and therefore I am continuously reinterpreting stuff'</p> <ul style="list-style-type: none"> • Trust: minimizing potential difficulties / misinterpretations <p>'We took somebody out of this office, shipped her over to the UK...the bulk of the work is pretty much being produced locally and I guess the advantage of shipping her over is that the relationships and the trust and all that sort of stuff is already there and they know how to work with each other and they know the systems and all that sort of typical barriers that you face on a cost job and are largely overcome by the existing relationship'</p> <ul style="list-style-type: none"> • Team-oriented meetings: maximizing information flow <p>'We set up a forum on Friday evenings which we call a glasshouse presentation, which we actually put up the work and we talk about what we're doing and that really provokes a lot of discussion, use it as a forum where you intellectualise and you discuss things. You soon realise that you become part of a group of many people you know and you just have to be very open and responsive and flexible'</p> <ul style="list-style-type: none"> • Gaining deeper local engagement <p>'It's constantly happening. We've been in the Middle East for some time now, we've been working there for 5 years. We now have a very good understanding of local customs and cultures. But one project for instance we brought a member from the client to Australia for a duration of 12 months, he was sitting in our office as we were designing and documenting so that we would involve him in the team to help with the transfer of knowledge'</p> <ul style="list-style-type: none"> • Staff dissociation from the client <p>My preference is working on local work because I get to deal with the client, go to site, actually watch it grow and at the end see the finished product so from my point of view I get more personal satisfaction out of that. However I'm quite happy to do</p>	<ul style="list-style-type: none"> • Market Specific and Local Context <p>'I haven't really found that difficult myself, you just don't rush into it, you go in and latch on or you go and listen and learn and you just watch what other people are doing. You soon find out what you can and what you can't do'</p> <ul style="list-style-type: none"> • Translating the Brief: Multilingual capacity & Cultural Understanding <p>'I guess the big issue in China or anywhere is a good interpreter. You've got to get the right interpreter, otherwise you're wasting your time if he or she doesn't translate exactly what you say with the exact feeling to the Chinese or the Russians you might as well close the door and go home'</p> <ul style="list-style-type: none"> • Geographic Distance preventing Client Contact <p>'What I find harder is getting the right information at the right time. It takes longer just because of geographical distance (7000kms or more). Sometimes you don't get it sometimes you have to guess and then go back and check or redo it if you find different when you finally get the information'</p> <ul style="list-style-type: none"> • Obtaining & Developing the Brief <p>'The other one we just worked through an agent, the contact we had in the country and he sent enquiries over here and we priced them and if the client was interested we'd fly over there and spend a few days with them and explain the whole thing to them and see what they're like. At the end of the day the client wants a building to do a certain thing in a certain area or size and then you work from there and develop a brief and write out a specification and do two or three drawings and take that and sell a job in a different country'</p> <ul style="list-style-type: none"> • Handling of entire Design Process internally: Elimination of potential barriers <p>'I was the only one who designed it'</p> <ul style="list-style-type: none"> • Single Point Source of Information and Client Contact: Minimizing Response Time to Client <p>'For all that China work we don't have a project manager here for it, we've got the main boss and director and then he just passes all the information to me, I collate it, I work out what needs to be designed and what can be drawn and so forth and I liaise with the project manager in China and generally we have one point of contact over there and it's better to keep it that way for flow of information'</p> <ul style="list-style-type: none"> • Staff dissociation from the client

		international work and develop those relationships but it is like dealing with pretend projects	'When I first came to *** I wasn't calling China when I had a question, I was doing the work and then I had a couple of situations where I went right off track because the right information was grey, I went this way and I should've went that way'
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5.3 MARKET KNOWLEDGE

The following table describes and compares the various themes/concept indicators based on the experiences of the three case studies in relation to the firms knowledge base, which exists in two forms: experiential knowledge and informational knowledge. The manner in which firms managed their Market Knowledge will be discussed in terms of the strategies and methods utilised to develop, maximise and retain informational and experiential knowledge within the firms. There was a general consensus that various international markets have different functioning and operational systems that required efficient handling of firm knowledge base in terms of the development and maintenance of informational and experiential knowledge. Out of all three firms, only firm 3 received government assistance in the initial stages of the internationalisation process. Through a grant the firm gained financial assistance in the setting up of an office in Hong Kong, which later supported the firm's entry into China. For firm 2, government assistance in the form of grants were only received after the firm gained entry into international markets.

In relation to informational knowledge, all three firms indicated awareness of the significant differences in regulations and codes between Australia and other international markets and accordingly adapted through varying strategies to minimise potential difficulties that may arise from such differences. For firm 1, it was recognised that there was a need for continual reassessment of contractual relationships with international clients and therefore were open and adaptive to changes to constantly accommodate emerging requirements and needs of different projects.

For firm 2, who operates as a global group across 6 international markets, it was felt that there was the necessity for a high level of consistency in the way that the different offices conducted international work. Accordingly, the firm is reliant on the standardisation of requirements for all offices operating within the global group. Existing processes and procedures that are deemed successful are constantly fed back into the global network to ensure that all members within the group utilise similar ways of operating to form consistency and standardisation.

Firm 3 also placed much emphasis on the development of informational knowledge within the firm. For this firm, the language difference between the firm and client (English and Chinese) proved to be a difficulty in terms of understanding project documents such as design drawings. As such, the firm developed a multilingual system in the form of a library of words functioning as a dual-language dictionary to facilitate staff's understanding of project documents thereby increasing and maintaining the firms informational knowledge of the market in question.

Besides having awareness and adapting accordingly to differential markets operational systems and codes through the development of informational knowledge, the three firms also recognised the significance of developing and maintaining firm experiential knowledge to facilitate firm's internationalisation process. Firm 1 displayed recognition for the employment of staff members possessing rich skills and cultural understanding to work on international projects. It was understood that staff members who possessed such intellectual and cultural capital would have the capacity to contribute significantly to the management of varying processes and procedures involved in internationalisation by being more responsive and adaptive.

For firm 2, the global group's capacity to support underperforming offices was significant not just in purely financial terms. The ability to distribute workload and resources across international markets means underperforming offices are not just financially supported by more successful offices or as part of the group as a whole, but rather *underutilised* offices that demonstrate spare capacity are put to work on projects delivering in markets with which they may have no direct contact. The effect of this is a more constant workload across the global group as a whole. Consequently staff are 'supportive of that model' because it guarantees work and therefore job security. Individual staff members may move around from office to office as required but rarely are they lost to the firms as a whole, and thus there is a considerable benefit in retaining and maximising experiential knowledge.

Firm 3 ensured that staff members were equipped with hands on training throughout the varying stages involved in projects. Staff members are thus able to respond promptly and efficiently to client requirements and challenging situations as they arise through their experiences and knowledge of how things work. Furthermore, the firm demonstrates a clear understanding of the importance of retaining staff members who are well equipped with such skills and expertise within the firm. The acquisition of social, cultural and intellectual capital within the firm in the form of staff members experiential knowledge is a time-consuming and complex process and the firm recognises the significance of 'looking after' staff members by utilising social capital in the form of 'paying them good money' and valuing staff members to ensure that experiential knowledge are not lost but retained or maintained within the firm.

Table 1.29 Cross comparison of Market Knowledge between case study firms

THEMES	FIRM 1	FIRM 2	FIRM 3
<p>Informational</p>	<ul style="list-style-type: none"> Awareness of Market Codes & Regulations <p>‘There’s local governments, there’s local outfits, there’s unique constructs like design institutes. So if you leave sort of technical peculiarities, the basic framework of delivery is pretty much the same. There’s statutory controls, there’s technical controls, there’s local requirements, there’s provincial requirements</p> <ul style="list-style-type: none"> Developing Contractual relationships based on feedback processes <p>‘There’s always an evolution in every relationship with the Chinese or even local or maybe more overseas clients have this dynamic. They kind of have a mutual perception or experience of the last project and so its regauged and there are constantly ideas being brought forward on how we might delineate or merge or frame different contractual relationships. It’s a constant fiddling with the model and making sure we have the right one’</p>	<ul style="list-style-type: none"> Minimal Government Assistance <p>‘We’ve latched on to the export grants later but we did not have any to start with’</p> <ul style="list-style-type: none"> Awareness of Market Codes & Regulations <p>‘Dubai operations are not actually accredited, it doesn’t really need to be in that marketplace at the moment but they use our practice management systems. And the UK’s accredited but not accredited using the same system we use here. They got themselves accredited with their own system and its something we’ve been meaning to do is to standardise that a bit more’</p> <ul style="list-style-type: none"> Standardising Different Requirements <p>‘You’re almost reliant on the Middle East to educate each partner they work with at each office and they work with about how things work. If they’re trying to do that from their perspective I think it would be more effective to get offices that are on this side of the chain to say this is what works for us and this is how you need to manage them’</p>	<ul style="list-style-type: none"> Government Assistance <p>‘With the help of Austrade we applied for a grant, set up an office in Hong Kong. We got a grant for \$***,*** and that helped us set up initially an office in Hong Kong and from Hong Kong we moved into China’</p> <ul style="list-style-type: none"> Awareness of Market Codes & Regulations <p>‘Its frustrating because you’ve got to design it and got to get approved by the design institute over there so you’ve got to make these guys understand that they’ve got to do it a certain way. It took us probably 5-6 years to understand how the whole system works, how the approvals work and you’ve got to go through a myriad of departments to get things approved’</p> <ul style="list-style-type: none"> Adapting to Market Codes & Regulations <p>‘There seems to be a problem lately when we get a job in China, we cant really comply or we don’t know what to comply with. So that’s the reason why we change operation and all get some local Chinese engineers involved over there. They can read Chinese I cant’</p> <ul style="list-style-type: none"> Developing Multilingual System to understand project documents <p>‘The drawings would come to us in Chinese and we’d have to send it so it can be translated for us and just fax it over. We first started it as faxing because it would be Chinese and they’d just print it and send it to a secretary and say ‘All those words, put the English meaning right next to it’ and we’d get the general gist of what they want on that and then after a while actually some of our secretaries – they were doing it on the computer and sending it to us and since that happened for a while we took the word, it might have been storeroom and we got the Chinese writing and put it beside that so we have a library of English with the Chinese underneath it’</p>
<p>Experiential</p>	<ul style="list-style-type: none"> Accessing & Maintaining Knowledge of markets and Skill base: Accumulating Intellectual & Cultural Capital <p>‘We’ve also got staff here who’ve been involved in projects offshore through South East Asia and some staff who’ve worked a lot in Europe and these people tend to be better in understanding the cultures, walking in and not transporting Australia to those places but actually understanding where we’re designing and working with those locations and people, understanding culture and they’re the people I tend to want to put on those projects’</p>	<ul style="list-style-type: none"> Maintaining Knowledge Base of Markets: Accumulating Cultural Capital <p>‘What we could learn out of this is that we can start to get people who we see are going to be within the organisation for a while moving around and spending two or three weeks in another office. What it does is when the project comes up in two three years time in that area; you have some sensibility about the place’</p> <ul style="list-style-type: none"> Maintaining Skill Base of individuals as Resources: Accumulating Intellectual Capital <p>‘People have different skills and different specialised skills, so we can move them to one place and deal with that project and what the beauty about that is, then that skill gets passed down to someone else locally in that office so then their skill base, there’s some skill base left in that office. Designers like to move around</p>	<ul style="list-style-type: none"> Developing Experiential Knowledge <p>‘A lot of them we just throw out on a job site to start with as interpreters with our European foreman so that they understand what the jobs all about, they know how it all goes together and then we bring them in the office and they get different tasks either in a design area or a selling area. We always put them out on a job, get their hands dirty, and it seems to work’</p> <ul style="list-style-type: none"> Developing Staff Multilingual Capacity: Accumulating Intellectual Capital <p>‘People are just tremendously important. Especially because you’re relying so heavily on them, you know different language. We’ve got a couple of our Australian guys speak Chinese now that have been there for a while. They can’t write but they can speak. They speak enough to understand what’s going on in broad terms, its very</p>

and experience different things as well which just opens up your imagination and you just become a lot more lateral and you can see a lot more'

- **Utilising Individual skills & Resources: Maximising Intellectual capital**

'*** has never, at a board level want to set the Dubai office up as a fully self supporting office ie to be able to actually service any projects that they bring in. So essentially they are serviced out of Australia. There's a critical mass in Australia and of grinders if you like, of people who can actually produce work. There's intellectual property here in Australia within the people that we employ and therefore to go and set that up all over again in an expensive place to actually do business wasn't actually a logic thing'

important that your staff, European staff or Australian staff understand what's going on and that way you can protect yourself a lot better'

- **Utilisation of Social Capital: Retaining staff and Accumulating Intellectual Capital**

'It takes a lot longer to build up a team and we've got 28 Chinese working for us full time now and that's not a bad team but its taken a long time but then you think you've got one, one leaves and goes somewhere else. If you look after them and pay them good money and take them to different places for weekends or on tours, involve their family into the team and they seem to hang around, they seem to enjoy that'

- **Utilisation of Intellectual Capital: Adapting to changes in international markets & enhancing Reflexive Capacity**

'The Chinese changed the laws to say that all joint ventures that's established in China had to pay a 30% duty on all the capital equipment which included the building and that knocked us out of the park as far as doing it from here so we had to change and re-establish the way of doing things so we're now a lot more using our design know how from here to help them up there [in China] basically. We're doing more work in China than we used to but in a different way'

6. DISCUSSION: BARRIERS

The following discussion is concerned with the dominant themes related to barriers arising from the analysis. The method for discussion is completed in one of two ways. Firstly, a theme is articulated through a comparative discussion of the way in which each of the three firms understood and negotiated a given theme, or secondly, the intricacies of a theme are best exemplified through a more in-depth discussion of how one particular firm experienced that aspect. In all cases the themes under discussion were dominant in the interview transcripts both within a case study (across separate interviews within one firm) and also between cases.

The three firms analysed as case studies for this research project clearly demonstrated different strategic and organisational approaches and models regarding entry and sustainability in international markets. In turn these different approaches to organisational structure, entry mode and sustainability profoundly impacted upon each firm's experience of internationalisation. The case studies revealed an array of barriers that the firm's encountered when attempting to enter and maintain sustainable business practices within international markets. A degree of variation was exhibited between the firm's regarding the primary barriers each encountered – as well as the manner in which they attempted to manage and overcome these challenges.

The variation in barriers can be attributed to the particular nature of each firm's organisational structure and strategic goals, as well as the specifics of the international market in which they were operating. Obviously, for example, the firm in case 2 would experience primary barriers of a different nature in London as compared to Dubai. Different firm's (Case 1 and Case 3) operating in the same market (China) did however express somewhat similar interpretations of the dominant barriers and challenges facing them as they internationalised. The variation between these firms' regarding the specific nature of challenges faced can be attributed to the different structure and function of their business – Case 1 being design only, and operating from a single office in Australia, Case 3 being design and construction, and operating with an Australian head office, and three local offices on the ground in China.

The themes arising commonly fall into three main areas; financial, market knowledge and communication. Therefore, the section is organised as follows;

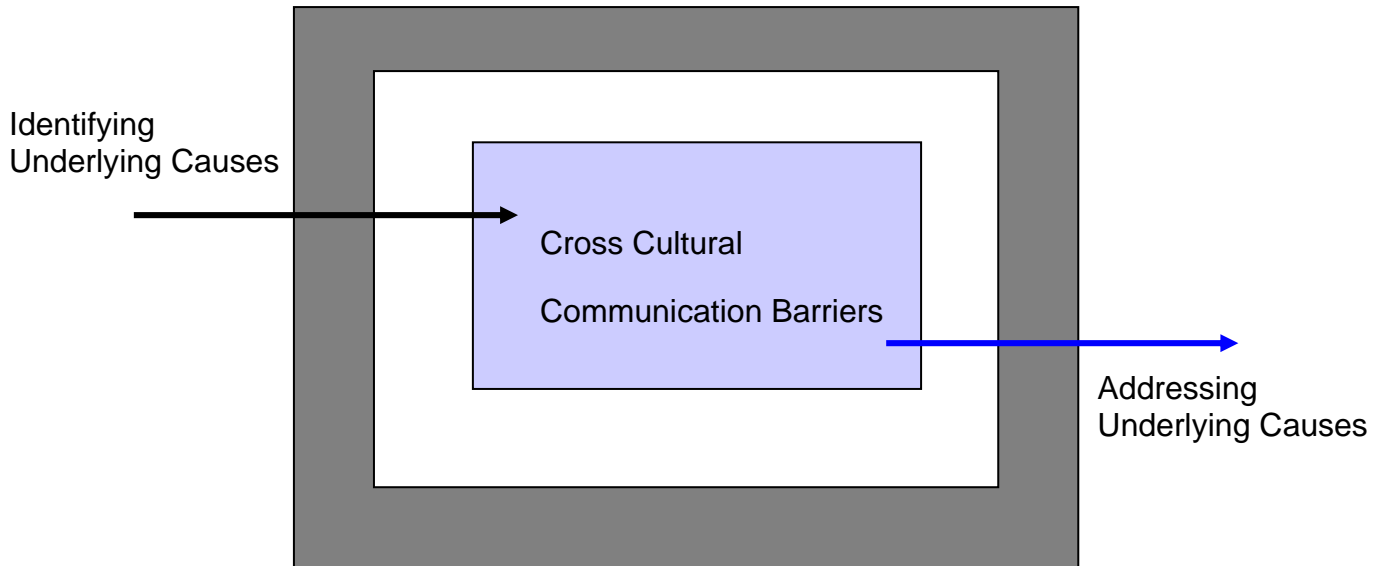
- Financial Barriers
- Barriers to Market Knowledge
- Cross Cultural Communication

The following diagram represents a model for conceptualising the interrelations of these three groups of barriers. It was found that financial barriers are the most observable type of barrier, due to the sophisticated measures enacted by all the firms in keeping track of financial elements of business. Analysis revealed that financial barriers were often caused by a set of underlying issues surrounding access to market knowledge. In turn market knowledge was hindered or facilitated by the extent to which firms can successfully manage cross cultural communication.

Figure 10 - Inter-relations between Barriers and Success Factors – The inside-out box model

BARRIERS

SUCCESS FACTORS



Barriers were demonstrated to have their causes in underlying conditions. Solutions to financial barriers involved improved informational and experiential market knowledge. Solutions to market knowledge barriers involved improved levels of multi-lingual capacity and deeper level of cultural understanding. Central to a firm's capacity for sustainable business in international markets is therefore the extent to which it can manage cross cultural communication difficulties.

The next section discusses how the firms overcome these barriers and again identifies common themes which explain why these firms have developed varying degrees of sustainable business models.

6.1 FINANCIAL BARRIERS

The centrality of financial considerations is acknowledged as crucial to a firm's capacity for entering international markets. Significantly, and somewhat surprisingly however, there was a reticence to identify purely financial issues as the primary barriers. This is not to say that interviewees from all the firms did not discuss financial considerations, but rather they were not discussed in terms of being the dominant barrier. This interesting outcome can be partially attributed to the selection of firm's for the study; in that the criteria for selection was firms practising in international markets who could be researched regarding their *sustainable* business practices. It is therefore understandable that each of these firms – in their own individual circumstances and through their own strategic and organisational methods – have to an extent learned to effectively deal with financial issues and to find practicable and workable solutions to associated barriers. It must be noted, however, that both the interviewee's responses and analysis of results demonstrates that financial impacts are the product of barriers that have their underlying causes in more subtle and complex factors.

This is an outcome that supports the findings of the RAIA (1998) study concerning key issues/barriers as demonstrated in table 1.8 in the literature review. In that study it was found that among the many barriers to exporting identified by architectural firms only three were purely financial in content. Among these, the greatest was 'prohibitive costs' which prevented firms from exporting design services. As such, this barrier has less relevance to firms that *are* exporting and encounter financial barriers *within that process*, and therefore less relevance to this study. Of the other two key barriers discussed in the RAIA study, 'uncertainty of payment' and fears of 'collapse of overseas economies' accounted for only 7.6% and 3.1% respectively of key barriers discussed by exporting architectural firms.

The barriers identified as being financial in nature or impact includes the following;

- Efficacy of contract negotiation
- Timely and accurate payments
- The need for strategic investment
- The relationship between capital investment and return
- Experiences of corruption

These issues are now discussed.

6.1.1 Contract negotiation

This section outlines one of the main financial barriers confronting design firms as they internationalise. The financial outcomes of a project are largely determined in advance as part of the contract negotiations. All three firms identified this phase of a project as important to overall project outcomes. It was noted that contract negotiation as a process operated differently in different international markets, and as such there was no general method for ensuring a productive and beneficial negotiation period. A functioning understanding of both the market and the business culture operating within that market emerged as the basis upon which contracts could be most successfully negotiated.

For firm 2, their general status as a globally functioning entity and the similar status of many of their clients meant that contract negotiation in general was not raised as a significant issue. However, in relation to the Middle Eastern project, the contract negotiation occurs in a

context in which certain requirements exist as a result of the historical development of the international market. That is, a 'way of doing business' in Dubai has evolved that takes for granted the need for up front payment of bonds from the architectural firm to the client group, as security against failure to deliver the product as negotiated. This aspect of Middle Eastern business culture is described as being a response to architectural and construction firms failing to deliver in the past, and therefore the creation of a perception of international firms as potentially unreliable. The requirement to 'lay down...cash' as a precursor to negotiation of the contract is seen as problematic for the firm in case 2 because it implies an acceptance of the Middle Eastern perception of them as unprofessional, but predominantly because it increases the amount of capital investment that must be sunk into the project and therefore extends the gap between investment and return.

The bonds are very problematic for us and I think what we're looking to do with our banking facility is add a guarantee facility and then we'll have to guarantee those bonds and not have to lay down so much cash. (Senior Staff - Case2)

For the firm in case 3 the negotiation of contracts as a potential difficulty is associated with both the length of time and also agreement concerning fee structure. Both of these factors pose problems for the firm in case 3 partly because of the organisation and function of the business and the type of product being negotiated.

In China it takes along time. It could take 6 months to negotiate a job. You draw it up, you price it. Go back for the final negotiation and the price starts getting screwed. (Senior Partner - Case3)

As a design and construction firm, the eventual product is a built facility, thus negotiations need to be for the life of the project rather than strictly for the design phase and are therefore a more complex site of negotiation. It is the dynamic nature of the brief development that plays a part in the changing nature of the client requirements and desires, which in turn impacts upon the 'price'. Interestingly, this barrier is identified as an issue of doing business in China, rather than just international markets in general. The particular style of contract negotiation in any given market can be understood as heavily influenced by the dominant business culture existing in that market – as was also the case with firm 2 in Dubai. Hence, a clear and practical grasp of the dynamics of that business culture, based in experiential knowledge, offer the best potential for overcoming barriers arising from the different approaches that frame issues such as contract negotiation in different business cultures.

This differentiation in approach is extended to issues concerning the comparative cultural value ascribed to surrounding and underlying factors that influence the negotiation of a contract. The following quote from the firm in case 1 highlights that different cultural interpretations play a part in contract negotiations as much as the 'technical aspects' relating to the strict description and agreement over the type of work to be done.

There are legal issues and contractual issues that we feel strongly about that might not be the same in China, and so it's not just basically technical aspects of it. (Senior Staff – Case1)

Again the identification of these dimensions as related to China specifically illustrates that this is primarily a gap in cultural understanding. The ascription of evaluative importance through the term 'issues that we feel strongly about that might not be the same in China' relates to the dominant business culture, but also the wider country culture from which value judgements are typically drawn. Thus the barrier identified by firm 1 relates to a gap in understanding about the different motivations and meanings surrounding a whole range of issues such as wages, work conditions, working patterns, and health and safety issues that can potentially generate misunderstandings and problems in the negotiation of contracts. The negotiation of contracts as being primarily an issue related to cultural understanding and communication, which happens to have financial outcomes, is not one that is addressed predominantly in the literature and thus presents a possible avenue for further study.

6.1.2 Ensuring Payment

This section outlines another financial barrier acknowledged by all three firms. As noted in the introduction to this part above, the ensuring of timely and correct payments is an issue described in the RAI (1998) study into exporting architects, albeit one mentioned by a minority of exporting architects. This section outlines the different perceptions of this barrier held by the three firms, and to an extent outlines the means through which they manage this risk.

Prevalent in the literature is the notion that issues surrounding payment are potentially risky in international markets – particularly in Asian markets. For the firm's operating in these markets this was certainly acknowledged as a potential problem. Consider this quote:

How're you going to get the money? Are you going to send someone in to break his leg? That's not ethical, see you wouldn't do that and they would come back and do worse to you. But how can you get the money off someone who doesn't want to pay you? Well there's a lot of different ways of doing it and you're not going to read those in a book and you're not going to learn those from a seminar on how to do business in China – they're not going to tell you those kinda things. Its something you can learn by experience if you have a mind to it. (Senior Partner – Case 1)

The above quote aptly describes the difficulties experienced by all three firms of extracting payment from clients in some international markets. It particularly highlights the problems associated with a lack of understanding of how the market functions and also that the methods that prove effective in attaining or ensuring payment are often not those that are common knowledge, especially to foreigners or outsiders. However, it is noted that effective methods and techniques can indeed be elucidated and acquired; they are, however, a function of experiential knowledge. This quote is useful in demonstrating the recognition of financial issues as problems, but more importantly, the general type of responses that the firm's exhibit in solving these challenges. Issues surrounding finances become absorbed into the mix of other negotiations, and are not generally considered as a separate issue.

Of interest are the different means through which the firm's (1 and 3) seek to manage potential problems arising from failure to ensure payments are received promptly. For firm 1, the management strategy revolves around tight control of the design product, and essentially the product is used as a guarantee of payment or means of leveraging pressure.

We've been very careful about how we approach our work because it's controlled down here and we keep a very tight rein on what we actually do and how we do it and how we are getting paid. If we don't get payments by a certain time, work stops. (Senior Partner – Case1)

For this firm, their organisational structure again influences the way that challenges are approached and overcome. Due to the structural set-up consisting of a single office in Australia where design occurs, it is possible to exert considerable control over the release of design information and service. Likewise, as a smaller firm with less available resources to commit to market entry (as compared to case 2 for example), the capacity to absorb financial impacts is considerably lessened, and thus ensuring payments are made on time is important not only for the firm's profit margin, but indeed for the continuation of the project. This limited flexibility in relation to payments has led to the adoption of firm and strictly defined and adhered to policies regarding appropriate action in relation to late payments. The firm simply cannot afford to implement any other strategy. This differs from firm 2 who are able to more readily absorb the late payment of fees due to their greater resource availability.

For the firm in case 3, potential problems arising from clients failure to make payments is recognised as a particular risk in China, and is managed through the strategic mode of entry which is utilised. As stated in the case study overview section above concerning organisational structure, the firm in case 3 usually operates as a contractor for a joint venture that involves a Chinese partner and a European (or otherwise international) partner.

We're fairly selective on what we do now. We don't work for the straight Chinese companies we do mainly work for joint ventures between somebody in Europe or here and a Chinese company (Senior Partner – Case3)

This choice is discussed as offering a management solution to payment issues. In that the acknowledgement of risks regarding payment are understood as being a result of the way the Chinese do business – the dominant business culture – and accordingly, that particular risk can be managed by manipulating the project business culture. Through the strategic selection of joint venture projects of mixed cultural background, the firm in case 3 ensures that the client group is at least equally influenced by a business culture (European) that shares certain standards and approaches with the Australian business culture. The following quote recognises this particular advantage of engaging the market in this manner, but it also acknowledges that the Chinese business culture – while substantially different to the Australian business culture – has intrinsic and admittedly implicit standards, that if understood sufficiently allows the firm to 'make it flow'.

They're fairly straight in China, there's certain ways you've got to make it flow and they'll just stick to it. The European partner sort of makes sure that at the end of the day all the contracts are signed and happening. (Senior Partner – Case3)

6.1.3 Strategic Investment

This section deals with the importance of strategic investment of resources. The predominant means for managing problems such as efficient contract negotiation and ensuring timely and correct payment were positioned within a 'prevention is better than cure' strategy that was based in strategic engagement with the market and selective investment of resources. These measures can rightly be considered a response to barriers and therefore a discussion of these may potentially seem anomalous in this position. The placement of this section is designed to demonstrate the interconnectedness of many barriers encountered by firms, and to highlight that responses designed to overcome certain barriers and challenges in turn produce new barriers. Most notably, the understanding of strategic investment as a means for overcoming barriers such as contract negotiation and ensuring payment largely produced the next predominant barrier – discussed in the following section as the relationship between investment and return on investment.

As was the case with firm 3 mentioned in section 6.1.2, the other two firms also exhibited awareness that the selection of projects and clients is fundamental to avoiding difficulties arising from undesirable clients and project outcomes. As demonstrated in this quote:

You need to be quite selective about who you work with and what you work on and what client you work with. We try to be strategic in terms of investing in the market. (Senior Staff – Case1)

Strategic selection in this sense can be related to achieving organisational goals of the firm in terms of entering markets, gaining market share, accessing certain client cliques and professional and social networks. The following quote from Case 2 demonstrates the close relationship between organisational goals and strategic and selective investment in a given market.

It just depends on where we want to be and in the case of London we decided that we needed an office there to network with clients that were placing projects in other markets that we were already present. (Senior Staff – Case2)

In terms of avoiding the barriers mentioned in sections 6.1.1 and 6.1.2, the above quote from firm 2 identifies the underlying motivation behind the organisational goal of setting up a London office and the strategic selection of projects as concerning access to a particular set of clients. For this specific case these clients were the primary target market of 'international clients' and were being sought after because they provide certain benefits to firm 2. Noticeably these benefits include an international business style that seemingly encompasses a professional business culture operating within yet above the business

cultures of specific individual markets, thereby avoiding many issues relating to gaps in understanding caused by cultural differentiation between business and country cultures.

It should be noted that careful and considered selection of clients is the predominant means for managing barrier surrounding the negotiation of contracts and issues relating to ensuring payments. The development of social networks is paramount to the sustainable business practices of all three firms, and this is because such networks provide exposure to an array of potential clients. Significantly, the networks that function to make business connections also operate to exclude undesirable clients and firms. This is the importance of repeat customers and word of mouth marketing – firms or clients who do not maintain a certain level of professional behaviour simply do not develop the necessary reputation to attract enough clients of the right calibre and professionalism.

6.1.4 Return on investment

The selective investment of resources itself brings about another financial barrier discussed by all of the firms in relation to entering international markets. This concerned the gap between investment and return on that investment. This section outlines the experiences of the barriers and challenges associated with the potentially lengthy gap between the investment of resources and any sort of profitable return on investments. Noticeably this gap is increased when issues such as non-payment arise. However, all the firms discussed the need for investment of resources and capital into a market for a considerable length of time before expecting any type of returns. Consider this quote:

Once you say to yourself I'm going to set up in China or wherever, you have to sink money into it. It's a big investment and in real terms it takes you a good two years to get established and the third year you might make a dollar. (Senior Partner – Case3)

The amount of capital and resource that constitutes the initial investment correlates to the firm's organisational structure and strategic goals. For the firm in case 3, the above quote relates specifically to 'setting up in China', where this refers to an organisational structure involving the establishment of a permanent presence in the market through three separate local offices. Thus the different methods of market mode of entry influence the experience of this barrier, and to a certain extent, the selection of a particular entry mode strategy is in relation to consideration of this issue and the capacity of the firm. This is to say, the extent to which the gap between investment and return is detrimental to the firm's performance is a product of the firm's size and resource availability. Certainly the firm in Case 3 made the strategic decision to pursue the goal of a permanent presence in the Chinese market, and thus the requirement to invest substantial capital into the market for a period with little prospect of financial returns was accepted as a unavoidable fact. In comparison firm 3's engagement with other international markets was considerably less problematic and required next to no initial outlaying of resources:

In the other countries we really didn't have any other pressures there other than we got the job, we sent people there to erect it and build it, but we didn't have the office there.' (Senior Partner – case 3)

The selection of different international markets appears to have influenced the length of the investment/return gap and the size of the initial investment. Understanding the specific contexts of the market thus again is demonstrated to be an important underlying factor in the overcoming of these challenges. The investment/return gap may well be unavoidable in order to achieve organisational and strategic goals within certain international markets. For the firm in case 3, the gap between investment and return is a period of time necessary to *be in the market* in order to develop the social and professional networks essential to operating sustainably (profitably) in that market.

It takes a long time to get into China and to make money in China. We probably didn't make any money for about four years, we didn't lose a lot of money either, but we didn't make any. Because you've got to establish contacts, you've got to establish a network. (Senior Partner – Case 3)

The investment/return gap between is also acknowledged by firm 1 as greater in relation to the Chinese market than some others. For this firm, its decision to structurally organise away from the local office model was in order to minimise the amount of initial capital investment. Operating out of Sydney and with no local office to support, the barrier associated with this gap is relative to the life cycle of an individual project. To an extent, this organisational structure, and market entry strategy means that firm 1 is simply not geared to accommodate an equivalent duration of investment/return gap as case 2 (because of its greater resource and capital availability) and case 3 (because of its long term investment in the market in the form of permanent on the ground presence). Thus while the gap between investment and return is restricted to the project cycle, its affects for firm 1 are no less significant – indeed they may be more so.

Investment is the time between the contracts getting paid. It can be much longer on Chinese projects so there is a bit of investment. You have to be able to survive that period. There's never been a project that I've worked on that didn't get paid in the end. (Senior Staff – Case1)

Interestingly, for this firm which operates primarily through joint ventures and in relation with third parties as mediating entities, the selection of clients and projects is essential. With much at stake, the non-payment issue takes particular prevalence for firm 1 and indicates perhaps why the client following mode is utilised and the importance of social networks as a means of ensuring positive project outcomes. The dependence on social and professional networks as a means of attaining the right kind of clients and perhaps also exerting pressure through the network on clients stalling on payment is implied in the final statement where 'there's never been a project...that didn't get paid in the end'. The point here is that, for firm 1, the lessened ability to endure lengthy gaps between investment and return heightens the reliance on social networks to ensure timely payment.

For the firm in case 2 the organisational structure as a global entity means that individual office performance is subordinated to the performance of the global group, and the groups global resources can be distributed and leveraged in order to gain advantage. Thus an office can be supported in entering a market and enduring the gap between investment and return by the global group. The following quote acknowledges that the firm is more aware of project profit outcomes than office performance to the extent that the project may be situated in a specific individual market, but the resources committed to and driving the project may be globally diverse.

We look at a project level but the project level ultimately translates into the financial. We track costs on the project side to actually assess project time ability so we get measures of project profitability but it's somewhat disconnected from what's in the Profit & Loss. They should flow but they should be strongly related but they're not directly connected. (Senior Staff – Case2)

For the three firms analysed, this barrier was least significant for the firm in case 2 for this reason, and also because as a global entity doing business primarily with global clientele, the social networks seem to operate above individual markets and yet through them connecting many international markets into a singular field of opportunity. Hence the investment in a particular market and the performance of the global group as return on investments are dissociated to the point that they are 'strongly related but they're not directly connected'.

For all three firms the acknowledgement of the initial investment and acceptance of the investment/return gap as being the creation of time and space in which social networks can be forged and alliances developed can be related back to the importance of social networks in providing security against undesirable client types and project outcomes. This is primarily

the case for the smaller firms 1 and 3, but also a factor for firm 2. Prior to establishment of a social network, profit is negligible. Prior to establishment of a social network, the potential for encountering barriers associated with non-payment and difficult contract negotiations with clients are increased. Therefore the establishment of the social network – an issue heavily influenced by social and cultural and intellectual capital and the ways in which they are accumulated and exchanged – can clearly be seen to be the cause of the financial barrier discussed as the investment/return gap. It can also be considered the primary means by which the financial barriers arising from difficulties with contract negotiation with clients and ensuring payments are managed or overcome. Thus the management of financial barriers can be seen to be an outcome of the strategic management of social, cultural and intellectual capital.

6.1.5 Corruption

For firm 3, corruption was also described as a financial barrier. This aspect was not mentioned in the other two case studies. For the firm in case 3, this can possibly be considered as a result of their role as a design and construction entity, and thus they deal with a wider range of government departments, design institutions and bureaucratic institutions. It also indicates firm 3's organisational structure as having local offices on the ground in the Chinese market and therefore having a considerably deeper engagement with the market. Interestingly while acknowledging that corruption is an issue, it is not discussed as market specific, and indeed China is evaluated favourably when compared to Russia.

*It doesn't matter where you go, China's not that bad, there's corruption there but its pretty well defined what you can do and what you can't do. A place like Russia is just horrendous.
(Senior Partner – Case3)*

Interestingly the firm's deep engagement with the market provides the experiential knowledge required to understand the dynamics of the market and the resulting business culture that make it possible to ameliorate barriers relating to corruption. The fact that it is 'pretty well defined what you can do and what you can't do' implies that the negative connotations surrounding the word 'corruption' are a product of the Western business cultures differentiation from the Eastern culture. If corruption is endemic than it is simply something to be understood and strategically managed, and refers to the 'way things are' and 'the means of getting things done' rather than an ethically or morally abhorrent practice. Implied in the above quote is a recognisable standard about how 'corruption' occurs in China, and it should therefore be understood as an aspect of the dominant business culture and managed accordingly. This is predominantly the case for the senior partners in firm 3, who generally display an acceptance of the prevalence of corruption, and instead turn their attention to its management.

6.1.6 SUMMARY

This section has discussed the predominant themes discussed by the three firms as being financial barriers. There was significantly less emphasis placed on financial issues and barriers than expected. Analysis demonstrated that the barriers identified by the three firms as being financial in nature fell into four main areas; Contract negotiation, Ensuring Payment The investment/return gap, and Corruption. It was also noted that financial barriers are often interrelated and can rarely be considered individually. In evidence of this it was demonstrated that in regard to barriers such as late or non-payment a solution practiced by the firms such as the strategic investment of resources and the careful selection of projects and partners also produces new challenges and pressures upon firms. Hence it was found that firms rarely discussed financial barriers in isolation or as being purely economic, and much more frequently discussed them in terms of a wider understanding that incorporates social and cultural elements.

For example, a functioning understanding of both the market and the business culture operating within that market emerged as the basis upon which contracts could be most successfully negotiated. The primary means for ensuring payment was the development of professional social networks that acted as exclusionary measures against undesirable clients. The gap between investment and return was considered necessary for developing the time and space in which social networks could be established, and upon which profitability hinges – especially for firms with limited resource availability. When corruption in a market is largely endemic, it is most beneficially perceived as an aspect of the dominant business culture and as a set of processes and practices to be understood and managed.

Indeed the solution offered by the firms to the barriers discussed as financial issues revolved around educated and strategic selection of clients and projects, a functional knowledge of how business is conducted in these markets, and the establishment of social networks. Thus it can be seen that while financial sustainability may be the benchmark and ultimate indicator of a firm's success in an international market, generally the problems and barriers encountered that hinder financial success are themselves not financial in nature, and nor are the proposed solutions to overcome these barriers. Considering this, the next section looks at barriers to market knowledge discussed by the firms as impediments to gaining a functional knowledge of how business is conducted in a given international market.

6.2 BARRIERS CONCERNING MARKET KNOWLEDGE

In relation to all of the financial barriers discussed in section 6.1, market knowledge emerges as central in overcoming financial barriers, and is therefore an instrumental success factor. However, analysis reveals that accessing market knowledge presents another set of barriers. These include understanding how the international market operates and changes, and also understanding and dealing with the discrepancies and technical differentiations between international markets. The firms analysed discussed these types of barriers as the practicalities commonly encountered in internationalising into foreign markets. These barriers included gaining certification and approval, dealing with differentiated codes and specifications influencing design practices, and disparate levels of technology between the firms, client groups, third parties and other mediating entities. These barriers are discussed below.

6.2.1 Gaining Certification and Approval

This section outlines the barriers relating to entering international markets discussed by all three firms as concerning fulfilling the conditions set by the governing bodies of that market. Gaining certification and approval is a central issue for all three firms and this is particularly the case when dealing with government based bureaucracy.

As discussed above, the professional business culture in the Middle East and Asian markets entail a formalised contingent of procedures designed to protect local parties. This is particularly the case for government-funded projects. As developing markets, and also as country much more recently opened to capitalism and business enterprises when compared to Western nations and markets in which capitalism developed or was rapidly adopted, the rigidity of these formalised procedures and 'official' requirements far exceeds that of markets such as Australia.

For firm 2, in essence this means a far more stringent set of conditions through which negotiations must be conducted, and far less flexibility in meeting government specified requirements. This especially affects the process involved with bidding for government contracts. The following quote identifies the rigidity of the process, which is experienced as a barrier predominantly because it means the firm must adjust its practices and procedures to the format and standard dictated by the various bureaucratic agencies of the international market.

Government projects in Qatar, not negotiable. The bids are not compliant; it's all just automatic. (Senior Partner – Case 2)

Similarly, the Chinese market presents certain non-negotiable parameters that must be complied with in order to gain contracts. One of which exerts a particular impact upon the design firms. It is the stipulation that all international firms must be involved with a local firm in order to be allowed to engage with a project. The extent of this partnership with a local firm is flexible in terms of the amount and type of work conducted by each firm, but for firm 2 this stipulation proved to be crucial in rendering the type of projects they were engaged in as unprofitable.

You can't practise architecture there because you've got to partner with a local firm in order to do it, we're only doing interiors there which really isn't sufficient (Design Staff – case 2)

For the firm in case 3, the process of gaining approval and certification was particularly significant due to their function as a design and construction organisation. This meant a greater array of regulations they must specify and meet in order to have projects approved. In China in particular these building codes are becoming more formalised as the Chinese market develops and moves to closer alignment with global practice. This is not to say that they are developing an integrated system of codes that match other international markets, but rather that they are moving to exert more control over the design and building process.

It's now getting very difficult for us to meet the Chinese requirements now they're getting more specific – please provide documentation to show that you meet this clause. The laws of physics don't change between Europe and China but the formulas do. They are still the formulas but they've just swapped them around and put them in a Chinese way in their Chinese books. (Design Staff - Case 3)

The above quote demonstrates this movement toward a more strictly defined and more rigidly controlled series of codes and requirements that must be met in order to gain government approval. For firm 3, this involves restrictions and regulations on engineering design and product fabrication as well as the provision of design services in an international market. Interestingly the firm 3 design staff predominantly experienced this requirement as an inconvenience rather than a barrier. The statement 'the laws of physics don't change between Europe and China but the formulas do' implies the problem associated with meeting various government-defined codes. Which is largely to say it is not a problem of meeting the codes, as in designing the building to withstand certain physical forces, but translating the documentation into the code-format relative to that international market. This differs from translating the documentation from the Australian into Chinese language – although that also provides a significant challenge – but that the formulas and equations used to calculate various loads and structural integrity requirements are formatted and organised differently. This issue of adjusting documentation and design practice to reflect and meet codes and specifications specific to the international market is a barrier discussed by all the firms in relation to each of the international markets in which they operate.

6.2.2 Differentiated Codes and Specifications

Different codes and specifications operating in different markets present a barrier to the three firms. This is the case even though the two architectural firms and the single design and construction firm offer different services. Primary amongst the challenges caused by differentiated sets of codes is a general lack of understanding of what the necessary codes entail. All three firms described a state of disarray or confusion about which codes were in operation. For the firm in case 1 this problem was exasperated by differentiation in code specifications and documentation requirements *within* the market, where built structures in different regional areas potentially had different criteria, or sometimes site specific requirements. This is somewhat understandable when local environmental factors are taken into consideration – for example, within a market as large and geographically diverse as China, obviously different regions will have different issues. The problem encountered by the firm was a lack of knowledge about which codes applied where and when.

Sometimes we had some technical requirements, you couldn't quite see if the place itself had guidelines that you had to follow. There are statutory controls, there are technical controls, there are local requirements, and there are provincial requirements. (Design Staff- case1))

For the firm in case 3 some confusion over what are the relevant codes is also discussed, but in terms of the codes changing over time rather than across space. Consider this quote:

You have to use different codes. They're still using some older generation codes that they'd actually translated into English. They have the whole set of new codes that never got translated for foreigners use. So when we get a job in China we can't comply or don't know what to comply with. (Senior Partner-Designer – case 3)

While the differentiation from the Australian standards is accepted as a given fact of doing business in an international market, the statement 'you have to use different codes' is here referring to the changing state of the standards within China. 'Older generation codes' are compared with the 'new codes' implying two systems in operation simultaneously. The barrier is one of a gap in understanding on two levels. The older codes, while accessible to the firm as informational knowledge, in that they have been translated into English, are more likely to be out of accord with the Australian standards. After all the development of new

codes within China's developing market is towards the aim of facilitating international business and capital investment and is thus a closer alignment to international standards. Whilst the new codes are more conceptually concurrent, they are more difficult to access and incorporate, as they 'never got translated for foreigner's use'. Thus the barrier appears as 'we don't know what to comply with' and has considerable impact upon this firm as a design and construction company. In particular for this firm, who is selling steel-based construction as innovation and the primary element in its product differentiation, this fact is crucial. China historically has been a concrete-based building context, and thus while steel-based construction provides significant advantages for firm 3 in both construction practices and market share, there are seemingly relatively few codes that accurately and explicitly define the regulations that must be complied with when building with steel.

The firm in case 3 also experienced further problems with regulatory specifications in relation to the construction aspect of its operation in foreign markets. The need to ship construction materials between Australia and international markets adds another layer to the already complex problem of differentiated codes. These barriers revolved primarily around the interconnection between two sets of disparate systems, thereby making the smooth delivery of materials often problematic.

A lot of ships don't take bulk cargo anywhere they only take containers. We had a job in Laos and that particular wharf couldn't handle the containers, (Senior Partner – case3)

The above quote exemplifies this issue where complying with one system creates a disjunction with another system. This barrier is identified by firm 3 only and can be considered an outcome of their strategic organisation and function as design and construction based.

For the firm in Case 2, different codes and standards are also described as a problem. For firm 2 this is considered an *internal issue* as well as a parameter of the relationship between the firm and the international market in which it is operating. The structural organisation of firm 2 as global means that it's various regional offices – each in a different international market – is operating with different codes and specifications. Thus for design and market information to be transferred and distributed around the global group as needed means that documentation moving from one office to another must often be formatted to meet the new codes and standards.

With London and the Middle East, with the change that's going on here, Australian architects were aware of the local set of standards they had to work under. Now you need to get up to speed on a whole series of different standards. They have their own QA systems, own standards, documentation requirements. (Design Staff – case 2).

The 'change that's going on here' refers to the firm's transition to a global model based on the 'outsourcing system' that sees design processes undertaken in different global locations from the project base office and site. The firm acknowledges this dimension of the office-centric global model as a problem that can be addressed primarily through the development of a single consistent method of documentation across the global group. This process was being developed at the time the research was conducted.

The whole worldwide thing, that's one thing that makes [the firm] a little bit different to the other major architectural firms in the country. We have a little bit more opportunity to drive consistency across the whole thing. Next month we'll all be part of the same global network technology-wise so all of our offices are run exactly the same. Whether or not that translates to a system where someone can just pack up and work in another office depends on how rigorously the people over there apply the procedures. (Design staff – case 2)

6.2.3 Disparate Levels of Technology

The prevalence of information technology to bridge the geographic and temporal divides between markets indicates the importance of flows of information and channels of communication for the capacity of firms to enter international markets. In this section the barriers created by that dependency on information technology are discussed.

All the firms discussed the development and use of technology -particularly information technology – to facilitate the process of design firm internationalisation. The unavoidable geographic and temporal distance created through working in foreign markets means the capacity to communicate effectively is crucial. There were, however, certain barriers discussed by the firms in relation to disparate levels of technology between the firm, client groups and third parties. These barriers related firstly to the gap produced by different levels of technological development, and secondly, to the gap produced by comparatively inefficient levels of expertise regarding the technology.

The Chinese people are probably two to three years behind Australian technology in CAD (Computer Aided Drafting)' (Design Staff – case 3)

The above quote refers to the first barrier of different levels of actual technology between markets and countries. The different operating standards for the Chinese and Australian firm complicated the transference of design related information and thus negatively impacted the information flow vital for brief development, project processes and feedback gathering. The next quote discusses the second barrier.

Our client in this case is incredibly backward. They're using a project based website but they're using it as the last common denominator, and they probably don't even use it correctly. (Senior Partner – case2)

In this quote the level of technology available is not the issue, but rather the proficiency to utilise the technology to its utmost benefit. Certainly the development of a technology and the associated expertise are closely associated, but in many cases there is a measurable lag between the incorporation of technology and its skilful usage. The statement 'using it as the last common denominator' is in reference to the technology's use at a level far beneath its capabilities (and presumably the level at which it is being used by the firm themselves). In the case outlined by the firm 2 quote, the project based website had the potential to substantially improve the transference of information by providing a singular source of data with a high level of accessibility. The system being employed and then not used 'correctly' was both an inconvenience and a frustration for the design staff particularly – whose roles are most affected by the level of access to relevant detail.

The general theme arising from analysis of barriers related to market knowledge was that the firms considered the information as available, and the barriers concerned access at the level of informational knowledge and the formalisation and utilisation of experiential knowledge as a resource for the firm.

Underlying this barrier to understanding is the theme of communication between cultures, identified by the firms as the single biggest and most challenging barrier associated with internationalisation. Analysis of the themes across the range of barriers discussed above has identified the need to differentiate between the manifestation of a barrier in a particular form and its underlying causes. Barriers of different types and qualities were often identified as originating from the same root set of causes and conditions, and in general, the barriers and challenges that were successfully managed or overcome were those that were addressed at this level of cause rather than the surface level of manifestation. Central to a firm's capacity for sustainable business in international markets is the extent to which it can manage difficulties arising from cross-cultural communication. In the next section the issues and barriers surrounding the complex site of cross-cultural communication are considered.

6.3 CROSS CULTURAL COMMUNICATION

Cross-cultural business communication on international projects is an important part of managing design on a project basis and managing for design on an organizational level and there are various strategies undertaken by firms. Within the context of design management, effective cross cultural business communication becomes an important part of the ability of an organization to develop knowledge to export, enter new international markets and to then maintain a strategic position within various markets. Cross cultural communication is identified as a primary barrier by the firms analysed in this study and also as the underlying cause of many of the surface level manifestations of barriers outlined in the previous section.

In relation to the barriers encountered, the results from this study generally support the literature in identifying the primary issues confronting exporting design firms as being cross cultural communication and the development of social and business networks with strategic partners and suppliers (Draganich, 1998). However, results demonstrated the field of cross-cultural communication to be a much more complex site than previously addressed in the literature. Barriers and problems in cross cultural communication are usually seen as revolving around translation between languages and personal interpretations of meanings, and this is certainly an important element. Yet, gaps in cultural understanding can also often be the product of differentiated cultural values, and of limits in conceptual continuity and compatibility between niche areas of expertise. Significantly, the quite obvious language issue can act to obscure awareness of more subtle barriers to effective cross-cultural communication.

Thus, whilst issues of cross-cultural communication appear to be obvious, there is a relative lack of understanding of the complexities related to cross cultural communication difficulties. There is also a relative absence of explicit measures such as policies and procedures formally designed to manage these potential problems. This study has identified that communication between cultures occurs in three different contexts; (a) between national cultures (including language differences, cultural understandings and social customs), (b) between corporate business cultures (management styles, processes and procedures), and (c) between project cultures (fields of expertise, niche specialisation and conceptual compatibility and continuity). These three contexts regularly overlap and interpenetrate to create the complex field that is cross-cultural communication.

The central issues that emerged from the analysis concerning cross-cultural communication are better considered as underlying contexts caused by the interrelationships of cultures operating upon each other. The benefit of conceptualising the following discussion from this perspective is to allow distance from the primarily negative connotations of the term 'barrier', which suggests impediment to desire, and which must be 'overcome'. Cultural interaction is not a 'barrier' or an unavoidable by-product of 'doing business'. Cross-cultural communication is what *facilitates* the entry and maintenance of a position in an international market.

The interpenetration of the three contexts outlined above produces certain conditions and effects that must be negotiated – they cannot be avoided – but must be managed strategically and used efficiently. The predominant cross cultural communication dynamics outlined by the firms were geographic and cultural distance from the country – and national culture – in which the market is situated, the interrelation of project and business cultures impacting the way a firm does internal business and its relations with external businesses, the dissociation from local contexts caused by dislocation from client and project site that especially impacts the function of design teams. These issues are discussed in this section.

6.3.1 Geographic and Cultural Distance – Linguistic Differences

The most obvious and immediate cross cultural communication difficulty centred on linguistic differences and the need to translate information between languages. For the firm in case 1, the predominance of this issue can be interpreted as an outcome of their strategic and organisational structure, with this particular firm avoiding local offices in favour of partnerships with local enterprises. Inevitably then the translation of information moving in either direction was a basic condition for business. Underlying these issues were more subtle communication gaps revolving around niche specialisation and fields of expertise and the required conceptual continuity between them.

'We had to get all the written text translated here and so we employed a person here to translate all that...but, [The translator] was an architect and she didn't necessarily understand all the form of the landscape architectural component'. (Design Staff – Case 1)

Most cross-cultural communication difficulties were attributed to these two elements or their interaction. This perception somewhat concealed a further level of communication gap, that occurred because of differences in cultural values with the market host culture. These interrelated contexts influence almost every aspect of the management of the design phase, such as; payments, regulations and building codes, client contact, client desires, brief requirements, and feedback on design. Indeed the development of the brief and translating brief requirements thus becomes a crucial issue.

Client requirements and desires were influenced by cross cultural communication and complicated in the sense of information passing between cultures – mediated by a third party – *'a collaborative group in china...[who] was having all the contact with the client and they were communicating the requirements through to us'* (Design Staff – case1). Thus difficulties arise in the design team knowing their ideas have been accurately conveyed, in terms of whether the translator understood the conceptual field and if the concepts were correctly translated into the host language. The following quote demonstrates both the issues of linguistic capacity and limits as well as conceptual compatibility and continuity emerging from niche specialisation, and how they can interrelate to present complex problems for cross cultural communication.

If you're talking about water sensitive urban design, well I mean I have no idea what the Chinese term is for that or whether she translated that appropriately. The information I was getting back from the architect over there, who was managing that team, he wasn't thoroughly aware of water sensitive urban design or landscape architectural requirements. I don't think we ever sort of got the full story'. (Design Staff – case 1)

This problem is attributed mostly to cultural distance – primarily linguistic – and therefore requiring a translator, which was then exasperated by differences in niche specialisation. Behind these gaps in cultural and conceptual continuity are discernable differences in cultural values that also have contributed to the barrier. Architecture and design within Australia as a developed nation has been increasingly tending toward sustainable and ecologically sound design and development, and thus the conceptual field of 'water sensitive urban design' exists in the first place, and is valued in the second. These values do not necessarily translate to China, which as a (rapidly) developing nation has a differing perception of values and needs associated with water usage than the perennially dry Australia does. The fundamental gap that can exist between cultures and its potential impact on cross cultural communication practices is well delineated by this example. Interestingly, the problem was perceived as being a breakdown in communication related to niche specialisation rather than differences in cultural values. These perceived differences meant that many ideas were transmitted through *'sketchy ideas and images like that to illustrate to them how it could be incorporated'* (Design Staff – case 1) in order to circumvent problems of a lack of shared conceptual compatibility. Geographic distance meant these 'ideas in rough sketch form' were sent over for comment in terms of site-specific suitability – but also for conceptual clarification:

We'd keep getting back drawings that didn't quite do that. The link between the highly technical engineering aspects and the conceptual requirements in terms of drainage didn't appear to be there'. (Senior Partner – case1)

The conceptual compatibility was missing which normally would allow a smooth translation of needs, requirements and possible responses to them. The proposed strategy for reconciling these differences and allowing the smooth translation of ideas centred on closing the geographic gap to enable a more direct interaction in order to convey the correct meanings and relations between concepts; *'The only way you'd overcome that is either having one of these experts in that field come over here'* (Design Staff– case 1), and indeed this was a strategy used successfully by the firm in case 2. However, the problem with this solution in terms of the experience of the firm in case 1 was of course that *'they didn't have any experts in water sensitive urban design'* (Design Staff– case 1).

This example demonstrates a significant issue in the recognition of cross cultural communication difficulties, being that the most obvious reasons for the communication barriers or gaps in understanding can be the least important (as in the most easily resolved – such as geographic distance). Yet the very obviousness of issues such as linguistic difference, can serve to partially conceal the subtler and more significant issues. Culturally specific values and interpretations are the textures that give language its richness and largely determine what meanings are available and how different people will interpret those meanings.

Difference in interpretation during the translation process became evident through *'a little bit of feedback from the person over there...he spoke quite good English'* (Senior Partner– case 1). These different interpretations were 'slightly different' with 'slightly different nuances', and were affected by both personal interpretation and linguistic limits. Personal interpretation is directly related to conceptual continuity, in that the field of expertise in which a particular individual is located and therefore the knowledge available to them dramatically influences their interpretation of information. While linguistic limits is related to wider cultural factors, like whether direct and precise translations of some terms, words and concepts even exist in the other language. What this passage indicates is that cross-cultural communication between countries and organisations is affected by project culture where this refers to the conceptual compatibility and continuity that allows the smooth transference of information via a shared field of knowledge. This is the case primarily between specialists in different niche areas, but is also influenced heavily by the cultural values and ideals that form the background to the communication.

For the firm in case 2, certain dimensions of the global model and strategy have a profound impact on the types of cross cultural communication difficulties that arise, and the means through which they are managed. The predominant selection of international markets that 'speak English' is one such influencing factor. While to an extent this is a product of selecting and entering English-speaking markets, it is more so a product of business deals being done with international clients. It is generally agreed that English will eventually become the dominant global language if it is not already, and the multinational nature of global trade and business indicates that command of the English language is an essential business skill for entities looking to do business internationally or on a global scale. Accordingly, the global status of the firm analysed in case 2 and the predominantly global status of the majority of this firm's client's means that the bulk of business is conducted in English and issues relating to the translation between languages are largely ameliorated. This is not to say however, that there exist no issues and barriers related to cross cultural communication. Language remains only one element.

'You'd think there'd be you know interpretation and translation problems all the time but they're very minor translation problems. They speak English beautifully but it's about how you describe things and I'll drop some word and I knew I shouldn't have, bang that is the description of that part of the building for ever. You've got to be very careful about how you

describe it because that has connotations to other things which would be very culturally significant to them.’ (Senior Staff – case2)

This quote draws attention to the important difference between ‘surface understanding’ as carried by the strict definition and translation of the meanings attached to various words, and the richer and more detailed ‘deep’ understanding that depends on an awareness of cultural nuance and subtle culturally specific differences in meaning. Thus, for firm 2 also the linguistic barrier did not pose the greatest challenge. For this firm the status of their clients as English speaking, or at least individuals within the client group with proficient English skills, did itself not overcome this challenge. What remained was the gap in understanding between disparate cultural values and culturally specific meaning.

Likewise, the firm in case 3 readily identified the ‘critical’ importance of overcoming not just linguistic differences, but also providing for a level of ‘deeper’ communication that conveyed the various elements of subtle meaning that go beyond the strict translation of words:

‘The big issue in China or anywhere is a good interpreter. You’ve got to get the right interpreter otherwise you’re wasting your time if he or she doesn’t translate exactly what you say with the exact feeling to the Chinese or Russians, you might as well close the door and go home’. (Senior Partner-Case 3)

The language itself presents certain barriers to accurate and detailed translation of meanings, and yet even if direct translations can be found, strict linguistic translation and interpretation still only carries ‘surface meaning’ rather than ‘true meaning’. In order to communicate effectively between cultures it is crucial to understand the non-linguistic factors in communication – the subtle differences and nuances surrounding certain meanings and values that are culturally specific. This dimension of cross-cultural communication is a theme identified by firm in case 1 also.

It’s so important to take somebody, not just an interpreter, it can be an absolute disaster to go with an interpreter that actually just gives the words back in the other languages, it’s a disaster. The intent’s never there, the message doesn’t get across, it’s very confused and we never really know where we stand.’ (Senior Partner - Case1)

The firm analysed in case 1 stressed the two-way nature of cultural understanding and made clear the advantages associated with clients and partners who had that capacity. Cultural understanding does not solely consist of recognising and understanding differences between national cultures, but also between the business cultures that operate within international markets, and which may well be based upon entirely different values. This point was highlighted in a theme emerging from the analysis regarding the extent to which the Chinese partners and clients possessed a modicum of understanding of how Australian firms do business impacted favourably upon project outcomes.

‘It is skill based but it’s also understanding the other entities and business. I mean it’s not just the everyday work, it’s about understanding how we do business...how payments work and how you’ve got to keep the business going’. (Senior Partner - Case1)

Payments were an issue – as discussed above as one of the primary financial difficulties associated with internationalisation. Some instances of late or irregular payments were identified as relating to undesirable client behaviour. However, issues regarding payment were predominantly understood by the senior managers as being a product of differential business cultures, and this presented a variety of ‘challenges’. Similarly the differences related to working patterns:

They work by the calendar day not the working day. They work through the weekend and they don’t have all these working hours and that kind of thing, they just keep on and finish the project. If nothing comes through they have a longer break and that kind of working pattern...They always say we find you Australian firms a bit slow’ (Design Staff – case 1).

These kinds of business and country orientated cultural difficulties were most pronounced when they impacted one another, for example when relating to cultural practices such as the celebration of festivals. In particular the different values placed by cultural insiders and outsiders relating to national holidays such as Chinese New Year and Christmas Day. For the design firm working in a foreign country, there is an expectation to demonstrate cultural awareness and *'to respect their festivals and things, like Chinese New Year'* (Senior Partner). This requirement apparently does not extend to the host culture regarding the firm's original culture. *'It's sort of a one-way system. [As in] you will not get us for Chinese New Year but we want to get you all over Christmas'* (Design Staff – case1). As the underlying tone of this last quote may suggest, cultural differences and a consequent lack of cultural understanding have the potential to negatively affect perceptions if not managed properly.

Often people don't understand that aspect of our business and how we work in Australia, you know there's legal issues and contractual issues that we feel strongly about that might not be the same in China and so it's not just basically technical aspects of it...It's definitely two-sided' (Senior Partner – case 1).

The need to establish a level of 'deep' understanding based on cultural awareness is a significant issue impacting upon the internationalisation of design firms. However, solutions and overcoming strategies rely on a two-way effort to understand both the national and business cultures of the other. The issue of 'deep understanding' is not restricted only to the development of an understanding of the cultural meanings prevalent in another (international) market. Gaps in understanding caused by subtle variations in meanings, values and expectations are equally important within the firm itself and also in gaining an understanding of the business culture operating within a particular market.

6.3.2 The Interrelation of Project and Business Cultures

This section examines the influence of the corporate or organisational business cultures as 'ways of doing things' within firms that also impact cross cultural communication situations and the development of effective project cultures between firms and clients.

It was recognised that cultural understanding revolved not simply around linguistic differences or nuance associated with a country's cultural meanings, but also referred to an understanding of how the client in the other country did business. It is not obvious that there is a potential gap in understanding between business cultures and day-to-day expectations when attention is focused on the more readily observable and major cultural impacts associated with linguistic differences. The design process is not only dependent upon functional requirements in relation to the facility but also an understanding of clear client organisational goals and values, which is reflected in its business/organisational culture.

The firm in case 1 identified a differing perception as to the amount of productive work achieved within the formal framework of the business 'meeting', and this was even more so in cross cultural communication scenarios that depended on the translation between languages as crucial to the functioning of the meeting. For the firm in case 1, their business culture was structured according to a 'different approach' than the business culture of their client group. The differentiation in approach generates a project culture – a merging of two discrete business cultures - in which meetings are considered problematic and are not particularly regarded as 'being productive'. This lack of productivity is not an outcome of the inherent nature of meetings, but due to the discrepancy in the ways the two business cultures are organised and the values upon which they based.

'There seems to be a hell of a lot of time spent in meetings which we don't regard as being productive but that's a sort of different approach and they're even less productive because you have to sit around and everything has to be translated and it takes ages for that to happen' (Senior Partner – Case1)

For the firm in case 2 there was a similar scenario relating to understanding the business culture of the client group. In particular this related to the way that meetings were conducted

and points of differentiation in the relative importance of both the meeting itself, and, cultural interpretations of how to behave in meetings and to demonstrate interest and understanding within the formal meeting context. In this example it was a case of the senior partner responsible for client contact with an international (Middle Eastern) client group importing into a cross cultural communication context Australian ideals and values associated with the 'proper' way to conduct meetings. In doing so, and without explicit understanding of the process, the limits of an Australian 'ideal model' was revealed by forms of behaviour that were outside the Australian model of appropriate meeting behaviour.

There's always a cross-cultural thing...there's a number of different levels in terms of the client. It was my second presentation, you know PowerPoint and yabbering on about a big idea and the key person in the room, he walks out – he is the Sheik's right hand man, and he actually walked out after twenty minutes. This is in the middle of doing the big sell. So I said, "Well is there an issue because obviously he hasn't got time for what's really important, we actually need his input on this, like big picture stuff and he doesn't like it". And they turned and said, "Look no, no it's Ok he'll be back". It took a long time to get my understanding about how the Sheiks do business.' (Senior Partner – Case 2)

The above quote demonstrates how differing business cultures produce different types of actions and expectations and also act to inform those expectations. The different business cultures produced the divergent actions, and the surrounding cultural interpretations transformed the perception of those actions. In this instance the potential miscommunication was minimised by the presence of others in the meeting who could interpret the actions of the Sheik in the correct cultural context for the senior partner. It is easy to see that once the senior partner possessed a level of understanding as to how 'the sheiks' or any international client does business then the potential for misinterpreting actions is minimised.

The firm in case 3 also identified the 'meeting' as a potentially problematic site due to the dissimilar business cultures and their impact upon one another. In identifying similar issues as firm 1 as being significant, the penchant for detailed discussion as prevalent in the Chinese business culture was consolidated. There was a tendency to attribute the source of the problem to the language difference and consequent need for translation, rather than recognising the underlying issue of two disparate business cultures seeking to find common organisational values on which to develop a productive project culture.

'They have morning tea and lunch and they have to discuss everything. Everything must be discussed. I always need a translator beside me basically it gets very difficult. You find that a one or two hour meeting in Australia takes two days in China. (Design Staff – Case 3)

The above examples from all three firms exemplify the nature of the dynamics occurring when a unique project culture develops out of the interaction of two differentiated business cultures – and the difficulties inherent in making that project culture appealing and productive to both the firm and client group. The need for an in-depth understanding of the business culture prevalent in the international market in which the project is situated is essential. A functional understanding of this kind would defuse many potential cultural misunderstandings.

The above examples also illustrate a dominant theme of the research; the immediate barrier of linguistic variation and the need for translation encountered in cross cultural communication scenarios often acts to disguise understanding of the complexities of cultural interaction at play. In light of this point it is interesting to consider problems drawn from the interrelation of project and business cultures that are not as easily defined as resulting from a language barrier.

6.3.3 Differential Cultures within the Firm

As well as identifying the somewhat 'hidden' gaps in understanding that exist between firm and client as a result of differentiated business practices and cultures, the firms analysed also identified similar types of gaps existing within their own firms. Primarily these were the result of the procedures and processes involved with different levels of staff as a product of their fulfilling different roles within the organisation. This section examines some issues arising from the interrelation of business and project cultures within a firm rather than between firm and client group.

Senior Staff and Design Team members are clearly defined as responsible for different aspects of both the internationalisation and design processes. In itself this is not a problem and can be considered a natural aspect of any organisation where different levels of seniority determine different functions. One outcome of this, however, is that the entrenchment of standardised and routine ways of doing things into a firm's organisational (business) culture and project cultures can lead to a resilience to change and inertia in response to the need to develop reflexive capability as both a firm and as individuals.

The following examples demonstrate the gaps in understanding and potential barriers to the design process relating to differentiated perceptions and different experiences of the firm's business culture for the two levels of staff.

In case 1, a discrepancy appeared between staff at management level and design level in terms of awareness of design philosophy or organisational goals as an overarching set of values. Consider this quote:

'Why we are doing the work...it generally doesn't get said, "look we're doing this project because we want to expand our vision into Asia or we want to have a reputation for doing massive master plan project." Sometimes it happens at different levels of people within the organisation but I'd say there probably isn't a great understanding of why we're working in a particular region' (Design Staff – Case 1)

This refers to the dynamics of internal information flows within the firm in terms of what management believes is necessary and useful information for designers to have. The overall strategic goals of the firm are not generally communicated throughout the organisation, and design team staff is thus operating with a less complete or long term set of parameters. This indicates a hierarchical relationship between senior partners as responsible for the management of the design firm, and design staff as integral components of the design process.

The firm in case 2 also demonstrated a differing perception between the management levels and the design staff. As a process of information transfer from the client group through the senior staff responsible for client interaction to the design staff, the briefing and design processes involve both internal and external flows of information. Perhaps not surprisingly, the senior staff interviewed placed primary emphasis on this process of information transfer as paramount to meeting client's needs, whereas the design staff placed emphasis on the *design process*. For certain these two issues are closely intertwined, as the quality and accuracy of information designers receive profoundly impacts their ability to design suitable and appropriate buildings. The difference is simply that for designer's, the quality of information (and therefore the information flow-process) is evaluated according to its impact on the design process, whilst for senior management, the quality and success of the information flows are determined by client satisfaction. These slight differences in perception and evaluative standards produce different interpretations for the two levels of firm staff.

For the firm in case 3 there were little explicit reference to or recognition of an internal culture that actively defined the way the firm conducted its business. This can be seen as a product of its structural organisation, with only a single Australian office there is little opportunity for gaining a suitably removed perspective on the firm's day-to-day operations. The lack of

conscious awareness of an organisational culture does not necessarily mean the absence of a business culture. There were various implied dimensions of the internal culture mentioned. These related to the longevity of many of the Australian staff, which has remained with the firm over long periods, and produced *'a fairly steady staff that know what it's all about'* (Senior Partner). This quote implies that the social capital involved in the internal processes and procedures of the firm are fairly high, with a high degree of trust and respect for the employees from the management, and also a fairly high degree of employee satisfaction. Another aspect of the internal culture was revealed through discussions of intellectual capital in the form of educational background in relation to staff.

'Most of them have degrees, engineers, estimators, a few draftsmen but mainly the guys just supervise jobs or run jobs or project managers they've all got an engineering background or an engineering degree' (Senior Partner – case 3).

The result is a level of conceptual continuity and compatibility across the firm that results from a shared experiential and knowledge background. This compatibility is crucial not only for developing an internal firm culture but also functional project cultures. Indeed, the structural organisation of the firm in case 3 as design and construction serves to limit the different business cultural influences by minimising the number of entities engaged with throughout the life of the project. Within this organisation there is also a less clearly demarcated separation between the design staff and the management meaning that within firm 3 there is less scope for different perceptions of the firm's business culture.

6.3.4 Dissociation from Local Contexts

The capacity to meet client requirements and therefore achieve client satisfaction is largely dependent on the transmission of relevant detail to the design staff responsible for developing appropriate design solutions. This is aided by an awareness of what is culturally appropriate relevant to the country culture and the local environmental and cultural contexts are crucial. The particular strategic organisation of the various firm's internationalisation processes provide varied contexts for experiencing this difficulty and also varied resources and means for overcoming the barrier. However, what is similar across all firms researched is the tendency towards Senior Partners being responsible for client interaction and thus development of the brief. This creates a dislocation from the local contexts required by design staff in order to gain a 'deep' level of understanding and to produce culturally appropriate design solutions. This section examines barriers relating to the dissociation of design staff from the detailed contexts of various projects.

For the firm in case 1, this results in a separation for the design staff from any direct source of information or feedback. This separation produced a relationship to the project for designers that they characterised as 'abstract', implying that it lacked any material reality and context, and was instead just 'lines on a page'.

'That made a big difference, how involved you got with them and how much briefing you got from the person that was connected to the person in China. Sometimes you didn't feel very connected at all, it was just lines on a drawing. It kind of gets lost in, almost lost in translation, not just literally but I think the intent and everything gets filtered down so you're feeling very abstract about it' (Design Staff – case1).

It is unclear to what extent the level of personal engagement a designer has with a project influences the quality of work produced, however the reference to *'feeling very abstract about it'* carrier connotations of a lack of emotional involvement. This is an issue recognised by the Senior Partners in firm 1 responsible for developing the brief in relationship with the client. The particular individual interviewed demonstrated a high degree of understanding as to what entails a 'rich' descriptive brief – identified as the 'true brief' as opposed to the 'written

brief' – referring back to the differences between strict linguistic translation of meaning and the deeper cultural understanding that comes from possession of cultural awareness. In the context of international projects, for the firm in case 1, the third party relationship is relied on heavily to supply a detailed translation of the client's needs and requirements. For example, consider this quote from a senior manager who undertakes much of the responsibility for the 'front end connections with clients' identifying his dependence on the third party for translation.

'I can't understand a thing the client's saying of course because they don't speak English and if they did, English doesn't really make sense, you certainly don't get enough out of it, you can understand what they are saying but you don't get the true meaning' (Senior Partner – Case 1)

This dynamic adds an element of individualised interpretation that potentially complicates the process by adding another site of potential misinterpretation. The partner then develops a more detailed understanding through discussion with the third party.

Interestingly, it was a general theme emerging from the analysis of all three firms that the senior partners perceived that *'there is no difference between international and domestic projects'* (Senior Partner – case 1) and the internal briefing process for international clients and domestic clients is *'much the same'* (Senior manager – case 3). This may indicate a lack of awareness of the complexity of potential problems and challenges associated with the addition of the cross-cultural communication barrier. It may also indicate a lack of awareness of the extent to which the information gained to the senior staff's level of satisfaction is being transmitted to design staff at the level of detail and accuracy that they require in order to work on the project efficiently.

For example, the same senior partner (case 1) who has the responsibility of delivering the 'true brief' described the kinds of background research undertaken to supplement the discussions with the third party concerning the client's requirements. These measures are in an effort to supply the local contexts that design staff indicate are the difference between an 'abstract' mental relationship to the project and one that is 'deeply engaged'.

'I go through everything, I read papers, I read the local papers, I read the issues. You've got to find out all those things to really understand the culture and that's not in the brief and yet it would be in the brief. So there's a lot of background stuff and I'll go to cafes and talk to people and find out what it is that are the real issues of the place' (Senior Partner – case 1).

This quote, and indeed the whole process, raises two issues. Firstly, having stated that there is no procedural differentiation between international and domestic projects, and identifying this local exploration as instrumental in gaining the 'true brief', the first issue centres on to what extent it is possible in an international context to access relevant design detail through local exploration. It could be supposed that an extremely high level of cultural awareness and bi-lingual capacity would be required in order to understand the 'real issues' of a local community in a foreign country. As this partner requires a third-party to translate the client's requirements from the host language, it is uncertain whether this is achievable in the context of an international project.

The second issue revolves around the extent to which the 'true brief' is transmitted to the design staff that must work on the project, especially considering the local contexts are by definition beyond the direct experience of the design staff that is working remote. Certainly it appears that the design staff has a different perception regarding the amount and type of information required for them to perform at their desired level.

A second major barrier to the effectiveness of internal information flows in the briefing process relates to the dynamics of that flow. Occurring often in group contexts (team briefings – interactive) the group-interactive context as a process of 'obtaining information' is made more difficult by the fact only one person had 'been over there and liaised with the client', and involving a variety of media: photographs of the site, written information from a

report detailing the desires of the clients and requirements of the brief. This is perhaps a normal process in design where the exchange of information needs to be interactive; however it is made particularly difficult for design staff that has no knowledge of local contexts to ask the right questions and therefore access the required information. Again, the difficulty of gaining feedback from the foreign client or partner exasperates the problem by adding cross cultural communication difficulties.

You're not getting a lot of feedback that makes a lot of sense. I think sometimes it's just a guesswork job. Sometimes it was through the contact here, or the project architect in charge of the job. It would be a briefing from them to us and then further information would come, reports or drawings that we would get. So it would be like a gathering of everything together for us to piece it together' (Design Staff).

Without doubt, managing the briefing process and ensuring the internal flows of information are capable of delivering the required type and quality of information to the design staff working on international projects is a complex and fundamental issue. As with so many other aspects of design firm internationalisation, it is also thoroughly affected by the extent of social, cultural and intellectual capital possessed by the firm and the ways it is utilised. The particular difficulties for design staff to access the type of site and culturally specific information they require within the context of information flows structured in this way is further enlightened through a discussion of case 2.

The organisation of firm 2 according to the global model and strategy defines certain parameters. The central premise of that model – that design work is 'outsourced' to Australia from various offices located in international markets – means that designers are dislocated from both the client group and the site location of the project. In case 2, primarily client contact and interaction is also the domain of senior staff, and therefore responsibility for the quality and accuracy of information flow concerning the brief lies with the senior staff. Consider these two quotes:

'I've done this project now for eight or nine months and there are points where I'm the only person who's had a face to face discussion with anyone [from the client group] and therefore I am continuously reinterpreting stuff.' (Senior Partner – case 2)

*'All client contact is through me. *** did not have any contact with the consultants. I fed the bits she needed back. It was pretty simple, it seemed to work very easily and there wasn't that much coordination involved'.* (Senior Staff – case 2).

These quotes indicate two important points. Firstly, senior staff are aware of their responsibility for transferring the design brief, and of their crucial position as the interface between the external and internal flows of information. It is likely that they are in possession of the required social, cultural and intellectual capital to be successful at this task, and are confident in their capacity to gather and transfer the design brief. Secondly, this role requires a degree of (re) interpretation and selection of material, in terms of both content and importance placed on different aspects of the information entering the internal flow.

The first quote highlights the extent to which the individual's personal interpretation of material affects the flow of information, and this is made more significant by the value that both designers and senior staff place on face to face contact and interaction as a means of transferring accurate information. The second quote demonstrates the role this interface position has not only in interpreting and transferring information, but also in evaluating it in terms of importance and relevance. In saying 'I fed the bits she needed back', this senior staff member is acknowledging that not all the information she received was transferred to the design team – only certain 'bits'. The judgement on which particular bits 'she needed' is apparently based on the senior staff's perception of the needs of the design team. As stated above, this perception is based around a slightly different emphasis – one that is focused on outcomes and end results rather than the actual *process* of designing. Thus there is the potential for information that designers consider vital to be left out of the brief.

The positive perception senior staff hold of their part in this information flow is particularly evident in the second quote: 'It was pretty simple...worked very easily'. This confidence in their role and indeed in the entire briefing process is an indicator of their evaluation of its success as determined by outcome or end result - If the end result of the design process is a satisfied client, then their role in the development of the design brief has been done effectively. To an extent this confidence is the result of a high degree of trust in the designers as a team; that the firm culture promotes clearly identified roles within a team-orientated working environment, and design staff has the required skills to perform these roles at a high level. There is, however, no objective means of measuring the potential difference between a successfully completed project that meets client satisfaction and the level of *possible* satisfaction that could have resulted if the design process had been more effective – if the detail supplied to design teams had been of better quality.

Certainly the firm in case 2's success in international markets and as a global company implies that the procedures involved in the briefing process do indeed regularly produce satisfied clients. One of the primary reasons for such success could well be attributed to the fact that the firm in case 2 utilises senior staff in the crucial interface position that have previous design experience, and therefore first hand knowledge of the design process, what it involves and how best to facilitate it. This again highlights the importance of the right forms of intellectual and social and cultural capital in this centrally important location within the information flow.

However, despite the perception of effectiveness and confidence in the briefing process held by senior staff responsible for client contact, for the designers in case 2, there is still a degree of abstraction identified in relation to the projects. This dissociation from the local contexts is recognised as a considerable barrier to producing appropriate design solutions and meeting client desires. Consider the following quotes:

The struggle we have with overseas projects is we come from a philosophy that architecture should be responsive to its local context, now we're doing a project from here and we are in many ways not understanding some of the local issues over there. So there's a level of blindness going into certain projects and that's where we need a lot of our local offices to support us in letting us know what are some of the issues that you've got to be careful in dealing with in that particular context. (Design staff – case 2)

My preference is working on local work because I get to deal with the client, go to site, actually watch it grow and at the end see the finished product so from my point of view I get more personal satisfaction out of that. However I'm quite happy to do international work but it is like dealing with pretend projects. (Design staff – case 2)

These two quotes delineate the two issues emerging for design staff from their dissociation from the local contexts. The second quote clearly identifies the elements absent from the designer's relationship to an international project that mark it as an abstract or 'pretend project'; client interaction, a personal familiarity with the project site, and interaction with the projects physical development in 'watching it grow'. While not described as crucial to the designer's ability to work on a project they are discussed as preferable. This is due to the 'level of blindness' that comes from 'not understanding the local issues over there', such issues can be environmental or cultural. In identifying that the 'support' of the 'local offices' is needed to supply the relevant detail places the pressure upon the staff responsible for client and site contact to understand what details are of concern to the design staff. As outlined above, this introduces the issues of an individual interpretation and evaluation of information that in a cross cultural scenario is considerably problematic.

Thus it can be clearly identified that for design staff, the essential quality of the design process is the dislocation from both client and site, and this produces several effects for their experience of the briefing process. Of significance regarding the delivery of the initial brief is their removal from the contexts of its development. A two-fold inter-related impact was identified as being the pressure to produce innovative and original design solutions to fulfil

environmental and cultural needs that are removed from the experience of the designer. This pressure is increased by the requirements of the brief to perform according to a defined time schedule or programme (negotiated and agreed upon by individuals often conceptually differentiated from an immediate knowledge of the design process), and the need to produce suitable, appropriate and appealing design solutions inside relatively limited time frames.

For designers, who consider the process of greatest significance, the initial phases of the development of the design are highly important. While both the design brief and the responsive design solution are potentially subject to change throughout the briefing process, it is the original ideas that need to captivate the client, and thus assure the project goes ahead. This is particularly the case in response to the initial brief, where design staff discussed it as ideal to achieve a fairly early agreement on design with the client. Achieving early settlement on at least the basic principles of the design solution is identified as perhaps the most influential factor on the efficiency and effectiveness of the briefing process. However, it was acknowledged that designing for an international client and site complicated the prospects for early settlement on design.

'Getting [the design] right early means you know as an organisation we can be profitable because we can be more efficient and we end up with a better product.' (Design Staff – case 2)

'I think it's fundamental in any project whether it is overseas or locally, if you can get the design settled quickly with the client, it gives you then the opportunity to later on develop other parts of it and make the client feel comfortable with it. So it's really trying to get the design settled to begin with, understanding the client's issues and you know it's easy to do it locally I think than doing it overseas.' (Design Staff – case 2)

This creates a situation, where the two goals of (a) 'understanding the client's issues' and (b) getting 'the design settled quickly with the client' are potentially contradictory, and the resolution of this contradiction has a direct impact on the efficiency and profitability of the project for the firm. The capacity to develop a design solution that satisfies the client is thus inevitably made more complex and difficult by the designer's dislocation from the client. Without face-to-face interaction, there is much dependence on information technology to transfer ideas, and client interaction is conducted through the senior staff. In both cases the capacity for reflexive adaptation of design ideas to client needs, comment and feedback is restricted.

In a similar way, the firm in case 3 acknowledged a design management process that involved internal and external information flows meeting at a singular position. However the potential for miscommunication of information to the design staff was obviously limited by the absence of any real design team. Rather the information was passing directly through the individual responsible for managing design. This comparatively simplified information flow goes a long way toward overcoming many issues caused by the designer's dissociation from the local contexts of client site and culture. Certainly the structure and function of the firm in case 3 as largely providing industrial design solutions means generally the client requirements are of a simpler nature than the large scale and complex projects engaged by the other two firms. While this does not dramatically alter the dynamics of the design process, it does make it possible to have a far smaller design staff and thus a far more simplified and direct relationship between designers and clients. Furthermore, the organisational structure of firm 3 with local offices and a number of Chinese employees means that linguistic barriers to communicating the detailed local contexts are more easily overcome through bi-lingual capacity.

Despite these advantages of scale, the designer in firm 3 still readily identifies dislocation from site and client as a barrier to getting the right kind of details at the right phase of the design process. Consider the following quote:

What I find harder is getting the right information at the right time and it takes longer than here just because of the geographical distance. Sometimes you don't get it, sometimes you have to guess and then go back and check or redo it if you find different when you finally get the information' (Design Staff – case 3)

This quote identifies the separation from client and site as more likely to produce hindrances to the completion of the project due to the absence of a timely delivery of information. Interestingly, the absence of the 'right information' at 'the right time' does not prevent the design process moving forward, but it does create a gap and place pressure upon the design staff to make do or 'guess' in order to keep the project moving forward in accordance with the demands of strictly organised 'schedules' and 'programmes'. Consequently workload is amplified because often the measures used to bridge the gap must be re-evaluated in light of the information when it finally arrives.

The designer in case 3, however, apart from difficulties in transmitting and receiving correct and detailed information as demonstrated in the above quote, went on to describe a more subtle cross cultural communication barrier that made timely delivery of information problematic. That is to say, that delivery of the 'right' information depends firstly on knowing what the right information is. In this sense, 'right' refers only to the forms of details that fulfil the designer's needs. Often the forms and types of knowledge and detailed information that satisfy the designer's requirements are conceptually differentiated from the client's perceptions of what is important and meaningful. Consider this quote:

Sometimes it takes a few faxes up and down or each way to get a response. I mean its not that they ignore it, it's just that sometimes they don't even know what we want. It's not that we don't understand each other it's just we can't get to the right matter to discuss. That's my problem sometimes; well often what's important for me is not always important for the whole job especially the client. You need to lead him to understand what I need to design it. (Design Staff – Case 3)

This quote adequately describes the complexity of trying to draw information in a dislocated context from someone who has a different conceptual framework and cultural basis for understanding. The dissociation from client and site is overcome in this example via communications technology, which itself adds another level of potential misinterpretation as compared to face-to-face communication – preferred by all firms researched as a superior means of accessing and sharing information. In this example however, what is of interest is the accuracy with which the designer identifies the source of the issue. In stating 'it's not that we don't understand each other it's just we can't get to the right matter to discuss' the designer differentiates between speaking the same language and sharing the same set of informing concepts, meanings and values.

What prevents the discussion of the 'right matter' is a lack of conceptual continuity wherein the client simply does not perceive the types of details necessary to the designer in order to produce a solution to the client's requirements. Correctly, the designer also understands that the gap in understanding is as much a product of his distance from the client's position. Furthermore, as it is not within the client's perceptual-conceptual field to understand the details that the designer needs, it is up to the designer to 'lead him to understand'. This is only possible, of course, if the designer has access to the client – which is the case in firm 3. However, for the other two firms, both of which have a larger design staff who are considerably more dislocated from the client, and a more convoluted information flow, it is easy to perceive the complex dynamic produced and the potentially negative affects manifested in the design process.

The complexity of cross-cultural communication as related to internationalisation is increased by its application to every aspect of the design (and construction) process. Cross cultural communication impacts upon the capacity to access market knowledge in the form of informational knowledge concerning the market as in export assistance information, and legal and bureaucratic requirements that concern the dynamics of the market. It also plays a

large role in the effect individual and venture experiential knowledge may potentially have on the profitability of a firm's international business practices. All experiences of an international market – invariably involving cultural interaction and the development of cultural understanding in international contexts – can be put to use as a resource for the firm.

The different ways that each of the firms enter and conduct work in international markets - a high frequency of dependence on local joint ventures for firm 1, local offices on the ground outsourcing work to Australia for the firm 2, and local offices involved as contractors for joint ventures for firm 3 - provide differentiated contexts for the internationalisation processes that they experience. What is of interest is that despite quite different modes of market entry, firm typologies and organisational strategies, the firms researched in this project encounter relatively similar barriers. Furthermore, the manner in which they have responded to these challenges, while different in approach as befitting the project-specific situation, are relatively comparable in their underlying principles. Also significant was the emergence from the analysis of data of an underlying theme that was the basis upon which all three firms attempted to overcome cross cultural communication based challenges and barriers.

7. DISCUSSION: SUCCESS FACTORS

Through an understanding of the nature of communication at its social and cultural elements it is possible to be consciously aware of the complexities of cross cultural communication, including the ability to perceive and address potential difficulties before they manifest into problems. This section is focused upon examining the ways in which social, cultural and intellectual capitals interact to influence a firm's business practices and generate financial sustainability in international contexts. These aspects of business practice are implicitly identified in surveys such as the RAIA (1998) study of success factors for exporting architects (see table in section 1.3.6). The top success factors were identified in that study as being the establishment of networks, understanding cultural differences, market awareness and informational knowledge. This study, however, goes beyond the mere cataloguing of success factors to get deep inside the practices of successful firms to clarify in rich detail not just what the success factors are, but how they are achieved. This study demonstrates that primarily the measures taken to alleviate and manage the difficulties arising from market entry and sustainability in international contexts revolve around the strategic management of social, cultural and intellectual capital resources within the firm.

Management of social, cultural and intellectual capital involves understanding the interrelationships between forms of capital, so as to be able to maximise advantage through the utilisation and leveraging of one form of capital to gain another. It also involves understanding the dynamics of the design process so as to be able to identify the requirements of any given point in the internal and external flows of information, and having the internal flexibility to place the appropriately skilled individual in that position. The putting in place of people with the right skills and forms of social, cultural and intellectual capital (including both a bi-lingual capacity and cultural understanding) is the primary solution to cross cultural communication barriers. Accordingly, given the analysis of barriers presented in section 6, the strategic management of social, cultural and intellectual capital within firms is also the primary means through which barriers to market knowledge and financial challenges are overcome. These three indicators directly influence financial performance, and therefore are key determinants of a firm's capacity for sustainable business practice in international markets.

The following sections discuss each of these forms of capital separately. However, a general theme running through the analysis is the fluid nature of forms of non-economic capital and their interconnectivity. The first section looks at the importance of social capital in developing alliances, partnerships and utilising formal and informal social networks. The second section looks at the role of cultural capital in developing reputation and image and the impact of winning design competitions on the accumulation of cultural capital. It also examines the impacts of cultural understanding as a form of cultural capital that facilitates the production of culturally appropriate and therefore successful international building designs. In the third section intellectual capital is examined to delineate the impact it has on gaining market knowledge and in particular cultural understanding as an especially valuable form of intellectual capital.

The final section examines reflexive capability – which in this context can be considered a conglomerate indicator of the potential for sustainable business practices. To the extent that the firms analysed can strategically and successfully manage their social, cultural and intellectual capital they can achieve a degree of reflexive capability. This capability of firms consists of a detailed awareness of practices and systems, a positive interpretation of change and a high degree of flexibility and adaptivity that allows the overcoming of barriers to internationalisation. Reflexive capability is discussed through examples of the importance of efficient and effective information flows, the ways in which firms train staff for greater reflexivity and increase the potential for reflexive capability in their processes and procedures.

7.1 SOCIAL CAPITAL

The number one success factor identified in the RAIA (1998) study of exporting architects is identified as being the establishment of overseas networks and contacts. This aspect of doing international business was described as crucial to success by 76.6% of exporting architects. In the context of this study, success factors such as this are discussed through the concept of social capital. Social capital is the creation of personal relationships and networks based on trust built over time. Members of a social network interact and gain through a symbiotic relationship between each other. Working in a network helps spread risks and marketing costs. Social capital has relevance for the project team networks and the firm and client networks. This is particularly important for certain positions within internal flows (between individuals and departments in the firm) and external flows (between the firm and client groups and other market entities) of information. This section focuses on highlighting the importance of social capital in developing alliances, partnerships and utilising formal and informal social networks. In particular it was noted that the informal social interaction was highly important in allowing trust to develop in social networks. Socialising with clients and partners also provided significant opportunities for demonstrating cultural awareness and understanding and thus converting cultural capital into social capital.

7.1.1 Social Capital and Social Networks

The importance of social networks for firms in international contexts is increased relative to their level of cultural and geographic distance from the market. For firms dependent on client following as the primary mode of attracting client's social networks are crucial. Firm 1 experienced the most obvious and fundamental barrier – geographic and cultural distance from the market and client, in relation to difficulties arising from the language difference. Overcoming this barrier required material to be translated between languages whenever information was flowing in either direction. To overcome these difficulties, the firm is structured according to a model that usually relies on involvement with a localised third party that possess more intimate knowledge of the cultural and geographic contours of the market in question. Such relationships ensure a minimum level of cultural understanding and linguistic ability is made available to the firm in relation to the briefing process and in dealing with non-English speaking clients in general.

The firm analysed in Case 1 also relies primarily on social networks for disseminating reputation and attaining new clients. The ways in which it establishes alliances, engenders trust, and utilises formal and informal social networks is therefore of interest. The firm recognised the importance of having long-standing relationships with other parties that fulfil functions where a high degree of trust is required. This related primarily to third-party relationships that dealt with cross-cultural communication as both translating and interpreting brief requirements or in local partners representing the firm in foreign markets. In the following quotes the essential parameters of alliances are identified as being trust and a mutual beneficence that leads directly to financial advantage:

They're kind of super proxies in a sense that they're not just our representatives but they're also using us in a parasitic relationship. They use us to get jobs and we use them to get jobs. So they not only trust us to work, I guess it's not just trust it's mutual obligation' (Senior Partner – Case 1)

It needs to be a longer association with somebody, it needs to be that sort of working together almost in the same team and this particular person that we work with in the joint venture, it's a very strong relationship and that's why it's been very successful' (Senior Partner – Case 1).

The analysis reveals that the social networks depended on by the firm to bring in clients are primarily the products of Senior Partners contact with various elements of the host country.

This can be seen as a natural outcome of the firm's tendency to prefer to send senior partners rather than junior staff overseas,

These are people that find these projects or they're contacted by their contacts in China. It's rare that we actually take junior people across into China' (Senior Partner – Case 1)

This factor impacts upon both the extent to which international social networks are developed and the types of projects made available through these networks. It is usually the case however that this selection is not made on strict seniority, but on the basis of who has the cultural background and experience required for liaising with clients. However, as noted in the previous section, the limitation of primary responsibility for client interaction to Senior Partners only (and often a single person only) can create the situation where the information flow is potentially confined and influenced by the personal interpretations of that individual.

For the firm in case 3 the development of social and professional networks was also paramount. Indeed market entry relied upon the pre-existence of social networks and the Senior Partner also acknowledged that the extended (and unavoidable) gap between market entry and a return on investments was due to the need to develop social networks and business contacts.

*You meet a lot of expatriates that move from country to country and when I came back here to start ***** I sort of kept in touch with some of those people and one of those guys got us started in Hong Kong and then another guy I knew did, he was actually a Polish guy and he had had some contacts in Russia and we got into Russia through him. (Senior Partner – case 3)*

Once in the market it's amazing how many referrals you get from different people, so once they know you are trying to export it is all contacts. (Senior Partner – case 3)

For firms dependent on client following as the primary mode of attracting client's social networks are crucial. The development of a reputation within an international market is seen to predominantly circulate through the formal and informal business networks. The following quote draws attention to the aspects of reputation that firm 3 recognises as being instrumental to attracting clientele even in the absence of marketing and advertising. As discussed in section 6.1, this type of method of attracting clients also serves to act as a filter or buffer against undesirable client types.

Unless you perform on time and with good quality you just don't last, it doesn't matter where you are. I mean that's one thing we do up there, we do it on time, we do it on good quality and we don't do any advertising in China but people are coming to us you know. (Senior Partner – case 3)

7.1.2 Social Capital and the Informal Interaction

Alongside the development of professional business networks as described in the previous section, another important theme emerging from the analysis is socialising with clients in order to build social capital as informal social networks. In many cases the distinction between these two forms of networks are permeable, with many formal or professional social relationships being initially forged informally through socialisation. Many initially professional networks are also strengthened through informal interactions. This section clearly identifies the benefit of recognising the value in both forms of social network and more importantly in understanding how these social relationships can be used to increase or strengthen business partnerships and client relations – and indeed be used to leverage social capital into other forms of capital.

The social environment provides a number of challenges related to developing and exhibiting a degree of cultural understanding. There is a close relationship between the development of social capital in the form of recognised membership in particular social milieus or business cliques and the capacity to demonstrate a cultural awareness, understanding and sensibility. In a social setting, these forms of cultural capital frequently involve partaking in cultural practices and activities that are simultaneously familiar in content – they revolve around eating, drinking and associated activities – and are yet foreign in context.

Firm 1 utilized social capital in recognising the importance of developing social networks on the professional level to access clients and on the informal social level to facilitate a greater understanding of client needs and desires outside of the formalised and restrictive ‘office and business’ conceptual space. In particular they took the opportunity to utilise the informal social interaction to understand the nuances of the host culture, and effectively exercised cultural capital in the form of an appreciation for the host country through the demonstration of an awareness for the country in many aspects that ranged from design issues to style of eating to details of ritual and custom. This strategy gained an insight into the ‘other’ culture, but perhaps more importantly demonstrating an understanding and appreciation of that culture that is difficult to achieve inside the formal business setting. Thereby strengthening the social networks based in the social capital of trust and respect through the exchange of cultural capital. Similarly, the extent to which the clients have an appreciation for Australian culture largely determined the capacity to exchange cultural capital into useable social capital.

As a particular form of cross-cultural relationship, the informal social occasion has certain dynamics that if understood, appear to greatly enhance the opportunities for converting cultural capital into useable social capital. Firstly, in dealing with (case 1) internationalisation into china the client’s local culture is on show. There is an interest for the host party to package and present their culture in the best light, and associated with this is a desire to impress using unique and valued aspects of their culture. This environment can create situations of conflict for the guest individual, who must find ways to demonstrate an appreciation for the host culture, and yet avoid uncomfortable situations and offending the clients. For example:

‘I’ve dealt with Korean clients for example who’ve wanted me to sing and I don’t sing. The Koreans do pride themselves on the fact that they can sing and they do like to show that off and I don’t sing and I don’t like to show it off’ (Senior Partner– Case 1)

Of secondary importance is thus finding alternative ways to relate. In the absence of direct communication this must often take the form involvement in activities to demonstrate a willingness to experience the host culture and openness to its cultural values. Cultural Capital in the form of an appreciation of the host country humour can be invaluable for both understanding the nuances of informal social interaction and for avoiding potentially difficult situations. Similarly, the extent to which the clients have an appreciation for Australian culture can largely determine the capacity to exchange cultural capital into useable social capital. As discussed above, cross-cultural communication is a two-way interactive process.

‘I joke with them and they understand and these people are also quite worldly, they’ve travelled, they know what people do in various cultures. Interesting enough, most of these people with the money, they know Australia quite well, they’ve been here or they know Australians, the sort of people we are.’ (Senior Partner– Case 1)

Interestingly, a willingness to be open to what the ‘other’ culture has to offer, while no doubt a benefit, is not as important as a capacity to display an awareness of different dimensions of that culture, and as such cultural capital is a precious commodity in the negotiation of informal-social interactions. There can be a certain amount of pressure or expectation to partake in activities that have the potential to bridge the cultural divide. As stated above these can often be familiar in general content but presented in a totally foreign way. For example:

'You've got to be very clear because the clients would order the most bizarre things to eat because that's the way they want to impress you and the most expensive things on the menu are things you probably never want to touch, you know things that well personally I draw the line at.' (Senior Partner– Case 1)

Interestingly, these situations provide a potential opportunity for demonstrating cultural awareness and exchanging it for social capital. While demonstrating openness to the host culture in the form of trying out various exotic culinary delights and cultural activities is valuable, one interviewee demonstrated how a knowledge of (and taste for) the less exotic fare known as 'peasant food', gained through a close working relationship with a third-party, demonstrated to the clients an appreciation of culture that could never have been gained by trying dish after dish of exotic food.

'So there's a degree of them wanting to impress you and you don't want to let them down, but the way I've dealt with that it's quite interesting the response I've had, is that I actually prefer the peasant food. I've learned so much about the food through this other person that I go around with, they're actually so impressed because that's what they want as well and the whole thing gets much more relaxed and we get a much better atmosphere out of that than them thinking they have to impress me.' (Senior Partner – Case 1)

The importance of all these examples of different challenges within the informal social interaction is that they provide the opportunities for both sides of the potential partnerships to get to know the other outside of the often rigid restraints of the formal business relationship. In the same way the language in the strict sense of definitions and translations of words cannot convey the fullness and richness of cultural meanings, the business scenario presents itself as a limit on how well clients and partners can get to know one another. The cultural formality that structures the 'business' interaction serves to confine topics and discussion to certain fields that are valued in the spheres of business. Associated with this is the self-restriction of involved individuals to certain modes of behaviour deemed appropriate in that setting. In contrast the informal interaction is less restricted by these codes of behaviour and thus present opportunity for a 'fuller' interchange between individuals. Interestingly, as the formal business codes of behaviour are not individualistic, but generally the same across the business culture, the comparative lack of codes associated with the informal context is perceived as somehow providing a forum for more 'real' communication. That is, allowing more of the individual's personality to be conveyed.

'I think what it does for the Chinese particularly, and this is why I do it, is I think they, when you're doing business on every day, like we're talking now, you know it's a business sense, they feel they don't really know who you are. But if you go for a few drinks and have a meal with them and have the big dinner with them and you relax and they see who you really are and they like you, then they want to do business with you and that's why I do it. And I also like to see them in a more relaxed way too' (Senior Partner – Case 1)

For the firm in case 3 it was also acknowledged that the informal social interaction was both well established within the Chinese business culture as a way of getting beyond the constraints of the formalised business interaction, and was also a very effective means of developing social networks. As outlined in the previous section, for both firm 1 and 3 the formalised business context of the meeting was largely seen as an unproductive interaction, and to an extent the informal interaction is understood as circumventing the difficulties arising from the interplay of two disparate business cultures and associated cross-cultural communication difficulties. As in the above passage, the informal social interaction with clients largely revolved around eating and drinking and thus presents a site for the host Chinese to present both their culture and their hospitality. The following quote highlights both of these aspects:

Chinese people like to take you out to dinner...they like to take care of you and feel good when you are taken care of. I've been really well looked after when I was over there...showed me around took me places. (Design Staff – case 3)

The senior partner in firm 3 recognised that as an entrenched dimension of the Chinese business culture, the host-guest dynamic within the informal interaction was not permanently structured toward the Chinese. Certainly the international firm is always in a place of being a visitor to the country; however, the opportunity existed for the firm to be the instigating party in relation to a specific informal interaction. For firm 3 the capacity to take the initiative was greatly enhanced by its organisational structure consisting of local offices and a fairly high number of Chinese employees. This gave the Senior Partner access to the cultural knowledge necessary to play the role of the host effectively, and thus facilitate the development of social networks consisting of a slightly more equal dynamic. The following quote highlights the value placed in the informal social interaction as initiated by the firm in the development of social capital.

In China you know you take them out for a lunch or dinner, which is generally pretty good, I mean that serves the purpose. (Senior Partner – case 3)

Similarly to case 1 above, where the opportunity to demonstrate cultural awareness within the informal interaction contributed to the establishment of both social and cultural capital, in this example the importance of cultural awareness and respect was vital. Similar also was the development of that cultural awareness and respect through intimate contact with Chinese individuals capable of sharing the ‘inside’ information. Thus in both cases social capital in the form of relationships with staff (or third parties for case 1) was instrumental in providing cultural capital in the form of a functional knowledge of the host nation culture which, in turn, was translated into social capital in the form of development of effective social networks with clients. The following quote demonstrates the importance placed on the initial relationships with staff capable of generating cultural awareness:

You’ve got to get the right guys to work with you and that’s very important to get the right Chinese or Russians or whatever they are, that work with you in the office or on the job, that understand what it’s all about and they can understand the culture and they can guide you and tell you, you shouldn’t do this or you shouldn’t do that. So that’s very important that you don’t upset the clients by doing the wrong thing by them and again that’s a bit of a learning curve. It’s all experience, it’s all learning, it gets easier as you go through I guess. (Senior Partner – case 3)

Significantly, this process had the additional effect of generating further points of intimate and unstructured contact with Chinese individuals providing more and greater opportunity for developing both the cultural awareness and the understanding of the nuances of Chinese business culture to improve the process. The establishment of a rapport with Chinese clientele through the social engagement was identified as basic to developing trust in the business relationship. It was also acknowledged that a professional and interpersonal relationship based on genuine trust and mutual respect could not be forced and must develop over time in an ‘organic’ fashion.

I enjoyed becoming friends with some of those guys and really once you get to know them the guys in Shanghai weren’t that bad, they were actually quite like me. They are not a lot different from us, other side of the world but that’s about it. So that was good to sort of understand them but it took six months to a year. (Design Staff – case 3)

It is these types of relationships that constitute effective social networks, and the development of the genuine relationships are what are behind the unavoidable gap between investment and return discussed in the previous section – in particular by firm 3 in relation to China. The need to engage in the informal social interaction to develop the required social capital is due to its entrenched nature within the Chinese business culture as a means of getting to know individuals. At the end of the day it is about creating trust, and a mutual concern that means that when things need to be done ‘outside’ the strict interpretation of the contract then the client or partner is willing to go that extra bit further. Consider these quotes:

In China, they’re fairly honourable once they work with you or once they know you, if you’ve got a problem like with the client you work for, he’ll fix it for you. (Senior Partner – case 3)

I need to rely on them to get us the right information so you trust them and they trust me to give them the right design. There's a trust, some form of trust there between us for the project to be a success. (Design Staff – case 3)

The above quotes demonstrate that this type of relationship is the motivation behind the development of social capital – and also indicate the importance of the informal social interaction as a form of social and cultural capital can be to the financial interests and eventually the sustainable business practices of the firm in an international market.

7.1.3 Social Capital and Developing Trust in Internal Culture

Firm's 1 and 3 exhibit a high degree of dependence on social capital in the form of professional and informal networks within the market. Largely this can be explained as an outcome of their organisational structure and strategic goals that characterise them within the client following typology. Social capital is also, however, a highly valued commodity when dealing with internal culture. Social networks and informal interactions as a mean of developing trust in interpersonal relationships are not restricted to relationships with entities external to the firm. For firm 2 in particular the development of trust in the internal culture was a prominent theme – much more so than the other two case studies. Again, this can be partially explained by organisational structure as a global group, meaning the internal culture for firm 2 is far more expansive and instrumental to firm 2's capacity for sustainable business practices. This section addresses the theme of social capital as a means for increasing the internal productivity of the firms.

In the case of firm 2 there is less dependence on the development of social networks within a specific international market. The predominance of international clientele and the structural organisation of the firm as a global entity mean that firm 2 is motivated to establish a global social-professional network. It is largely the perception across markets of firm 2's global reach and capacity that operates as the foundation of its reputation. However, this same organisational structure does impact the way that firm 2 utilises social capital differently to the other two case studies. The establishment of an internal business culture at firm 2 is explicitly recognised as significant because the set-up of local offices operating in several international markets promotes the need to drive consistency of process and communication across the global group. There is a need for trust and respect to be instrumental in the way that individuals from different offices (and global regions) interact. In many cases the provision of detail regarding the local environmental and cultural contexts is delivered by another office back to the design centres located in Australia. With little opportunity for checking and validating these details, and limited access to the clients themselves for design teams there must be trust in the individual providing that information.

Thus there is a high degree of social capital involved in the internal culture. This trust can be partially attributed to the global models success in attaining and maintaining staff with both the right personal character and commitment to the firm and the right areas of intellectual capital and niche expertise. This aspect is positively identified by both senior and design staff.

'Once the things are set up and are running and everyone knows their role I don't have to worry I know that someone's doing a particular part of it, it's sorted and he just plugs it in, I don't even have to question him, it's actually done. People just complete their little sections and then someone, virtually says print, they just upload it and it's sorted.' (Senior Staff– Case 2)

'That goes back to my whole thing about the team dynamics, having the appropriate people in the right areas so everyone can actually exploit their own roles. That's where the structure is really important of the team and that's where it worked really well.' (Design Staff– Case 2)

The point is simply that organisation according to the global model and strategy necessitates a team-orientated dynamic and structure, which depends strongly on the performance of

individuals in fulfilling the requirements of their particular role in the 'machine'. It is thus crucially important to the firm's sustainable business practice that the 'team' consists of the 'appropriate people in the right areas'. Consider this quote:

'Particular individuals got a certain design sort of qualification but it really comes back to an overall team collaboration, it's just, there's individuals in the team out there that have certain roles and they do it so well and it's just like you know all these parts to a machine they just, it just works really well and everyone's got their different roles and everyone respects each other's role.' (Design Staff– Case 2)

It is worth noting, that in this sense the appropriate person is the one with the right combination of social, cultural and intellectual capital, where the intellectual capital is articulated as a 'qualification' that marks them as an individual with the appropriate niche expertise or skill base. The individual staff member's ability to participate in 'overall team collaboration' (or culture) is determined by their social capital in terms of the ability to create and sustain efficient and effective working relationships and internal networks. Also indicating the role of cultural capital in the ability to understand the firm's organisational and project culture, and to become a part of that 'dynamic'. This was described in a quote by a senior manager, and is echoed in the words of a design team member, demonstrating the firm's success in promoting the internalisation of a dedicated personal relationship between employee and the firm:

'You have to have people that are dedicated, love it, eat, breathe, sleep the design process, everything about it, getting it right.' (Senior Staff– Case 2)

'All I live and breathe in the studio is design and I see that I have to do that because I see the benefits in a project.' (Design Staff – Case 2)

For firm 3 the organisational structure made the development of social capital as trust an important element of the internal culture also. Due to the cross cultural nature of the staffing, this factor worked in both directions – development of trust between Australian management and Chinese staff in local offices in China, and between staff in general and the firm. The following quote demonstrates the importance for the Australian senior partners to be able to have a certain amount of assurance that staff is capable of doing the work required of them. In international contexts this seems to be even more important as it limits the amount of travel that needs to be done by senior partners:

We've got three Australians up there full time and then when we get the different jobs we fly up the foreman from here to run them the various jobs. The guys we've got up there they're good. They're reliable, trustworthy so I don't go up there as much as I used to which is great. (Senior Partner – case 3)

There is also the acknowledgement that the trust must work both ways – and that the engendering social capital refers also to encouraging the staff themselves to feel a certain way about the firm. As noted earlier, stable and long-term staff that indicates the presence of trust, respect and dedication that renders a firm efficient and effective particularly mark the internal culture of firm 3. In relation to the Chinese component of the firm's staff the development of this type of relationship is seen as essential for creating a stable basis on which to conduct business within the international market. For firm 3, the organic development of social capital through the growth of interpersonal relationships based in trust and respect is seen as a naturally time consuming exercise – and one that cannot be rushed or faked. Consider this quote:

It takes a lot longer to build up a team and I, we've got 28 yes 28 Chinese working for us full time now and that's not a bad team but it's taken a long time but then when you think you've got one, one leaves and goes somewhere else you know and it's a bit like if you look after them and you pay them good money and you know you take them to different places for, just take them away for weekends or on tours and that you know, it's just you make them feel, involve their

family into the team and they seem to hang around, they seem to enjoy that. (Senior Partner – case 3)

Interestingly the emphasis on ‘looking after them’ reflects the entrenched Chinese business culture of the informal social interaction that goes beyond merely ‘paying them good money’. Indeed financial compensation is simply the minimal that can be done to ensure that Chinese staffs firstly remain loyal, and secondly develop positive interpersonal feelings of dedication to the firm’s interests. The identification by the senior partner in this quote of all the extraneous elements necessary such as taking ‘them away for weekends and on tours’, and ‘involving their family into the team’ is based in an understanding of the business culture, but also the wider country culture and the values and meanings that underlie the rituals and practices central to the Chinese culture.

It must be recognised that the prime strategic goal for the leveraging of social capital to produce effective relationships and networks is the creation of circumstances which favour the goals of the firm. The use of social capital – indeed all forms of non-economic capital – is to overcome challenges and barriers encountered. Many of the ways in which social capital can be utilised to achieve these goals have been discussed. In the next section attention is focused upon recognising benefits that a trusting relationship can bestow upon design staff creativity.

7.1.4 Social Capital in Overcoming Dislocation from Local Contexts

The final theme regarding social capital concerns the extent to which social capital is utilised as a resource for overcoming barriers associated with the dissociation from local contexts for the design staff. This brief section highlights the two-way nature of trust and respect engendered through the effective utilisation and leveraging of social capital. While this is an example featuring the firm in case 2 only, it can be understood as exemplifying a fundamental characteristic of relationships forged through social capital. It also highlights an important strategic goal of leveraging capital to produce effective relationships with clients – to get them to trust you. It was found that the ability of design staff to use their creative potential to develop appropriate design solutions even in the absence of rich detailed local contexts is enhanced by the degree to which clients exhibit trust in the firm to produce the desired results.

For firm 2, the design staffs’ desire to be ‘responsive to...local context’ presented challenges relating both to environmental as well as cultural concerns. The potential for designing a facility that would not fit the local cultural and environmental contexts was one of the major risks faced by the firm, with the potential to negatively impact upon the firm’s reputation and marketable image. In international markets the capacity to deliver suitable and appropriate built forms is paramount, and essential to attaining client satisfaction. As this is the end goal of the briefing process, it can be understood that managing risks such as this are the primary function of the briefing process. To this end, the designer’s ability to understand and incorporate the local contexts into the design is a fundamental aspect of the briefing process, and that process is all about the transfer of detail.

The firm thus utilized social capital to gain client respect for the proposed design solutions. The high level of trust provided, which was acquired through the firms’ relationship with the client enabled the design teams the confidence to express their design opinions without having the stress of receiving heavy criticisms. This form of client respect was felt to be of high significance and assisted design staff in the design development process as staff was able to be more responsive to the client’s needs. The trust exhibited by the clients in the designer’s capacity was instrumental in the design team being able to exercise creativity and artistic skill to produce innovative design solutions. In this particular instance, innovation in design was specifically part of the brief and therefore, social capital in the form of trust was essential in translating the brief into a facility that matched or exceeded client expectations.

Furthermore, an element of cultural capital in the form of the firm's reputation and marketable image also influenced the amount of trust demonstrated by the client group. Previously successful built facilities having contributed to the development of the firm's reputation as professional and capable of innovative original design.

Thus the close relationship between social capital and cultural capital is made explicit, and the extent to which each firm can produce social capital and translate it into cultural capital can be considered a crucial indicator of their sustainability in international contexts.

The next section looks at the importance of cultural understanding in developing culturally appropriate design solutions and the built form as the basis for reputation. The following also examines cultural understanding as cultural capital – how the different firms develop it, its relationship to market knowledge and the perception of cultural understanding as a form of intellectual capital.

7.2 CULTURAL CAPITAL

There are two prominent forms of cultural capital that dominate the cross-case analysis. The first of these is the role of cultural capital as instrumental in developing reputation and image and the impact of winning design competitions on the accumulation of cultural capital. In international contexts this is intricately related to the other predominant form of cultural capital discussed by the firms as cultural understanding. The ability to produce culturally appropriate designs and facilities that engage with and compliment local contexts and surrounding environments is a central concern of all the firms analysed. The extent to which this is possible thus depends on ability to facilitate a 'deep local engagement' that provides detailed information concerning the local cultural and environmental issues. Thus the second main theme concerning cultural capital was the firms' (as both an organisation and a collection of individuals) capacity for developing a deep level of cultural understanding – and the different ways that they were able to utilise and leverage this capital for strategic advantage.

7.2.1 Cultural Capital and Developing Reputation

A primary theme concerning cultural capital for the firm in case 1 was the importance of being able to demonstrate cultural awareness and understanding. This is involved in the acquisition and accumulation of cultural capital – developing a reputation as culturally sensitive and for building culturally appropriate structures. The Chinese market is acknowledged as increasingly discerning in regard to the reputations of international firms, and the firm analysed in case 1 is highly dependent on social networks for delivering clients. The impact this has on reputation is a high level of dependency on previous success, client satisfaction, and at the end of the day successful built forms.

The way we work is basically not as heavily marketed as most people. I believe that our work markets itself and I'm a strong believer that you can go around singing the praises, but if there is nothing to back it up, you actually end up disappointing people so I'd rather people actually see the product' (Senior Partner – case1).

While acknowledging the importance of the end product in developing a reputation, the firm also recognise that winning competitions – particularly international design competitions provides a large amount of cultural capital. Interestingly, the firm attributes its success at winning design competitions to its status as international, as related to its strategic decision to organise as a Sydney based firm through local partners and joint ventures.

Most of the projects are won through design competition. Its interesting that even the American firms that have offices in China, and they're usually the offices you're competing against, although they've got the American name there, the graphics, the look, even the ideas are all very similar. Then there's this one that stands out, which is the Australian one done in Sydney remote and it looks quite different because the influences are different' (Senior Partner– case1)

In this way it can be seen that organisation as international is reflected in the type of work produced as tenders or competition designs, and this delivers a certain amount of product differentiation in terms of the general style and influences. These differences are perceived and understood by clients as due to the internationalised nature of the design firm, and hence winning the design competition and the project from a field of international competition enhances the reputation of the firm. Furthermore, importantly in terms of reputation, is the fact that in the minds of clients and the greater market in which the reputation circulates through social networks, the reason why the firm won the competition is its status as an international firm.

This is the reason we are winning because they see it as different. It's a different slant on the way that you're approaching the project. You've taken on board all the cultural issues...I try to get as much information and understanding of what's going on, why you're doing that, come back and we do it our way. If we had our office up there I think the people start to become localised and blend in'. (Senior Partner– case1)

This quote illustrates in one example many of the aspects of cultural capital as related to reputation. The decision to organise away from a local office structure was primarily to support the image and reputation as international. The capacity for cultural awareness is exercised towards gaining an understanding of cultural nuance necessary to deliver a culturally appropriate design. Taken together, these two factors produce a design product that simultaneously 'fits in' and is differentiated. The end result for the firm in case 1 is:

A very high strike rate for us, up in the 90% that we're winning, there's only a couple that we haven't won and that in itself I think is a better marketing tool than brochures that really don't say anything or show what you can do'. (Senior Partner– case1)

7.2.2 Cultural Capital as Cultural Understanding

The key issues concerning cultural capital revolved around the relationships between cultural understanding and the development of social capital in the guise of formal and informal social networks and the importance of an awareness of cultural differences and understanding of cultural norms. These themes are illustrated through a discussion of the ways in which firm 3 understood and utilised cultural understanding as a form of cultural capital.

Cultural understanding was considered by all firms as a valuable commodity and as useful for minimising the difficulties and barriers arising from cross cultural communication in the formal business and informal social contexts. Cultural capital in this way also provides an understanding as to why certain problems might arise and how best to alleviate them – it can thus be related to the functionalisation of experiential market knowledge into a resource for the firms. It should also be noted that the barrier associated with dissociation from local cultural contexts and the difference between surface 'shallow' meanings and a 'deeper level of engagement' with the cultural nuances is largely solved through the accumulation of cultural capital in the guise of cultural understanding.

The extent to which firms formalise and disseminate within the firm the experiences of individual staff within the culture of the host market largely indicates their capacity to overcome these barriers. The recognition of cultural understanding as a type of knowledge and a particularly valuable resource for the firm establishes its connection with intellectual capital. While all the firms acknowledged the importance of cultural understanding as a key form of cultural capital, both firm 1 and firm 2 equated it more strongly as a form of intellectual capital – a specific skill as much as a form of knowledge, and transferable between cultures. As such, cultural understanding in relation to firm's 1 and 2 is discussed within sections pertaining to intellectual capital to follow. To an extent this perception of cultural understanding as simultaneously cultural and intellectual capital demonstrates the fluidity of these forms of non-economic capital. This fluidity, and also the multiple levels at which cultural understanding can operate as a form of cultural capital, is well demonstrated through a discussion of cultural understanding as a strategic lever in case 3.

For the firm in case 3 cultural understanding was recognised as a useful resource in three different ways. Firstly it was considered a crucial means of relating to, and operating within the host market. The capacity to understand the cultural dynamics caused by the interplay of national and business culture within a given market is of course dependent upon an awareness of the language. However this is only a starting point – a point of access to the meanings underlying the traditions, rituals and operations of culture. In this sense the gap between investment and return discussed above as a barrier to internationalisation is caused

on one hand by the need to develop social networks (as outlined in section 6.1.4), yet on the other hand can be attributed to a period of time in which an understanding of culture can – and must - develop. In some respects this second time lag can be even greater than the first, as it is an ongoing exercise without a well-defined end goal. The following quote identifies the extensive duration of this time-lag as compared to the 3 – 4 years acknowledged as the time taken to entrench oneself in the market through rudimentary social networks.

It took us probably five, six years to understand how the whole system works up there, how the approvals worked and you know you've got to go through a myriad of departments to get things approved. We've got to get approved by the design institute over there so you've got to do it a certain way. That helps us now - local knowledge to sell jobs. (Senior Partner – case 3)

The above quote highlights the importance of developing a functional understanding of the dynamics of national and business culture in the use of the term 'the whole system' identifying the bureaucratic institutions and government agencies with whom the firm must interact. This understanding of the 'system' is a necessary prerequisite to being able to comply – at the end of the day it is the firm that must adapt its methods, process and procedures to the set of regulations imposed by the 'myriad of departments' and 'design institutes' that comprise the governmental influence in the market. Quite simply 'you've got to do it a certain way'. The end statement in the quote clearly relates the development of this functional understanding of culture to financial impacts upon business practices.

The second manner in which firm 3 recognised the usefulness of cultural understanding was in facilitating inter-personal relationships. This aspect of cultural understanding demonstrates the close relationship between cultural and social forms of capital – which is not to say that they exactly approximate one another or that they can be superimposed onto one another. Rather they are highly fluid and the accumulation of cultural capital is largely beneficial precisely because it can so easily be exchanged or transformed into useable social capital. For firm 3, an understanding of the subtleties of the host national culture is instrumental in the development of social networks based in trust and mutual respect. In this instance the ability to relate to clients and prospective business partners through humour is identified as beneficial to the establishment of a personal level of relationship that goes beyond the often-rigid confines of the business mode interaction.

I often try and make a joke I mean the Chinese are not bad for a joke they like to hear a joke, they take a bit of stick and I think if it doesn't come back the right way again you know that it has not been done properly, you've got to be very, very, very careful of that because it gets you in a lot of trouble because you are totally relying on them. (Senior Partner – case 3)

This example also recognises through the phrases 'very, very, very careful' and 'a lot of trouble' the potential for misrepresentation when attempting to communicate through a culturally specific mode such as humour. This apprehension highlights that while cultural understanding demonstrated as an appreciation of another culture's sense of humour may be advantageous in getting beyond the confines of the business interaction it can also potentially backfire and have the opposite effect. It is thus all the more important that this type of strategy is based in a thorough awareness and understanding of the cultural subtlety and nuance that define and influence a quality such as humour.

Yet another way in which the firm in case 3 identifies cultural understanding as a significant form of cultural capital is a further extrapolation of the previous two. The first related to understanding the culture as it influences the market structure through bureaucracy in order to adjust the firm's procedures so as to efficiently integrate with that system. The second related to understanding the cultural sensibility as expressed through something such as sense of humour in order to use that understanding to facilitate the development of professional and informal business networks high in social capital. Whereas both these two methods perceived an understanding of culture as precondition to interacting efficiently with the culture – the third method perceives an understanding of the culture as the means of leveraging power strategically, in a much more overt manner, to achieve advantage for the

firm. In the case of firm 3 this notion centres on a functional understanding of the Chinese culturally specific concept of 'face'.

What is highly significant regarding the conception the staff in firm 3 has of the concept of face is that it is functionally based. It represents experiential knowledge translated into resources in that it is drawn from the direct experiences of individuals interacting with the culture and the market. For example, there is no awareness demonstrated of the philosophical underpinnings of the concept and its place in Chinese culture based in Confucian ideals of filial piety. Rather, the understanding of face is based in how the members of firm 3 have seen that the cultural concept makes the Chinese individuals behave with whom they have had interactions. Consider this quote that demonstrates an awareness of the importance of saving face to the Chinese even as it exemplifies a somewhat trivialised understanding of the concept as interpreted through a Western conceptual framework historically based in material consumerism.

It's very important to let them win a few and you know keep their face. Face is very important to them you know and they can't be seen to look stupid. I mean they live in some very, very primitive flats and units some of them but they can't see where they live so it's more important for them to have a flash car than a good house. (Senior Partner – case 3)

The above quote clearly identifies an understanding of face as based in the maintenance of exterior appearances as being a central concern of the Chinese through the statement 'they can't be seen to look stupid', and also in a more general manner through the analogy of the house and car implying that face is about signifying status. The essentially important aspect of this discussion of face is that for firm 3, cultural capital in the form of this particular mode of understanding generates the capability of manipulating the Chinese by behaving in certain ways that will provoke certain known types of reactions. The following quote shows how a functional understanding of face as a motivation for behaviour (rather than as a philosophical-historical appreciation of the concept) can be utilised as a method of strategically leveraging power within a situation to promote outcomes desirable for the firm.

The saving face approach of Chinese is very prevalent. We've got this guy in Beijing one of our ex-pat foremen and he is very Aussie...a fifty year old guy who spends every night at the pub type guy...he knows they are saving face and so he'll purposefully embarrass them, purposefully embarrass the man in front of his boss so that he actually performs next time on the project - to use it to our advantage. A lot of other guys tried to save the persons face, don't embarrass him in front of his boss but you know, whatever works better, there's different ways of doing things. (Design Staff – case 3)

What this passage has attempted to demonstrate is the fundamental importance and eventual beneficence of cultural understanding as a form of cultural capital. Through the discussion of three levels at which a degree of cultural understanding impacted upon the business practices of a firm in an international context it is hoped to evoke an appreciation of the strategic relevance culture can have upon a firms conduct and financial outcomes.

A functional understanding of culture is crucial for being able to engage with both the 'system' and the individuals that comprise a foreign market. Knowing how things work is tantamount to knowing how to get things done, and this relates directly to the identification of government regulations and codes as a predominant barrier to internationalisation. The capacity to develop social networks based in trust and respect is also an outcome of the ability to utilise an understanding of culture to develop positive interpersonal relationships. Furthermore, knowing how a culture operates – understanding the dynamics produced by the interplay of national and business cultures – is highly advantageous when seeking to manipulate business scenarios toward outcomes favourable to the firm. The ability to identify points of potential influence and to 'push people's buttons' through an understanding of a cultural concept such as 'face' is but one option available. There is no necessary relationship between cultural understanding and a hard line posture. However, without cultural capital in the form of a functional understanding of culture, the option is not there to be taken.

This discussion regarding firm 3 and the strategic leveraging of cultural capital is not culture dependent, that is, not restricted to 'face' and the Chinese culture. All cultures have values and sensitivities that when understood proficiently can provide points of potential articulation through which situations and circumstances can be leveraged for strategic advantage. Thus it is all the more important to perceive cultural understanding as an extremely valuable commodity in an international market – precisely because understanding the culture at a deep level is the first step in being able to use culture strategically.

Thus, as well as being a form of cultural capital, cultural understanding is considered by the firms researched as a primary form of intellectual capital that exists as a general ability rather than a culturally or market specific range of knowledge. In this form, cultural understanding refers not to an understanding of any given national culture, but rather an understanding of *how culture works* – its contexts and dynamics – and this knowledge is applicable across cultures as an ability or skill, a form of intellectual capital.

The next section examines the role that intellectual capital has upon the business practices of firms in international markets.

7.3 INTELLECTUAL CAPITAL

Different skills and capacities attributed to individuals in the form of niche specialisations and areas of expertise is a dominant reference to intellectual capital in the research study. This section examines firstly the interplay between niche specialisations and the development of cultural understanding, and secondly the impact that intellectual capital as a bi-lingual capacity has on the firms' capacity for deep levels of cultural engagement.

The management of these skills for the greater benefit of the firms is a vitally important aspect of international business. The role of intellectual capital and niche specialisations is paramount to the sustainable and successful functioning of all three firms'. This is particularly the case in regard to people management, ensuring conceptual continuity on projects and between areas of expertise, and the maximisation of experiential knowledge. The development of cultural understanding also encompasses other clearly identified forms of intellectual capital valued by the firm's. Predominant amongst these is a bi-lingual or multi-lingual ability that is an essential precedent to the development of a 'deep' understanding of culture and also to being able to manage and overcome cross-cultural communication difficulties.

7.3.1 Niche Specialisation and Cultural Understanding

A dominant theme concerning intellectual capital revolved around the management of people within the firm and between the firms and client groups regarding niche specialisations. The firm comprises an array of individuals with specific fields of expertise, and both themes of people management and intellectual capital are concerned with identifying these niche specialisations, identifying the needs of certain positions within the different processes that characterise international projects, and matching people with the right skills to the right tasks. Consider the following quote:

Our best person for the job is the most important thing. We have people who're stronger in design up front; we have people that are fantastic in design development and through documentation and people who are very good at contractual issues' (Senior Partner – case 1).

The above quote from the firm in case 1 demonstrates an awareness of the skills and capabilities of individual staff and also the breakdown of the design process into various components with unique requirements. Indeed this knowledge concerning both employees and processes is essential in facilitating the informed allocation of the firm's human and financial resources – understood as the fundamental purpose of the management of design firms and identified as 'the most important thing' in the above quote. The strategic management of design in this manner is especially important in relation to certain crucial positions in the internal and external flows of information and the individuals who must occupy these points.

Of course this is no different to what one would anticipate from any highly performing firm, however, what is significant is the understanding that these basic alignments of staff and skills forms the internationalisation capacity of the staff – and therefore the firm. Rigid and hierarchical allocations of staff that become entrenched may indeed gear the firm for success in a particular style of project or set of international circumstances, but the shifting nature of international markets calls for a more fluid arrangement of skills and expertises. The first step towards this fluid and reflexive organisational and management approach is a detailed awareness of the skills and expertise of the firm's human resources, one that acknowledges learned and acquired skills and experience as well as formalised qualifications.

Each firm displayed recognition of the importance of recruiting staff with a wide array of forms of intellectual capital relevant to internationalisation, where this referred to three

predominant forms: specific qualifications, linguistic capacity, and experiential knowledge of other cultures through overseas work or extensive travel. A formal qualification is an obviously tangible way of recognising and ensuring a particular skill or area of expertise as possessed by an individual and therefore of obvious appeal to an organisation looking to utilise that employee to maximum effect and advantage.

Qualifications such as university degrees are perceived as offering both a standardised guarantee of a level of skill and also a clearly defined category of expertise and are hence a convenient measurement of intellectual capital. Qualifications achieved through education or serving a trade represent a combination of informational knowledge and experiential knowledge – these forms of knowledge are potentially culturally diverse but are not necessarily relevant to the international market in which the firm is engaged. Rather they are geared towards developing expertise in a given field. Qualifications are valued by the firms as indicators of specific or niche expertise and are a consideration in the allocation of staff according to the firms needs.

In contrast is the conceptualisation of cultural understanding as a form of market specific intellectual capital - considerably less tangible than a formal qualification in terms of accurate categorisation of a skill-set, yet perceived by firm management as advantageous as both a skill and a form of knowledge. Indeed senior partners and design staff alike indicated they felt their intellectual capital was enhanced by periods working or travelling overseas because the interaction with foreign cultures provided experiential evidence and insight every bit as tangible as a formal qualification, and yet impossible to gain through exposure to informational knowledge alone. The high value placed in this form of intellectual capital reinforces the centrality of cross-cultural communication as a challenge and also the need for a functional understanding of the culture operating within international markets in order to facilitate sustainable business practices. Consider this quote:

I worked in Asia for three and half years in the mid nineties and I guess there is some understanding of some of the influences that affect some of the areas that we've done some work in. Not all of them obviously but I guess its just general knowledge and doing a bit of research.' (Design Staff – case 1)

The above quote highlights the perception of cultural understanding as a 'general knowledge' at the same time it provides specific insights into 'the influences that affect some of the areas that we've done some work in'. While knowledge of a particular culture is considered highly useful in relation to that specific market context, there is also a tacit understanding demonstrated that this form of intellectual capital somehow transfers across borders and cultures. For example, cultural understanding as intellectual capital is regarded as a 'general' ability or skill rather than a culturally specific commodity and is a primary factor in the allocation of tasks and selection of design teams for international projects. Consider the following quote from the Senior Partner in firm 1:

We've got staff here who've been involved in projects offshore through South East Asia and some staff who've worked a lot in Europe and these people tend to be better in understanding cultures, walking in and not transporting Australia to those places but actually knowing where we're designing and working with those locations and people, understanding culture and they're the people I tend to want to put on those projects' (Senior Partner – case 1).

In this quote the experience of cultures other than that operating within the international market in which the firm is engaged (China in this example) is perceived as offering an advantage that relates directly to issues outlined in previous sections concerning an appreciation of local contexts and a capacity for design of culturally appropriate built forms. The above quote is somewhat representative of the dominant perception of senior partners and managers that design teams are selected on the basis of the most appropriate skills for the needs of the project, paramount among them being a degree of cultural understanding. The following quote from a design team member, however, introduces other factors:

There isn't that many who have experience anyway with a small team to choose from. So I think it's based on the skills and availability. Over time there were more of us who had worked on Chinese projects so it was much easier to pop on another one. I think we honed our skills a little bit in that way so by the end of it, it was much easier to produce what they wanted. (Design Staff – case 1)

The importance of intellectual capital discussed as 'skills' is certainly central to a person's suitability for any given role in a project and implies a reliable and quantifiable capacity to perform a certain function usually associated with a type of niche expertise. Design staff in firm 1 suggested, however, that forms of skill and expertise were not the sole influence on organisation of design teams. The selection of design team personnel was made from a fairly small pool, and was affected by 'availability' at the time. The implication is that the 'best person for the job' is not always placed in that position in practice and thus certain aspects of processes are potentially under-performed. The significance of this factor will become further evident in consequent sections dealing with crucial positions within information flows.

Ironically, the development of niche expertise or 'honing' of skills through practice serves to increase the proficiency of the individual to fulfil the needs of the role, and thereby increase the likelihood of their continuance in that role. Significantly, these 'skills' are perceived as being based in experiential knowledge of a market and can therefore be associated with cultural understanding and differentiated from types of expertise based in informational knowledge and education – commonly defined and recognised through qualifications. Thus while continued engagement by firm 1 with projects in China encouraged the growth of this pool of potentially suitable staff there exists a tendency for the same individuals to be regularly occupying the same positions particularly within international projects. This results in an improvement in the level of expertise relative to any given niche, yet is potentially a hindrance to flexibility in individuals and teams.

The firm in Case 3 similarly related the accumulation of intellectual capital through experiential knowledge. Consider the following quote:

You've got to look out for them; you've got to train them. We send them on different courses, we've got computer systems that we train them on and we bring them down here or the accountants down here to work with our accountants to see how our systems work. A lot of them we just throw out on a job site to start so that they understand what the job's all about, they know how it all goes together and then we bring them in the office and they get different tasks either in a design area or a selling area, we always start them on a job, we always put them out on a job, get their hands dirty and it seems to work. (Senior Partner – case 3)

Identifying the development of niche expertise through formalised forms of training such as 'courses' and 'computer systems that we train them on, the above quote identifies the ideal of a proficient employee comfortable with various firm procedures and processes, and the final statements demonstrates the perceived beneficence of experiential knowledge in saying 'we just throw them out on a job site...get their hands dirty'.

Similar circumstances in Case 2 draws out the fluidity of intellectual capital when cultural understanding is perceived as a form of niche expertise – when the market is considered the niche.

People have different skills and you know people have different specialised skills, so we can move them to one place and deal with that project and what the beauty about that is, then that skill gets passed down to someone else locally in that office so then their skill base, there's some skill base left in that office designers like to move around and experience different things as well which just opens up you know your imagination and you just become a lot more lateral and you can see a lot more. (Design Staff – case2)

These two examples actually highlight two different approaches to training utilised by different firms. These approaches can be broadly identified with the nature of the firms – the construction based element in firm 3 relates to courses and thus tends towards formal

qualifications as a means of increasing intellectual capital. While the architectural and design foundations of firm 2 tend towards the mentor type learning system through which junior design staff can learn hands on from a more experienced peer. It is this approach that is being discussed in the last quote from firm 2. The benefits for the firm of this approach consist of the capacity for disseminating experiential knowledge across the firm and thus continually increasing and expanding the skills base of the firm.

7.3.2 Bilingual Capacity - Developing 'Deep' Cultural Understanding

This section examines the second identification of the role of intellectual capital raised by firms'. This concerns difficulties relating to cross cultural communication and revolving around the acquisition of intellectual capital in terms of accessing staff that have a bi-lingual capacity. A bi-lingual ability is a highly valued form of intellectual capital if it is relevant to the international market in question, and thus provides a greater degree of access to market knowledge. Furthermore it can be easily understood as the provision of the means through which 'deep' cultural understanding can be achieved. The capacity to speak the language is absolutely fundamental and preliminary to any desire to develop a high degree of cultural understanding. Bi-lingual skill can be the product of formal education and be represented in a qualification, or it can be the result of personal experience within the relevant culture.

In referring to the absolute necessity for *'Colleagues and individuals that speak the language (Senior Partner – case 1)*, this senior partner for firm 1 indicated that those skills need not necessarily be from within the firm's employee base, but can also be attained through specialist third party relationships. It is centrally important that they possess these skills and perform them at a high level. For the firm in case 1 this is a viable alternative to establishing a local office within the Chinese market and of course employing Chinese nationals does not in itself guarantee acquisition of a bi-lingual capacity.

It's getting that relationship with them so that you can talk to them and it is quite difficult. We have been lucky in some of the China projects that we've had someone who studied, did a masters in Brisbane. I mean she was Chinese, she had come down and done her masters so she was quite fluent in English and also a bit aware of Australians I guess. (Design Staff – case 1)

Case 3 employed several methods regarding bi-lingual acquisition strategies. Predominantly these consisted of both gaining Chinese employees and also getting Australians to learn Chinese. The benefits of these acquisitions is not simply a linguistic capacity – but also (as stated in section 7.2.2) is the first step in understanding many aspects of the market's operation such as codes and government requirements. Consider the following two quotes:

There seems to be a problem lately when we get a job in China, we can't comply or don't know what to comply with...So that's probably the reason why we changed operation and also get some Chinese engineers involved over there. They can read Chinese and I can't. (Senior Management – Case 3)

People are just tremendously important. Especially because you're relying so heavy on them, you know different language. We've got a couple of our Australian guys speak Chinese now that have been there for a while. They can't write but they can speak. They speak enough to understand what's going on in broad terms. It's very important that your staff, European staff or Australian staff understand what's going on and that way you can protect yourself a lot better. (Senior Partner – case 3)

It is essential that managers have confidence in the skills of staff or third-parties, being able to trust them because there is little scope for review of their work when managers cannot themselves speak Chinese. For example, consider these quotes from a manager who undertakes much of the responsibility for the 'front end connections with clients' in the case 1 firm.

I can't understand a thing the client's saying of course because they don't speak English and if they did, English doesn't really make sense, you certainly don't get enough out of it, you can understand what they are saying but you don't get the true meaning' (Senior Partner – case 1).

It's so important to take somebody, not just an interpreter, it can be an absolute disaster to go with an interpreter that actually just gives the words back in the other languages, it's a disaster. The intent's never there, the message doesn't get across, it's very confused and we never really know where we stand' (Senior Partner-Case1).

In these quotes, the Manager is making the crucial distinction between bi-lingual capacity and cultural understanding. Accordingly, the firm analysed in case 1, attributed a high status to forms of intellectual capital such as cultural understanding, that in conjunction with a bi-lingual capacity, can facilitate smooth and efficient 'deep' cross cultural communication. Furthermore, of importance is the allocation within firms of intellectual capital, so that niche specialisations are matched between partners, and that the experts on different aspects are positioned in the right parts of processes, for example the following quote demonstrates the value of having an individual in the right part of the information flow who had both bi-lingual capacity (and therefore a measure of bi-cultural understanding) alongside the conceptual compatibility associated with the field of architecture. This is also useful in interpreting documentation from a design-creative context to a managerial context:

The good thing from our side is that it was going to an architect over there who spoke English and he could read it and then edit out anything that might have been totally ridiculous' (Design Staff- Case1).

Unlike firm 1, firm 2 did not experience major difficulties in relation to linguistic differences as the firm generally only worked with clients who speak the same language. This is an outcome of the firm's organisation and strategy as a global entity, and the desire to do the majority of work with 'international clients' who also operate across international markets and thus have a capacity to conduct business in the global language of English. Despite being able to converse in the same language as the client, the firm still faces difficulties due to the design team's inability to have 'face-to-face' contact with the client due to geographic distance resulting from its very structure according to a global 'outsourcing' model. Technical implications from not being able to communicate directly with the client, including offices operating in different time zones, differences in accents and disparity in levels of information technology available to various offices and clients presented other challenges which include the possibility of design staff misinterpreting the 'essence' of the client's requirements. As such, the firm placed much dependence on specific forms of intellectual capital in the form of 'technical knowledge' in particular individuals to develop and manage standardised information technology across the global group.

Furthermore, the firm relied on the IT networks to utilise a global social network connecting various international offices and consisting of locally embedded individuals. Through this global/local network cultural capital in the form of cultural understanding and culturally specific experiential knowledge is made available to the global group as a resource to ensure consistency and to constantly transfer ideas to clients and facilitate the understanding of client's requirements. Contact with a wide array of cultural knowledge and experience, alongside easier access to documentation and information concerning project specifics promotes faster resolution of difficulties and innovative solutions to challenges relating to the briefing process and thus the firm was able to react more quickly to client's requests.

Apart from the obvious barriers of language differences and technical complexities that arise from telecommunication problems, there was also another barrier that confronted the firms and it was difficulties in understanding local context in terms of gaining a deeper level of understanding for the subtle cultural nuances of the client. Firm 2 negotiated the barrier in obtaining 'deeper' local engagement through the utilisation of intellectual capital in the form of having a local who had sound understanding of local customs and practices of the host country brought in to the office to facilitate cultural understanding and answer questions

concerning local contexts. This is an example of the firm's exchange of intellectual capital to gain cultural capital and therefore acquire a deeper understanding of local context. This was achieved as design staff was provided with the opportunity to have direct contact with a 'local' with first hand knowledge of the culture and environment with which they were concerned. The reflexive capability of the design staff was enhanced in relation to the briefing process by having someone immediately on hand to answer questions and provide detailed advice.

Firm 3 utilised intellectual capital in the form of specialised technical knowledge to adapt an already existing computer software system to allow the development of a database that served as a source of bi-lingual capacity. The integration of the firm's bi-lingual capacity with its design and documentation software proved to maximise efficiency and increase flexibility demonstrating the potential for fluid forms of intellectual capital to contribute significantly to the firm's adaptability and reflexive capacity:

The drawings would come to us in Chinese and we wouldn't understand, we'd have to end it so it could be translated. We first started it as faxing because it would be in Chinese and they'd print it out and send it to a secretary and say 'all those words put the English meaning right next to it' then we'd get the general gist. We've started to do that on our drawings. When we sent the drawings to China the secretaries would look over the drawings, see this wasn't translated and just add that bit and send it back to me and I'd have a copy of that - a library of English with the Chinese meaning underneath it in our CAD package. Obvious in hindsight but it took us a while to realise the benefit of the translation early on. (Design Staff – case 3)

This section has presented the dominant themes concerning the understanding and use of intellectual capital within the firms analysed. Attention has been focused on the fluid and transformative nature of intellectual capital, in particular, the utilisation of intellectual capital in the form of skills and areas of niche expertise to accumulate and leverage other forms of non-economic capital. These themes relate strongly to understandings of the human resource capability of firm employees and contribute greatly to a firm's awareness of its processes and practices. Such awareness, and eventually the adaptability that comes from perceiving – and managing effectively – the fluid nature of social, cultural and intellectual capital that constitute a firm's non-economic (human) resources, are the basis for developing a reflexive capability. The next section highlights some aspects of reflexive capability as demonstrated by the firms researched.

7.4 A NOTE ON REFLEXIVE CAPABILITY

The strategic management of social, cultural and intellectual capital leads to the development of increasing reflexive capability within the processes related to internationalisation for firm's associated with design on projects. Providing facilitation of the primary characteristics of reflexive capability; awareness, responsiveness and adaptability, and allowing the immediate micro-management of issues that potentially arise in the process of design firm internationalisation. Primarily this is achieved through overcoming barriers associated with attaining and maintaining two-way interactive information flows in cross-cultural communication environments. Reflexivity is based in a positive interpretation of change, and a continual responsiveness to change by participants in the system. The outcomes of reflexive capability in the briefing process and firm operational procedure concern the notion that improvements in system function and individual performance can occur within the lifecycle of a project not simply between projects.

The business performance indicators researched in this project as social, cultural and intellectual capital have been demonstrated to be highly fluid and interchangeable – regularly transforming into, or being utilised to leverage, one another. The adaptive performance model discussed in the literature review has highlighted the need for a means to measure potential for success. Reflexive capability can be considered a conglomerate indicator of firm's potential for success in international markets. It should be noted that a firm's reflexive capability places them upon a continuum that is not clearly demarcated into definite categories or typologies. In keeping with a positive interpretation of change and the centrality of an adaptive framework for managing change, the preceding analysis of three case studies assists only in a rudimentary outline of the reflexive capability continuum, and represents a firm's capacity for maintaining and enhancing its position in internationalisation contexts.

The significance of this research study has been to explicitly highlight the increased variety and density of information moving along internal and external information flows, and, the high degree of interaction and interpretation required in international design practice. It is this need to remain constantly open to emerging information, to be continually processing and evaluating information from a variety of different sources – some informational, some experiential – so as to be able to react and adjust firm procedures and processes accordingly. Through reflexive capability it is possible to become consciously, explicitly, aware of changes in market conditions and client requirements and absorb those changes in a manner that facilitates the firms' strategic objectives. Analysis across all three case studies identifies that barriers are primarily the result of a low degree of reflexive capability, and that success factors demonstrated by the firms' are the product of increasing reflexive capability.

The following discussion draws together many of the dominant themes arising from the analysis that demonstrate the importance of understanding the processes central to the firm's efficient and effective function in international markets. In order to further illuminate what is meant by reflexive capability this section centres on three themes. Firstly; the need to understand at a detailed level the social, cultural and intellectual requirements of any given role in a firm's organisational practice. Secondly; the development of an understanding that a firm's procedures are adaptable – and need to be continually revised, and further, that firms' processes are adapted by developing increased levels of social, cultural and intellectual capital of staff. Thirdly, reflexive capability occurs in response to information, and thus the depth and detail of information that the firm can utilise is of great importance. Limited information flows hinder reflexive capability and thus create barriers to strategic objectives. The importance of social, cultural and intellectual capital at this level lies in their ability to increase the amount of accessible information and to provide a more accurate grounding for its interpretation.

7.4.1 Client Contact and the Flow of Information

This section concerns the importance of internal and external flows of information to design firms in enabling the appropriate level of detail to be translated from the client to the design staff responsible for developing appropriate design solutions. Furthermore it highlights the value in the firm having an in-depth understanding of the interrelating forms of social, cultural and intellectual capital required in any given position within a firm's process. Significant findings were that those individuals with client contact were responsible for delivering a brief to the design staff that would facilitate effective work on the project. It was noted that on occasion this was made difficult by the communication skills of the individual responsible for effective and meaningful interaction with both client and design team, and the dynamics of the briefing process in general.

The efficacy of each firm's design management practice is largely dependent on the establishment of effective flows of information. The accumulation of intellectual capital and increasing niche specialisation of individuals within firms reinforces structural differentiations between the management level of the organisation and design staff. It is primarily senior managers that have the initial contact with clients, and usually senior niche-specialised individuals who maintain that contact - design staff are predominantly disassociated from direct client contact. As such there are two distinct information flows recognisable within all three firms analysed: the external, which links the firm to clients, partners, third parties, design institutes and other institutions of the market. Predominantly this flow consists of information moving in to the firm. Alongside this, and within the firm, the internal flow dictates the efficiency with which information is made available and accessible.

Analysis reveals that the primary points of relation between these otherwise separate circuits of information flow are through the briefing process and feedback gathering procedures. The individual who has the contact with overseas clients occupies a centrally important position as the linking interface between design team networks and clients. Such a position has a great amount of responsibility in regard to managing the briefing process and ensuring that design teams are accurately apprised of client's desires and the project requirements. At the end of the day, client satisfaction and therefore sustainable business practice is determined by the ability of design teams to produce design solutions that meet or exceed client's expectations. In turn, this is dependent on the accuracy, relevance and amount of detail delivered to design staff via the internal flow of information. Individual firm's organisational structure influences the manner in which information is conveyed, and the form in which it is transmitted. However, a common theme emerges that produces a comparative dynamic that is experienced as 'difficult' (firm 1) and 'tricky' (firm 2) and 'a challenge' (firm 3).

The predominant reliance on one staff member to be the key client contact as well as to act as the conduit for internal flows of information was felt to be a difficulty because an individuals interpretations were 'slightly different' with 'slightly different nuances', and were affected by both personal interpretation and linguistic limits. The fact that only one person had 'been over there and liaised with the client' makes the briefing process potentially more difficult because culturally specific values and interpretations are the textures that give language its richness and largely determine the level of detail supplied to the design staff. While it is to be expected that client contact is considered a crucially important niche specialisation requiring a particular set of skills, it appears that it was less often taken into account that the same individual would be the primary source of information concerning the brief for the design staff.

The ability to interact efficiently with clients and to overcome cross cultural difficulties is not a guarantee of the capacity to transmit relevant information within the briefing process, and in some cases could even work against it. This is particularly so if the niche expertise that makes the individual suitable for that role is a high degree of familiarity with a foreign language as a product of extensive education. The implication is that the more narrowly focused the individuals expertise is upon a particular area, the more likely to adequately fulfil the needs of that role yet also more likely to be less than adequate in filling other niches.

Design as a niche expertise comprises a unique terminology and a specific set of concepts and interests that are not immediately transparent to an outsider. To an extent communication between a non-designer and design teams is a cross cultural scenario. The following quote indicates the multiple stages contained within the process and identifies a disparity that can occur between accessing the details of the brief from the client and transmitting those details to the design team.

Some people aren't as good conveying the client's requests as much as others. Some people pick it up really well and they're able to convey it and other people don't pick it up that well and therefore can't convey it to the people who are going to work on the project' (Design Staff – case 1).

The two elements of this process are thus made clear as firstly 'picking it up' and secondly 'conveying it'. These two elements require different areas of skill. Also, between client contact and design team briefing is a third element to the process – interpretation – that brings the individual staff member's personal perception and degree of conceptual continuity into play. Further, interpretation as a potentially problematic domain is partially obscured by the overt necessity of the other two elements. In international contexts, interpretation potentially involves translation between languages, but certainly the translation of client sourced information into *relevant detail* for design staff. Cultural understanding is a valuable resource in providing the capacity for 'deep' rather than simply 'surface' level communication through awareness of culturally specific nuance and subtlety – not 'every person' can manage the difficulties of cross cultural communication related to direct client contact. A lack of cultural understanding can create a situation that can 'end up in disaster' (Senior manager firm 1). While this is readily acknowledged in regard to client interaction, it is less often perceived as a potential problem regarding transmission of detail to design staff.

The individual who has the contact with clients is required to have expertise in cross cultural communication and also be an excellent communicator to the design staff. Compounding the situation is the desire of clients for detail regarding development and progress of design solutions. Effective flows of information are ideally two-way and interactive, however, the capacity to accurately translate design-specific terminology into another language and thereby facilitate the needs of both client and design team is potentially limited when this information flow is passing through a singular interface position. The centrality of this position within the process makes it a crucially important niche specialisation in regard to successful outcomes that meet client expectations.

Designers identified the combination of dissociation from the client and project site coupled with a poor level of available detail as exerting influence upon their experience of the design process. The first quote demonstrates the importance of a two-way interactive information flow particularly in complex projects.

It was so abstract. I had no idea where [the site] was. It was very disjointed and very abstract, it was very fast. It was a lake with all the surrounding areas were going to be different styles of housing and landscaping and it was constant that they wanted a lot of detail and not much information was coming from them. (Design Staff – Case 1)

We had another project and that was a lot better. We did know where that one was on a map and our director went over a couple of times by himself to look at the site. So we had a lot more information and photographs and personal involvement. There was a lot clearer direction in that one, we knew what we had to produce and it wasn't so abstract. That was mainly because the briefing was better. (Design Staff – case 1)

Although clearly identifying the singular nature of the source of information, the second quote highlights the correlation between the level of design-relevant detail and the degree of 'personal involvement' as opposed to dislocation experienced from a project perceived as 'abstract'. It also serves to reinforce the uniqueness of design projects and that different forms of micro-management are required in response to individual projects. This high level of interactivity, change and the need for responsiveness to changed circumstances is rarely

found in other sectors and rarely appreciated by other researchers who are associated with international business environments in long run manufacturing and non-project oriented industries. Therefore, the reflexive capability model is perhaps more suited to sectors that are project orientated and where changes to work processes and client requirements occur on a weekly if not daily basis.

This section has intended to demonstrate the level of awareness that is necessary regarding the different positions within the firm's information flows and processes. The focus on the interface position highlights the crucial importance of having a high level of appreciation of the different roles that a given position is called upon to exercise, and also the need for a similarly high degree of awareness of an individual's skills and capabilities in order to place the most effective staff member(s) within that position. However, each position within the firm has a similar array of needs and requirements, albeit a different set of functions, that dictate the precise combination of forms of social, cultural and intellectual capital that are needed in that position. Furthermore, it is proposed that the extent to which these forms of capital can be efficiently and strategically managed is a primary indicator of a firm's potential for a reflexive capability.

7.4.2 Developing Reflexive Capability

This second section concerns the implicit understanding demonstrated by the firms in relation to the value of reflexive capability (often discussed under an array of different terms) and the measures taken to develop this capability in individual staff and within the firm as a whole. A reflexive model is most effective when the project is considered a unique entity, and when the process is understood as a structured (yet malleable) arrangement of relationships between roles that have specific requirements related to the unique characteristics of the particular project. Furthermore, it implies a need for an awareness of the skills, and capabilities of individual staff in order to place them in appropriately suitable positions to facilitate the capacity for individuals to respond accordingly and instantaneously in any unique situation that may arise. This is enabled through the development, enhancement and maintenance of experiential knowledge as a resource and the development of reflexive (open) processes and systems. It is these two elements of the reflexive model that transcend individual projects and promote the development of the firm's reflexive capability.

Alongside an understanding of the array of social, cultural and intellectual capital possessed by any individual, the firms discussed terms such as 'versatility', and 'adaptability' as being highly valued qualities of staff. The following discussion identifies the interest that the firms have in developing or fostering a level of reflexive capability.

The most important thing for the business I think most people would agree is the project being established correctly and set-up properly. It's a process of staffing correctly, getting the brief from the client correctly. Then at the end of the project giving the client feedback and client review and then giving those results back into the system so you can maybe do things better next time. So it's a whole continuous improvement by the end. (Senior Manager – case2)

The above quote is a statement made by a senior manager concerning the most crucial aspects of the design process that must be addressed in the firm's procedure and practice. In identifying all of the areas that have been discussed throughout this paper as being project establishment and set-up, people management and translation of the brief between client and design staff as important successful international business practices, alongside these are placed another set of centrally important elements. Discussed as client feedback and client review, the quote identifies the need for self-reflexive appraisal of the conduct of the firm upon a given project.

Clients frequently hold a privileged position regarding what was done particularly well and what could stand to be improved. Accessing this source of information about the firm's performance is a central aspect of reflexive capability. However, the above quote also highlights an aspect of the predominant perception of 'feedback' and performance improvement in that it explicitly states that such phases can and should occur only at the end of a project. Thus a central premise of reflexive capability is that the 'continuous improvement' system can be maximised so that benefits are felt within the life of the project.

The rigid and formulaic nature of linear development based on the premise of improving processes in response to the lessons learned from previous projects is a useful tool of reflection and we are not advocating the elimination of project reviews, however, strict reliance on this process alone can itself prevent the maximisation of reflexive capability. The implementation of perceived improvements to project processes following feedback from users or clients may potentially inhibit the efficient function of those processes in light of different project or situation. Assuming *a priori* that the lessons learned from one project will automatically benefit the next and that those lessons from one project *need* to be applied so as to fulfil the potential for the linear development of the 'dynamic' briefing processes is potentially detrimental or disruptive.

For many years the research and industry communities alike have emphatically advocated the need and advantages of feedback systems from project to project. The post occupancy evaluation literature is well documented and defined and has a long tradition in academia and facilities management. However, it remains a largely ad-hoc and fragmented approach to project, process and design evaluation despite this heritage – and is considered a luxury by most and applied only sporadically. It is possible that a reason for this is the 'after the fact' nature of any insights gained from such evaluations, and the inherent difficulty and limited benefit in applying lessons learned at the end of one unique project to another. It is suggested that a more immediate and project orientated approach to appraisal would be likely to be followed more readily – and benefits accrued in relation to immediate financial considerations rather than future situations. The advantages of this approach should be obvious, and to a degree this is the model practiced by the successful firms analysed within this study.

The reflexive capability model implies that lessons learned from each project are applied within that project to immediately adjust the functional parameters. The implication here is that firm operating procedures and organisational systems are 'open' to this micro-managed change. Furthermore, lessons learned – as effective responses to a specific problem encountered – are collected as resources to be used in future projects according to the situational need. A process is *constructed* for the specific project in question that fulfils its requirements, and as new requirements come to light the potential exists for the process to be altered to accommodate new needs.

The materials for constructing an adequate process are in fact individuals with particular arrays and forms of social, cultural and intellectual capital, placed into certain relationships with one another. These individuals and relationships are organised according to the desire to maximise interactive information flows. At the end of the day the briefing process is all about delivering accurate and relevant detail to the design team concerning the client's desires and needs. Adjustments to the processes and procedures as the brief develops occur through the individuals recognising change and adapting their roles accordingly. Therefore, the reflexive response by individuals within processes enables the more efficient gathering, transferring and translating of client requirements into processes and facilities more likely to meet or exceed client satisfaction.

The firms demonstrated differing degrees of concern with fostering a reflexive capability at an individual level. The most explicit in this desire was firm 3 – who also, by virtue of its size, had the least entrenched and formulaic procedures. Consider this quote:

We try and train our guys to think outside the square. If there is a problem on site before coming back to me they must try and think about how they can solve that. If the way it was supposed to be done wasn't done, if that path doesn't work well what do you do? You've got to think laterally...you've got to be versatile, every jobs different and you know it's not text book stuff'. (Design Manager – case 3)

This quote highlights the value placed on a 'lateral' problem solving ability and also illustrates two important points regarding reflexive capability. First, it is considered a form of intellectual capital – a set of skills, or a particular way of perceiving problems and situations, that can be learnt. This point is highlighted by the statement 'we try and *train* our guys to think outside the square'. The importance of this is that for firm 3 this form of training as discussed in previous section regarding intellectual capital is entrenched as part of the firm's business culture – and thus goes a long way to ensuring another of the central parameters of reflexive capability: a culture that adopts a positive interpretation of the value of change and procedures that are open to being changed according to need.

The second point of interest in the above quote concerns the capability of the individual to make decisions with referring to a higher authority, and thus creating a laterally organised firm where individuals are trusted and empowered to make decisions rather than a hierarchically constructed firm where decisions must be made by centralised or senior managers. This point is made clear through the reference to staff making decisions and solving problems prior to coming to their manager, 'if there is a problem on site then before coming back to me they must try and think about how they can solve that.'

Interestingly, the senior partner in firm 3 has a similar disdain for formalised procedures such as quality assurance manuals – as like dependence on a hierarchical arrangement of authority – they encourage individual staff to think only about fulfilling a 'checklist' rather than the totality of jobs that need to be addressed within a project. The following quote highlights the potential detriment of rigid formalised procedures that have little flexibility and openness to change.

****** does not believe in a quality assurance manual. The reason being is that *****'s worse fear is that it stops people thinking. You get the quality assurance manual and tick the boxes, have you done this have you done that and people think yes – so the jobs perfect. It's not the case. You've got to think, to read between the lines and what is not on the list gets missed and you can't checklist the amount of things on a building. (Design Manager – case 3)*

In the statement the 'worst fear is that it stop's people thinking', the design manager identifies the essential problem associated with dependence on formalised procedures in order to achieve client satisfaction and deliver positive outcomes for the firm. Projects are continually changing – and this change needs to be accepted as an inevitable outcome of design practice and embraced rather than merely limited through control of the situation. Perceiving that the same procedures will produce equally positive outcomes in all situations is problematic because 'every job is different'. The need to 'read between the lines' can be understood as vernacular for understanding that positive outcomes are dependent on meeting the needs of the *situation*, not a concern with 'ticking the boxes' which implies meeting the particulars of a given *procedure* that may not be relevant to the situation at hand.

To maximise reflexive capability participants need self-awareness about what practices they are embedded within and to be conscious or perceptive of constantly changing environments. Participants not only need this openness to change but also the adaptive skills and an organisational culture and procedural mechanisms that facilitate institutional change. Elements of the process are considered as components of a malleable system that are evaluated according to their function and on the basis of their contribution to the overall efficiency and effectiveness of the process. The extent to which experiential knowledge is accumulated, formalised and disseminated amongst the staff plays a role in both the management of social, cultural and intellectual capital, and the development of reflexive capability. Thus the importance of developing in staff a capacity for seeing the issues related

to projects and a willingness to change behaviours or procedures in order to achieve a more positive outcome.

7.4.3 Increasing Reflexivity Capability – Face-to-Face Communication

This third section discusses an example in which all firms readily acknowledged face-to-face interaction as the preferred form of information transfer. While it is accepted that this form of interaction is potentially difficult to achieve – particularly in the context of internationalisation – it is hoped that through this discussion it will be made clear what is meant by the term interactive two-way information flow and how this can increase a firm's reflexive capability.

Both senior staff and design staff places great emphasis on face-to-face communication as the preferred means of attaining and delivering accurate and detailed information. This is the case whether dealing with the client group (external information flow) or dealing with other individuals and departments within the firm (internal information flow), or in the case of firm 2, offices of the firm's global group. There are two sides to the preference for face-to-face communication. One concerns the advantages for the briefing process, the other the disadvantages or barriers created by mediated and infrequent communication. It should also be noted that the two levels of senior staff and design staff have different perceptions of the advantages and disadvantages involved determined by their position in the structures of information flows.

For the firm in case 2, the global model means that both these flows of information are international, and therefore potentially involve elements of cross-cultural communication that must be managed efficiently and effectively. The dominant preference for face-to-face communication is identified through discussions by both senior management and design staff of idealised briefing process scenarios. For the senior staff, this ideal relates to briefing processes on 'traditional' (non-international) projects, whilst for the design team member it is an imagined solution to many of the difficulties that arise from briefing processes in international cross-cultural projects.

'On a traditional project done here in Melbourne down the street, our consultancy team would meet once a week, the client would more than likely be involved in those consultancy meetings, we'd sit around a table like this and pull out a roll of drawings and everyone would go through everyone's role every week and sort through the issues etc. It's a face-to-face discussion and there's nothing quite like a face-to-face discussion' (Senior Staff – case 2).

'If I could do it again I'd like to pick up the team and go there and spend two- three weeks solid with the client group, what happens then is the whole team has a sense of ownership on the project, there's a level of importance of going over, getting an environmental understanding of the place, getting an acknowledgement of the client and then coming back and then we could do teleconferences after that, but I think there ideally would be nice to have a time frame where you actually dealt with the client face to face. (Design Staff – case2)

For senior staff with the responsibility of client interaction as a condition of their position as the interface, the problem is not a complete lack of face-to-face communication, but rather its sporadic nature. This pattern of client interaction in 'concentrated spurts' means the workload within these periods of face-to-face contact is intensely demanding with an extremely high degree of information passing between the two parties. Outside of this period of face-to-face contact, communication is mediated by information technology and often asynchronous, response time is elongated, and the capacity to ensure ideas are being conveyed accurately is extremely diminished.

'It's very difficult working with a client when you actually only communicate relatively infrequently. We don't have weekly hook-ups with the client group, they expect when we have contact with them it is very concentrated, you know workshop three or four days face to face grinding out the issues. We've always communicated on very concentrated spurts and then you

know there might be a month that goes past before we actually communicate with them again on a face-to-face basis. (Senior Staff – case 2).

For design staff, who are perpetually contacting and communicating with the client group through mediated situations, both IT communications such as email or web-cam and traditional ones such as teleconferencing present technical difficulties. The disparity between levels and system types of information technology between the client group and the firm were discussed in a previous section, and the impact on the briefing process in terms of gaining a connection should be obvious. However, certain challenges and barriers also arise simply through the mediated nature of the communications, where the IT mediated situation implies the lack of face-to-face communication.

The problem essentially lies in the comparative amounts of information conveyed through the spoken word as compared to non-verbal aspects of communication. As discussed in the section on cross-cultural communication, meanings between cultures vary substantially even though those meanings may be signified by the same verbalised word-sound. This is the difference between surface level communication, and a deeper culturally informed understanding of meanings supplied by appropriate types of cultural capital. Designers are dealing with potentially complex ideas, and the non-verbal elements of communication such as facial expression, body language and gesture, as well as the use of props, drawings and demonstrations may be vital in getting the ideas across accurately. These methods of communicating ideas and meanings are absent in the mediated communication, and are the reason why the face-to-face communication is the preferred mode. These problems are made even more acute in the cross-cultural communication contexts of international projects, even when the client groups speak reasonable English. These are issues encountered by all three firms. Consider the following quotes:

'The whole technical implications, getting echoes and all that, and people, they've got accents and sometimes you can't pick up from the accents what people are saying. You know South African, English, Pakistan, you know all these different accents and over a phone it's harder sometimes, you know you miss a few words and you miss the essence of the whole sentence It's very, very difficult to deal with people when you don't understand the subliminal messages that are coming back or the body language or just how they're likely to interpret things' (Design Staff– case 2).

You can't just send the graphic and trust someone else to explain it. It's a lot more difficult. Even in the age of technology and internet and all that sort of stuff, you've got to have a face, you have got to have a presence. (Design staff – case1)

I guess since email came in it has probably increased the amount of discussion we have by two, and then phone calls are just on important issues or initial introductions. But I've been on two and a half hour phone calls with our Australian design manager, our Chinese translator, our Chinese project manager and us trying to convince them that we know what we've done. It's different; it's very difficult because through Chinese language there must be a fair bit of presence of the person. (Design Staff – case 3)

The above quotes from design staff from all three firms highlight these problems. The dependence on information technology to supply the means of communication across globally diverse locations is ever more important in internationalisation. It is questionable whether such a situation can ever be avoided or completely ameliorated. Geographic distance and cross-cultural communication difficulties are unavoidable elements of doing business in international markets. It has been hoped that the above discussion, rather than saying reversion to face-to-face communication is the only viable solution, has illuminated what it is about the lack of face-to-face interaction that makes design practice in international contexts problematic.

The issue is the lack of reflexive capability in the communication process. At its simplest manifestation this concerns the inability to ask for, or give, clarification on a point of issue – whether it is a client's desire or requirements, or a greater explanation of some element of

design. At a more complex level, it concerns the capacity of staff to adapt procedure or behaviour in order to more efficiently meet the needs of the situation – because the needs of the situation are partially concealed by a reduced level of communicative interaction.

8. CONCLUSION

This project has aimed to assess the extent of economic sustainability of working in international markets by Australian construction design-related firms. To this end research was conducted on the experiences of three small to medium sized design firms involved in exporting design service into international markets. This investigation also identified barriers and success factors firms' experience, which increases or reduces their exposure to financial risk. In acknowledging that firms typically develop their own highly sophisticated financial measures, they however have only an implicit understanding of other less tangible factors that impact upon sustainability. This study has opened new research territory by developing a performance measurement model specifically related to design SMEs which relies upon the development of indicators composed of a consideration of social, cultural and intellectual capital.

The general research question addressed in this research project was: "How do construction sector design firms internationalise and develop sustainable business models?" The related research objectives were:

- (1) To clarify why organisations work in international markets and to map processes that organisations undertake to enter international markets.
- (2) To identify barriers and successful strategies used to overcome the barriers to entering various markets and maintaining a position within markets.
- (3) To identify the significance of cross cultural communication in the experience of design firm's internationalisation, and,
- (4) To develop criteria to enable the measurement of an organisation's performance in selected markets based upon social, cultural and intellectual capital.

The research project has exemplified certain characteristics that have influenced the research method and the project outcomes. Although there have been numerous international business empirical studies there is little theory related specifically to design management and internationalisation and there have been few studies that investigate firms in the construction industry who are involved in a design process. The research has therefore been exploratory and has aimed to examine in- depth the phenomenon of design firm internationalisation and to describe and explain how successful design firms create sustainable business models. The literature on design firm internationalisation has implicitly indicated that social, cultural and intellectual capital are all key factors related to successful market entry and long term sustainability; however, it has not been previously investigated to the extent where explicitly rich descriptions of the phenomena can be attained.

A theoretical framework specifically designed for the analysis of organisations entering new markets and aiming to achieve sustainability was developed to guide data collection and theory generation in order to encompass an *adaptive* aspect to internationalisation business practices. Firms who achieve long-term sustainability in international markets are constantly adapting their business practices to achieve client satisfaction. All successful firms ultimately achieve this in local markets but what is intensified in the international market is the need for flexibility and adaptability and continual reassessment; thus the development of a deep understanding of the key components that hinder and/or contribute to the each firms' ability to be flexible and adaptive in the face of important changes in market conditions and more specific circumstances.

The conceptual framework relied upon the three key areas of Internationalisation Process, Market knowledge and Design Management. Underpinning the development of the adaptive performance framework for a sustainable business model is the assumption that these factors

and their various components interact and impact upon each other. Within this adaptive performance model several dominant themes emerged as key findings.

The three firms analysed as case studies for this research project clearly demonstrated different strategic and organisational approaches and models regarding entry and sustainability in international markets. In turn these differences in design philosophy, marketing and management approaches profoundly impacted upon each firm's experiences of internationalisation.

8.1 Internationalisation Process

The primary reasons for firms working in international markets were associated with expanding the firm and improving the financial viability of the firm. For senior partners, international markets, particularly growing and developing markets, present an opportunity for growth and these opportunities affected business decisions concerning market selection and entry.

For design team staff, the primary values associated with working in international markets indicated opportunities to be involved in significantly larger scale and a more diverse range of projects, particularly those associated with development of infrastructure. The value in such work was the opportunity to develop conceptual skills of a nature not readily available in domestic or smaller scaled projects.

In addition, Firm 2's decision to internationalise was also guided by the desire to shield away from fluctuations and downturns in the local market and as such utilize its global outsourcing strategy to maximise its capacity for working internationally.

In relation to firm typologies, firms 1 & 3 operate within the Client Following typology whilst Firm 2 was identified as operating within both the Client Following and Market Seeking typologies. This indicated that firm organisation and goals are heavily influenced by firm size and resource availability. For firms with limited resource availability Client Following as a mode of internationalising was seen to provide significant benefits in terms of minimising financial risks. However, such a strategy of market entry creates a high level of dependence on social networks and joint ventures to gain entry into markets.

For firm 1, joint ventures as the primary mode of entry provided the firm with not only an increased ability to win projects and minimise financial risks, but also solutions to issues of geographic and cultural distance. For firm 3, a large percentage of projects were the result of repeat clients and referrals. Establishing networks was therefore related to the desire for a permanent presence in China.

Alternatively, for firm 2, both the Client Following and Market Seeking typologies were perceived to provide respective advantages and therefore the final selection of entry mode was dependent upon market specifics. Possessing a high level of resource availability and longevity the firm is able to represent itself as a global entity, operating simultaneously in different markets to both seek and follow clients with similar operating parameters.

A significant point of difference between all three firms was the market image or design philosophy that the firms portrayed as their key organisational strategy. Firm 1's strategic approach to internationalisation centred on the maintenance of an image and reputation as an international firm, hence the conscious decision not to set up any local offices in any international market. Firm 2 highly valued its status as a global entity possessing the capacity to carry out significantly larger scale projects hence impacting on its ability to win projects of this kind. For firm 3, its market image related to an emphasis on product and process differentiation as a steel-based construction outfit that provided a marketable variation from local construction enterprises.

Differences in organisational approaches affected an individual firm's strategies in terms of market and project type selection. All three firms' market selection revolved around the sales potential of specific markets. While firms 1 & 2 aimed at high-end prestige jobs, firm 3's choice of projects were largely determined by its desire to repute the firm as one based on delivering quality in a quicker time frame and therefore preferred smaller scale projects with reduced risk and reduced levels of material resources and time.

8.2 Market knowledge

Within an organisation market knowledge refers to both experiential knowledge and informational knowledge. Informational knowledge includes such factors related to institutional arrangements, legal and economic frameworks- all information that is often accessible and transferable by government trade agencies and/or management consulting firms specialising in providing assistance to organisations trying to export. Such information is typically generic although very critical. Experiential knowledge typically arises from individual experiences with particular markets, clients and projects.

There was a general consensus that various international markets have different functioning and operational systems that required efficient handling of firm knowledge base in terms of the development and maintenance of informational and experiential knowledge.

Only firm 3 received government assistance in the initial stages of the internationalisation process. For firm 2, government assistance in the form of grants was only received after the firm gained entry into international markets. There was a general perception that exporting assistance in the form of government grants was of minimal use value to firms looking to internationalise. There is therefore considerable scope for restructuring export grant schemes to make them more immediately useful to design service firms looking to internationalise.

In relation to informational knowledge, all three firms indicated awareness of the significant differences in regulations and codes between Australia and other international markets and accordingly adapted through varying strategies to minimise potential difficulties that may arise from such differences. For firm 1, it was recognised that there was a need for continual reassessment of contractual relationships with international clients and therefore were open and adaptive to changes to constantly accommodate emerging requirements and needs of different projects.

For firm 2, who operates as a global group across 6 international markets, it was felt that there was the necessity for a high level of consistency in the way that the different offices conducted international work. Existing processes and procedures that are deemed successful are constantly fed back into the global network to ensure that all members within the group utilise similar ways of operating to form consistency and standardisation - indicating a level of institutionalised reflexive capability.

Firm 3 placed much emphasis on the development of informational knowledge within the firm. The firm developed a multilingual system. This was in the form of a dual-language dictionary to facilitate staff's understanding of project documents thereby increasing and maintaining the firm's informational knowledge of the market, increasing the capacity to respond immediately and accurately to alterations in project procedure. While other firms acknowledged a need to formalise informational knowledge and make it available as a resource to the firm, they had not to date developed such comprehensive systemic advantage in relation to awareness of differential markets operational systems and codes through the development of informational knowledge management systems.

The three firms also recognised the significance of developing and maintaining firm experiential knowledge to facilitate firm's internationalisation process. It was understood by all firms that staff members who possess such intellectual and cultural capital based in personal

experience of countries, cultures and markets would have the capacity to contribute significantly to the strategic management of varying processes and procedures involved in internationalisation by being more responsive and adaptive. Thus personal experience of markets was highly valued. However, the translation of experiential market knowledge into a formalised and accessible resource for the firm was considerably more problematic than informational market knowledge. The key element was largely concerned with maintaining valuable staff and a dependence on internal social networks and information flows for disseminating experience and advice on key issues of internationalisation.

8.3 Design management

For effective utilisation of the potential to be realised by design expertise and skill, management of the design process is required at both the individual project level and the strategic level of an organisation. In relation to People Management, all three firms provide examples of the importance of recognising the social, cultural and intellectual capital requirements of specific positions in the all processes and of placing an appropriately skilled individual in that position.

In recognition of this problem, firm 1 placed importance in recruiting staff with a wide array of forms of intellectual capital that are relevant to internationalisation, where this could refer to linguistic capacity, experience of other cultures through overseas work or extensive travel whilst firm 2 utilised senior staff in the crucial interface position that have previous design experience, and therefore first hand knowledge of the design process, what it involves and how best to facilitate it.

Whilst firm 3 understood the necessity of matching appropriately skilled individuals to the specific tasks, the firm resolved many potential issues through its design process that involved the key client contact who is both the manager of the design process and the designer of the building thereby eliminating possible misinterpretations. This form of design process also increased the firm's reflexive capacity in that the mode of interaction between the client and the designer is direct which enables the designer to respond instantaneously to emerging client's requirements and enquiries as they arise.

Both firms 1 & 2's reliance on one staff member to be the primary client contact and to manage the briefing process also resulted in a separation of the design staff from any direct source of information or feedback. This separation produced a relationship to the project for designers that they characterised as 'abstract' and was generally considered problematic for designers. Issues related to developing effective internal and external information flows were revealed as a dominant barrier.

8.4 Primary Barriers

Analysis revealed a high level of comparison between firms in relation to what they defined as being barriers to internationalisation and export of design. Predominantly these can be grouped under three categories: Barriers relating to financial issues, barrier relating to market knowledge, and barriers relating to cross-cultural communication – which was seen as by far the most influential barrier and challenge facing design firms in international contexts.

Somewhat surprisingly, there was a reticence to identify purely financial issues as the primary barriers. This is not to say that interviewees from all the firms did not discuss financial considerations, but rather they were not discussed in terms of being the dominant barrier. It must be noted, however, that both the interviewee's responses and analysis of results demonstrates that financial impacts are the product of barriers that have their underlying causes in more subtle and complex factors. The barriers identified as being financial in impact refer primarily to issues surrounding the efficacy of contract negotiation and ensuring

payments are made on time and correctly. Other issues discussed as financial in nature were strategic investment, the necessary but difficult gap between the investment of capital and resources and the return on investment, and corruption, although only firm 3 raised this point.

In relation to almost all of the financial barriers discussed above, market knowledge can thus be seen as instrumental in overcoming financial barriers, and is therefore an instrumental success factor. This is true of understanding the dynamics of the markets operation, but also in understanding and dealing with the discrepancies and technical differentiations between international markets. The firms analysed discussed these types of barriers as the practicalities commonly encountered in internationalising into foreign markets. These included barriers relating to gaining certification and approval, dealing with differentiated codes and specifications influencing design practices, and disparate levels of technology between the firms, client groups, third parties and other mediating entities.

The barriers discussed above correlate broadly to those barriers to exporting mentioned in table 1.8 in the literature review; where prohibitive costs were deemed the most influential barrier and can be seen as a conglomerate indicator for many of the financial issues revealed in the study – particularly the gap between investment and return, which, as noted in above, places duress on firms with a limited amount of resource availability. Other predominant barriers in table 1.8 concern a lack of awareness and access to export information and assistance within international markets, all of which fall within the category of market knowledge and associated barriers mentioned by the firms interviewed.

What is a highly significant finding of this study was the elucidation of the fact that the firms generally considered financial barriers to be a product of a lack in market knowledge, and considered the information crucial to market knowledge as available. The barriers concerned access at the level of informational knowledge and the formalisation and utilisation of experiential knowledge as a resource for the firm. Therefore, underlying both these groups of barriers to understanding is the theme of communication between cultures, identified by the firms as the single biggest and most challenging barrier associated with internationalisation.

Cultural awareness was seen as having a profound impact upon the internationalisation process of any firm. It is even more acute for design service firms as the acquiring of projects and the successful completion of projects relies upon effective cross-cultural communication. Linguistic and cultural differences are a significant issue for design related firms as a high level of communication characterizes the design service. Within the context of design management, effective cross cultural business communication becomes an important part of the ability of an organization to develop knowledge to export, enter new international markets and to then maintain a strategic position within various markets. Information internalisation and the translation of information into relevant knowledge has been identified as an important part of the internationalisation process

Cross cultural communication was identified as the primary barrier by the firms analysed in this study and also as the underlying cause of many of the surface level manifestations of barriers. Results demonstrated the field of cross-cultural communication to be a much more complex site than previously addressed in the literature. Barriers and problems in cross cultural communication are usually seen as revolving around translation between languages and personal interpretations of meanings, and this is certainly an important element. Yet, gaps in cultural understanding can also often be the product of differentiated cultural values, and of limits in conceptual continuity and compatibility between niche areas of expertise.

Whilst issues of cross-cultural communication appear to be obvious, there is a relative lack of understanding of the complexities related to cross cultural communication difficulties. There is also a relative absence of explicit measures such as policies, processes and procedures formally designed to manage these potential problems. This study has identified that communication between cultures occurs in three different contexts; (a) between national cultures (including language differences, cultural understandings and social customs), (b) between corporate business cultures (management styles, processes and procedures), and

(c) between project cultures (fields of expertise, niche specialisation and conceptual compatibility and continuity). These three contexts regularly overlap and interpenetrate to create the complex field that is cross-cultural communication.

The central issues that emerged from the analysis concerning cross-cultural communication are better considered as underlying contexts caused by the dynamics of cultures operating upon each other. The benefit of conceptualising the following discussion from this perspective is to allow distance from the primarily negative connotations of the term 'barrier', which suggests an obstacle to desire, and which must be 'overcome'.

Cultural interaction is not a 'barrier' or an unavoidable by-product of 'doing business'. Cross-cultural communication is what *facilitates* the entry and maintenance of a position in an international market. The interpenetration of the three contexts outlined above produces certain dynamics that must be negotiated – they cannot be avoided – but must be managed strategically and used efficiently and effectively. The predominant cross cultural communication dynamics outlined by the firms were geographic and cultural distance from the country – and national culture – in which the market is situated, the interrelation of project and business cultures impacting the way a firm does internal business and its relations with external businesses, the dissociation from local contexts caused by dislocation from client and project site that especially impacts the function of design teams.

Accordingly, the means through which the firms managed issues relating to cross-cultural communication largely determined the extent of their successful business practices. There was an overwhelming correlation between the extent to which firms utilised social, cultural and intellectual capital to overcome cross cultural communication challenges and what the firms identified as being the predominant success factors in their experiences of internationalisation.

8.5 Success Factors

The group of success factors listed in table 1.9 in the literature review correspond to the themes of social, cultural and intellectual capital outlined by this project and can all be considered the means through which cross cultural communication difficulties and challenges can be efficiently addressed. 76.6% of exporting architects identify (implicitly) social capital in the form of formal and informal networks as the predominant success factor. A further 45.1% identify cultural capital as a functional understanding of culture as a dominant factor. Likewise, obtaining information and understanding regulations and requirements about a market – both a product of expanded niche expertise and intellectual capital – is considered a success factor by 73% of exporting architects.

What this study has achieved is to explicitly outline the forms of non-economic capital that are instrumental to a firms successful business practices in international markets, and to show the fluid relationships that exist between social, cultural and intellectual capital.

8.6 Strategic Management of Social, Cultural, and Intellectual Capital

This study has demonstrated that sustainability in international markets is supported by other considerations of other non-financial indicators of performance, which includes social, cultural and intellectual capital, assists the financial success of the export enterprise of organisations.

The relationships between cultural, social and intellectual capital are complex. Capital exists in a variety of forms or states, and has been shown to be a highly fluid medium that lends itself to transformation into, or leveraging of, another form of capital. The investment of a particular type of capital can be aimed at the exchange of capital in order to accumulate capital. Alternatively the accumulation of a particular type of capital may be so that an

exchange of another type of capital can take place. The interrelationships between the all types of capital are critical towards achieving project performance in terms of both building performance and process performance.

Through an understanding of the nature of communication at its social and cultural elements it is possible to be consciously aware of the complexities of cross cultural communication, including the ability to perceive and address potential difficulties before they manifest into problems. Management of social, cultural and intellectual capital involves understanding the interrelationships between forms of capital, so as to be able to maximise advantage through the utilisation and leveraging of one form of capital to gain another. It also involves understanding the dynamics of the design process so as to be able to identify the requirements of any given point in the internal and external flows of information, and having the internal flexibility to place the appropriately skilled individual in that position.

Accordingly, the putting in place of people with the right skills and forms of social, cultural and intellectual capital (including both a bi-lingual capacity and cultural understanding) is the primary solution to cross cultural barriers. This is particularly important for certain positions within internal and external flows of information, thus highlighting the importance of social capital in developing alliances, partnerships and utilising formal and informal social networks. In particular it was noted that the informal social interaction was highly important in allowing trust to develop in social networks. Socialising with clients and partners also provided significant opportunities for demonstrating cultural awareness and understanding and thus converting cultural capital into social capital.

The role of cultural capital is instrumental in developing reputation and image and the impact of winning design competitions on the accumulation of cultural capital is considerable. In international contexts this is intricately related to the other predominant form of cultural capital discussed by the firms as cultural understanding. The ability to produce culturally appropriate designs and facilities that engage with and compliment local contexts and surrounding environments is a central concern of all the firms analysed. The extent to which this is possible thus depends on ability to facilitate a 'deep local engagement' that provides detailed information concerning the local cultural and environmental issues.

The role of intellectual capital and niche specialisations is paramount to the sustainable and successful functioning of all three firm's, particularly in regard to people management, ensuring conceptual continuity on projects and across cultural fields, and the maximisation of experiential knowledge. It was identified as centrally important regarding specific positions in internal and external information flows. Significant findings were that those individuals with client contact were responsible for delivering a brief to the design staff that would facilitate effective work on the project. It was noted that on occasion this was made difficult by the communication skills of the individual responsible for effective and meaningful interaction with both client and design team, and the dynamics of the briefing process in general.

8.7 Reflexive Capability

A highly significant outcome of this research study has been the identification of the central relation between a level of reflexive capability within the firm and the firm's level of successful business practices in international markets. The reflexive capability approach is appropriate to all design processes but what is speculated upon is that the reflexive capability is *particularly intrinsic* to design firms who work globally and who are successful in that process.

The business performance indicators researched in this project as social, cultural and intellectual capital have been demonstrated to be highly fluid and interchangeable – regularly transforming into, or being utilised to leverage, one another. The adaptive performance model discussed in the literature review has highlighted the need for a means to measure potential for success. Reflexive capability can be considered a conglomerate indicator of firm's potential for success in international markets.

Many researchers previously have either explicitly or implicitly highlighted – the internationalisation process is dynamic. A true understanding of dynamic is to accept change as a positive rather than a negative characteristic. Rather than dealing, coping and managing in a reductionist manner the challenge of effective internationalisation process for design firms that is to embrace its dynamic nature. Awareness, responsivity, adaptability all contributes to the consciously determined micro-management of the process, where the individual is highly aware of both the nature of the process, and their own role in the process. Furthermore, they are able to separate these two elements to consider them rationally and objectively and to understand the relationships between the two.

A reflexive model is most effective when the project is considered a unique entity, and when the process is understood as a structured arrangement of relationships between roles that have specific requirements related to the unique characteristics of the particular project. Furthermore, it implies a need for an awareness of the skills, and capabilities of individual staff in order to place them in appropriately suitable positions to facilitate the capacity for individuals to respond accordingly and instantaneously in any unique situation that may eventuate. Participants need to have some sense of self-awareness about what practices they are embedded within and be conscious or perceptive of that constantly changing environment and the various processes. Participants not only need this openness to change but also the skills and the culture or mechanisms that allow institutional change.

Any given position in the internationalisation process requires a specific yet interrelating mix of various forms of social, cultural and intellectual capital. Indeed, reflexive capability of the individual (as a product of the three characteristics outlined above) can itself be considered a form of intellectual capital as a specific skill that benefits the firm. It is also a form of social capital as a particular way of relating to colleagues and developing flexible networks, as well as a form of cultural capital in that it is a detailed awareness and understanding of the project and organisational cultures of the firm. The internationalisation process and the ensuing culture of change that necessarily accompanies this creative and enquiring process should not always been viewed as a problem situation.

The strategic management of social, cultural and intellectual capital leads to the development of increasing reflexive capability within the intense, complex and dynamic environment of international projects and processes related to internationalisation. A reflexive capability is a characteristic of successful and innovative firms internationalising and working within global models of practice.

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