



CHALMERS
UNIVERSITY OF TECHNOLOGY

Strategy at Scandinavian architectural firm

Master's Thesis in the Master's Programme International Project Management

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Department of Architecture and Civil Engineering
Division of Construction Management

CHALMERS UNIVERSITY OF TECHNOLOGY
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ABSTRACT

This research focuses on strategy that a Swedish architectural firm performs in order for internationalizing into Scandinavian market. The Scandinavian market is comprised of three countries which are Sweden, Denmark and Norway. These countries have both similarity and difference which provide opportunity for business and industry to have expansion and growth. The research is framed by based on three areas of literature which are business of architectural firm, internationalization and strategy. The literature in business of architectural firm is described as fundamental ground. The internationalization is as a key to the study. Both are seen and elaborated through a lens which provides strategic perspective for the analysis and finding. The empirical materials have been derived from a small-sized Swedish architectural firm. It is mainly carried out through semi-structure interview with additional desktop research. The finding indicates that, when a Swedish architectural firm internationalizes into Scandinavian market, the firm has to strategize for three key factors according to three dimensions of strategy. The first is in terms of business. The firm need to have product or service that is needed by cross-border clients. Secondly, it is opportunity as process. The firm has to seize the opportunity to access to cross-border market. In this aspect, flexibility and adaptation is needed. Thirdly, the firm has to execute international project as for creating of synergy and customizing the service to cross-border client. Those factors need to be strategized. In addition, the strategizing has to be specific, fit, flexible and harmonize with holistic situation.

Key words: architectural firm, strategy, internationalization, Scandinavian market

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Preface

In this research, the strategy at a Scandinavian architectural firm has been expressed. The research has been carried out during January until June 2017. The work is a part of Master's Thesis in the Master's Programme International Project Management. The empirical materials are undertaken at a Swedish architectural firm. This research has been carried out with Thongchai Lapthananchaiwong as a researcher and Professor Christian Koch as supervisor.

First of all, I would like to express my thankfulness to the firm for a great chance in being a key part of the research. I would also like to thank the department of Architecture and Civil Engineering for an opportunity in the program and my supervisor for valuable feedback during the process. Lastly, I would like to thank my friends and family for the big support all along the academic period.

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Thongchai Lapthananchaiwong

1 Introduction

Scandinavian countries are a term refers to a group of countries in northern Europe. They consist of three countries located around the Scandinavian Peninsula; they are Sweden, Norway and Denmark, see figure 1.1. These countries are closely located in terms of geographic. They have many similar backgrounds in aspects of politic, economic, social, technological, environmental and legal. In addition, they share similar history and culture. In terms of population, these countries are inhabited by many groups of population. These populations use North Germanic or Scandinavian languages as their communication languages, (Britannica)



Figure 1.1, Map of Scandinavian countries (Britannica)

In addition to the similar background, these countries have established wide range of relationship and interaction. The relationship and interaction lead to connectivity between each country. Additionally, the connectivity is gradually increased over time. It also brings about expansion which is not only in terms of geographic but also economics. The connectivity and expansion contribute to opportunities that business organization can be challenged. Moreover, the organization could participate and obtain benefit from that emerging opportunity. In another perspective, the emerging opportunity can provide growth to the business organization. For instance, the growth might be contributed by an expansion of market from domestic to international level. However, the opportunity always comes together with risk or threat that the organization has to encounter. It might be, for instance, intense competition in the industry which many companies strive for high profitability.

Regarding construction industry, it is an industry which consists of many companies work by on the project basis. They are as a chain of buyers and suppliers. Those companies include various types of consultant firm, for example, engineering and architectural consultants, construction management consultants as well as specialist or

expert in some specific areas. Furthermore, the company also includes contractors as well as material suppliers. In terms of building design, architectural firm is an organization or a member of the project which responsible for design task. The design is undertaken by architect. The architect works in collaboration with other consultants who involves with the project in different aspects. In professional role, the architectural firm could take a role as the consultant. However, the firm can also be seen as business organization which the business is conducted by based on professional services. By focusing on the architectural firm, some particular characteristics could be defined. Those characteristics identify the architectural firm as service organization, professional organization and creative organization (Winch and Schneider, 1993).

The research sheds the light on the business of architectural firm in Scandinavian countries. According to the industrial environment that many connectivity between countries has been established. The opportunity emerges for architectural firm to conduct their business across border of domestic market. Therefore, the internationalization is considered. In board perspective, the internationalization is defined as activities or processes which firm operates across border (Wit and Meyer, 2014). However, as mention above, when firm internationalizes, it definitely encounters not only opportunity but also threat that can cause to failure. In order for accomplishment, the firm requires a set of action that leads to performance and successful outcome. It can be seen as strategy that business organization has to employ in order for success when internationalizing.

1.1 Research question

According to the background, this research emphasizes on Swedish architectural firm which is internationalizing into Scandinavian market. The research aims to investigate strategy which has been employed and performed when internationalizing. The study is conducted by based on this research question:

RQ: How does a Swedish architectural firm strategize in order to internationalize into Scandinavian market?

The research question is constructed on the basis of business of architectural firm. In addition, it covers business context which is Swedish domestic and Scandinavian market. It is a circumstance where the firm exists and conducts the business. The internationalization is focused and investigated. It is seen through strategy lens in order to provide understanding in the perspective of strategy.

1.2 Research objective

The objective of this research is to present the knowledge that is derived from the investigation and understanding of the internationalization. The understanding is based on analysis and discussion of empirical material with theoretical framework. The research finding will indicate the strategy that firm performs in order for accomplishment in internationalization. The strategy is analysed in all dimensions as

well as strategizing. Regarding the research, it also aims to create understanding in internationalization of Swedish architectural firm.

1.3 Scope and limitations

Regarding the scope and limitation for this research, it is determined by focusing on Swedish architectural firm. The internationalization is limited to Scandinavian market which consists of Denmark and Norway. In terms of professional services, the internationalization refers to the services that Swedish firm delivers to cross-border clients in Denmark and Norway.

This research is structured sequentially from methodology to conclusion. Following the introduction, the methodology is elaborated to provide a board perspective on how research is design as well as empirical material collection and analysis. The next part is theoretical framework which a set of theory is explained. In order to define the framework, the theory about business, internationalization and strategy are described. Following the theoretical framework, the empirical materials are presented prior to the analysis and discussion part. The analysis and discussion part investigate the empirical materials by bridging with the theory. Finally, the research finding is elaborated in the conclusion.

2 Methodology

This chapter describes research methodology. First of all, research design is presented to describe various steps to answer the research question. Then, an empirical material collection process is presented. The third is empirical materials analysis followed by validity of study and ethical consideration of this study is presented.

2.1 Research design

This research aims to describe and explain the strategy which a Swedish architectural firm employs to internationalize into Scandinavian market. The research is conducted by qualitative research method which empirical materials are gathered through semi-structure interview as well as desktop research. The empirical materials will be bridged with theoretical framework. Furthermore, interpretive technique will be employed to analyse the empirical materials by based on abductive research approach.

According to the qualitative research method, a Swedish architectural firm has to be selected in order to be a source of empirical materials. It is determined prior to the selection that the firm must have activity involves with Scandinavian market. The firm required to have business activity or architectural projects in Norway and Denmark. In addition, the firm must consents to provide in-depth information through the research process. Initially, the firm was sought through internet by considering firm's profile and projects. The selection process ended up with a Swedish architectural firm chosen. The firm is a small-size firm named Green arkitekter. The firm has office based in Gothenburg.

Following the selection, owner had been contacted. This initial contact was in order to inform about the research and requested for permission to employ the firm as a part of research. The plan for semi-structure interview was discussed after the permission. In parallel with preparation for the interview, the desktop research has been done in order to gather data about organization background as well as create fundamental ground to formulate interview question.

2.2 Empirical materials collection

Following the research design, the empirical materials are acquired through a semi-structure interview. It focuses on actual phenomenon or event as well as interviewee's perspective toward that phenomenon. The collection of empirical materials includes processes and activities which firm have employed for internationalization. Regarding theoretical framework and research question, the collection of empirical materials aims for three data groups:

- 1) Organization background – this part focuses on general information of firm, for instance, founder, age and the number of staff, core concept which proposed to clients, firm's partners as well as project portfolio.
- 2) Internationalization – this part emphasizes on various activities which firm intends to have operation beyond the domestic market. In addition, it focuses on processes in which the firm acquires, undertakes and delivers project abroad. However, many literatures indicate that the internationalization of architectural firm is relevant to how

firms operate their business in home or domestic market (Winch, 2014; Winch et al., 2002). Thus, this part also covers the business that firm conducts in home market.

3) Scandinavian market – this part focuses on information about Scandinavian market. It provides an in-depth perspective on construction industry and consultant business in Scandinavian countries. The empirical information elaborates market condition by based on annual time period.

The empirical materials are derived from two sources primary and secondary data sources. The primary data mainly emphasizes on internationalization processes and activities, which has been taken place. The primary data is gathered through a semi-structure interview with firm's partner and founder. The secondary data mainly focuses on organization background which is collected by desktop research from electronic sources.

Prior to semi-structure interview, the desktop research was done to acquire secondary data. It had been done through firm's website as main data source. The secondary data collected at this stage were organization's background and history, firm's core concept, number of staff, project portfolio and network organization which firm had collaboration and coordination in each project. In addition, the data had been collected through other media which involved ecological building as well as engineering and energy for ecological building.

The semi-structure interview had been taken place according to appointment. The author arrived at the office with a colleague who was a technical supporter in recording the conversation. The interview took place in a conference room. Prior to the interview, the interviewee introduced firm's workplace by bringing author through. In the interview period, the interviewee came up with three architectural design magazines which a successful project has been published. In addition, there are two projects that were presented by their preliminary sketches. They are in Norway and have been undertaken by the firm. In addition, the interviewee prepared a brochure which explained firm's concept and design. It was provided to the author as an additional data source. The interview period was last for an hour and the conversation was recorded by two recording tools which were a voice recorder and a laptop computer with permission from the interviewee.

2.3 Empirical material analysis

Following the acquiring of empirical materials, it is a process of analysis. The materials will be initially transcribed and digested prior to the analysis. The analysis of empirical materials will be based on abductive research approach. The theoretical framework is employed as a fundamental theory. Moreover, additional theory might be added in the analysis in order for clarification of empirical materials. The theory and empirical materials will be bridged together by based on its relevance. The connection between theories and materials will be interpreted. In addition, the understanding of situation or phenomenon will be created by based on the interpretation. Following the analysis, the understanding that derived from theory and empirical materials will be discussed in broader perspective. Finally, the analysis and discussion will lead to research findings which provide answer to the research question.

2.4 Validity of study

The validity of this study is elaborated in two aspects which are research process and communication obstacle. In terms of process, this research is brought into discussion and is investigated by several processes. The processes are determined by course pattern throughout time period which the research has been conducted. Those processes consist of six supervisions, a peer review, an opposition with opponent group and a presentation in the conference. Regarding the communication, the language which is used for communication along this research is determined to be in English. However, both author and interviewee are not English native speakers. Hence, there is also obstacle in language barrier which the communication might not deliver absolute understanding between author and interviewee.

2.5 Ethical consideration

There are ethical concerns that need to be considered. Since the research focuses on business aspects of a case company, all empirical material is confidentially treated. The part of content with specific name as well as keyword will be anonymous or changed. This is as a result of they can be referred or exposed some aspects that are relevant to business benefit.

Regarding methodology chapter, the research methodology is identified. It encompasses and provides direction that the research will reach. In next chapter, a set of theory is presented. It is defined as a theoretical frame for the research.

3 Theoretical Framework

This chapter defines a set of theory that is brought into the research in order to identify a framework for study. The theoretical framework is constructed by three main parts. Firstly, it is business of architectural service firm. This part is defined in order to provide basic understanding about architectural firm in terms of business. The theory about business of architectural firm is compiled by based on literature about professional service business as well as architectural business. The second part is internationalization. This part focuses mainly on the internationalization of architectural business. It elaborates particular processes and activities which architectural firm has to encounter when internationalizes. The third part is strategy. This part mainly embraces a literature on strategy which is written by Wit and Meyer (2014). The perspective of strategy is described in three dimensions which are content, process and context. A detail of strategy is defined in each dimension. In addition, the strategizing is described to present strategic thinking process.

3.1 Architectural firm as professional business

In broad perspective, architectural firm is a type of professional service firm which can be identified as knowledge-intensive firm (Winch and Schneider, 1993; Løwendahl, 2005; Nordenflycht, 2010). In terms of business, Cramer and Simpson (2002) address design enterprise model which consists of four key success factors. They are marketing, operations, professional services and finance.



Figure 3.1, Design enterprise model; based on model by Cramer and Simpson (2002)

3.1.1 Marketing

Cramer and Simpson (2002) describe marketing as a process which initiates connection between firm and client. Additionally, for architectural firm, the marketing

contributes to project as a result. In another perspective, the connection between firm and client could be seen as a bridge that links between two elements. It is intangible resources that firm employ such as skill, knowledge, expertise as well as talent. They are linked with client's need or marketplace. In this aspect, the architectural firm can obtain highest benefit from marketing when its competence and capability fits with the true need of the client or marketplace.

"The first requirement in doing good design is getting the commission" (Cramer and Simpson, 2002). Similar to other businesses, it cannot be denied that both client and project are important for architectural business whether it is a small or large firm, a start-up or age, or in any level, regional, national as well as international level. According to the role of marketing, the successful and achievement of marketing will continuously bring the project to the firm. It is a significant start-point in which the firm's operation is driven. Therefore, marketing must be seen as an essential connection and the first step to design process.

Cramer and Simpson (2002) also claim that the marketing could consist of various activities which are identify, acquire, create or retain client and project. These activities fundamentally involve with client's need in many aspects. What client needs most is a trusting relationship with an expert who has solution. They feel somewhat intimidated by the task of expanding their facilities, relocating a division, repositioning their business or moving their organization to the next level. The client needs an expert who understands a gap between today's operating and tomorrow's new business paradigm. They are looking for someone who speaks their language and who is familiar with the unique characteristic of their industry. They not only need an architect, engineer or designer but also a solution creator who goes beyond problem solving approach. The architect and engineer should listen carefully to determine what our client's priorities truly are and tailor our project delivery systems to meet and exceed those expectations. Client values solution – not tradition.

3.1.2 Operation

Cramer and Simpson (2002) describe operation as a process in which works are organized. It is activities of establishing and managing work environment and context in order for productive work performance. These activities involves with, for instance, planning of office space, setting up equipment, recruiting and organizing staff. The high-quality operation as well as right context can contribute to optimization of time, talent as well as utilization of firm's resources for superior productivity. Those elements can leads to thriving of good design in the firm. While marketing is the design of client relationships, in operation, we determine process which seems to be as rules to guide the design effort. Without those rules, all that results are chaos.

In addition, Cramer and Simpson also point out that, for many architectural firms, operation is similar to marketing that it is routinely overlooked. In aspect of organization, Cramer and Simpson (2002) mention about network that it can be created through the community in the organization. As a hidden resource, this informal network does not normally show up, nevertheless, it is powerful. Some firms can deliver value and result by based on a strong sense of community. It is produced by informal networks that embedded in the organization. The power of network is a significant strategic issue for firms to understand and utilize, for instance, the sense of community created by the network can bring in the new talent and better people. It is as an important part of operational goal that the performance community should be determined.

Cramer and Simpson (2002) explain about size and growth of architectural firm that individual architect has different perspectives about size and growth. Some firms are operated without any urgent desire to grow while some do not intentionally plan for growth. However, the most successful firms are growing firms as a result of they have planned for growth. They realized that size matters. In more detail, growth is considered to be an advantage. It can better serve growing clients, improve shareholder value as well as provide opportunities for staff development and career building.

3.1.3 Professional services

Cramer and Simpson (2002) elaborate professional service as an actual work. It is not only drawing lines on the paper but also including many processes, for example, data analysis, research, conceptualize, illustrate idea, coordinate with team members, or etc. In order for accomplishment of professional services, team is needed and professional services also concern itself with communication, management and leadership. In aspect of architecture, the designer provides instructions but does not typically build the building. Thus, drawings, models and specifications are not an end in themselves. They are merely instruments of service. In addition, they enable team members such as construction manager and contractor to do their commission. This fact should shape how professional services are conceived and delivered. It opens up possibilities for new and different kinds of services.

Cramer and Simpson (2002) additionally mention that professional services are at the centre of design mission which idea, skill and knowledge meet with expression. In professional services, tangible products which are drawings, models and specifications are a part. However, the value of professional services is idea generation and problem solving. The professional services directly involve with value that firm creates and delivers to clients. Basically, value is proportion which consists of cost and benefit; cost divided by benefit. The value that architect creates for client is beyond the design aesthetics of project. Additionally, it includes making the most use of building site or location, maximizing building area as well as solution to specific problem involves in construction process. The design value also means that the appearance of the building will attract people and makes them want to work or live in the building. In another perspective, the value also means providing for flexibility which can accommodate a variety of potential users. The architect can also provide real value by helping secure permits and other necessary public approvals. In terms of cost and time, managing construction cost and schedule can be the measurable value for clients. All of these aspects reinforce the architect to providing value as part of the design process. In addition, it can be seen that the value designer creates for the project is as much important as aesthetic. The architect has to understand and communicate how these various aspects of value create success for the clients.

3.1.4 Finance

Cramer and Simpson (2002) explain that finance is about collecting and managing money. It involves with managing of income and expense. Finance, or money, is as fuel that enables the firm to operate and sustain. Finance can involves with many things, for instance, a means of exchange, a measure of value, and sometimes an end in itself. Cramer and Simpson (2002) compare money as a foreign language to many

design professionals. In addition, money can be a force that in some way shapes the outcome of projects.

3.2 Internationalization

Winch (2008) claims that architectural practices internationalize to meet the needs of international clients. However, this is not the only reason for that internationalization. It occurred in less than half our cases. A first issue is that client may be resolutely local, but be internationally orientated rather than internationally mobile. Such client aspires to gain status for their project through the involvement of an internationally renowned architect. A second is that specialist expertise is important, so clients may seek that expertise abroad if it is not available from domestic providers.

Winch (2008) mentions about internationalization in business-to-business services that the internationalization is a phenomenon which has increasingly expanded for many years. It is contributed by firm's effort in delivering service to international clients. In addition, the internationalization also challenges firm to respond to both domestic and international markets simultaneously. In accordance with Winch (2014) that the challenges of globalization are generating considerable organizational pressures on professional service firms.

Winch et al. (2002) in a study about internationalization between English and French architectural firms describe many aspects in exports activities of architectural firms. Those are of mode of entry to foreign market, mode of association or organization of architectural exports, and the difference of performance. In addition, those activities are influenced by many factors which are different between those two countries. Those factors are age and size, pattern of legal status of practices as well as positioning strategies in domestic market.

In aspect of annual turnover, Winch et al. (2002) claim that, from the samples which are English and French architectural firms, there is a small number of firms in those two countries which have more than a half of their turnovers from export market. The majority of the sample firms gain a relatively small proportion from abroad.

3.2.1 Mode of entry

Winch et al. (2002) mention that there are four different modes of entry into foreign markets. Those are: 1) follow the domestic client with investment in foreign country, 2) participate and win an architectural design competition, 3) participate in formal or informal selective tender, and 4) use referral from network member. These different modes of entry are relevant to how firms conduct business in their domestic markets. The architectural design competition is preferred by strong idea firms whereas follow the domestic clients and selective tender are preferred by strong experience firms. Additionally, such strong experience firms rely on their specializations in specific type of building and obtain reputation and repeat projects from satisfied clients. Therefore, when clients expand their business abroad, they usually retain the architectural firms from their countries as the firms can effectively deliver the project. In another perspective, it can be implied that the strong experience firms, in general, do not favour to participate the competition. For the strong idea firms, they look for the most exciting projects in term of architecture instead of specialize themselves in particular building type or knowledge.

Winch (2008) also mentions about these four modes of entry to foreign market in his study about the internationalization strategies in business-to-business services. In this

study, the selective tender mode is additionally explained in term of marketing. It is as various ways that architectural firms can acquire the project. Such marketing is considered as reputation-based market entry which can work differently with various kinds of firms. For instance, a client approaches to strong idea firm directly as a result of its reputation from winning a design competition.

3.2.2 Mode of association

Mode of association is next problem follow mode of entry which firm has passed through. Winch et al. (2002) claim that the mode of association is how to organize the project. Working abroad requires working in new ways because the institutional context varies significantly between countries. The point of variation is the relationship with the constructor and the regulations regarding urban planning and construction standards. In both cases, the ability to communicate and negotiate in the language of the country needs to be acquired.

Winch et al. (2002) mention that there are five modes of association in foreign context. Those are 1) form a temporary association with a local practice, 2) open a temporary project office, 3) join a network of architectural firms, 4) create joint venture with a local firm, and 5) use owned subsidiary. There is also relevancy between mode of association and strategy. The strong idea firms are preferred the first two temporary modes of association since the firms emphasize on design control and look forward to other projects which might be in different countries. In detail, opening the temporary office tends to be preferable when compare to another form of association since the association with local architect might lead to problem in design control which is the most significant factor for their success in project. For the strong experience firms, both temporary and permanent forms of association are preferred. However, the temporary form is preferable. In terms of business-to-business services, Winch (2008) also mentions those modes of association and the relevancy with the strong idea and strong experience firms which are in the same way.

Further to mode of association, Winch et al. (2002) particularly mention about European strategy in which employed by some strong experience firms. The European strategy can be elaborated by three forms of association which are 1) the establishment of alliance network, 2) the establishment of subsidiaries, and 3) the formation of associations. The formation of associations is similar to the establishment of alliance. Nevertheless, relationship between firms is relatively different. The establishment of alliance network tends to be based on symmetrical relationship whilst the formation of associations is opposite. In terms of practicality, the association can provide effective outcome when both members have different skills in which they can be complimentary. However, it might not be effective and can lead to problem, for example, the associations do not facilitate the market access and try to block out their own clients.

Winch (2014) studies about the relationship between positioning in home market of architectural firm and network positioning. The research has suggested that the concept of firm positioning needs to be elaborated. It is in order to distinguish business positioning which identifies the firm's relationship with competitors and network positioning. In his study, home market positioning is based on four generic strategies by Winch and Schneider (1993) which are 1) strong delivery, 2) strong ambition, 3) strong experience, and 4) strong idea. The network positioning is also identified. It consists of 1) promiscuity or individualistic approach to collaborate, and 2) polygamy or bilateral strategic alliance. The finding implies that the home market

positioning and network positioning strategies vigorously correlate to each other. In addition, the configuration indicates that strong experience practices favour polygamous network strategies, while strong ideas practices prefer to meet the need for local expertise promiscuously.

3.2.3 Performance and Success

Winch et al. (2002) claim that domestic market context is relevant to firm's performance and success when operates abroad. The domestic context is considered as a particular characteristic which contribute to institutional difference between countries. Linder (1994), referred by Winch et al. (2002), mentions about the relevancy between domestic operation and international success. The success of firm is based on the specialization in which firm adopts from domestic market and such specialization meet the demand of clients in international market. Additionally, Porter (1990), referred by Winch et al. (2002), also emphasizes that the domestic market condition has big influence in international success.

In addition to domestic market context, Winch et al. (2002) mention that size and age of firm can lead to competitive advantage in international market. In accordance with another study by Winch (2008) about the internationalization of business-to-business services claims that size, in term of number of employee, is an important factor that contributes to competitive advantage. Larger practices can employ the number of people required to cover knowledge of the regulatory systems in the major markets, and can also have clout when negotiating terms with local collaborators. Around 50 staff would appear to be the point at which the benefits of such economies begin to be attained. In addition, size is result of success in internationalization.

3.2.4 Reputation

Aharoni and Nachum (2000) explain that reputation is “a multi-dimensional attribute, signalled by a whole array of variables”. Particularly, it is relevant to quality. In addition, it reflects process and technical aspects. David (1992), mentioned by Aharoni and Nachum (2000), describes several factors that involves with reputation which are innovativeness, quality, investment values, financial status, attractiveness, and social responsibility. Since service business is intangible and uncertainty, the reputation is one of a critical factor that has huge effect on client's decision when select the professional firms. The reputation could be relied on trust and integrity of individual professionals. Regarding size of firm, the reputation in small firm is attached to specific individual while it is related to organization in the large firms. In term of marketing, the reputation can result in client's loyalty as well as referral for continual projects.

“Reputation is largely location-specific” (Nachum 1999; quoted in Aharoni and Nachum 2000). It can be implied that the reputation cannot be automatically transmitted between different locations or countries. Some professional firms transfer reputation by propose services to their multi-national clients to access global markets. In this case, the reputation can be transferred from one to other countries through the services provided to those clients.

3.3 Strategy perspective

Strategy, or strategic management, is described by many authors with various perspectives. In terms of definition, Mintzberg (1998) mentions five different meanings which are: 1) strategy is a plan or a guide that determine actions into the future. 2) Strategy is a pattern; it is behaviour which is consistency over time. 3) Strategy is a position, as it is location of product in specific markets. 4) Strategy is a perspective, as it is the process or system of thinking that shape an organization's perspective. And 5) strategy as a ploy, it is as a "*maneuver*" to compete with an opponent or competitor. It can be seen that the definition of strategy is determined with various perspectives and backgrounds. However, this research begins with a broad definition that "*strategy is a course of action for accomplishing an organization's purpose*" (Wit and Meyer, 2014). That definition is merely a brief definition as for a tiny starting point.

After come across the definition, strategy itself involves with "*strategic problem*" which is considered as complicated and sophisticated problem. This sophistication is due to complexity and contradiction of situation that seems illusive and ambiguous. Mason and Mitroff (1981), in Wit and Meyer (2014), describe that most of strategy problems are "wicked problems". The term "wicked" does not convey a sense of evil but it is as strategy problems are complex problems. Additionally, they mention six characteristics of wicked problem which are interconnectedness, complicatedness, uncertainly, ambiguity, conflict and societal constraints.

Wit and Meyer (2014) elaborate strategy in three dimensions which are strategy content, strategy process and strategy context. These dimensions of strategy can be seen in every strategic problem situation. The strategy content concerns with decision and choice that bring company to the future. The strategic process concerns many activities that strategy be made. The strategy context is a set of circumstance in which the strategy takes place. Further to the dimension of strategy, the strategic thinking or strategizing is also taken into account.

The next parts describe the strategizing followed by the three dimensions of strategy which are comprised of business level strategy, strategy formation and the international context.

3.4 Strategizing

Wit and Meyer (2014) claim that strategizing is a key importance that raises the question "what goes on in the mind of the strategist?" as well as "how strategic is his/her thinking?". It involves with understanding of choices, decision, action, behaviours, or etc, during strategy processes. The topic of strategizing sheds the light on the strategist's thought processes as well as strategy preferences. It also contributes to question about strategist's beliefs, ideas, thoughts and assumptions.

Wit and Meyer (2014) mention that "strategists are engaged in the process of dealing with strategic problems". This "problems" is situations that challenge and need to be resolved. In addition, they elaborates that, "*a strategic problem is a set of circumstances requiring a reconsideration of the current course of action, either to profit from observed opportunities or to respond to perceived threats*" (Wit and Meyer, 2014). Managers have to go through a "strategic reasoning process" in order for defining and resolving the challenge when coping with the strategic problem. In reasoning process, the managers have to structure their thinking process and organize it into processes which can contribute to effective strategic behaviour.

3.4.1 The issue of strategic reasoning

Wit and Meyer (2014) mention that the strategist's mind is complicated. It involves with various cognitive aspects. One of cognitive aspects that the strategists have to engage when they cope with strategic problems is the strategic thinking activities or cognitive activities. When organization encounters strategic problems, the strategists deal with those problems by structuring and organizing the strategic thinking activities into strategic reasoning processes. The strategic reasoning process is made up by based on various strategic thinking activities. It, the strategic reasoning process, consists of four main strategic thinking activities which are identifying, diagnosing, conceiving and realizing. The identifying and diagnosing activities are for "defining" whereas the conceiving and realizing are for "solving" a strategic problem. These four elements can carry out both in sequential order and cross interaction with less order. Further to cognitive activities, Wit and Meyer (2014) mention about the limitation of "human's cognitive abilities" which is basically due to limited information sensing ability, limited information processing capacity, and limited information storage capacity. However, the work of human mind comes up with the form of knowledge that people store in their mind which is called "*cognitive maps*" (Wit and Meyer, 2014). The cognitive maps are built up through acquiring a lot of knowledge by education, experience and interaction with others. The knowledge is input both in explicit and tacit forms. The cognitive maps play a key role in individual person's mind as well as the cognitive activities. Moreover, it can direct senses, behaviour, decision, action, or etc. However, the cognitive maps can be unfolded and evolved without awareness as intuition. This is also considered as a logical way of thinking which is contributed by tacit knowledge obtained in the past. The cognitive maps can represent its downside that is rigidity. It is a source of resistance to change for people's mind. This also causes strategists to some problems as they, the strategists, have to deal with challenge situation which the strategists themselves need to challenge their own knowledge as well as experience in order for developing and forming a new condition or understanding to the organization.

3.4.2 The paradox of logic and intuition

Wit and Meyer (2014) claim that, although logical and intuitive thinking is opposite, managers require to utilizing both of them. The intuitive thinking can lead to a holistic perspective by base on intuition that is built up through many years of experience. However, the intuition is often unreliable. This leads to the demand for logical thinking, on the other hand, which relies on analytical skill. The logical thinking can validate cognitive map. The strategists engage in strategic problems need to express the logic and reason that lie beneath their assumptions. They have to step out of the confinement of their cognitive maps and make reliable decisions. In order to avoid bias, the logical thinking can be implemented to those four elements of strategic reasoning processes.

Moreover, the logic of thinking can distinguish between "*fantasy and feasibility*" (Wit and Meyer, 2014). In opposite to logical thinking, the intuitive thinking represents holistic process of decision-making or judgement, the judgement is contributed by another source of information or knowledge that stored in an unconscious part of human's brain. This unconscious part can store, link, connect, and combine large amount of information or knowledge. It contributes to intuitive

judgement by integrating many variables as a whole. The intuitive thinking can also be applied to the four elements of reasoning process. The strategist needs the intuitive thinking when the existing cognitive maps are challenged or tested. Thus, in this situation, the strategist has to escape from the existing process of logical thinking in order to grasp or bring an innovative or different solution to the situation. Wit and Meyer (2014), emphasize on the opposite of logical and intuitive thinking that it is complicated and leads to the strategist's need to employ these two approaches of thinking at the same time when copes with strategic problem. The complexity and contradiction of two demands result in "the paradox of logic and intuition".

3.4.3 Perspectives on strategizing

Wit and Meyer (2014) describe that the complexity and contradiction create two different arguments which are analytic reasoning perspective and holistic reasoning perspective. Strategists who employ the analytic reasoning perspective claim a predominant function of logical thinking. They adopt traditional scientific approach in preparing their effective process of strategy. In addition, they provide small space for emotions and intuitions in strategic reasoning process. On the contrary, those who adopt the holistic reasoning perspective argue that the strategic reasoning process is similar to the "frame-breaking behaviour" which creates an innovative and different way of understanding and doing things. They employ various methods in order for thinking and developing of strategy, for instance, experimental method, brainstorming, or etc.

3.4.4 Managing the paradox of logic and intuition

Wit and Meyer (2014) propose three options in dealing with the paradox. Those three options are

- Navigating – this option suggests strategists to temporarily divide between analytical and intuitive thinking modes or processes in order for creativity to be formed. This mode of creativity can lead to reasoning process and can be accepted by logical thinkers.
- Parallel processing – this option is on the basis of different level of logic and intuition that is needed in various organizational departments. This option requires strategist to have deep understanding about their organization in order to manage a whole situation in parallel.
- Embracing – this option grasp and mix together both logical and intuitive thinkers in a team in order to bring the advantage from the contradiction. However, this can create the tension when the team is integrated. Thus, it requires particular capabilities to deal with the situation.

3.5 Strategy content – Business level strategy

Wit and Meyer (2014) claim that strategy content determines "what" strategy should be for firm in order to accomplish business purpose. The strategy, or course of action, brings manager to concern the "fit" between organization and its environment. These types of fit can be elaborated by based on two conditions which are "external consonance" and "internal consistency". The external consonance concerns alignment between firm and its responsiveness to demand whereas the internal consistency concerns internal alignment of the organization. In addition to strategy content,

business level strategy is highlighted with integration between each function as well as the alignment between “external consonance” as well as “internal consistency”.

3.5.1 The issue of competitive advantage

Wit and Meyer (2014) claim that an alignment of resources, activities and service offerings contributes to business model which firm employs for value creation. In addition, the business model can result in competitive advantage only if it creates “superior value” to clients. The business model is elaborated through three elements:

- Service offerings – it is a border that firm connects with marketplace or client. The firm requires value proposition which provides competitiveness and achievement in terms of business. For managers, they have to concern the firm’s service together with market by focusing on and developing the service to serve the target market. The focus has to be determined in industry, market as well as business level. It will finally lead to the firm’s positioning within the business. The positioning provides scope as well as boundary for the firm to focus and compete. In addition, the firm has to develop its competitiveness on the basis of this positioning which can be executed in various dimensions, for example, price, service features, quality, image, relation, or etc. Porter (1980), mentioned by Wit and Meyer (2014), additionally mention about competitive advantage that there are two simplified forms of competitive advantage. Those are cost leadership and differentiation. Treacy and Wiersema (1995), referred by Wit and Meyer (2014), also argue about competitive advantage that there are three different sources of competitive advantages which are operational excellence, product leadership and customer intimacy.
- Value chain – it is a set of value creation activities or processes that the firm performs in order to provide the services. Those activities consist of primary and support activities. According to Porter (1980) mentioned by Wit and Meyer (2014), the primary activities are inbound logistics, operations, outbound logistics, marketing and sales, service. The support activities are procurement, technology development, human resource management and firm infrastructure. The value chain can differ between industries or, even in the same industry, it can have some differences. The difference of value chain can lead to source of competitive advantage.
- Resource base – the resource is vital for firm to produce goods or services. The resources are elaborated in terms of tangible and intangible resources. The tangible resources can be observed such as money, machine, or material. The intangible resources cannot be touched and mostly be owned by people in the firm. The intangible resources can be divided into relational and competences. The relational resources can be employed by means of interaction between firm and environment. It is, for instance, relationships or reputation. The competence is the “readiness to perform”. It can be contributed by knowledge, capabilities and attitude.

3.5.2 The paradox of markets and resources

Wit and Meyer (2014) mention about the firm’s demand that focuses on the fit between organization and environment. This fit requires an alignment between resources and markets. Furthermore, it creates tension between resource base and

value chain in one direction and market demand in opposite direction. In more detail, the tension is caused by a contradiction between demand of market adaptation and resource leveraging.

Wit and Meyer (2014) also mention that the market adaptation is essential for firm in terms of responsiveness to opportunities that can lead firm to accomplishment. However, the adaptation also needs the re-alignment in the business model in order to fit with external environment. On the other side, in order to build up the resource base and value chain as its strength, the organization has to invest large amount of time, effort and money. Thus, in terms of change, it is a difficulty and huge task to leave and build up a new area of expertise. This contributes to the demand to leverage existing resources that have already been developed.

3.5.3 Perspectives on business level strategy

Wit and Meyer (2014) describe that, according to the tension between markets and resources, it can distinguish the managers' perspective into two oppose groups which are the outside-in perspective and the inside-out perspective. Those who employ the outside-in perspective adopt the market or external environment as the beginning for strategic activity. The firm tends to be market-oriented and highly requires market's insight as well as understanding of clients. In addition, the managers need to realize the firm's strengths and weaknesses in order for catching up market opportunities that is feasible.

On the opposite side of the tension, the managers who adopt inside-out perspective begin the strategy with resource base. Besides realizing the strengths and weaknesses, the inside-out perspective forces managers to build up the strategy base on the strengths and weaknesses. Then, the market positioning is determined on the basis of resource. In this perspective, the firm has to employ and develop the competence that is "difficult-to-imitate". This will contribute to strong resource base and market opportunities. In terms of competence, many managers who employ this perspective put more focus on firm's competences than other tangible resources as a result of the competence can lead to competitive advantage that is difficult to copy. In another point of view, the inside-out also has its dark-side in some situations when the firm shifts to new market and lose its differentiation as compare to other firms in that market. This forces the firm to invest and build up new competences which might be difficult (Wit and Meyer, 2014).

3.5.4 Managing the paradox of markets and resources

Wit and Meyer (2014) propose two options in dealing with the paradox in order for sustaining competitive advantage. Those two options are

- Parallel processing – this option cope with the tension by separate different demands by based on organizational departments. This option considers the different demand that each department requires in order to execute its tasks. This parallel processing also called "spatial separation".
- Juxtaposing – this option requires simultaneously interaction between both demands. It aims to create and maintain "dynamic equilibrium" with continuous process. In dynamic equilibrium, the firm's competence is continually developed in order for strengthen the competitive advantage as well as protect market position. In terms of managing process, this option

manages the paradox either on “project-basis” or at a higher level in organization.

3.6 Strategy process – Strategy formation

Wit and Meyer (2014) mention about strategy process that, as strategy is “a course of action for achieving an organization’s purpose”, the strategy process focuses on many activities that it is constructed, for whom is it involved as well as when it happens? The term “process” can be described as a set of activities that need to be organized over a period of time. The process concerns “approach” that result in both long-term and short-term accomplishment.

The perspective of strategy as “*course of action*” is elaborated by Mintzberg and Waters (1985) in Wit and Meyer (2014) that it can be seen in two viewpoints: “intended” and “realized” course of action. These viewpoints are complimentary, not contradiction. The intended strategy refers to a “pattern of decision”, prior to action, that made by individuals or organizations. It, the intended strategy, is built up by strategy formulation process and followed by strategy implementation process. In terms of the realized strategy, it refers to “a pattern of action” or strategic behaviour that represented in practice in order to achieve organization’s purpose. In holistic view, the whole process which the realized strategy is constructed is called “strategy formation”. Managers or strategists involve directly with the strategy formation process since it has to be managed in order for organization to perform strategic behaviour. The strategy formation is the whole process that contributes to “strategic behaviour in practice”.

3.6.1 The issue of realized strategy

Wit and Meyer (2014) describe that strategists have their main goal in getting organization to effectively perform strategic behaviour as a course of action to be realized. However, in order for effective performing, it involves with strategy formation process in terms of strategy formation activities and roles.

The strategy formation activities relate to strategy reasoning process which is mentioned above in strategizing part. It consists of four main elements: identifying, diagnosing, conceiving and realizing. However, when considered with organizational context, it is additionally separated into eight components of strategic formation process: mission setting, agenda setting, external assessment, internal assessment, option generation, option selection, action taking and performance control. In broad perspective, it can be implied to the process or activity of dealing with the problem through defining and resolving. In terms of strategic formation roles, it involves with various groups of people in the organization. These groups of people have roles and responsibility in associate with the performing strategic behaviour. They have to, or have to be organized and managed in order for effective performing.

3.6.2 The paradox of deliberateness and emergence

Wit and Meyer (2014) mention that the strategy process has to be executed with time duration from present to future. The future is the present that is unfolding, moreover, it is unpredictable. Thus, intentionally designing the future is difficult. This leads to the strategy formation that undertake among the tension of deliberateness and emergence. The deliberateness is the realized strategy which is completely intended

while the emergence is different. It allows strategy to be formed without precedent intention.

Wit and Meyer (2014) claim that the deliberate strategizing is intended course of action base on plan. Generally, the plan is differently needed in each organization or department. In terms of strategic behaviour, the deliberateness is also needed and it forces the organization to set up before implementation. The deliberateness provides organization with many advantages which are direction, commitment, coordination, optimization and programming. On the opposite side, when it comes to action, the strategic action can be diverted from the plan. This is emergent strategy which happens as joint “pattern of action” It can be formed during the iterative “think” and “do” process. It also provides many advantages which are opportunism, flexibility, learning, entrepreneurship and support. The deliberateness and emergence seem to be two opposite sides of strategy process. Nevertheless, they cannot be completely created by the firm at the same time. This results in paradoxical tension.

3.6.3 Perspectives on strategy formation

The tension between those two opposite sides always draws a question about effectiveness of strategy. It also leads to discussion about balance point or appropriate position between those sides. Wit and Meyer (2014) elaborate two manager’s perspective according to the tension between intended and emergent strategy. Those two perspectives are strategic planning perspective and strategic incrementalism perspective. The managers who focus on planning argue that strategies have to be deliberately planned and executed. The emergence after all is not considered strategy. In terms of implementation, the detail relates to plan has to be facilitated. In addition, the deliberately plan is followed by organized and controlled refer to the plan. In this aspect, the planning can provide clear direction for the organization to prepare and execute. However, those managers need to have long-term vision for the future which is one of an issue that difficult to achieve as it has to be based on forecasting. Furthermore, the long-term planning on unreliable forecast cannot benefit the organization in all aspects.

Wit and Meyer (2014) also explain another perspective. It is the strategic incrementalism perspective. This perspective emphasizes on shaping course of action instead of planning. The strategy is formed by involving sense-making, learning, experimenting as well as changing the organization. Incrementalists argue that the planning is not suit for strategic problems as it is wick problems. It does not appropriate for non-routine activities or innovation. In another meaning, the strategy formation is rather an innovation process and organizational development through an unknown future .

3.6.4 Managing the paradox of deliberateness and emergence

Wit and Meyer (2014) propose two options in dealing with the paradox which are

- Balancing – this option allows managers to concern the differences in each department and provide the proper balance to form strategy. However, the differences might also exist between business units in large organizations.
- Juxtaposing – this option points out corporate level managers who have to engage in various dimensions of strategy formation process. They also involve with many corporate units, divisions business units as well as international activities or other projects. In dealing with these various processes, they have

to simultaneously juxtapose or manage these different demands. This juxtaposing needs “specific dynamic capabilities” in managing the paradox.

3.7 Strategy context – The international context

Wit and Meyer (2014) explain that the strategy context concerns environments or circumstances where strategy is formed. Managers have to take these contexts into account since they can provide limitations as well as opportunities. In broad perspective, the issue of strategy context put focuses on tension between “shaping” and “adapting to” the context. In terms of the international context, it is considered when the firm engages to international market. When the firm involves with market across borders, it encounters many different contexts whether political, economic, culture, or etc. This variety questions the managers to provide responsiveness as well as consider how the firm creates interconnection between countries. These problem leads to an issue of international configuration.

3.7.1 The issue of international configuration

Wit and Meyer (2014) describe that when the firm steps into international environment, it faces a tension between globalization and localization that motivates the firm to configures its activities according to the tension. Managers have to understand the globalization as well as management aspects in international context. The globalization is described in various dimensions. It might be in terms of “worldwide scope” which focuses on an expansion beyond domestic market, “worldwide similarity” when the firm tries to propose a same product to similar market or “worldwide integration” when the firm expands an interconnectedness between countries. The localization, in opposite, is opposite to the globalization. In localization, the scope, similarity and integration are reduced. Furthermore, the globalization level is another consideration. These levels are, for instance, companies, businesses or economies. Each level influences organization in different aspects.

In addition to the globalization, Wit and Meyer (2014) mention about internationalization as process which exists when firm begins activities in other countries. The internationalization can take place in many forms and alternatives by depending on firm’s activity and business model. For instance, firm sells product to customer in another country by sales or distributor, or establish subsidiary for producing and selling specific product. These various types of internationalization lead to an issue about international composition which managers have to decide how to organize resources, activities as well as results. Besides the forms and alternatives, there must be some reasons that the firm chooses to internationalize instead of being local. It should provide advantages that can cover some disadvantages such as distance.

Wit and Meyer (2014) additionally explain about international management that it is another issue that firm encounters when internationalize. The firm has to initiate its integrate mechanism in order for synergy. There are three integration mechanisms which are standardization, coordination and centralization. The standardization is when the firm employs the same product or process in each country. It might lead to economy of scale for the firm. The coordination is to align activities between various countries in order for serving client or competing with rival. The centralization is in terms of integration of activities. It might lead to economy of scale or competitive advantage.

3.7.2 The paradox of globalization and localization

Wit and Meyer (2014) claim that, when firm operates internationally, it encounters an issue about perspective towards various markets whether the markets should be served as a whole or as many different markets. At least, the firm needs to have enough cross-border synergy in order to cover costs or expenses in operating in several markets. However, in many situations, the firm also has to consider the responsiveness to local market. This brings the firm to the tension between global synergy and local responsiveness.

The cross-border synergy can increase firm's benefit in terms of competitive advantage. Wit and Meyer (2014) explain different types of cross-border synergies, according to business model in strategy content, which consists of synergy by aligning positions, integrating activities and leveraging resources. Another side of the tension brings the firm to meet demand for responsiveness to each local market. The firm can encounter competitive disadvantage if it does not have enough responsiveness to local market. The demand for local responsiveness might be caused by many differences between countries which are market structure, customer needs, buying behaviour, substitute products, distribution channels, media structure, infrastructure, supply structure or government regulation. The global synergy is at least required when firm internationalizes whereas the responsiveness is also needed by market. The contradiction between these two demands results in the paradox for international managers to reconcile.

3.7.3 Perspectives on the international context

Wit and Meyer (2014) describe that the contradiction of those two opposite demands creates two different perspectives that managers adopt which are "the global convergence perspective" and the international diversity perspective. Managers adopt the global convergence perspective believe that the world or international market is similar and can be responded as a whole market. The global convergence moves the world across geographic boundary. It also creates international interaction which shares similarity between countries and markets. The global convergence can challenge business organization in many aspects, for instance, resource leveraging by synergy, knowledge sharing, or economy of scale operation.

On the contrary, Wit and Meyer (2014) also claim that the international diversity perspective is adopted by managers who view the world with variety and diversity. Thus, each country has its difference and identity. The attempts to integrate the world together still in the long process and have many obstructions such as politics. Therefore, the responsiveness is still required by particular local environment and market. Ideally, from these two perspectives, the internationalization needs balance between globalization and localization. The firm might look for the synergy. Nevertheless, it should not reject local responsiveness but try to benefit from the diversity.

3.7.4 Managing the paradox of deliberateness and emergence

Wit and Meyer (2014) suggest several options in dealing with the paradox which are

- Balancing – this option points out that the tension can be balanced in terms of firm can gain benefit from being international, such as in terms of economy of

scale. At the same time, the international presence can provide competitive advantage in local market to the firm.

- Navigating – this option focuses on each demand at one time and sequentially manages those demands by initiatives.
- Embracing – this option sees the organization in broad perspective and tries to create exploitation from the tension.
- Resolving – this option aims to create the solution for the tension, for example, establish “the franchise” for local responsiveness.

4 Empirical Material

This part presents empirical material from semi-structure interview together with desktop research. The semi-structure interview was conducted by a set of questions which was submitted beforehand. There was an additional conversation further to the question. It was about architectural firm and business. Following the interview, the author has done additional desktop research refer to many topics in which interviewee has mentioned during the interview which are network of firm as well as the firm's core concept. The empirical material is summarized and described in the narrative way. It is elaborated in six sub-topics which are general information, firm's services, concept and projects, the project abroad, decision making as well as business and management perspective.

Further to the semi-structure interview, the empirical material also presents basic information about Scandinavia, or Scandinavian region, in order to illustrate broad perspective. The information includes geographic, demographic as well as society and culture. It presents some similarities and differences between each country. Additionally, the industrial environment is elaborated in terms of Scandinavian market and condition in which architectural business operates. This information will be considered as background and context for analysis in the analysis and discussion.

4.1 Green arkitekter

4.1.1 General information

Green arkitekter is a Swedish architectural firm which has an office based in Gothenburg. The firm has been established since 2013. According to the interview, the firm considers itself as a small-size architectural firm with a team consisted of two architects as key staff. The firm is in early phase of architectural practice with several projects in different phases. Most projects are in Sweden and a few are in Norway. Regarding the project's phase, most projects are in preliminary design phase. However, some projects have been realized and contribute to reputation. As a result, the firm gains a lot of attention from clients both in Swedish domestic market as well as international markets.

Green arkitekter has introduced "glass-house" concept which is a firm's core concept. It has been developed on the basis of sustainable architecture and greenhouse building. In addition, the concept represents integration between greenhouse and normal residential building. The Green arkitekter employs the glass-house concept as a core concept which is proposed to the clients and implemented to the project. The core concept is originally initiated based on the personal interest of firm's owner together with a partner in his network. The partner is an engineer who has ecological and engineering background. In addition, before he collaborated with Green arkitekter, he had built his own private house by applying greenhouse building concept. The house is called Eco-house and it also an origin of the concept glass-house. After the Eco-house house had been built, it gained a lot of attention from many people who are interested in ecological and sustainable building. Moreover, it had been published in a lot of media especially the media about ecological or sustainable architecture. There were many people came to visit his house to experience a remarkable and extraordinary building. The Green arkitekter's owner is one who came to visit Eco-house as his own interest in sustainable building. After that

visit, the owner of Green arkitekter had an intention to collaborate with the Eco-house's owner. The intention was to initiate collaboration between architect and engineer who had same interest. That led to the development of the concept afterwards. The Green arkitekter has an intention to develop the glass-house concept as a solution to sustainable architecture. Furthermore, the firm strives for possibility that the concept could be employed and utilized by everyone in normal facility.

Regarding the core concept glass-house, when it is transformed into realized building, it is implemented through the integration between residential building and greenhouse building. However, the integration is based on several solution and leads to different characteristic of building design. The residential building area can serve as indoor living space with various functions such as normal living, conference, working space, or etc. The greenhouse is utilized as semi-outdoor living as well as plantation area. This allows and encourages residents to have outdoor-liked activities within the greenhouse area.

Within the greenhouse, the environment is automatically controlled by the greenhouse's particular features. It creates some specific environmental condition which differs from external environment. The temperature within the greenhouse is slightly higher than outside temperature. In more detail, the temperature can be slightly controlled by ventilation lids which are adjustable and be installed in the greenhouse roof. In terms of seasoning, the warmer condition takes place in longer period of time than in normal seasoning. As a result, the warmer condition provides an appropriate circumstance for plantation. The duration for planting is expanded around four or five months compare to normal cold-climate condition in Sweden. This allows resident to have area as well as proper condition to grow some nutrition plants which cannot be cultivated in normal condition in Sweden.

In aspects of construction, the residential building can be built with various local materials, for example, timber, concrete, steel, or etc. The greenhouse is built by glass with steel structure. Both roof and wall, as a glasshouse building, are building enclosure. In more detail, the greenhouse building is built-up as pre-fabricated structures by a greenhouse manufacturer in Denmark. Then, they are transported to construction site for on-site installation. Both the residential building and greenhouse building are located on reinforce concrete structure. It is constructed by based on on-site construction process and it can be done by local contractor.

The building construction cost is also mentioned in the interview that it is difficult to compare between ordinary insulated- building and the building with greenhouse. Generally, the cost of greenhouse building is cheaper than the ordinary building when compared by cost per square meter basis. However, when integrates the greenhouse with ordinary building, the total construction area is varied by based on the area that the greenhouse building cover. This leads to the variation of construction cost when compares between overall construction areas on the cost per square meter basis.

Regarding sustainability, the building is also equipped with ecological wastewater treatment system which provides recycled water to use for plantation and other activities. The wastewater treatment system collects the wastewater from toilet, kitchen, shower, laundry, or etc. It is treated and purified in order for plantation.

4.1.2 The firm's services

As previously mentioned, Green arkitekter consists of two architects as team member; one is the firm's owner. Both members are Swedish and regulated under SAR/MSA as a part of Swedish Association of Architect. The firm is a part of a network called

“Sustainable builder”. The network is a group of consultant firms which work in close collaboration in each project. All firms originally join together by based on personal interest in ecological and sustainable architecture. The network is initiated as an informal network. Sustainable builder is comprised of ”Eco” - an ecological consultant firm, ”Green arkitekter” - architectural firm, “Energy” – an energy and engineering consultant firm and “Engineer” – a civil engineering and construction consultant firm. The network of firm collaborates on the basis of multi-disciplinary knowledge approach. Each firm employs different area knowledge that significant for design and construction of greenhouse building.

In aspects of professional services, the firm provides professional service to the client from the beginning of project phase until the building is realized. Generally, the project execution begins with preliminary design phase. The preliminary design phase is undertaken after the firm obtains initial information as project input from client. Then, it proceeds with a conceptual design which is illustrated and proposed to the client for consideration. After the preliminary design has been done and approved by the client, the project proceeds to design development phase which the conceptual idea is developed in terms of technical details. Especially, there is also close collaboration with greenhouse supplier which is done in this phase. The collaboration aims to develop many details which are in greenhouse building. Further to the design development phase, the construction documentation has been produced and delivered to the client. In construction period, the professional service is continually undertaken until the project is realized.

4.1.3 The “glass-house” concept and projects

The glass-house concept is initially adopted by the clients before they contact to the firm. This is as a result of it is clearly communicated as the firm’s core concept. In addition, it can be realized through some previous projects especially the Eco-house project. Hence, many clients contact to the firm with the acknowledgement beforehand.

In terms of the project, there are two projects that are mentioned as an example that the core concept is implemented. Those two projects are Sweden-A and Sweden-B.

- 1) Sweden-A – This project is multi-functional facility, located in south central Sweden. The building site is close to Vättern which is the second largest lake in Sweden. The facility is utilized as commercial facility for tourists who desire to visit or spend a holiday vacation. The facility consists of a conference room, a café area, as well as spa and treatment area. It has been inaugurated since 2015.

In terms of the realized project, it has been considered as extremely successful project for Green arkitekter. This is as a result of the project has drawn a lot of attentions from many people. In addition, it results in many contacts and commissions that the firm acquires afterwards. Initially, the project’s owner visited and was attracted by the Eco-house. She contacted to the owner since she intended to apply the greenhouse building concept to her commercial project. However, after the firm started to collaborate with the partner, the firm acquired this project and began to work out with all parties. Through a very long period of time, the firm eventually works out and the project has been realized in 2015.

- 2) Sweden-B – This project is a private house and located in the north of Stockholm, Sweden. It is in construction phase. It is being built based on the

owner's decision to build on his own process. In this project, the greenhouse building part is built and installed by greenhouse manufacturer. It has been built prior to residential building. Therefore, the greenhouse building covers the construction area with total protection from rain, wind as well as snow. It allows the construction work to be continually carried on within the covered shelter. It represents another different process of construction.

In addition to these two projects, the firm gains a lot of contacts from the clients who are interested in the glass-house concept. Those contacts are not merely in Sweden, however, they are also from Denmark, Norway, Canada, or even in Brazil. The firm is contacted through telephone, email as well as personal message on social media website. In terms of acceptance, it can be seen that the glass-house concept is accepted by a group of target client. In addition, it might be the sustainability as well as climate condition which encourage the acceptance. Moreover, the contacts from abroad provided opportunities for the firm to acquire two projects in Norway.

4.1.4 The project abroad

Following the successful of Sweden-A project, it is published in many media worldwide, for instance, on internet as well as various design magazines. In more detail, it can be seen that the media is important to advertise the firm's project to the client. In addition, the powerful of media publication with charming photography is emphasized. It can attract and draw attention from the target client worldwide. Refer to the contacts from abroad, there are two contacts that lead the firm to the commission outside Sweden. Both are in northern part of Norway with one project in far north.

- 1) Norway-A - This project is located in northern Norway. The building site has an existing old barn with beautiful landscape. The location is on an island which is linked by a bridge and can be accessed by car. The owner intended to transform the site into tourist attraction point. After seeing the firm's project on the internet, he made a contact and explained his initial idea. It is to preserve an old barn and to build a big greenhouse as the whole new facility. This new facility will be utilized as the selling-point in terms of tourist attraction according to the owner's intention. The firm provided professional services in preliminary design phase with preliminary sketch and estimated building cost. The project is waiting for financial approval at the moment.
- 2) Norway-B - This project is in far northern part of Norway. The firm got a contact from a client around two weeks before the interview in this research. The location is a land in northern Norway. It is quite close to the North Pole and it is an old mining town which is now settled and become city for tourist industry. It is one of the most northern part of the world that human inhabits. The client is a local artist with his intention to build an art gallery. The facility consists of gallery space, studio space, small apartment, kitchen with restaurant, as well as the greenhouse building. The greenhouse will be utilized as plantation area. It will be planted with nutrition plants or vegetables which might not be able to grow in normal condition. The building is as a facility for artists in owner's network to spend a period of time to reside and create the work of art there. Before making a contact, the client found the firm on internet and has been attracted by the Sweden-A and Norway-A projects.

In addition to two projects in northern Norway, There is a contact in Brazil that was mentioned. The firm gained a contact from a client who was moving back to settle in Brazil and was interested to build a greenhouse there. After the discussion, it caused to some questions such as if the greenhouse is needed or compatible in Brazil. The climate condition in Brazil is exactly different from Scandinavia. However, there are some areas with cold climate condition which the greenhouse can be applied. This project in Brazil is still not obtained as a commission.

4.1.5 Making the decision to acquire the project abroad

Originally, the firm did not have any plan or intention to acquire commission outside Sweden. The Swedish market is focused. Furthermore, the firm accustoms working in Sweden in terms of process and knowledge that the firm has experience and expertise. However, after obtained contacts from abroad, the firm had to evaluate if the project can be executed by based on firm's competence and capability. The projects in Norway and Denmark are considered as it is similar to Sweden in many aspects, for instance, culture, language, building regulation as well as construction technique. In more detail, the firm realizes that it also lacks of some knowledge. It is building regulation or construction technique which has some particular details different from Sweden. This area of knowledge is vital since it is a part of information that the firm has to employ in building design. In addition, it is used for produce the permission and construction drawing in documentation period. As a result, the firm plans to collaborate with local partner in order to acquire this area of knowledge. Thus, the difference in terms of location is not critical. It is in the range that can be managed when the project is acquired.

In addition to the decision making, the firm still has to assess and evaluate clients and their projects in many aspects before acquiring the commission. In this aspect, the evaluation is done through initial discussion with the client. The firm has to elaborate and provide additional detail to the client. This is in order for the client to have precise understanding towards greenhouse building and concept. An issue that the client often has misunderstanding about the greenhouse is cost or budget. As a result of the budget for greenhouse is different from other facilities as mention above. Thus, it is described that it is around five percent of contacts that led to firm's commission.

4.1.6 Business and management perspectives

Regarding management of firm, the interviewee claims that it is difficult to manage business without any compromising. It is similar to architecture that has to be compromised in many processes. In terms of business, it can be seen that the firm has its own core concept which draws the client's attention and brings contact to the firm. This is a key point that differs firm from others. In aspects of competition, the interviewee mentions that the glass-house concept distinguishes the firm from others and provides a chance for the firm to compete with not only in domestic but also international market. Moreover, the network of firm with different area of knowledge can lead to innovation and many realized projects create lesson learn that strengthen the firm position. However, there are also many situations that the firm still has to struggle with the clients. The firm is on the way to grow in professional business. In terms of success, the interviewee mentioned about his desire to realize more projects.

In addition, he desires to expand the firm's size to be a team of fifteen people in order to have much resource that brings more responsiveness.

4.2 Scandinavia

4.2.1 Scandinavian countries

Scandinavia is a term that represents geographical region in northern Europe. The term Scandinavia refers to the Scandinavian Peninsula. In addition, it refers to a group of three countries which located around the peninsula which are Sweden, Norway and Denmark (Britannica). Regarding the specific term, there is a difference between the term Scandinavian countries and Nordic countries. According to Nordic co-operation (Co-operation, 2017), the Nordic countries consist of Sweden, Norway, Denmark, Finland and Iceland as well as associated territories of Greenland, the Faroe Islands, and the Åland Islands.

According to Co-operation (2017), the Scandinavian region covers land area around 8.1 hundred thousand square kilometres. Sweden is a largest country which has land area around 4.4 hundred thousand square kilometres. In terms of population, there are around 21 million populations inhabit in Scandinavian countries in 2016. This amount of population is comprised of 9.8 million in Sweden, 5.4 million in Norway and 5.7 million in Denmark. There are around 20% of population in each country inhabit in capital city.

The climate is basically in cold climate condition with four seasons in general which are winter, spring, summer and autumn. However, since the land of Scandinavia covers large area from west to east and north to south, the climate condition also varies by each location. The average temperature in three capital cities during 1997-2015 is around 6.5-8.5 degree Celsius (Co-operation, 2017).

In terms of language, Sweden, Norway and Denmark have their own national languages. However, they also have several minority languages in many areas. These national languages are Swedish, Norwegian and Danish. They originate from a same language family and have deviated over a long period of time. However, these languages are considered similar in general and it is possible for people in Scandinavian countries to communicate and understand each other (Co-operation, 2017).

Sustainability is also widely accepted in Scandinavia. The Scandinavian countries are striving for sustainable development in many aspects. Moreover, these countries seek for close collaboration not only in between each other but also with other countries around the region. Refer to Global Agenda 2030 which has been approved by United Nation since 2015, all of the Scandinavian countries have committed to apply this agenda in their countries (Co-operation, 2017).

4.2.2 Scandinavian market

According to Almega (2016), the architectural business is a part of consultancy business in construction industry. In the last ten years, the consultancy business in Scandinavian market has continually grown in a positive direction according to Almega (2016). The growth was expressed by several key figures of business which included turn over, number of employee and profit margin. However, each country is also impacted by economic crisis which took place in the last decade in different level. During 2015-2016, the overall consultancy business in Scandinavian market

was continually growing but with uncertainty. The market condition during 2015-2016 in each country is described as follow:

For Swedish market, there were around 3,800 architectural firms in Sweden in 2016 according to Sweden (2016). Around 96% or 3,600 firms were small-size firms. The firms had less than ten employees. Around 3% of firms were medium-size firms. They had less than fifty, but more than ten, employees. The rest, around 0.5% or 21 firms were large-size firms. They had more than fifty employees. According to Almega (2016), the largest architectural group is White Architects. The group had 632 employees with turnover 824.3 million SEK in 2015. The overall turnover of architectural firms was around 8 billion SEK in 2015 and there were around 7,200 workforces have been employed. Further to the turnover, the average profit margin was around 8.5%. In terms of investment, the construction-oriented investment has consistently increased since 2011. In addition, there was a consolidation trend between architectural firms especially the large-size firms which employ merger and acquisition strategy as a strategy for growth.

For Danish market, the investment in construction industry has steady increased since 2011. The consolidation trend also took place in Danish market as the strategy for growth. In terms of architectural business, the overall turnover of architectural firms was around 4.3 billion DKK in 2015.

For Norwegian market, the overall market was affected by oil-price crisis in 2014. Nevertheless, there were economic support and stimulation from government through investment in infrastructure project. In addition, the building and construction industry has continually grown since 2011. The Norwegian workforce structure was different from Swedish and Danish market that approximately 40% of employees were employed by international firm or group. This is in order for primary serving domestic Norwegian market which is attractive but with intense competition.

Refer to the empirical material, it provides broad perspective on how firm conducts business both in domestic and foreign market. In addition, the information about industry and region are described. The following part is an analysis which the empirical material will be bridged with theory as well as discussed.

5 Analysis and Discussion

Following the empirical materials, this part presents analysis and discussion. In this part, the empirical materials are linked with theory. The connection will be interpreted as analysis in order for research finding. This part is structured in accordance with the theoretical framework. It begins with explanation about business of architectural firm. Then, the internationalization is elaborated. Both are analysed as a fundamental understanding for the last analysis part; the strategy. The strategy is elaborated in all dimensions. In addition, it contributed to discussion which provides additional perspective on strategizing according to the empirical materials and analysis.

5.1 Green arkitekter as architectural service business

This part elaborates business of architectural firm by based on professional service business perspective. In this part, the business of architectural firm is described by four business components which consists of marketing, operation, professional services and finance. Further to the components, several specific characteristics of architectural business are elaborated. Additionally, the analysis of empirical material in this part is as fundamental for the next analysis parts.

5.1.1 Business model

In terms of business component, the firm can be elaborated on the basis of “design enterprise model” by Cramer and Simpson (2002). The “design enterprise model” consists of four key factors which are marketing, operation, finance, and professional service.

5.1.1.1 Marketing

Marketing is a set of activities that bridges firm and client. It brings clients to meet or contact to the firms and initiate the project for the firm (Cramer and Simpson, 2002). Regarding Green arkitekter, according to the empirical material, there are two different project acquiring approaches which reflect the different marketing activities. Those two approaches are elaborated by the two projects which are Sweden-A and Norway-A projects.

- The Sweden-A – this project is considered one of a firm’s successful projects. It was acquired through an owner of a network firm. Originally, the client or project owner was attracted by Eco-house building which is his own private house. The client contacted to him and the contact was then put through Green arkitekter as a commission.

”...She contacted because of his house (Eco-house), four or five years ago. They started talking over two three years and then I came in to the process. Then we could start making it much more concrete.”

Cramer and Simpson (2002) elaborate this type of marketing as “network marketing” which commission is drawn to firm by personal contact. It is also based on trust in personal relationship.

- The Norway-A – following the success of the Sweden-A project, the realized project was published through various media. It drew many contacts to the firm and, in addition, some projects were acquired from those contacts. The Norway-A is one of the projects that the owner made a contact to the firm after he has been attracted by the Sweden-A project.

“...people have seen us on the web, somehow. This project, it’s been extremely successful. I must say in that way. It’s been published.”

This different type of marketing which draws the project to the firm reflects “process marketing”. In this approach, the decision is made on the basis of client’s need or criteria, according to Cramer and Simpson (2002). For Norway-A project, the owner was attracted after viewing the remarkable Sweden-A project on online media. As a result, the attention was followed by a contact that contributed to the commission. In another perspective, this can be implied as traditional marketing approach. It is when client makes the buying decision on the basis of their interest that match with firm’s offering.

Further to the attention, it can be seen that the client adopts core concept which is realized by previous project. This relates to trust and confidence towards firm and services that firm proposes. After getting contact, the relationship is initially built-up between firm and project’s owner as a pre-qualification activity. This is in order to inform owner about other particular details further to what have been communicated on the online media. This process ensures the owner intention. It is prior to that commission is acquired. In parallel, it reassures the client’s requirement in initiating the project.

5.1.1.2 Operation

Operation is activities which work process are organized (Cramer and Simpson, 2002). In another perspective, it can be implied that operation is activities that resources are managed in order for supporting and undertaking professional services which is main firm’s activities. For Green arkitekter, the operational activities are analysed in two significant aspects which are organization and network.

- Organization – Green arkitekter which has two staffs is a small-size firm. It can be considered as a smallest organizational unit as a result of the firm is in start-up phase. This is a normal characteristic of architectural firm that is established by an architect as entrepreneur or owner in the beginning. According to empirical material, it can be seen from statistic that more than 90% of architectural firm in Sweden are small-size firm and employ less than ten staffs in average, according to Sweden (2016).

The size of firm directly relates to and limits firm’s ability when acquiring commission. Green arkitekter also encounters this limitation. It is mentioned that the firm intend to increase number of staff in order for enhancing firm’s ability and better responsiveness to the professional services.

In aspects of value, the growth is not persistently for success in terms of business or financial. However, it is another characteristic of architectural firm that focuses on professional value. It is quality of service as well as striving for success in realized project that are focused.

“...I would definitely want a lot more of our staff here, we have so many projects. I wanted to be a bit bigger. It would be much more fun to be ten people instead of two, it’s not necessarily to be fifteen.”

- Network - The firm is a part of “Sustainable building” which is a group of firms that jointly collaborate in each project. All firms in the network have their own specializations and different area of knowledge. These knowledge are important for design and construction of sustainable and greenhouse building. This is another component which represents and emphasizes on the characteristic of architectural firm as a knowledge-intensive firm. The network is formed as an informal network. It is based on personal relationship between two members who are interested in sustainable architecture.

“I went to this house about four years ago. You can come here. He shows people his house because it pretty unique thing. And after the meeting, I just called him up because I realized he needed to contact with an architect because he’s got a lot of interest and attention to his house.”

The firm’s operation on the basis of network collaboration is vital for project success. As a result of it contributes to design and innovation in all projects. In broad perspective, the network can be comparable to strategic alliance and it is a key resource for firm’s operation.

5.1.1.3 Professional services

Professional services are activities that contain actual architectural work process (Cramer and Simpson, 2002). The professional services are done through interaction between firm and client. Moreover, it involves with design process which is comprised of various activities. They take place within organization. For Green arkitekter, the professional services begin after the firm obtains commission. Then, it is followed by design process. This analysis elaborates the professional services by based on the design process, outcomes and value that are delivered to the client in the end of the process.

- Design process – Green arkitekter represents the various activities refer to the process of design which are:
 - Preliminary design phase, the activity focuses mainly on conceptualization on the basis of research and analysis of information. This can be clearly seen in the Norway-A and Norway-B project that firm proposed the preliminary concept with the conceptual plan and 3D illustration.
 - Design develop phase, following the collaboration with the client, the conceptual design which has been approved by the client will be developed by close collaboration with network firms. In more detail, this design develop activity includes the collaboration between Green arkitekter and a Danish firm which is greenhouse manufacturer. This process continues and ends up with design documentation as a part of material that delivered to the client.

“...It’s a lot of about the communication of the detail planning on the whole greenhouse. Because it is adapted to building, and so, there’s a lot of meeting and a lot of discussion has to be negotiated in detail.”

- After the design is delivered, the services also continue to pre-construction and construction period which consultation and supervision in construction work are continually provided to the client by Engineering, an engineering consultant firm in the network.
- Outcomes – regarding the design process, the design document is a set of material that is delivered. However, according to Cramer and Simpson (2002), the drawing and specification documents solely the tangible material. There are also intangible materials which are “idea generation and problem solving” which are delivered as a part of that set of tangible material. However, further to the idea and solution, the Glass-house concept also be integrated to the project during design process. It is as a customization from the concept into building design as a significant element which required by the client when the project is initiated.
- Value – generally, “value is cost divided by benefit” (Cramer and Simpson, 2002). According to Green arkitekter, it can be seen that value is fundamentally initiated on the basis of the concept Glass-house. Furthermore, in many projects, such value can be transmitted to be a significant part of client’s business. For example, Sweden-A project, it is a meeting place. The facility consists of café, conference room and spa. The Glass-house concept creates particular environment which is different from ordinary Swedish climate condition. This specific environment that is initiated by greenhouse building is an essential part for client’s business. It is the value that Green arkitekter delivers through building design.

5.1.1.4 Finance

Finance involves with other components whether they are marketing, operation or professional service. In more detail, it is seen in terms of revenue, expense as well as profit of the organization. The analysis of financial aspect is elaborated according to the financial statement.

- Annual turnover – Green arkitekter can be considered as small-size firms according to annual turnover which was around 1.1 million kronor in 2016 and 0.6 million kronor in 2015. Generally, the amount of turnover is contributed by the projects that firm undertake. In addition, it relates to number of employee as firm’s capability in acquiring the projects.
- Expense – the majority of expense is contributed by employee’s wage. It represents in terms of finance that the employee can be seen as major source of firm’s expense, or in opposite, the professional firm is driven by employee as a resource.
- Profit – the profit margin in 2016 was around 5.0%. It is apparently higher than the previous years which were 1.4% in 2015 and -12.4% in 2014. The 5.0% profit margin is considered as “average and sustainable” level according to Cramer and Simpson, 2002. However, it is lower than industrial average profit according to Almega (2016).

5.1.2 The specific characteristics of architectural firm

1) The architectural firm as knowledge-intensive firm

In terms of business, Green arkitekter as an architectural firm can be categorized as professional service organization which is a part of service industry (Løwendahl, 2005). The firm offers professional services to clients in form of architectural design. In addition to architectural design, the firm develops Glass-house concept which consists of various areas of knowledge on the basis of ecological and sustainable architecture. The concept is adopted as firm's core concept which is sold and implemented to many projects. According to Løwendahl (2005), the firm's business represents an important character of professional service firm which is knowledge-intensive firm.

The term knowledge-intensive is defined as a result of architectural design is the firm's main activity. It is operated by utilizing architectural knowledge and expertise. Further to the design activity, the concept Glass-house is also created by utilizing those areas of knowledge. It is initiated together with close collaboration between various groups of professional architects, engineers and other specialists. This reflects the definition of knowledge-based organization that *"the organization employs staff's expertise as asset for producing of information and adding value to the project"* (Winch and Schneider (1993).

2) The architectural firm as profession service business

In service business perspective, architectural design is offered through the process of professional services. This process of service follows project-based work process which is unique and different between clients. Moreover, the services deliver in the design process consists of wide range of activities. It also represents the intangibility, heterogeneity and inseparability as specific characteristics of service business. In terms of standard, the service delivered by the firm also comes up with standardization which has to follow architectural, engineering and building standard as fundamental ground for providing service (Winch and Schneider, 1993).

Nevertheless, architectural design service consists of tangible materials which are, for instance, construction drawing and specification document. It is considered as another characteristic of architectural service which offers tangible product together with intangible service (Skaates et al., 2003). In another perspective, this can clearly be seen that service is different from manufacturing or production business.

In more detail, compare to other professional service, Green arkitekter represents three dimensions of difference which are distinctive competence in which the company provide the creativity as a solution to the client, labour market regulation as the staff is regulated by SRA/MSA and regulatory context as the architectural firm operate within domestic Swedish law and regulations (Winch and Schneider, 1993).

3) The business value and professional value

In terms of value, Green arkitekter also represents a contradiction between business value and quality of professional service. It is another architectural firm's characteristic as value that distinguishes firm from other professional business (Løwendahl, 2005). In addition, it determines the position and

direction of the firm over times. This condition is also mentioned by Blau (1984) as Daedalean risk which is existed by based on the contradiction between professional and organizational value.

Basically, it can be seen from the theoretical framework that architectural business is conducted among the tension between business and professional value. In this perspective, for Green arkitekter, the firm is conducted on the basis of relatively “*practice-centre business*” (Maister, 1982 mentioned by Winch and Schneider, 1993). The business success is not considered only in terms of financial success but also the realization and quality of the project instead.

In addition to perspective on value, it can be elaborated in terms of job enrichment perspective that the architectural work contains intrinsic value which architects can directly gain as a reward from realized or finished project (Shell, 2003). This can contribute to the architect’s need for project that is interesting and focusing on the quality in high degree rather than doing the project as routine work and anticipate result in terms of financial.

5.2 Internationalization

Further to the analysis of architectural business, this part moves focus to internationalization. It consists of activities and processes performed by firm to internationalize. Theoretically, internationalization takes place when firm begins activities or processes across border. It might exist in various forms depend on each business organization (Wit and Meyer, 2014). In addition, Green arkitekter also reflects a definition of internationalization that the business internationalizes so as to meet international client’s needs. It is the needs that client cannot seek for supply or service from suppliers in their home market (Winch, 2008). According to two commissions in Norway, it can clearly be seen that clients contact to the firm as a result of they are interested in the firm’s concept as well as sustainable architecture solution which their needs cannot be accomplished by services from local Norwegian architects.

In more detail, the internationalization of architectural firm consists of several processes. These processes are performed in order to transform firm’s operation from domestic to international market. This part of analysis elaborates the internationalization of Green arkitekter according to theoretical framework. It consists of firm’s operation in domestic market, mode of entry and mode of association.

5.2.1 The firm’s operation in domestic market

In terms of firm’s operation, it can be analysed according to a framework proposed by Winch and Schneider (1993). They claim that an architectural practice can be investigated by based on two dimensions. They are project complexity and client’s preference for quality. Regarding Green arkitekter, the complexity level can be considered simple since project’s size or sophistication is modest. In terms of the preference for quality, it is moderate. This is as a result of the project’s quality is focused both in terms of project’s realization and originality of concept. Further to those two dimensions, the firm’s characteristic is identified. It is in between and comprised of the characteristic of both strong delivery and strong ambition firm. Winch and Schneider (1993) elaborate that this type of firm emphasizes on service performance in terms of project. They might obtain design fee in lower level than

average. However, profitability can be brought by effectiveness of organizational management. Regarding Green arkitekter, the firm reflects the strong ambition characteristic in terms of its striving for expansion or acquiring projects which are more complicated. By based on the operation in domestic market, it reflects how firm enters to foreign market which will be elaborated as mode of entry.

5.2.2 Mode of entry

The firm accesses to foreign market by utilizing marketing as a key component. It is as a bridge that links client to the firm. In detail, it communicates concept and successful realized project to target clients. The firm employs various communication channels which allows two-ways communication. The information can be acknowledged and clients can contact to the firm directly.

Winch et al. (2002) mention about mode of entry that cross-border connection through marketing resembles to informal selective tender. The architectural firm is invited by selection by owner's decision. Furthermore, this mode of entry expands and elaborates another relationship between the operation in domestic market and mode of entry to international market. In Swedish market, the firm acquires the commission by base on personal relationship as well as network. However, in international market, the cross-border clients contact to the firm as walk-in clients. There might not be obvious relevance between operation in domestic and international market. This might be implied that the firm obtains contact and commission as a result of specialization which is acknowledged by the clients. This specialization can attracts the clients whether in domestic or international market. It leads to decision as selective tender.

5.2.3 Mode of association

Following the mode of entry into international market, it is project execution phase. For Green arkitekter, the project execution begins with preliminary design phase together with the client's interaction and discussion. During the execution in this phase, the firm realizes some different of context between Sweden and Norway, for instance, Norwegian building regulations and construction techniques. These are necessary for the execution of project since the building normally needs permission from local government office prior to construction. The permission document is a part of architect's task in the professional services. In order for accomplishing the task, the firm plans to seek for some local partner in order to undertake the work in part of local Norwegian context, for example, the permission drawing documentation.

According to Winch et al. (2002), since the architectural practice is not universal, the need for association with Norwegian partner represents a necessity to extend the area of knowledge to cover the context that is different between countries. This is a vital part for execution process. Furthermore, this represents a characteristic of architectural firm as knowledge-intensive organization which operates on the basis of various areas of knowledge and expertise.

The plan to collaborate with Norwegian partner is roughly explained. Since the firm is architect, the local partner might be an engineer who is familiar and specialize with Norwegian building regulation. In more detail, the initial plan for association is relevant to the process that firm adopts network collaboration in Sweden. When operates in Sweden, the firm Engineer is one of the firms which in-charges for engineering and construction supervision. Similarly, the firm employs the same

pattern when plans for Norwegian project execution. It will be done by seeking for Norwegian engineer as substitution for the same role and responsibility as in Sweden.

5.3 Strategy

Following the analysis on business perspective and internationalization of architectural firm, this part emphasizes on strategy which performed in order for internationalization. The analysis is based on three dimensions of strategy which are strategy content, strategy process and strategy context. In addition to the analysis, the strategizing is elaborated in discussion part. This research employs a problem-driven approach as fundamental approach for viewing the strategy according to literature by Wit and Meyer (2014). This approach emphasizes on the problem which organization encounters. Thus, the internationalization is focused as the situation that firm is challenged. It requires the firm to tackle with effective solution and management. Refer to empirical materials, it represents a few tensions in each strategy dimension. They are investigated and managed by the firm in order to solving strategic problem. The analysis also highlights the practice of strategic behaviour when firm encounters these tensions.

5.4 Strategy content – Business level strategy

The strategy content is analysed at business level. It expresses the integration of various elements in the organization in order for offering of product or service to target customers (Wit and Meyer, 2014). In more detail, the business level strategy involves with how resources and processes are aligned. Such alignment can provide the firm competitiveness. According to Wit and Meyer, (2014), the firm's competitive advantage can be accomplished by the "superior value proposition" which is created on the basis of alignment of resources, activities and offerings.

Refer to Green arkitekter, the firm's business can be analysed according to the theoretical framework. Therefore, the analysis begins with an issue of competitive advantage which the glass-house concept, design process and network are focused. In addition, the managing of paradox is elaborated together with the inside-out perspective which the firm utilizes in order for competing with industrial environment.

5.4.1 Competitive advantage

5.4.1.1 Superior value

Regarding Green arkitekter as an architectural firm, the superior value can be considered as architecture that is designed based on the firm's core concept, glass-house. It is the value that is offered and delivered to client. Moreover, it is a key element which draws the client's attention and is accepted prior to commission. Originally, the concept is initiated by based on a private house project. However, when it is proposed and transformed to offering in terms of architectural business, it also contributes to a value proposition for client's business. This can be seen in several business-to-business projects. The firm's superior value creates a remarkable facility that compatible with the client's business. Furthermore, it brings in the characteristic that attracts the end-users or consumer.

“...Maybe you could grow vegetable here, it’s quite close to the North Pole, this is quite interesting. This is a place that was an old mining town but it’s settled and then tourist industry grows. Because it’s so spectacular here.” (Norway-B project)

It can be clearly seen that an environmental condition in the greenhouse provides particular characteristic for the project. The owner can employ such characteristic to attract tourist or artist in his network to experience. It can encourage sustainability as well as different way of living according to the specific condition created the greenhouse.

Regarding the firm’s offering, instead of proposing normal architectural design as the offering, Green arkitekter additionally employs the a particular concept. This is an element that often attracts the client. In addition, the firm has a realized project, the Eco-house, which can empirically express how that conceptual idea is transformed to reality. Therefore, this brings the firm competitive advantage. It is developed by based on the particular concept. Further to the concept, it is a sustainability that is in accordance with rising trend. This represents the competitive advantage in terms of differentiation according to Porter (1980) mentioned by Wit and Meyer (2014).

5.4.1.2 Activity system or value chain

According to Wit and Meyer (2014), the value chain is the process which value is created and delivered to the client. For architectural firm, the value is created during design process. The design process is the process that transforms information input to tangible product. Additionally, it exists as a part of professional services.

In addition, the design process is a key process to transforms and customizes the core concept. This is in order to fit with each project problem and to match client’s requirement. Treacy and Wiersema (1995) mentioned by Wit and Meyer (2014) explain competitive advantage in terms of product leadership and customer intimacy. The product leadership is similar to what mentioned by Porter (1980) in Wit and Meyer (2014). The customer intimacy is the customization. In this aspect, it exists in the design process in order for determining the particular solution based on specific projects or clients.

In terms of collaboration, the design process also involves with the collaboration between firms in the network. Hence, the value creation process is carried on by the close collaboration between firms which own different area of knowledge and expertise. In another perspective, the collaboration is a process that results in solution or innovation to the project.

“...we work really close together, ...we also need that (the collaboration) because we need all the different knowledges”

The value delivered to the client also involves with service activities after the design process. This is, for example, in the process of construction. The architect has to supervise as well as provide solution or consultation according to the design. The consultation during construction period is in order to enhance or maintain the value of the architecture when building is realized.

5.4.1.3 Resources

The firm needs resource in order to perform value adding activities (Wit and Meyer, 2014) It covers all types of asset which are directly or indirectly employed for firm's performance. According to the empirical material, the resource can be elaborated as follow:

- 1) Tangible resource: It is professional architect or employee which the firm employs. Additionally, the firm's office space can be considered as tangible resource.
- 2) Intangible resource
 - Network of firms – as the firm is a part of sustainable builder group. In this network, each firm owns different and specific knowledge which is vital for the project. This network can be considered as relational resource. It directly relates to firm's competence in terms of knowledge since creation of sustainable architecture requires wide range of knowledge. It expresses a characteristic of knowledge-intensive organization. Therefore, the network can lead to the source of competence in terms of knowledge.
 - Reputation – as the professional service have to sell the credible promise according to Løwendahl (2005). The reputation is mainly led by the realized project that is successful.

Summarizing, it can be seen that the competitive advantage is strategized in relate to strategic reasoning process as the firm tries to have responsiveness to external market environment with particular resource and process. According to the strategizing, the firm represents the configuration between resource, value adding activities and offering as the source of competitiveness. The firm initiates the unique core concept and deliver to the client through the professional service by relying on particular resources.

5.4.2 The tension between markets and resources

In order for the competitive advantage, Green arkitekter has to encounter a tension between markets and resources. The market challenges the firm to strive for an adaptation to the market situation whereas the resource leveraging draws the firm to focus on its resources. These two sides of tension are elaborated as follow:

5.4.2.1 Market adaptation

The creation of core concept glass-house is a key that attracts the client's attention. In addition, it allows the firm to focus on target market. In another perspective, the firm can conduct their business in a specific market situation. It might be implied as niche market. Furthermore, this market is appropriate with the firm's size in terms of the intense of rivalry and bargaining power among clients or other suppliers. However, on the contrary, this condition might limit the market boundary for the firm in long term.

“The building is pretty unique. That's very good for us, of course. We don't really hear anyone else doing exactly what we are doing. There would be if you take the big firms. If they want to go for this, they could

I guess but we have projects that we started to gain a lot of knowledge. It is a lot of expertise in this field.”

5.4.2.2 Resource leveraging

The leveraging of resource for Green arkitekter directly follows a configuration between resource and offering. Since the architectural firm is knowledge-intensive organization, the knowledge and expertise is seen as a key resource. Practically, the firm obtains extensive area of knowledge and expertise through the network of firms. The network covers the area of knowledge in architecture, engineering as well as sustainable aspect in architectural design. The leveraging of resources is done through the collaboration during the design process. However, the area of knowledge is also limitation in terms of specialization which can limits the firm’s competency in other building types at the same time.



Figure 5.1, Business level strategy – The alignment of business components

5.4.3 Dealing with the paradox

According to the situation, it can be seen that the firm encounters the tension when it has to strive for competitiveness within intense market environment. This tension challenges the firm to determine its positioning. For Green arkitekter, it tends to adopts the inside-out perspective by based on resources especially knowledge and network of firms. In this aspect, the network is employed as a key important resource. In addition to resources, the core concept also provides market responsiveness. It is an offering that attracts many clients. The adoption by the clients also results in commissions afterwards. In this aspect, the firm manages the paradox of markets and resources by juxtaposing or simultaneously deal with these two sides of tension.

5.5 Strategy formation – The strategy formation

Following business level strategy, the strategy formation analyses the process which Green arkitekter performs the strategy in real situation. By based on planned strategy, a realized strategy is gradually unfolded as business is conducting in domestic market.

Nevertheless, some situations are emerged. It provides opportunities to access to foreign market. It can be seen from empirical material that the plan for entering market across border was not prepared in advance.

Theoretically, the strategy formation is a process which realized strategy is formed (Wit and Meyer, 2014). Refer to the theory, this part of analysis elaborates how realized strategy is formed in order for internationalizing. The analysis covers intended strategy which the firm performs for conducting business in domestic market. Additionally, it presents an emergence that allows the firm to access to cross-border market. The analysis is based on strategizing and decision making which has been done by a strategist. It expresses both deliberateness and emergence aspects of strategic situation.

5.5.1 Strategy formation

Generally, the business of architectural firm operates on the basis of project-based organization. The organization purpose can be accomplished through the execution of projects. It takes place in process of professional services. Therefore, the project can be implied as organization's strategic problem. In terms of strategy formation, it can be seen as a set of solution which is executed in each process in order to solve that problem. It is formed during firm undertakes each project. In addition, the projects can be seen as medium of strategic behaviour in practice.

In more detail, the strategy formation activities are proceeded with strategic reasoning process. It is comprised of identification, diagnosing, conceiving and realizing. Regarding Green arkitekter, the formation activities follow the alignment of resource, value adding process and offering. It involves with professional services which the core concept glass-house is initiated as a key for offering the services. Additionally, acquiring and executing of each project are also done through professional services. They proceed with marketing and operation. Hence, the professional services, marketing and operation are taken place as iterative process. In another perspective, regarding project-based organization, the project execution is as main part that contributes to the formation of strategy in order for accomplishing the organization purpose.

5.5.2 The tension between deliberateness and emergence

5.5.2.1 The intended strategy

According to strategy formation activities, the strategy is deliberately strategized in terms of preparation for project execution. This planning or preparation is necessary despite the project has not existed or been acquired in the beginning. It has to be determined in advance in order for readiness. It allows firm to prepare all components and processes. The firm can roughly prepare plan for marketing, operation or professional services beforehand. This also includes resources and value creation activities. According to empirical material, after the glass-house concept is developed. It is as a key and fundamental concept for offering in professional services. By based on this concept, the resources such as network or project team can be prepared and organized. This exists prior to project execution. In addition, the value chain activities which are, for instance, design process or marketing activities can be planned. This also represents strategy formulation which an intended strategy is formed in the beginning of strategy formation.

“...we started collaboration more than three years ago. And that was the project, the first project we started up with. This was made by us as a sort of major consultant. We were hired by the client who wanted something like this.”

5.5.2.2 The unintended strategy

Further to the intended strategy, Green arkitekter additionally encounters emergent opportunity. It is as an emergence of strategy. The emergent strategy is analysed in two parts which are intended emergence and unintended emergence. In more detail, these two emergent situations basically relates to a characteristic of project-based organization. The project is as emergent situation which cannot be precisely forecasted in advance. Therefore, it is inevitable for the architectural firm to encounter the emergent situation. Regarding Green arkitekter, it represents these two emergent situations as follow:

- 1) The intended emergence – regarding architectural firm as a project-based organization, the projects are iterative processes in terms of professional service activities. Nevertheless, the projects do not exist in the beginning of strategic planning. In another perspective, the projects could be forecasted, however, they are not precisely perceived until they unveil or when commissions are acquired. This can be implied as a characteristic for project-based organization include architectural design firm. Theoretically, it is a basic part of emergent activities or opportunities which is intended for architectural firm.

Regarding Green arkitekter, when projects unveil or when they are acquired, they are executed as step-by-step according to the design process. These processes include, for instance, information gathering and analysis, the transformation of the core concept, documentation as well as supervision of construction until it is realized.

“...she contacted to him because of his house (Eco-house) around four or five years ago. They started talking over two to three years. Then, I came into the process and we could start making it much more concrete. We made concrete solution.”

It can be seen from the Sweden-A project that it is executed through various processes although it has been planned. There are also many situations emerge during the process. In this aspect, the emergent situation requires strategizing base on particular project execution. It is a part of realized strategy. Further to the process, there are success and reputation which emerges after realization. It is followed by several emergent opportunities for the firm.

When project is realized, it is transformed as a part of profile and reputation. This can be considered as intangible resource which is key message. It is communicated as marketing activity. For instance, the Sweden-A project, it can be considered as an extremely successful project. When it was published, it gains high attention from various groups of client. In addition, it contributes to other projects acquired afterwards.

“...people have seen us on the web, somehow. This project, it’s been extremely successful. I must say in that way. It’s been published.”

- 2) The unintended emergence – in addition to the intended emergence, as the firm undertakes several domestic projects, they have been executed through iterative processes with marketing, operation as well as professional services. The operation in domestic market and the strategy formation is proceeding. However, according to the iterative project process, the marketing activities continually publish projects in many media especially online media. Those media are, for instance, website, social media as well as architectural design magazines. They reach not only domestic clients but also international clients in Scandinavian countries. In this aspect, the marketing is an element which contributes to a lot of unintended opportunities.

“We have started up a few projects in Norway. We have got interested people calling from Denmark but nothing has really started yet, so I don’t have anything to show there. That, they called us and mail us...”

The strategy formation activities which are based on the core concept and marketing communication obviously lead to an unintended part of strategy formation. As a result of the core concept glass-house is accepted not only in Sweden but also in other Scandinavian countries. In addition, the marketing communication that is done by worldwide media reaches and attracts international clients, for example, Norwegian clients. This contributes to an international project as an emergent opportunity.

In order to seize that emergent opportunity and execute international project, the strategist has to deal with strategizing process by considering various factors, for instance, resource or capability as well as difference or similarity of context between Norway and Sweden. Ultimately, the strategizing process also leads to plan for acquiring Norwegian partner as a part of operation in terms of resource preparing as well as extend the area of knowledge and expertise.

“I mean, it’s as interesting as they would call us from Sweden. It doesn’t really matter to us. In Norway, the culture pretty similar and language is not big problem, it’s similar. The building regulations are pretty similar.”



Figure 5.2, Strategy formation – The emergence of opportunity

5.5.3 Dealing with paradox

As mentioned above, the business of architectural firm does not allow strategist to be able to precisely strategize the whole strategic activities. The realized strategy within architectural firm tends to be formed with both planned and emergent strategy. Additionally, the emergent strategy tends to take place in various degrees according to each particular situation. As a result, the business of architectural firm unavoidably encounters tension between deliberateness and emergence. This is relevant with what Mintzberg mentions that *“the world is too complex to allow strategy to be developed all at once as clear plans or visions. Hence strategy must emerge in small steps, as an organization adapts, or learns”* (Mintzberg, 1998).

The emergence of international project allows the firm to move into new and different condition. In terms of strategy, this situation forces the firm to deal with the tension between intended and unintended strategy. They take place during the realized strategy is being formed. According to the empirical material, when the firm decides to seize that emergent opportunity, the firm tries to cope with the paradox by juxtapose between intended plan and emergent situation. The managing of paradox is executed through the internal resource planning in associate with external opportunity. On the project-basis, the juxtaposing is implemented to the international project as a part of emergent opportunity. These processes will form and lead to realized strategy in the end.

Furthermore, the juxtaposing needs *“firm’s dynamic capabilities”* (Wit and Meyer, 2014). It can be seen from the empirical material that, when firm is internationalizing, the situation forces the organization to posit itself in new equilibrium. Therefore, the organization requires flexibility and learning capability in order for dealing with dynamic situation when internationalizing. In broad perspective, the firm’s endeavor to seize and deal with emergent opportunity also provides much emphasis on a basic definition of strategy which is *“strategy is a course of action for achieving an organization’s purpose”* (Wit and Meyer, 2014).

5.6 Strategy context - The international context

The last dimension of strategy is strategy context. In this part, the analysis focuses on context or circumstance that strategy is performed. Refer to empirical data, the Scandinavian market can be considered as context. It determines scope and level of internationalization. In addition, a tension can be seen. It is a contradiction between internationalization and localization. They are analysed and elaborated with the solution that firm employs in order for managing the paradox.

5.6.1 The scope and level of internationalization

Refer to emergent strategy, it represents the emergence of scope in which firm's business is conducted beyond domestic market. The scope of internationalization involves with operation and services in both Denmark and Norway. This scope can be defined base on geographical context as Scandinavian countries. When the scope is expanded, it can be seen that the market boundary as well as amount of clients is increased simultaneously.

Previously, the emergence of scope might exists not only in Norway and Denmark but also include Canada and Brazil. This is as a result of the firm has received many contacts from the clients in those countries. It can be seen that the scope of internationalization is contributed by the glass-house concept. It can be applied to various locations outside Sweden. However, in associate with strategizing and formation process, the scope is not expanded directly according to the contacts. It is definitely determined when the strategist pre-qualifies those clients in terms of appropriateness and readiness before acquire the project.

“...a hundred contacts may be just five end up with something, you know. So many interested person and they just call us and/or mail us and they asking a lot of questions.”

Regarding Scandinavian countries, they have many similarities in terms of politics, economy, society and technology as well as physical environment. These similarities allow the firm to propose or sell professional services which is relevant to the operation and service in domestic market. However, when the firm internationalize, it unavoidably encounters many differences between countries which have direct and indirect effects on professional services. These similarities and differences also contribute to tension during the internationalizing process which is elaborated in the following part.

5.6.1.1 The level of internationalization

Further to the scope, it can be seen that the internationalization exists in business level. It directly involves marketing, professional services and operation. In more detail, the marketing is the first component which connects the firm with international clients. The professional services are another element which the firm performs and delivers the service. Moreover, the operation is in terms of resource organizing which the firm seeks for effective organizing of resource when operates in foreign market.

5.6.1.2 The international composition and management

Theoretically, the internationalization process begins with value adding activities that the firm conducts outside domestic country (Wit and Meyer, 2014). In addition, there are many forms of internationalization that can be employed. In case of Green arkitekter, after acquiring a project in Norway, the form of internationalization exists in associate with the professional services. It has been undertaken mainly in Sweden as ordinary process. The service are delivered to the Norwegian client afterwards.

According to Wit and Meyer (2014), it can be elaborated as a common form of internationalization which the firm sells its products, or “credible promise”, to foreign client first. After that, the firm undertakes project and delivers service from domestic country as an exporting of the service to foreign client. These processes and activities represent the strategist’s decision by based on the firm’s value chain in order to operate in international context.

Further to the process, the firm also needs additional support from Norwegian partners. This is a a result of design of architecture has to rely on local context. It is realized that the firm does not own this area of expertise especially the Norwegian building regulation although it is considered similar to Swedish regulation. Thus, the firm’s strategist plans to seek for Norwegian partners in order to acquire this area of expertise and obtain additional support in Norway.

“That was a plan, we haven’t really got that far yet. They are in an early phase. The plan was to have, probably, a local engineer that has the exact knowledge about the whole Norwegian building regulation. Because it would be extremely important.”

In terms of knowledge-intensive organization, it can be implied that the knowledge is a vital resource which has to be completely utilized for project execution. Specifically, strategizing for international management aims to acquire those extensive areas of expertise by collaboration and coordination between firm and local partner during the execution process. Additionally, this collaboration also be considered as a part of value adding activities which the intangible resources are acquired by the firm.

5.6.2 The tension between internationalization and localization

The internationalization allows the firm to expand the market to meet with the clients outside domestic market. When internationalizing, the firm meets various similarity which are:

- Social and culture - Swedish, Norwegian and Danish people have similar cultural and historical background. Especially, in terms of language and communication, the majority of Swedish and Norwegian people are able to communicate between each other by their own languages. In aspects of business, culture has direct effects on client’s behaviour since it involves with personal expectation as well as perspective. According to Gesteland (2002), Swedish, Norwegian and Danish are categorized on the basis of cultural business behaviour as “deal-focus, moderately formal, monochronic and reserved”.
- Adoption of sustainability - since sustainability is a trend which is rising nowadays, it is adopted by people in Scandinavian countries. The perspective

of sustainability is applied in various aspects, for instance, environment, ecology, or etc. In aspects of architecture, the sustainability trend is also implemented and it initiates many characteristics of architecture.

In more detail, this similarity can contribute to synergy between two or more markets. For Green arkitekter, such synergy exists since the core concept is initiated on the basis of sustainable architecture. This is an important key that contributes to client's attention since the glass-house concept can be implemented beyond geographical boundary. Furthermore, this concept is required by cross-border clients since it encourages sustainability and provides additional benefit to their projects. Therefore, this market expansion can be done by the same offering as in the Swedish market. This can be considered as an advantage of the core concept which relates to similarity as well as creates synergy in terms of internationalization.

When internationalizing, the firm also encounter with different context which are:

- Local regulations - the local regulations covers standard, legislation as well as regulation which involve with project execution. Generally, these regulations are determined and enforced on government and country basis. Therefore, they are different between countries. In terms of architecture, the local regulations are criteria that determine architectural design both planning and detail. Thus, the local regulations affect business when operate in different context.
- Technology and supply structure – since construction work involves with method and technology which is varied between countries and mostly rely on local context. When internationalizing, the firm has to think about this differences as criteria in project execution.

On architectural project basis, the value adding activities are done through design process which can be employed as localization process for the architectural project. Since the architecture has to be relevant to local context. The localization is necessary in many aspects, for instance, the building permission prior to construction or, in addition, the building has to be suit with physical environment where it is located. Thus, the design is a key process which provides local responsiveness as well as the solution in managing the paradox.

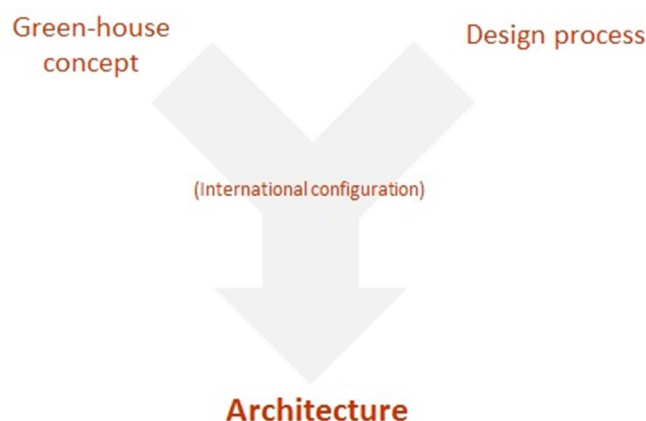


Figure 5.3, Strategy context – International configuration

5.6.3 Dealing with paradox

Following the firm's professional services, the tension can be resolved on the basis of project-based work. The project is a medium that core concept is customized and integrated. It is transformed to architectural design as offering. The strategizing activities are executed through the design of international project.

5.7 Discussion

In addition to the analysis, the discussion identifies two different strategic aspects. The first aspect is performance of strategy. The strategy is discussed in terms of its performance in reality. This discussion focuses on specifics, flexibility, fit and harmony between strategy and organization. The second aspect steps back to process that strategy is initiated. It is a strategizing in strategist's mind and their cognition.

5.7.1 The performance of strategy

There are relationship and interaction between those three dimensions as well as organizational culture which the strategic problem situation exists. The relationship and interaction can be recognized when strategic problem situation is managed by strategist through those dimensions. According to the analysis, the managing the strategic problem situation indicates some expressions of strategy which are:

- 1) Specifics – the strategy expresses or requires specific interaction between those three dimensions and organizational context. In real situation, the small-size organization has limited responsiveness. Thus, value offering have to be built up by base on such limitation. For instance, the empirical material shows the sustainable architecture concept and the project execution which is undertaken by collaboration between network. It is as a result of sustainable architecture requires multi-disciplinary area of knowledge according to empirical material.

Furthermore, the design process as fundamental process for architectural organization encourages the simultaneous managing of tension between internationalization and localization. The strategy content and context leads to the specific interaction that supports internationalization.

- 2) Flexibility - Regarding the strategy process, the knowledge and expertise that firm employs as key resource provide capability for architectural firm. They are utilized in project execution. Moreover, the knowledge and expertise are able to provide the flexibility when firm encounters the emergent opportunities such as internationalization. The interaction between the strategy process and organizational context is expressed when the sustainable architecture concept is acknowledged by cross-border clients and the expertise allows the firm to enter to the new opportunity. In another perspective, the flexibility is required by architectural firm since it has to response to new project as emergent opportunity.
- 3) Fit - The managing of tension is externally reinforced when it is fit with external environment. According to the empirical material and analysis, the strategy content is managed following the inside-out perspective which sustainable architecture concept is initiated as the organization's core concept. This concept is relevant to the sustainability trend that is rising and widespread

especially in Scandinavia. The strategy is supported and reinforced since it fits with the trend.

- 4) Harmony – Further to all tension, the dimension of strategy has to be holistically strategized. The relevance of strategy content, process and context is empirically exposed. In order for internationalization, the firm requires cross-border opportunities which emerge in form of international project as a part of strategic process. In terms of strategy, the emergent opportunities have to be relevant to strategic content which indicates the firm's activity in domestic market. In addition, the firm's activity in domestic market also has effects on international configuration in international context in order for effective delivery of the international project.

5.7.2 Strategizing

Since architectural firm is project-based organization, the business of architectural firm is conducted on project basis. Generally, architectural project is originally initiated by demand from client's side. Then, the demand meets supply when the client and architect agree on commission. Then, it is carried on until delivered to the client. Regarding the architectural firm as supplier or service provider, each project takes place with small chance for the firm to forecast precisely in advance. However, the project unveils itself together with opportunity, as well as risk, which can be taken. In strategic perspective, the project can be implied as "strategic problem" which challenges the firm to execute and move forward to organizational purpose. In this sense, the business of architectural firm is conducted by orienting to the project as the strategic activity that leads to organizational purpose. Moreover, the architect as owner of the architectural firm has to take a role as strategist that strategizes and resolves the strategic problem on their own decision making.

Of all the reasons for internationalization, the architectural firm has to employ international project as key activity and opportunity. When the international project exists, the firm is challenged by different strategic problem. In more detail, according to the empirical material, the situation represents two significant problems. They are whether the project should be acquired and how to execute the project after acquiring until delivering. This situation forces the strategist to go through the process of "strategic reasoning" based on their own experience, skill or capability in order for effective solution. Many factors are taken into account. They might be firm's competence for undertaking the project, architect's passion and desire toward the project, business or financial result provided by the project. This process is as a part of strategizing activity and it determines the firm's direction as well as situation in conducting the business towards purpose. It is rather complicated process. According to empirical material, it tends to employ both logical and intuitive thinking in order for effective decision making.

This part ends up with the discussion on performance of strategy as well as strategizing. The research is stepping to an end. The next part is conclusion which the research will be summarized and the finding to research question will be presented.

6 Conclusion

This part draws the conclusion as finding to research question. According to the empirical material and analysis, it begins with emphasizing on business perspective of architectural firm. Then, several characteristics were exposed. They represent both similarity and difference of architectural business. Regarding those characteristics, it has effects on internationalization of firm. It can be seen that the architectural firm has specific processes when architectural firm internationalizes. Those processes are employed in accordance with the business characteristics.

In terms of business, the architectural service business consists of four fundamental components which are marketing, operation, professional service and finance. Firstly, marketing is empirically seen as a bridge that links client and firm, in addition, it contributes to commission that the firm acquires. The second is operation. Practically, operation is managing of firm's resource in order for the commission or project that the firm acquires. The third component, professional services, it is as a key activity for architectural firm. It is the process that firm provides the services through interaction with client. Lastly, it is finance. The finance is organizing of resource or activity on the financial basis and perspective. Therefore, it involves with many activity in terms of income, expense as well as profit.

When the business of architectural firm is conducted through these four components, it expresses several specific characteristics that differ from other businesses. One of those characteristics is architectural firm is a knowledge-intensive firm. It provides professional-services on the basis of utilization of architectural knowledge and expertise. In another perspective, as architectural firm is considered as knowledge-intensive organization, the value is added to project by the producing of information or knowledge by architects that firm employs. In addition to the knowledge-intensive characteristic, the architectural firm provides the architectural design through professional services which is executed on project-basis. The delivery of architectural service consists of both intangible process as well as tangible material. The tangible material is construction drawing and document whereas the intangible process is as interaction between architect and client during service process. Another characteristic is the business of architectural firm contains a tension between business and professional value. The business of architectural firm employs architectural design as a key business activity. The architectural design involves with value and quality preference. Both architectural value and quality preference involves with architect's passion or desire. However, this value always contradicts with normal business value. This tension or contradiction is not exposed in terms of conflict or negative effect. However, it takes place and determines the firm's position, direction as well as context where the business exists.

In terms of the internationalization, it is affected and determined by those specific components and characteristics in various aspects. As a result, the internationalization of architectural business requires particular process which can be elaborated by based on several important keys. First of all, the internationalization requires client's demand that exists across border. Especially, if that demand cannot be responded by local suppliers or architects, it will lead to positive reinforce for firm to internationalize. Second, the architectural firm requires the bridge or channel that the firm and cross-border clients can be connected together. This connection leads to the commission or international project that the firm acquires from cross-border client. Third, after the project is acquired, the firm has to execute the international project and deliver the completion. In terms of process, since architecture involves with local

context, it can be seen that the project execution requires collaboration with local partners. Hence, the firm has to determine how the project will be executed through the association with the partners.

When internationalization is seen through strategic lens, three strategic tensions are exposed according to dimension of strategy. The strategizing is needed in order to solve the strategic tensions and problems. First of all, the tension is in terms of strategy content. The firm have to strategize in order for competitiveness by based on its competence and capability. It allows the firm to provide professional services in response to cross-border demand. Furthermore, such competence and capability have to be communicated as well as acknowledged by cross-border clients. The client's acceptance is a factor that encourages the connection between firm and client. It leads to the second tension in terms of strategy process. In this dimension, the firm will be challenged by unveiled opportunity for internationalizing. When the opportunity takes place, the firm encounters the emergent situation together with the tension. The emergence of opportunity requires strategizing in order for dealing with what has been planned and what would be adapted. Furthermore, the third tension happens together with the process of project execution. The firm encounters the execution of project that has to be done in different context. This creates the tension which is basically managed through design process. The design process is as customization process. In addition, it is a normal part of architectural design since architecture has to compatible with local context. However, the strategizing to solve the tension in this process is emphasized on in terms of the management of design process. The empirical material indicates that the firm requires local partner in order for extend additional knowledge in terms of local regulation and construction technique.

By seeing through the strategic lens, finding is elaborated as answering to research question. When a Swedish architectural firm internationalizes into Scandinavian market, it requires strategy in order for accomplishment. Therefore, strategizing is needed for strategic problem to be resolved. The firm has to strategize for three key factors according to three dimensions of strategy. The first key factor is product or service that is needed by cross-border clients. Such product or service has to rely on competence and capability that firm employs. Then, the second is opportunity. The firm has to seize the opportunity which allows the firm to access to cross-border market. The flexibility and adaptation is needed in order to fit with business environment. Third, the firm has to execute international project. In this execution, the local partner is required in order to acquire or expand area of knowledge. Those three key factors have to be employed through strategizing. They will lead to internationalization of firm into cross-border market. In broader perspective, the strategizing has to be specific, fit, flexible and harmonize with holistic situation.

7 Managerial Implication

Further to the research finding, this part represents managerial implication of research finding. The implication sheds the light on a managerial role in the architectural firm. There are many occasion that architect might have to be in management position. It requires architect to making the decision in terms of organizational management. In addition, it can lead to a strategist role which has to be taken by architect.

When architect strategizes...

In some situation, it is unavoidable for architect or professional staff to be in strategist role. Generally, management of small-size architectural firm is always undertaken by an architect or a group of architect who is owner of the firm. As a result of architectural firm is normally established by architects who desire to have their own practice. Therefore, since the practice is business organization, it is inevitable for architect to be in role of management, strategist, director or any position name that defines managerial roles.

Generally, the architect has limited background and perspective in managerial knowledge since architect profession mostly deals with architectural design activity and project execution. However, such limitation does not evidently determine that managerial skill or knowledge cannot be utilized by architect. In opposite, the management skill might be employed by architect in some specific ways that they are able to sustain their own organization.

In terms of strategic thinking, the strategizing activity involves with tension between logic and intuition. If it could be implied, while the strategist employs the strategizing activity, the architect employs the architectural design process which involves with logical and intuitive thinking in some senses. Therefore, as the architects have to manage their firm in many levels, it might not be denied that architect manages their own firm through their individual skills and experiences gathered during their early year of practice as well as self-learning through real-life experience. The understanding with familiarity might be a factor that forms and creates the architect's individual managerial perspective. When they have to be in managerial roles, the skill and experience unfolds itself without thinking through logic and intuition during the cognitive process. During the research process, it can be seen that architects can employ their own managerial skill as well as strategize in management of their own practice. However, it has to be based on understanding and experience towards the profession and business.

8 Limitation and Further study

In terms of limitation, this research does not aim to generalize the finding. As a result of it is conducted by based on limited empirical material as well as time duration. Additionally, another limitation is a specific characteristic of an architectural firm that is utilized as source of empirical material. In broad perspective, it is difficult to highlight this research finding as a universal key or tool that is compatible for all firms since each firm might have its own identity and characteristic. In aspect of further study, it can emphasize on longitudinal research of the same firm since the firm is in start-up period. In addition, the internationalization is in the process. However, further study might be done with other firms in the same size or in the same market.

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