

Internationalization of Project Selling Professional Service Firms: The Case of Danish Architectural Firms on the German Market in the 1990s

Maria Anne Skaates; Ph.D. Student, Copenhagen Business School (Denmark)
Dr. Henrikki Tikkanen; Acting Professor of Marketing, University of Oulu (Finland)
Dr. Kimmo Alajoutsijärvi; Professor of Marketing, University of Oulu

Working Paper, Copenhagen Business School
Department of Intercultural Communication and Management
July 9, 1999

This paper was written during the first author's Ph.D. student guest research stay at the Department of Economics and Business Administration, the University of Oulu, Finland from May 3, 1999 to June 15, 1999.

Table of Contents:

1. Introduction and Objectives	2
2. Conceptual Foundations	4
The Nature of Markets for Architectural Services	4
The <i>Milieu</i> as the Relevant Unit of Environmental Analysis in the Project	
Marketing Efforts of Professional Service Firms	8
The Role of <i>Cultural</i> and <i>Social Capital</i> in Establishing Credibility	9
The Interrelationship between the Milieu and Social and Cultural Capital	13
Typologies of the Hierarchy of Architectural Firms and Strategies for Accumulating Cultural and Social Capital	16
3. Methodology and Case Study Design in Relation to the Objective of the Study	19
Sources of Data	20
Issues of Validity	21
4. Danish Architectural Firms' Transfer, Accumulation, and Use of Cultural and Social Capital on the German Market in the 1990s	25
The Convertibility of Danish Cultural Capital to the German Market	27
The Convertibility of Danish Social Capital to the German Market	28
The Danish Case Study Firms' Social and Cultural Capital Accumulation Activities on the German Market of the 1990s	34
Firm A, the Internationally Renowned and Established Architectural Firm	34
Firm B, the Nationally Renowned and Established Architectural Firm	35
Firm C, the Successful and Innovative Younger Firm	37
5. Conclusions	39
Theoretical implications	39
Managerial implications	41
6. Bibliography	43

1. Introduction and Objectives.

Architectural services are one of many types of professional services in which the success of marketing a concrete, partially or entirely customized “bundle of services” to a specific customer depends upon the firm’s or the individual professional(s) within the firm’s ability to sell a credible promise. During the delivery of the agreed-upon services, the reputation of the individual professional(s) as well as the firm in question are at stake with regard to their ability to deliver the promise to the satisfaction of the customer (Løwendahl, 1998:42-3).

Moreover, most architectural services concern a specific construction or renovation project. Following Holstius’ argumentation (1987:49, 56-8), bundles of architectural services may be considered either as parts of building projects or as projects in themselves, i.e. a sort of “project within a larger project” or, more specifically, an “architectural project” within a construction industry project.

Project marketing has in the past decade developed into a substantial sub-field of the discipline of marketing. Researchers affiliated with the Industrial Marketing and Purchasing Group (subsequently referred to as the IMP Group) have produced a number of case studies concerning international project marketing (e.g. Ahmed, 1993; Ghauri, 1998; Hadjickani, 1992; Jansson, 1989; Kosonen, 1991; Tikkanen and Lindblom, 1998; Welch *et al.*, 1996), whereas other scholars have examined project marketing issues from e.g. a neo-institutionalist perspective (e.g. Backhaus *et al.*, 1995; Bonnacorsi *et al.*, 1996). However, almost all of the past decade’s work on project marketing has focused on large, multinational firms delivering projects that contain substantial hardware elements (for literature reviews, see Ahmed, 1993; Cova, 1990; Günter and Bonaccorsi, 1996; Owusu, 1997; Skaates, 1999; and Tikkanen, 1998). The international project marketing efforts of smaller, knowledge-intensive professional service firms have been largely ignored by researchers.

To make up for this deficit, we have chosen to examine the internationalization of architectural firms from a process perspective (see e.g. Anderson, 1993; Johanson and Vahlne, 1977; Johanson and Wiedersheim-Paul, 1975) as opposed to a contingency perspective (see e.g. Gatignon and Anderson, 1988; Kim and Hwang, 1990; Root, 1994). We will thus focus on the continuing process of internationalization after the Danish firms’ entry on the German market.

Furthermore, due to the substantial interaction that takes places between the client and the seller during the production of professional services such as architectural services, it is more relevant to speak of *internationalization* than *exports* in our research, as exports imply production in one

country and subsequent sales to foreign markets (Luostarinen and Welch, 1990; Strandskov, 1995). We will therefore make use of Majkgård and Sharma's (1998: 9-11) two types of service firm internationalization, namely client-following and market-seeking:

"[C]lient-following [...] implies that a firm is part of an international network of exchange. Client-following firms operate in a network in which their exchange partners operate internationally. These partners both help and pressure the other members in the network into going international. Client-following firms have accumulated experiential knowledge of their counterpart." (*ibid.*:9)

"In the initial year the market-seeking firms operate in domestic exchange networks that provide little assistance to go abroad. For a market-seeker, success abroad is contingent upon the ability of the firm to find partners to cooperate with, to detect needs, and to establish relations with firms abroad. Market-seekers lack experiential knowledge of foreign markets and are exposed to more potential problems than client followers. They must also establish credibility with the buyers" (*ibid.*:10-11).

In this working paper, we focus on the activities of *market-seeking* Danish architectural firms that have been present on German market during the 1990s. We view their internationalization efforts as efforts to *transfer* and/or *establish credibility* on the German market. The key concepts used in our analysis of the market-seeking activities are *social* and *cultural capital* (Bourdieu, 1983); they provide us with conceptualizations of the mechanisms professional service firms in general and architectural firms in particular use in establishing credibility in Cova *et al.*'s (1996) project marketing *milieus*.

Our analysis consists of the following two steps:

1. The presentation of the conceptual framework suitable for describing the market-seeking internationalization of architectural and other professional service firms.
2. The application of these concepts to our empirical material on the internationalization activities of Danish architectural firms on the German market in the 1990s.

We believe that our analysis will further understanding of the characteristics of project marketing for, more generally, professional service firms and, more specifically, architectural firms. Additionally, our work may prove valuable in subsequent efforts to construct local or middle-range marketing theories for these types of firms.

In Section 2, we present the conceptual foundations of our research which serve as the basis for our empirical analysis. Thereafter, in Section 3, we present and justify the chosen research methodology as well as discuss the validity of our research. Section 4 contains a description and analysis of our

empirical data. Finally, we present our conclusions in relation to the existing body of project marketing literature and our suggestions for managerial practice in architectural and other professional service firms in Section 5.

2. Conceptual Foundations.

As mentioned in the introduction, we have used a number of existing definitions as a framework for this research. These terms will be discussed in this section to provide the foundation for the interpretation of our empirical data. First, a description of the nature of architectural services markets will be provided on the basis of the specific characteristics of architectural services (Løwendahl, 1998; Skaates, 1999) and Håkansson and Johanson (1993). Subsequently Cova, Mazet, and Salle's (1996) conceptualization of the *milieu* will be presented as the relevant unit of analysis for the markets on which the architectural firms are active. Thereafter, the role of the accumulation of *social capital* and *cultural capital* on architectural service markets will be defined on the basis of Bourdieu (1983). After that, we will summarize the conceptual discussion by describing the interrelationships between the *milieu*, the generation of *social* and *cultural capital*, and the individual project/a series of projects. Lastly, we will depict the hierarchy of architectural firms in a market on the basis of their relative amount of social and cultural capital on conceptualize possible strategies for accumulation of these types of capital. These strategies will form the basis for the empirical analysis of Section 4.

The Nature of Markets for Architectural Services.

The unique features of markets for architectural as well as other professional services are related to the selling and delivery of a credible promise, as explained in the introduction to this paper. Furthermore, professional and architectural services are characterized by several other specific characteristics (Skaates, 1999:34) which also affect the nature of their market:

1. There are often differences between customer's and supplier's level of know-how with respect to project offerings. Therefore, the scope of a specific project offering will depend upon the capabilities and means of the buyer.
2. Offerings include tangibles (e.g. documents) and intangibles (e.g. problem-solving skills).
3. Only some of the parts of the projects offered may be standardized, implying that:
4. Customization is a part of project offerings, yet the extent of customization varies from project to project.
5. Project offerings may involve bidder/supplier coalitions between firms.
6. The main objective of the sale is usually the creation of a building that guarantees the greatest capital value for money. This, however, may not always be the case; when e.g. museums are to

be built or buildings of historical significance are to be restored, aesthetics or historical authenticity may be most important.

Characteristics 1 - 5 are common to all project marketing professional service firms (e.g. engineering consultancy and software firms); characteristic 6 is, however, specific to architectural firms. Furthermore there are several *project marketing*-specific features that affect the markets for the professional service firms, including architectural firms, that offer projects. These will be elaborated upon in the following paragraphs.

IMP scholars in the sub-field of project marketing emphasize that the *selling of projects* is unique in relation to other areas of industrial marketing in three respects: (1) the demand for projects is *discontinuous*, (2) each individual project is *unique* e.g. technically and financially as well as (3) *complex* in terms of the numbers of actors involved and their modes of cooperation (Tikkanen, 1998:264). These three specific characteristics of project marketing imply that the following two assumptions found in most IMP industrial marketing literature are problematic with regard to project marketing (Ahmed, 1993:44):

- The assumption of the long-term nature of relationships
- The assertion of the repetitive nature of marketing activities.

Because interactions in project marketing do not always take place within the context of long-standing relations, several IMP project marketing specialists (e.g. Cova and Ghauri, 1996) describe the environment in which project selling firms operate as something in between markets and networks.

Two of the "founding fathers" of the IMP Group, Håkansson and Johanson (1993), have described four possible structures of industrial market governance (*ibid.*: 44-45). These are determined by (a) two alternative types of actor-internal forces (own interests versus general norms) and (b) two alternative types of actor-external exchange relations (general relations, which are a consequence of the dominance of general interplay between all industry actors, versus specific relations, which imply the dominance of specific long-term relationship-related interactions between individual actors), as depicted in Figure 1:

Figure 1. Håkansson and Johanson's Classification of Governance Structures.

Internal Force is based on

		Interests	Norms
External Force is Based on	Specific relations	<i>Network</i>	<i>Hierarchy</i>
	General relations	<i>Market</i>	<i>Culture, profession</i>

Source: Håkansson and Johanson, 1993: 45.

In the upper left-hand corner of Figure 1, in the *Network* cell, activities are governed by actors' different individual interests which are channeled to each other via relationships between specific actors. In the upper right-hand corner we find the *Hierarchy*. Here interests have been replaced by norms which individuals follow and which are enforced through specific relations to other actors.

The *Market* is placed in the lower left-hand corner; here, actors also follow their own individual interests, but, in contrast to the *Network*, do not predominantly interact with specific other actors. This means that the actors are, on one hand, freer in relation to one another, yet on the other hand, they cannot take advantage of specific productivity gains which occur through specific joint activities with other actors in the *Network* governance structure.

The last cell, in the lower right-hand corner, is termed *Culture* or *Profession*. Here actions are once again governed by norms yet the external forces that ensure that the norms are followed are based on general relationships that involve all members of the governance structure.

However, with regard to the world of project marketing of professional services, such as architectural services, the distinction between "interests" and "norms" is less clear-cut. This can be explained in the following manner:

The *substantial difference in know-how* (Skaates, 1999:34) between the buyer and the seller with regard to professional services means that that the buyer may not know or be able to articulate all of his or her interests. However, this does not imply that the relationship between e.g. architects and their customers is purely dependent on existing norms, as achieving architectural project sales depends on the *selling of a credible promise*, and, in the long term, being able to *deliver the credible promise to the satisfaction of the buyer* (Løwendahl, 1998: 42-3), which also means taking the perceived interests of the buyer into account. Additionally, there are often *buyer or supplier coalitions between firms* (Skaates, 1999:34). Many times these are formed on an *ad hoc* basis, due

to the previously mentioned *discontinuous* nature of project marketing, and may or may not take hierarchical forms. A joint venture, for example, is usually not hierarchical, yet can be said to be governed by both industry specific norms and the interests of the parties involved, whereas a sub-contracting relationship is hierarchical, yet still not necessarily mainly governed by industry specific norms alone, but again by a combination of norms and interests.

The *discontinuity* and *complexity* of project marketing as well as the *uniqueness* of each project (Tikkanen, 1998:264) are the reasons for Cova and Ghauri's (1996) statement that the environment in which project firms operate is something in between markets and networks. These factors make the maintenance of relationships across projects difficult, as e.g. different actor constellations are used in different projects and thus trust and dependence (see e.g. Hadjikhani, 1996) are difficult to create. This, in turn, implies that one cannot a priori say that specific relationships predominate with regard to all projects; they may be present in some circumstances, yet absent in others.

On the basis of the above, the we have modified the framework of Håkansson and Johanson (1993:45) to only include the "specific versus general relations" dimension (Figure 2):

Figure 2. Classification of Governance Structures in Professional Services Industries.

External force is based on	Specific relations	<i>The Network (with or without hierarchical elements)</i>
	General relations	<i>The Socially Constructed Market</i>

The *Network* is the governance structure that one finds in situations where specific relationships, based on e.g. trust or dependence (Hadjikhani, 1996), exist across projects. On the other hand, the *Socially Constructed Market* functions in situations when relationships between partners are primarily *ad hoc* due to e.g. the discontinuous nature of the projects and the uniqueness and complexity of each individual project.

The *Milieu* as the Relevant Unit of Environmental Analysis in the Project Marketing Efforts of Professional Service Firms.

Due to the previously mentioned unique characteristics of project marketing, project marketing related IMP researchers have concentrated on developing conceptualizations of the environment in which project marketing firms operate (Tikkanen, 1998). One such conceptualization is the *milieu*

of Cova, Mazet, and Salle (1996); this concept will be used in this research because (a) it includes norms in its definition, yet leaves room for interests and (b) it can be used to describe the environment of the *network* of architectural projects, in cases where specific relationships exist, as well as the more anonymous *socially constructed market*.

Cova *et al.* (*ibid.*: 654) have developed the *milieu* concept on the basis of research related to the French construction group BTP's activities in the Loiret region of France as well as secondary literature about renowned industrial districts such as Baden-Württemberg in Germany and Tuscany in Italy. The *milieu* is a "socio-spatial configuration that can be characterized by four elements" (*ibid.*):

- a territory
- a network of heterogeneous actors related to each other within this territory
- a representation constructed and shared by these actors
- a set of rules and norms ("the law of the milieu") regulating the interactions between these actors

Tikkanen (1998:271) acknowledges the potential of the concept of milieu, yet questions its strong emphasis on territoriality or spaciality (the *italics* in the following citation are Tikkanen's):

"Despite the fact that the empirical evidence gather by French project marketing researchers strongly supports the claim for spatiality, i.e. "the socio-geographic vision" (Cova *et al.* 1996, Cova *et al.* 1994), I would still suggest that, on many occasions, the various actors belonging to a project marketer's horizon might not be so geographically concentrated (cf. Tikkanen and Lindholm 1998). Thus, I see no reason to automatically include the notion of spatiality as a pertinent feature of complex actor constellations encountered in contemporary project business (cf. Cova *et al.* 1996, 661). However, as project marketers broaden and widen their horizon, i.e. span more projects or project opportunities and include more actors in it between individual project supplies, it is certainly apparent that "*the relational logic is paramount, exchanges are more of a social nature than a techno-economic nature and are concerned with other actors than just business actors i.e. so-called institutional actors*" (Cova *et al.* 1996, 650)."

We think that the territoriality challenge is important, especially in relation to firms' international activities. It will be dealt with empirically in Section 4 for the specific case of architectural firms. For now, however, it will be asserted that the rules, norms, and representations shared by actors in different markets *may differ* and that learning to deal with the differences may be an important part of establishing credibility in the market-seeking strategies of professional service firms such as architectural firms.

The Role of *Cultural and Social Capital* in Establishing Credibility.

The concepts of *cultural* and *social capital* will be used to conceptualize the Danish architectural firms' establishment of credibility in their market-seeking activities in the German construction industry *milieu*. We will explain these terms by citing Bourdieu's (1983) definitions because there is little scholarly consensus concerning the exact definitions and usage of these terms (Araujo and Easton, 1998). However, according to Araujo and Easton (1998), the general idea behind the many existing conceptualizations of these terms "relies on a metaphorical mapping of features associated with economic notions of capital or assets into the social domain". Furthermore, social and cultural capital are often regarded as resources that can, under certain circumstances, be converted into other types of capital (*ibid.*).

The French sociologist Bourdieu (1983) has defined four types of capital: economic, symbolic, cultural, and social capital. His economic capital corresponds to both the layperson's and most economists' understanding of the term (*ibid.*), whereas symbolic capital refers to the power accumulated and used in the *dynamic* struggle between and among groups and individuals to define who and what is most "legitimate" in various societies and societal groups (*ibid.*, see also Albertsen, 1996:5).

Cultural capital, on the other hand, refers to value of the *more static* practices and physical artifacts that are the result of individuals' socialization within one of many groups within society (*ibid.*: 243-8). Cultural capital manifests itself in three forms (*ibid.*: 243):

"in the *embodied* state, i.e., in the form of long-lasting dispositions of the mind and body; in the *objectified* state, in the form of cultural goods (pictures, books, dictionaries, instruments, machines, etc.), which are the trace or realization of theories or critiques of these theories, problematics, etc.; and in the *institutionalized* state, [... e.g. in the form of] educational qualifications."

It should be noted that Bourdieu does not use the term "human capital" (*ibid.*:244). In his terminology, that which other sociologists term "human capital" (see e.g. Araujo and Easton, 1998:26; Coleman, 1988) is a part of cultural capital.

As for social capital, Bourdieu states the following (1983:248-9):

“social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a “credential” which entitles them to credit, in the various senses of the word. These relationships may exist only in the practical state, in material and/or symbolic exchanges with help to maintain them. They may also be socially instituted and guaranteed by the application of a common name (the name of a family, a class, or a tribe or of a school, a party, etc.) and by a whole set of instituting acts designed simultaneously to form and inform those who undergo them; in this case, they are more or less really enacted and so maintained and reinforced, in exchanges. Being based on indissolubly material and symbolic exchanges, the establishment and maintenance of which presuppose reacknowledgement of proximity, they are also partially irreducible to objective relations of proximity in physical (geographical) space or even in economic and social space.”

In relation to Tikkanen’s (1998:271) criticism of the spatiality limitation of the *milieu* concept, Bourdieu states that mechanisms of the generation of social capital cannot be reduced to relations of proximity. His language does, however, ring a bit unclear to readers used to reading Anglo-American scientific works; in fact, some Anglo-American academics criticize Bourdieu using rather broad and undifferentiated terms (see e.g. Araujo and Easton, 1998). On the other hand, other scholars praise Bourdieu for his ability to describe complex societal interdependencies and break with simplistic common-sense understandings through his broad definitions and complex writing style (see e.g. Callewaert, 1996: 338 or Fowler, 1997). We subscribe, albeit with some reservations, to the latter viewpoint.

However, like Araujo and Easton (1998), we are not keen on using the fine distinctions between social and symbolic or cultural and symbolic capital in our research, as they are difficult to work with empirically. Thus we do not deal with symbolic capital in this paper. The result of this omission is some loss of the ability to explain changes in norms and actors’ perception of legitimate interests; thus the empirical work of section four may be somewhat biased toward a state of stasis.

In our operationalization of cultural capital, we exclude the *embodied* state (e.g. norms), as we include norms in our operationalization of social capital. However we include the *objectified* and *institutionalized* states: The objectified cultural goods that the architect produces are buildings, parks, etc. Furthermore a professional, the architect, similar to a doctor or an accountant, has most often received (a) formal training and titles which provide him with the opportunity to claim the right to practice his profession and thus provide cultural capital, i.e. institutionalized legitimacy. Furthermore, (b) membership in architects’ organizations as well as (c) reference lists which

include (i) projects either in progress or completed as well as (ii) prizes or honorable mentions awarded in architectural competitions or public tendering procedures provide institutionalized cultural capital.

With regard to “social capital”, Bourdieu (1983:248-9) states that a precondition for accumulating it is membership in a group. Furthermore, social capital is acquired through relationships in a broad sense of the word, in that these relationships can consist of (a) material and symbolic exchanges as well as (b) sharing common school-related, party-related or family names or titles and (c) reciprocal following and enforcement of rules and norms.

Bourdieu (*ibid.*: 249) presents a straightforward statement about the total volume of a given actor’s social capital being dependent ”on the size of the network of connections he can effectively mobilize and on the volume of the capital (economic, cultural [...]) possessed in his own right by each of those to whom he is connected.” On the other hand, he is somewhat imprecise about the uses and limitations of the use of social capital, in that he speaks of ”a ‘credential’ which entitles [its bearers] to credit, in the various senses of the word” (*ibid.*).

Our operationalization of social capital focuses on the social capital linked to (a) exchanges as well as (c) rules and norms. We exclude the social capital related to (b) names and titles, as it is very similar to institutionalized cultural capital in our operationalization. In the subsequent empirical section, no attempt will be made to calculate exact levels of cultural or social capital; we will only speak of accumulation, depreciation, and relative positions. We therefore accept Bourdieu’s statement about the volume of social capital without further operationalization.

Concerning the uses of social capital, we regard it as a ”credential” in our work, but we do not go so far as to suggest that this credential entitles its bearers to ”credit”. Instead, we assume that it entitles its bearers to be regarded as credible in the given social group, in accordance with Majkgård and Sharma’s (1998: 11) as well as Løwendahl’s (1998:42-3) statements that credibility is extremely important in marketing professional services-related projects both domestically and abroad. This credibility includes e.g. a reputation for knowledge of and the ability to judge complex technical and economical factors; thus these factors are seen as a part of social capital and not dealt with separately. On the *Socially Constructed Market* of Figure 2, where general relations are dominant, the credential of credibility corresponds to a good reputation.

However, the generation of credibility in the field of architecture is, as in other professional fields, complex, as the architect is oriented both towards his fellow professionals, i.e. the other architects, as well as towards potential customers and other actors in the construction sector (Løwendahl, 1997:18). His and his firm's ability to acquire architectural projects depends upon reputation. Reputation, in turn, depends upon (a) the recognition of other architects as well as architectural critics in the networks in which the architect/architectural firm operates, (b) the judgment of other construction industry actors in these networks, and (c) complex interaction effects that occur when these two groups voice their opinions (Albertsen, 1996:2).

Here conversion effects between social, economic, and cultural capital occur which are different in key respects to the conversion effects of other professional services, due to the influence of artistically-oriented art critics as well as architects and an audience interested in aesthetics. These unique effects will be described in the following; the description will form the basis for the empirical research of section four. It should, however, not be regarded as further operationalization of the terms "cultural capital" and "social capital", as this operationalization has been completed above.

Architectural projects are influenced both by the governance structure of the construction market and by rules that are common to artistic fields, as architects judge each others' work on the basis of artistic qualities as well as other criteria (*ibid.*:3), such as user-friendliness, good use of technological solutions, and energy efficiency. In the pure fine arts, cultural capital is viewed as more important than economic capital (*ibid.*:5-6) in generating social capital. However, as the criteria that architects as well as other construction industry actors use in judging fellow architects do not only include matters artistic, architects and architectural firms can be positioned by the extent to which they view the importance of artistic and market governance criteria respectively; Albertsen (*ibid.*:6-7) uses Bourdieu's capital terminology in describing three sub-fields:

- The **artistic sub-field**: The major concern of its members is "protection of the autonomy of architectural artworks against the influence of economic and political power" (*ibid.*: 6). Members of this sub-field orient themselves predominantly towards other members as well as architectural and art critics and show little outward concern about market mechanisms.
- The **professional sub-field**: "Here cultural capital [...] is transformed into economic capital for employers and wages for employees. The possession of both economic and cultural capital goes hand in hand with the possession of symbolic and social capital. While selling [...] cultural services to a clientele, the accumulation of economic capital merges with the accumulation of

symbolic capital, that is, with the acquisition of a reputation for competence and an image of respectability and honourability. [...] At the same time this makes possible [...] a consumption which symbolize possession of the material and cultural means of maintaining a bourgeois lifestyle and in this way provides social capital, a capital of fashionable relations which can, if needed, provide usable 'support', a capital of honourability and respectability that is often essential in winning or keeping the confidence of high society" (*ibid.*:6-7). Members of this sub-field orient themselves predominantly towards other members as well as the corresponding networks of other construction industry actors. They also show an interest in selected ideas from the artistic sub-field as this also provides social capital for them.

- The ***technical-economic sub-field***: In this sub-field efficiency and productivity are valued highly, and this is not hidden or euphemized in any way (*ibid.*:7). Members of this sub-field orient themselves predominantly towards other members as well as other construction industry actors. They also attempt to obtain customers previously served by the professional sub-field. However, architects from the other two sub-fields scorn the work done by firms in this sub-field due to its "neglect" of the artistic aspect of architecture (*ibid.*).

We have not included firms from the artistic sub-field in our empirical studies, as we presume that they would show little interest for research concerning project marketing.

The Interrelationship between the Milieu and Social and Cultural Capital.

Both Cova *et al.* (1996:654) and Bourdieu (1983:248) implicitly state that current norms, rules, and practices of a certain group or *milieu* are influenced by past actions:

"The actors [of the milieu] share, both in their life and in their imagination, the community of some elementary structures." (Cova et al., 1996:654)

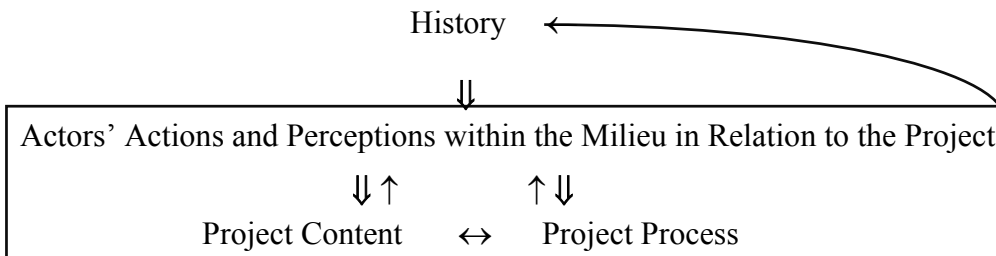
"[These relationships] may be socially instituted and guaranteed by the application of a common name (the name of a family, a class, or a tribe or of a school, a party, etc.) and by a whole set of instituting acts designed simultaneously to form and inform those who undergo them" (Bourdieu, 1983:248).

Furthermore, in the sociology of Bourdieu (1990), historical processes determine the selective cognition of individuals which in turn influences their actions with regard to e.g. their concrete strategies for accumulating social and cultural capital. Bourdieu views the actions of human subjects as being improvisations based on after-the-fact interpretations (*ibid.*).

These viewpoints on the nature of human actions are not in discordance with the views of Cova *et al.* (1996) concerning the rules, norms and actions of the actors of the *milieu*. Thus the role of historically determined industry structures can be regarded as determining (a) the current set(s) of representations constructed and shared by actors within a given *milieu* as well as (b) the

corresponding sets of rules and norms that to some extent regulate the interactions between these actors in the given *milieu*. The influence that these historical features have upon an individual construction/architectural project are depicted in Figure 3 below.

Figure 3. The Role of History in Relation to a Concrete Project Offering.



At the individual project level, history influences the project actors of the given milieu in two ways:

1. Their understanding and interpretation of project-relevant issues depend upon the historical perception of similar projects common to their *milieu*.
2. Milieu-specific norms and rules that govern their actions have arisen due to factors related to historical path dependency.

The actors' perceptions (way 1, immediately above) influence their perceived interests in relation to project content and process. However the specifics of the content and the process of the project in question also influence the actors' perceptions, and different views about the suitable project content and process may be deliberated among the actors of the milieu in efforts to promote their own interests. This, however, takes place within the cognitive and normative framework (points 1 and 2) provided by the historical path dependency as do the actions actually undertaken by the actors.

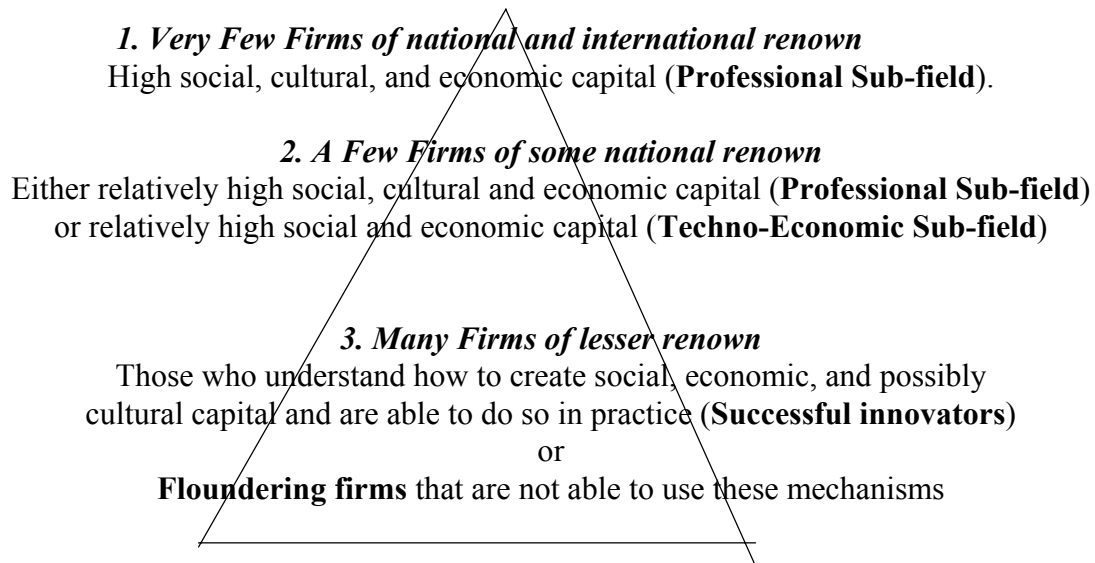
After completion, an individual project completed enters into the minds of the individuals who have completed the project and thus becomes a (small) part of the history perceived by the actors that have participated in the individual project. This is indicated by the arrow from the "Project box" to "History" in Figure 3. However, at the level of multiple projects, whether the project is perceived as being "new" or "different" by its participants to an extent that will cause them to revise some of their general cognitive frameworks about the "nature of the industry" will depend upon both their cognitive framework and the degree of differentiating project "uniqueness" in comparison with other projects.

When an individual firm and its actors enter a *new milieu*, they may have different ways of interpreting the industry in question and follow different norms which implies that they probably will view the process and project content differently as well as act differently. When it is important to establish credibility, as is the case in the marketing of professional services (Løwendahl, 1998:42-3; Majkgård and Sharma, 1998:8-9), it is necessary for the market-seekers to insure some compatibility of their cognitive framework and actions to that of the other actors with whom they interact or will potentially interact. This compatibility exists in situations where firms have either transferred or achieved certain levels of *cultural* and *social capital* that are recognized by the actors in the *milieu* in question. Therefore it is relevant to examine the extent of recognition of foreign cultural capital (e.g. qualifications), the extent to which existing social capital can be used in the foreign market due to social connections and common norms, and the extent to which these things must be accumulated anew upon the new market and the ways of doing so. These issues will be examined empirically in Section 4 on the basis of the concepts of the *milieu* and *social* and *cultural capital* presented in this sub-section.

Typologies of the Hierarchy of Architectural Firms and Strategies for Accumulating Cultural and Social Capital.

Albertsen (1996) and Gerkan (1990) indicate that there is a hierarchy of renown among architectural firms on both the Danish and German markets, as depicted in Figure 4.

Figure 4. The Hierarchy of Architectural Firms on National Markets.



Source: Albertsen, 1996 and Gerkan, 1990.

The hierarchy pyramid shows that an architectural firm must accumulate a high level of cultural capital in order to enter the most exclusive international and national circles. Cultural capital is, as previously mentioned, accumulated through institutional manifestations, i.e. (a) formal training and titles, (b) membership in architects' organizations, (c) reference lists, as well as objectified manifestations, e.g. buildings. With regard to the highest levels of cultural capital, reference lists that contain prestigious projects or prizes are the distinguishing characteristic unique to the firms at the top of the pyramid (*ibid.*).

Concerning architectural project acquisition more generally, a critical mass of social and cultural capital are necessary in order for an architectural firm to survive. There are two ways of receiving architectural projects on the Danish as well as the German market (*ibid.*):

1. Through contacts or, in the terms of Bourdieu, through accumulated social capital. This factor is especially important in the private sector.

2. Through architectural competitions and public tendering procedures (used mainly for public sector financed projects, although competitions are also used by private persons or firms for larger and more prestigious projects). One objective of using competitions and public tendering procedures is to ensure impartiality towards all participants, thus neutralizing any social capital effects. The goals of ensuring impartiality and neutralizing social capital effects, however, are difficult to attain; thus competitions and public tendering procedures may not always be impartial in practice (see e.g. Cova and Cova, 1990; Dickson, 1995; Gerkan, 1995). However, winning architectural competitions or public tendering procedures always results in the production of cultural capital for the winning firm.

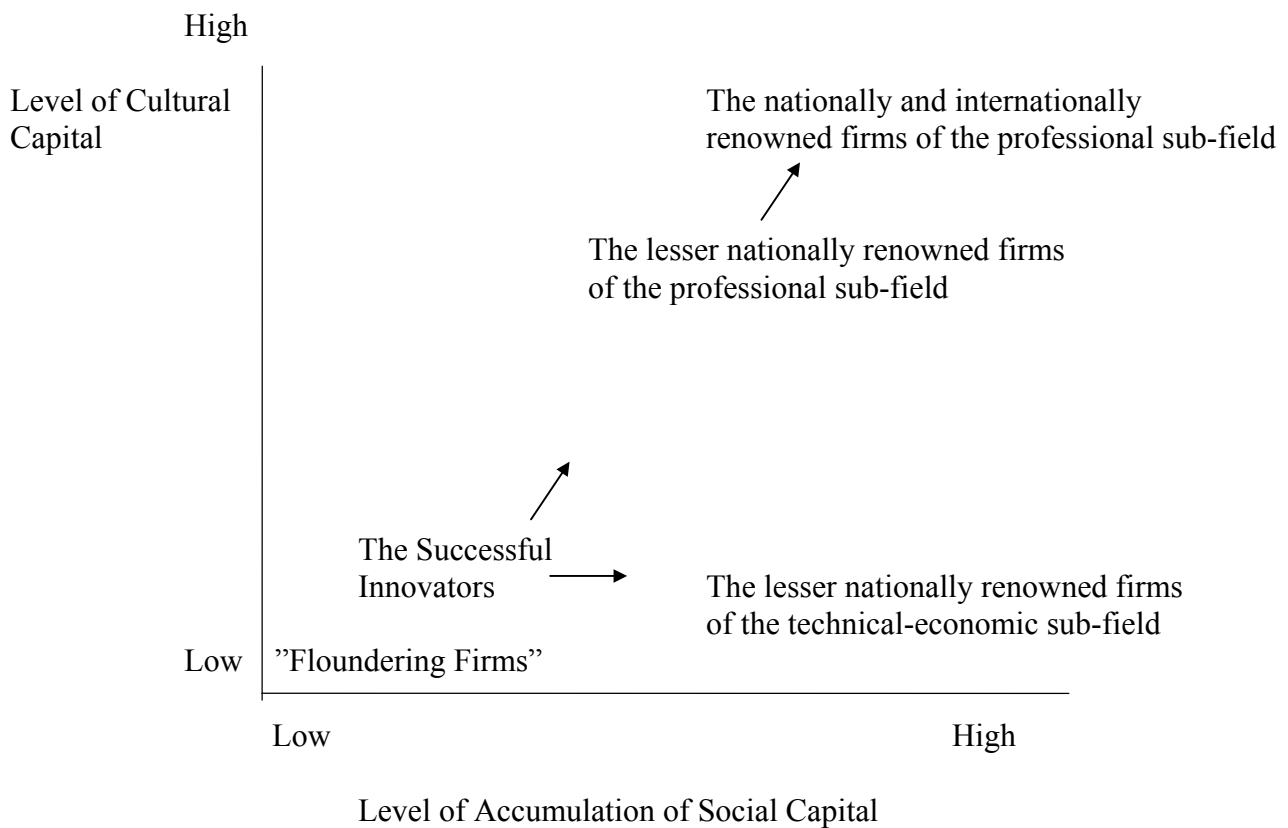
With regard to temporality, until an architectural firm begins to receive orders from contacts or its social capital, which takes time to accumulate, competitions and public tendering procedures are the main immediate way to attempt to obtain projects. However, most of the time the honorarium received for participating in restricted public tendering procedures or competitions does not cover the expenses incurred in participating, and, in the case of open competitions or tendering procedures, usually no honorarium is paid at all (Skaates, 1999:97).

This means that although it takes time to accumulate social capital, once social capital effects begin to work, they often result in projects that translate on the short term into economic capital, i.e. an income for the firm. In contrast, the relationship between the accumulation of cultural capital and economic capital is over time is often much more long term, as many firms invest resources in architectural competitions or public tendering procedures over a longer time period without winning.

Furthermore, with regard to the accumulation of capital, while a firm receives a small amount of cultural capital for runner-up prizes/honorable mentions and for being short-listed in the restrict tendering procedures, the amount of cultural capital received for winning competitions or public tendering procedures is much greater. With regard to economic capital, the firm usually only is able to accumulate economic capital if it wins the competition or tendering subsequently completes the related project (*ibid.*). Therefore firms differ with regard to the extent to which they enter competitions and public tendering and the types of competitions and public tendering they enter.

On the basis of these remarks, likely strategies of positioning within the Danish and German architectural service industries are depicted in Figure 5.

Figure 5. Strategies of Positioning in the Field of Architectural Services:



Source: Authors' conception on the basis of Bourdieu, 1983; Albertsen, 1996; and Gerkan, 1990.

In this figure, *the most internationally and nationally successful firms of the professional sub-field* are following strategies to ensure that they maintain their stock of social and cultural capital to retain their prime positions on the international and national markets, respectively. The *lesser nationally renowned firms of the professional sub-field* are still concentrating on increasing their levels of social and cultural capital, although these levels are relatively high, whereas the *lesser nationally renowned firms of the technical sub-field* mainly concentrate on social capital in relation to other actors in the national building industry and do not worry about their artistic renown. Finally, the *successful and innovative younger firms* are either following strategies of accumulating mainly social capital in relations with other building industry actors because they aim at positioning themselves in the techno-economic sub-field (as indicated by the horizontal arrow) or following strategies of accumulating both social and cultural capital in order to position themselves in the professional sub-field (depicted by the diagonal arrow), whereas the *floundering firms* are not following any strategy at all.

Furthermore, if firms from Albertsen's (1996:6) artistic sub-field had been included in this study, they would predominantly be interested in accumulating cultural capital (i.e. moving toward the upper left hand corner of Figure 5) in their efforts to attract the attention of architectural and art critics while at the same time protecting the autonomy of architecture as an art form.

3. Methodology and Case Study Design in Relation to the Objectives of the Study.

Our methodological choices have been guided by the aims of our study. The primary aim of this empirical study to *describe* and *analyze* the export activities to Germany of three Danish architectural firms using the conceptual framework emphasizing the role of social and cultural capital in the internationalization process; the best foundation for this aim is the generation of mainly qualitative data through e.g. interviews (e.g. Coleman, 1990:305-6). However, due to the conceptual framework elaborated upon in Section 2, the study has been designed as an explorative-integrative study, i.e. a study in which both existing theory and the research subjects' own viewpoints and actions are examined, with the potential long-term goal of creating new middle-range theory (e.g. Maaløe, 1996:90-7).

The first part of the study, a pilot study, consisted of interviews with key actors related to Danish architectural firms that have experiences with both Danish success and failure on the German market from their respective positions. These actor-informants included two representatives of Danish architectural organizations, three Professors or Associate Professors of Architecture at the two Danish Schools of Architecture, a representative from the International Affairs Office of the Danish Ministry of Housing, and eight Danish architects who represented five firms. On the basis of the pilot study, three of the most successful Danish architectural firms with regard to internationalization on the German market were chosen for in-depth case studies. Each firm came from a different group of the three groups of Danish architectural firms that had been successful on the German market in the 1990s (Skaates, 1999):

1. ***Internationally renowned and established architectural firms***, whose names are also familiar to architectural connoisseurs and experts abroad. There are only a handful of these firms in Denmark. The firm from this group used in our case study will subsequently be referred to as "Firm A"; it has worked on German and other foreign markets since the 1960s.
2. ***Nationally renowned and established architectural firms***. These types of firms are often responsible for the design of important national buildings and have strong contacts to large firms and key persons in the Danish economy. Our case study's "Firm B" comes from this

category; it started its market seeking strategy on the German market at the beginning of the 1990s.

3. ***Successful and innovative younger firms.*** These firms do not have as strong contact as the other two types of firms yet they have managed to establish themselves as "players" on the Danish arena and have strong ambitions to increase their importance in the future. "Firm C" denoted the firm from this group used in our case study; it also started its activities in Germany at the beginning of the 1990s.

The case studies can be regarded as historical reconstructions of past activities undertaken by the three Danish architectural firms on the German market in the 1990s. Using the terminology of Yin (1994:39), the methodology can furthermore be categorized as being an embedded, multiple-case study. The study is multiple in the sense that the export activities of not just one, but three Danish architectural service firms are examined. It is embedded in the sense that for each case study firm studied, it is not the entire firm as a whole that is the object of examination; instead the analysis concerns specific subunits of activities (see *ibid.*:41), i.e. activities related to the sale of architectural services in Germany. Furthermore, the case studies were undertaken using a key informant (Heide and John, 1995:539-541) and critical incident (Hedaa and Törnroos, 1997) design. The key informants of the case studies are the actors in the architectural firms who have been responsible or contributed substantially to acquiring projects on the Germany market.

Sources of Data.

In case studies, researchers usually triangulate, i.e. collect data from several different sources using specific techniques in relation to each source (Silverman, 1993), as each source of data has its own strengths and weaknesses (Marshall and Rossmann, 1989:101-109).

The primary method used to collect data in both the pilot study and the subsequent case studies was the semistructured qualitative interview (see Kvale , 1996:124-143); however analysis of documents was also used. These documents included:

- Danish and German industrial statistics and studies of exports and internationalization.
- Articles in Danish, German, and Pan-European professional publications.
- Firm- and organization-specific documentary data such as annual reports, brochures, minutes of meetings, strategy plans, studies undertaken by Danish and German architects' organizations

Finally, during the completion of the three case studies, nine further supplementary interviews with yet other key actors, e.g. German and Danish public officials, persons from other German, Danish

or Danish-German architectural services firms, and representatives of Danish and German architects' organizations, were undertaken to allow for further triangulation.

Issues of Validity.

Assessing the validity of qualitative research such as case studies is more controversial and problematic than the validity of quantitative research (see e.g. Altheide and Johnson, 1994; Flick et al., 1995; Kvale, 1996). This explorative-integrative study is based upon the premises that the researchers recognize and state their theoretical preconceptions as well as other forms for knowledge/prejudices concerning the field to be studied (Maaløe, 1996: 96), so that they also can distance themselves from them if necessary on account of new and surprising evidence (*ibid.*).

Concerning the dialectic process between theory and empirical data, Jansson, Saqib, and Sharma (1990:5) state the following:

“The empirical relevance of the theories thus has to be asserted, which does not mean a statistical test of hypotheses derived from theory. Such a classical deductive hypothesis testing method is based on the logical-positivist presumption of an objective world consisting of universally valid scientific laws. Organizational behaviour cannot be reduced to such simple laws. The organizational world is much more complex. A social science theory is broader and lacks the rigour of tightly constructed mathematical models. It is construed for the special problems found by the studied TNCs and government agencies and consists of several individual theories that are adjusted to each other within the developed theory. These theories have in their turn been selected from a greater number of theories. Some will be found to fit the problem. Some will not. One main problem is to do this in a consistent way, so that individual theories do not contradict each other.

Through this process theories are accepted or refuted in a new situation. This framework can then be utilized as a vehicle for examining other cases, i.e. be generalized to other situations. This adjustment process is mainly controlled by empirical data, when the theoretical framework becomes empirically motivated. The boundaries of the individual theories, the premises of the theories, etc. are researched by comparing them with the studied reality. As much research in social science, our method is a combination of inductive and deductive methods, a constant interchange between data and theory.”

Abduction is a term commonly used for the combination of inductive and deductive methods (Andersen, 1988:139-140; Denzin, 1978:109). According to Denzin (*ibid.*), the research process in an explorative-integrated case study is abductive:

“That is, they do not use a full-fledged deductive-hypothetical scheme in thinking and developing propositions. Nor are they fully inductive, letting the so-called “facts” speak for themselves. Facts do not speak for themselves. They must be interpreted. Previously developed deductive models seldom conform with the empirical data that are gathered. The method of abduction combines the deductive and inductive models of proposition development and theory construction.”

However, the step of new theoretical construction should, of course, only be undertaken if the empirical data to be collected and analyzed support some clear patterns. Thus theory development is not to be forced, in accordance with the spirit of Halinen’s and Törnroos’ (1998:188) and Ahmed’s (1993:67) statements:

“We feel, however, that the key to simple and powerful models lies in an awareness of the broader and more complex reality from which the models are drawn.” (Halinen and Törnroos)

“[I]f a social phenomenon lends itself to a clear-cut and consistent categorization, then most likely something is wrong with the researcher [*sic!*] approach. An exceedingly simplistic approach has been adopted and/or some blind spots prevent the detection of the various aspects of the phenomenon. An impaired comprehension results.” (Ahmed)

Easton (1995) argues that case study research seen from a realist epistemology is very useful for studying causality. This, however, will not be attempted. Instead, constructing teleological explanations is attempted. According to Jansson, Saqib, and Sharma (1990: 8):

“The main difference between causal and teleological explanations concerns time order, i.e. that the causing factor must occur before that it is supposed to cause. Otherwise causes and consequences will be mixed up. With teleological explanations time order does not matter, particularly not when used to study interactive behavior in a network. What matters is the interaction, not how it starts or ends. In this research we are thus not concerned with making causal statements about consequential behaviour, since we have not tried to determine whether an event x led to event y. One sequel is that prediction is not important, since it will be difficult to find laws to extrapolate into the future. Instead, the focus of the research is on explanation. Covariance and the consideration of rival explanatory factors are then still important.”

Concerning the research methodology of this project, there are several potential levels of analysis: the firm at large, the persons of the firm involved in export activities, the individual activities, i.e. projects themselves. The first relevant question with regard to this topic is the following: When may one generalize at the firm level on the basis of the statements of individual actors? Tikkanen (1998: 274) has several remarks relevant to this issue:

“It should also be noted that the [...] higher levels of aggregation, ranging from informal groups or firm departments to large multinational corporation or informal alliances, pose a slight theoretical and methodological problem for the identification of relevant actors in the horizon of an organization with its strategic focus on project business. The fact that individuals are inevitably the basic interactants in all collective actor configurations is thus somewhat paradoxical. Regardless of whether a relevant actor is identified in an informal group, a firm department or a whole organization, it is the individual actor-interactants within them who, through every-day social interaction, construct the reality or realities encountered in various project marketing situations [...] Thus, the empirical identification of the relevant actor-structures in the horizon of a project marketer might not be as easy as the above typology would imply, at least at first sight.”

Due to the fact that specific persons are responsible for specific projects on the German market in the three case study firms and the research themes deal specifically with embedded issues, to use Yin’s (1994:39) terminology (i.e. the projects on the German market and not the general goals or objectives of the firms in question), the problem raised by Tikkanen is less prominent in this research project. Therefore the key informant method (see Heide and John, 1995:539-541) is not a source of potential validity problems.”

As case studies are historical, the critical incidents method (see e.g. Hedaa and Törnroos, 1997: 4-5) has been used to prompt informants to elaborate on their activities on the German market. However, an inherent weakness of this method is its tendency to represent the past as a series of discrete events, i.e. specific stimuli and responses, with intervening periods of no action. This is a simplification, reduction and misrepresentation of the past, which increases potential problems of selective memory bias, even through some respondents may actually recall critical events as happening in this way. Analogous to the way a lack of explicit communication is at the same time a type of metacommunication (Skaates, 1997:17-19), a period with a lack of critical events does not imply a total lack of stimuli and response because inaction is also a type of action (Hedaa, 1994). However, respondents may be likely to not be able to recall the stimuli and responses of such a “period of inaction” due to a number of factors, one of them possibly being Hedaa’s so-called “black hole” effect (*ibid.*).

Thus, the question of memory and selective memory biases is relevant with regard to a second interpretive concern, namely the boundary problem inherent in all network and interaction research: How does one assess the boundaries of an actor’s/a firm’s network of relationships and contacts? In this research, boundaries will be set by the recollections of the respondents and the prompting of the interviewer; thus the problem of selective memory bias may also affect the network and interaction

data generated. However, Yin (1994:13) states that an inherent characteristic of the case study is the very fact that “the boundaries between phenomenon and context are not clearly evident.”

A third type of potential bias has to do with the problem that respondents will be more liable to report on “unusual” or “surprising” events, and less likely to tell about everyday occurrences which they take for granted. To overcome this bias, the interviews have been structured in such a way that the questions included some of the key themes from the theories being examined. The questions aimed at the same time to be open and not leading, to allow for the discovery of paradoxes, surprises and the contratheoretical insights of respondents (see Maaløe, 1996:183-187). Thus the chosen interview *method* is not purely phenomenological (as suggested by McCracken, 1988) but is instead openly interpretive.

In conclusion, it should be noted that the usual reason for choosing the multiple case-study design is “analytic generalization” (Flick *et al.*, 1995: 446-450; Maaløe, 1996:71-75; Yin, 1994:31), which in the words of Yin (*ibid.*) means the following:

“Multiple cases, in this sense, should be considered like multiple experiments (or multiple surveys). Under these circumstances, the method of generalization is “analytic generalization,” in which a previously developed theory is used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed. The empirical results may be considered yet more potent if two or more cases support the same theory but do not support an equally plausible, *rival* theory.” (The *italics* are Yin’s.)

Due to the major firm-internal differences these multiple case should not be considered 100% analogous to multiple experiments *per se* as is the case in analytical generalization. This raises some questions of validity. However, the authors’ three case study firms are prime case study firms in that these three firms have had the largest selling activity of all Danish architectural firms on the German market in the 1990s in terms of the monetary value of orders. Due to the fact that the population of Danish architectural firms that have attempted internationalization on the German market and obtained a reasonable degree of success on the German market is quite small yet very diverse, we are convinced that aiming for full analytical generalization was not feasible.

4. Danish Architectural Firms’ Transfer, Accumulation, and Use of Cultural and Social Capital on the German Market in the 1990s.

In this section, our empirical material concerning the Danish architectural firms' transfer, accumulation, and use of *cultural* and *social capital* on the German market in relation to their *market-seeking internationalization efforts* is presented and analyzed. With regard to Albertsen's (1996:6-7) three sub-fields of architectural firms (the artistic, the professional and the technical-economic sub-fields), the three case study firms A-C all belong to the professional sub-field, although the successful and innovative young Firm C openly incorporates some of the characteristics of the technical-economic sub-field as well. Furthermore, all but one of the architects in the pilot study and supplementary main study interviews worked for firms that belonged to the professional sub-field; the last firm was a member of the technical-economic sub-field.

The Danish firms, regardless of their sub-field, have Danish *institutionalized cultural capital* in the form of (a) employed architects with Danish architectural training and degrees, (b) membership in Danish architects' organizations, and (c) reference lists of previous work on e.g. the Danish market as well as *objectified cultural capital* in the form of e.g. buildings. Furthermore, statements from interviews have provided further evidence of the hierarchy of architectural firms and possible strategies for accumulating social and cultural capital presented in Figures 2 and 3. For example, a statement from a representative of Firm C confirms the importance of prizes in obtaining the highest level of cultural capital:

"The most effective way to reach the circles of decision makers who build the most prestigious buildings in Germany is to win to a first prize in a German competition, then another first prize in a German competition, then yet another..."

Concerning receiving architectural projects by accumulating social capital, a representative of Firm B stated the following:

"Your network - and by network I mean the persons you know from your doings in the industry and who have a good impression of you - is very important for your ability to acquire projects."

Furthermore, a Danish architect from a non-case study Danish-German firm interviewed during the case study interviews described the mechanism of creating social capital as follows:

"We have a number of personal contacts - i.e. people whom I and [my German partner] have met on many different occasions. [...] It is important to reach the people that you have met at gatherings. If e.g. there is a reception someplace, then you attend it and

speak with the other participants, and that is how you get one or more personal contacts which you can follow up on. [...]

We have also experienced that a customer we have had has recommended us to another person. He said "They are a good firm, technically knowledgeable, inexpensive and quick". This is almost the best way to acquire work - apart from making sure that one keeps the customers one has by fulfilling their demands to their full satisfaction."

However, in relation to internationalization, the key question is to what extent these forms of cultural capital have been automatically recognized by the relevant actors in Germany and to what extent Danish firms have had to prove the value of their qualifications by e.g. accumulating similar Germany-specific qualifications (e.g. membership in German architectural organizations or reference lists than include German customers) in order to establish credibility.

With regard to social capital, the mechanism of converting or accumulating capital to insure credibility is a bit different. As social capital is specific to a specific social group (Bourdieu, 1983:248) or *milieu* (Cova *et al.*, 1996), we must first determine to what extent the German and Danish construction industries can be regarded as different *milieus* by examining (a) the extent of social ties between the Danish and German construction sectors in the 1990s and (b) similarities and differences in the norms of the sectors of these two countries in these years. If we find that there are two different *milieu* in Denmark and Germany, respectively, we will then elaborate upon how the Danish firms adapted to the norms to enable the establishment of social ties and a reputation of credibility.

From the above paragraphs, it is evident that our empirical material concerning the convertibility of cultural and social capital must be presented before we can discuss the case study firms' accumulation of social and cultural capital in Germany. These issues will be dealt with in the following subsections, after which the accumulation practices of the three case study firms will be described.

The Convertibility of Danish Cultural Capital to the German Market.

With regard to Danish cultural capital, our material indicates that it is only to a limited extent convertible to German cultural capital, unless it has been accumulated in the most prestigious international sphere of architectural competitions (interviews with firm A and B; Gerkan, 1990).

Concerning institutionalized cultural capital, Germany, in contrast to Denmark, requires licenses to practice architecture; German and foreign architects operating in Germany who wish to be legally responsible for building plans must apply for a license at the *Architektenkammer* of a German *Land* (i.e. federal state). In order to receive such a license, an architect must have two years of practical architectural experience as well as a degree in architecture. Danish academically educated architects with the necessary years of experience have little trouble receiving such a license; their Danish degree is automatically recognized by the German *Architektenkammer* (Skaates, 1999).

Statements from our interviews suggest unequivocally that Danish architectural organizations are unknown to German construction actors; thus membership in Danish organizations does not increase the firm's stock of cultural capital in Germany. However, Danish architects may become members in two of the three main German architect organizations, *Vereinigung freischaffender Architekten* (VfA) and *Bund deutscher Bauträger e.v.* (BdB), at any time. However, as these organizations are open to all architects, memberships does not provide as much cultural capital as membership in the third organization, *Bund Deutscher Architekten* (BDA). To become a member of BDA, an architect must be recommended by BDA members and approved by a board; thus membership is obtained by social capital effects, yet it generates cultural as well as social capital. Two architects from Firm A are extraordinary members of BDA.

With regard to references, replies from Danish respondents indicate that Danish references generally are of much less value than German references. In the words of a respondent from Firm B:

"A Danish reference is without value because there are so few Danes that speak German fluently. To contact a Danish reference, the German in question usually has to speak English, if he goes to the trouble of calling Denmark at all. But why would he go to the trouble of calling Denmark when there are so many German architectural firms?"

Our firm has a long list of Danish references, yet Denmark has a population of only 5 million people. So when you come from Denmark with your references, they are not discernible from the wealth of references in a country with 80 million inhabitants. We

did not think about that at the beginning. Everyone thought that we were a large firm in Denmark, which we are, but when we came to Germany, we suddenly became a small firm without references.”

However, the value of Danish references in Germany varies according to the project type. Our empirical material suggests that Danish projects concerning nursing homes, homes for the elderly and handicapped, and day care centers do have some reference value in Germany, as some German officials perceive that Denmark and the other Nordic countries have a more advanced infrastructure concerning these types of housing and institutions. Additionally, credentials related to competitions concerning the most prestigious buildings in Denmark - e.g. the Airport of Copenhagen or the National Museum of Art - also have some reference value in Germany, as the international elite in the world of architecture is interested in this type of project (see e.g. Gerkan, 1990).

Objectified cultural capital in Denmark has played a role on the German market in certain circumstances. Firm B received its first housing construction project in Germany in the beginning of the 1990s after a German manager visited a public housing project built by the firm in Denmark. The Danish Ministry of Housing also tried to utilize an ”objectified cultural capital effect” during the first years of the 1990s by inviting German officials responsible for public housing to Denmark to look at public housing projects in Denmark. Our material indicates that the effects of these general ministerial efforts were, however, not as large as expected; interviews with Danish respondents indicated that although the Germans liked the newer Danish public housing neighborhood and housing designs, they were not convinced that the Danish architects had enough knowledge of the German market to build the same projects there and therefore did not sign contracts on the basis of the visit alone.

Furthermore, our interviews indicate that some German private customers expect some sort of ”subdued” and ”non-pretentious” ”Scandinavian” or ”Danish” functionalist design from the Danish architectural firms, due to their perception of ”Scandinavian building culture”. Additionally, the three case study firms as well as several other Danish firms interviewed indicated that some of the judges in German architectural competitions or open or closed public tendering procedures may be able to guess that a certain project is the contribution of a ”Scandinavian” firm.

The Convertibility of Danish Social Capital to the German Market.

With regard to the extent of ties between the German and Danish construction industries, our material, OECD, 1996, and Gerkan, 1990 indicate that ties are generally very weak, with the exception of a few areas in which large international architectural firms, engineering firms, and contractors dominate, e.g. bridge building or airport construction. This suggests that the German and Danish market should be regarded as two different *milieus*, making social capital inconvertible between the two countries.

Furthermore, our material indicates that there are major differences in the rules and norms regulating the actions of building industry and architectural firm actors between Denmark and Germany. This also indicates the presence of two different *milieu*. These differences, which will be elaborated in the following, relate to the following three areas (based on OECD, 1996:88-9):

1. Differences in Education.
2. Differences in construction and urban planning regulations and documentation requirements.
3. Factors related to the social and cultural context.

Regarding point one, architects educated in Germany receive extensive engineering training, whereas the Danish architectural education focuses comparatively more on artistic and societal issues and comparatively less on engineering. These differences in education result in different typical areas of responsibility for architectural firms in the two countries. Danish architectural service firms compete with the construction companies engaging in upstream integration (e.g. through *design and build* projects) and engineering consultancy firms for projects with regard to offering both technological solutions as well as design (Kleckers *et al.*, 1989:159). In Germany, on the other hand, due to the emphasis on engineering skills, construction management tasks often are carried out by architects, and design is even more frequently the exclusive domain of the architect (Button and Fleming, 1992:411).

Therefore, it may be difficult for Danish architects to make and deliver a credible promise in Germany and, consequently, establish social capital in Germany, as credibility may come from demonstrating technical competence and the ability to manage construction projects.

With regard to point 2, the differences in regulations, German architectural firms use quantity surveying measurements in their calculations due to the legal regulations and the prevalence of the

German DIN-norms. Proposals in Denmark are usually more general and do not include specifications of e.g. the total amount of steel or concrete needed for the project in question (see Skaates, 1999:96). Additionally, architects in Germany usually also carry legal responsibility for construction supervision and inspection, as can be seen in Table 1 below.

Table 1. Normal Allocation of Legal Responsibility in the Construction of Buildings.

Area of Responsibility	Denmark	Germany
Ground	Contractor	Arch. + Engineer
Stability calculation	Contractor	Engineer
Bill of quantities	Contractor	Architect
Design	Contractor	Architect
Inspection of materials	Contractor	Arch. + Contractor
Direction of the works	Contractor	Architect
Final acceptance	Both parties	Architect

Source: Oliver-Taylor, 1993:25,35.

Additionally, with regard to public sector purchases of architectural services, the intention of the EU Public Services Directive (see Council of the European Communities, October 13, 1997) was to harmonize rules on public sector purchasing of e.g. architectural services. However the directive has been interpreted very differently in Denmark and Germany.

The directive became part of Danish law on July 1, 1993, the official EU deadline (Danish Ministry of Industry, June 22, 1993). With regard to architectural services, the directive is interpreted by the Danish authorities to allow for the use of design contests, open and restricted tendering procedures, and, only in exceptional cases, negotiated tendering procedures with selected prequalified bidders (*ibid.*). Additionally, the directive mentions two time schedules. The Danish interpretation of these schedules is that the accelerated procedure is to be avoided if it all possible (*ibid.*).

In practice, Danish public authorities have made relatively little use of the accelerated procurement procure and the negotiated tendering procedure (Danish Association of Consulting Engineers, 1998: 2-4). This is depicted in the Table 2.

Table 2. Percentage of Types of Calls for Tender and Use of the Accelerated Procedure in 1997 with regard to Architectural and Engineering Consultancy Services.

	Germany	Denmark
Types of Calls for Tender		
1. Design contest	approx. 15%	approx. 22%
2. Open Tendering Procedure	approx. 6%	approx. 5%
3. Restricted Tendering Procedure	approx. 6%	approx. 65%
4. Negotiated Tendering Procedure	approx. 73%	approx. 8%
Use of Accelerated Procedure	39.3 % of 3 and 4	4.7% of 3 and 4

Source: Danish Association of Consulting Engineers (March 1998).

Germany, in contrast, did not manage to implement the services directive on time, yet many German public officials followed public tendering procedures similar to those recommended in the directive until it was made part of the German law. Germany implemented the directive through two laws, the “Verordnung über die Vergabebestimmungen für öffentliche Aufträge” (VgV) and the “Verdingungsordnung für freiberufliche Leistungen” (VOF) which is the main law for architectural services and was put into effect on November 1, 1997 (Jochem, 1998:49).

The Danish-German differences in the interpretation of the directive can be seen from the table above; the German authorities more frequently make use of negotiated tendering procedures as well as the accelerated procedure with regard to architectural and engineering projects.

Concerning point three, societal and cultural factors, in comparison with the much smaller Danish market, the German market is more specialized and can be segmented into separate national, regional, and local markets, each with its own types of projects (Gerkan, 1990). Furthermore, the German market offers potential projects to Danish architects that are larger, more interesting, and more complex than anything that can be found in Denmark, with the exception of the greater Copenhagen area with its international airport, large soccer stadium and large trade fair center (*Arkitekten*: 1993/5: 180).

According to the former Danish Construction Attaché to Germany, Christian Lerche, the Danish construction sector makes greater use of prefabricated construction elements (*Arkitekt- og byggebladet*, February 1994: 30). Similar prefabricated elements are used in some German building construction and renovation projects as well as in the German partially prefabricated standardized residential housing construction. However, prefabricated elements allowed in Denmark are far from

always welcomed or accepted by German contractors, due to the facts that the German construction industry as a whole makes less use of prefabricated elements and the existing German DIN-norms make it difficult to make subsequent changes in the designs of buildings to be built using prefabricated elements (Skaates, 1999: 137-8). Thus Danish architects have to demonstrate their ability to build the way the German customer deems most appropriate, in order to create build a stock of social capital.

Dræbye (1998) mentions several further German-Danish differences related to social and cultural context of the construction industry:

1. Danish actors believe that there is more initial adversarial behavior at the beginning of relationships to German partners than they are used to on the domestic market. Generally Danish actors also have had trouble with differences in the process of negotiations relating to the scope allowed for negotiating alternative technical solutions and the methods of negotiating price.
2. In the Danish construction industry, negotiations and agreements are often oral and informal; therefore Danish parties operating in Germany have had get used to learning the formal rules and using them as well as putting agreements on paper to a much greater extent.
3. In Denmark, lawyers do not usually take part in or review construction-related contractual negotiations; this is in some Danish circles even considered a sign of defeat. In Germany, on the other hand, this is usual; additionally, a greater percentage of construction projects end in litigation in Germany than is the case in Denmark.
4. It can be difficult for Danish parties to discern who is formally responsible for what in a German firm as the division of responsibility concerning business-related and technical matters is different than in Denmark.
5. Danish actors find that it is difficult to get their German customers to pay. Much more documentation is required than in Denmark before payment occurs.
6. Other competency problems have been experienced with regard to knowledge concerning the typical requirements for participation in German public tendering, especially with regard to the Negotiated Tendering Procedure.
7. Danish actors have had problems learning to design buildings that fulfilled the German DIN-norms.
8. Danish actors have had problems learning which types of building permits were required for specific projects. This problem was compounded by the fact that German building regulations vary from *Land to Land*.

On the basis of the above paragraphs concerning social capital as well as the elaboration of the previous subsection concerning cultural capital, our conclusion is that both social and cultural capital are only to a limited extent transferable from Denmark to Germany.

The Danish Case Study Firms' Social and Cultural Capital Accumulation Activities on the German Market of the 1990s.

Firm A, the Internationally Renowned and Established Architectural Firm.

As mentioned in Section 3, Firm A already had a substantial level of cultural capital on the German market as well as other international markets at the beginning of the 1990s, due to three decades of experience during which it had won many prestigious German and international competitions. Additionally, representatives from Firm A indicated that their distinguished reference list probably played a role in their being short-listed for major German projects offered through restricted tendering procedures and their being invited to participate in prestigious, restricted architectural competitions in the 1990s.

In previous decades, Firm A had been a market-seeker and a client follower; it had both actively sought German customers as well as designed several buildings for a Danish multinational firm on the German market. It currently also has one long-term relationship with a German client; with regard to this relationship it operates in a "network" governance structure. However, representatives from Firm A indicate that although it is in many ways advantageous to have a long-term client relationship, this type of relationship is relatively seldom, and architectural firms cannot count on them being established in situations where trust has been created between the client and their firm. With regard to activity and resource links, Firm A had not consciously worked to create such links; however they emerged at one point in the 1980s in its long-term relationship with the Danish multinational. This happened after Firm A had built facilities for the Danish multinational that had a very specific use and therefore required specific design-related knowledge, also with regard to maintenance and subsequent improvements.

Three of Firm A's partners are German-born, and the firm has had yet other German employees as well as many other foreign employees from other countries all over the world throughout the 1990s. Thus the firm's knowledge level about the rules, norms, and practices on German market has been high during the entire decade, making its ability to generate and renew its German social capital relatively unproblematic. Firm A did, however, experience some legal problems with German customers during the 1990s regarding payment.

As an "internationally renowned and established architectural firm", Firm A has belonged to the upper right hand corner of Figure 3 both with regard to the German and Danish market during the

1990s. Thus it has had a sufficiently large amount of cultural and social capital to operate in the most exclusive construction industry circles on both the German and the Danish market. Its activities indicate that its partners and employees have worked to uphold this position, although no formal documents state explicitly that this is Firm A's strategy.

Firm B, the Nationally Renowned and Established Architectural Firm.

At the beginning of the 1990s, Firm B had substantial cultural and social capital on the Danish market; it was and is one of the best-known firms in Denmark with many decades of experience. However it was almost unknown in Germany at the beginning of the decade and had previously mainly been a client-follower on foreign markets, with the exception of Norway and Sweden. Most of its client-following activities occurred in cooperation with a (different) Danish multinational firm.

Firm B made the decision to enter the German market in 1992, at a time when the German market was booming, and the Danish market was in the midst of a severe slump (Eurostat, 1995). As indicated by the quotation in the previous subsection on the transferability of cultural capital, the partners of Firm B originally believed that their Danish references would open the door to German projects to a greater extent than was actually the case.

Additionally, when discussing entering the German market, the partners in Firm B barely discussed potential differences in norms and rules and the amount of resources that would be needed to educate key persons about these differences. Thus key employees were taken somewhat by surprise when they realized that they had to find a way of operating their German office to take these unexpected differences into account in order to generate credibility and social capital. Firm B's initial difficulties resemble the differences described in the section on social capital; however, Firm B did not have problems in all areas. According to Firm B's respondents, these problems were initially difficult to solve, as the German architects whom they could have employed to help them with these problems were not initially available or very expensive to employ due to the boom at the beginning of the decade. However, they did obtain German employees as soon as possible.

Today, two key Danish partners, one of whom leads the German office of Firm B, possess the main part of Firm B's knowledge of how to handle business in Germany. The division of work between the architects in Denmark and the employees at the German office is as follows: The partner who heads the German office is responsible for finding suitable projects on the German market and telling the Danish partners about them. If Firm B decides to pursue a project, the initial design

proposal is made by Danish architects then checked and elaborated by Firm B's German employees in accordance with German rules and norms. The Danish head of Firm B's German office leads client negotiations.

Concerning its position in Figure 3, Firm B originally believed that it would be placed somewhere near the "Lesser Nationally Renowned Firms of the Professional Sub-field" after its entry on the German market. However, Firm B's actual initial position in Germany was closer to those of the "Successful Innovators" and "Floundering Firms" in the lower left hand-corner of this figure.

In subsequent years, Firm B stuck to its long-term commitment with regard to its investments on the German market. It was able to learn by doing, also after the level of construction activity on the German market began to decrease in 1995. It proved itself as a "Successful Innovator" on the German market and has begun to move diagonally towards the upper right-hand corner of Figure 3. However, the processes of the accumulation of cultural and social capital are relatively slow, and in the words of the Danish-educated partner who manages Firm B's German office, the firm is currently closest to a regional German firm (see Gerkan, 1990).

The partners of Firm B believe that their German returns will be larger when the market picks up again. However, the projects that they work with on the German market today are somewhat different than the project that they receive on the Danish market. They do not take part in as many projects of national importance in Germany as in Denmark, and they still find it more difficult to be prequalified and win tendering procedures for these types of projects in Germany. Concerning this issue, a representative of Firm B indicated that it is possible that juries in competitions and public tendering procedures without full anonymity still can recognize their project proposals as "Nordic" proposals. However, this respondent found it impossible to say that whether this has any general positive or negative effect upon the outcome of competitions and public tendering procedures.

Firm B has also explored some innovative fields of work for architects on the German market in the 1990s, e.g. in the field of renovation and as part of a bidder/supplier coalition that bid on facility management responsibilities. Facility management contracts allow the bidder/supplier coalitions to create long-term activity bonds between the coalition and a customer, however they are not common on the German market yet. Firm B has also participated in several bidder/supplier coalitions where the same firms have participated, thus indicating that its some of its bidding

activities encompass some characteristics of the "Network" of Figure 1. However, due to a lack of long-term ties with German customers, it also seeks to acquire of German projects through the mechanisms of the "Socially Constructed Market" of Figure 1.

Firm C, the Successful and Innovative Younger Firm.

Firm C was founded in Denmark in 1986; it established its office in Germany in 1992. Its founder, currently one of its partners, had previous foreign work experience in Germany and Switzerland both as a carpenter and as an architect in preceding decades. He therefore speaks German and had some knowledge of differences concerning German legal regulations and building culture at the beginning of the 1990s. Additionally, in 1990, Firm C entered into a cooperative agreement with a German architectural firm concerning the German market; however it terminated the agreement one year later due to its perception that it was receiving an insufficient portion of the profits.

After these experiences, the founder made several presentations for German officials on Danish public housing at arrangements sponsored by large Danish public housing organizations and the Danish Ministry of Housing in 1991-1992. In a conversation at a 1992 arrangement on Danish housing, a German guest suggested to the founder that it was necessarily for his firm to establish an office in Germany in order to be taken seriously by potential German customers. This suggestion made sense to the founder of Firm C who subsequently spent months in Berlin establishing the office.

The first employee of the German office was a Danish civil engineer who had several years of experience on the German market. In 1995, the Danish engineer was forced to resign because his wife's asthma had worsened since their move to Berlin. He was replaced by a Danish certified building construction engineer who also had several years of experience from work in a German firm and had written his Masters' thesis concerning a Danish contracting firm's German activities. The German office has also employed German architects since 1995.

Upon establishment in Germany, Firm C saw itself as a "Successful and Innovative Younger Firm" on the Danish market and it aimed to be the same on the German market. It therefore came as less of a surprise to Firm C than to Firm B that it entered the German market in the lower left-hand corner of Figure 3, somewhere near the "Floundering Firms" and the "Successful and Innovative Firms". It, however, had problems with many of the differences in construction regulations and cul-

tural differences described in the section on the convertibility of social capital, despite the founder's previous German work experience.

As Firm C is still a "Successful and Innovative Firm" in Denmark, it has fewer contacts to the largest Danish firms and references from prestigious national competitions, although it has systematically worked to build these contacts in the 1990s by aiming to accumulate social and cultural capital in many areas of the Danish construction industry. Instead it has a relatively large amount of public housing projects in its Danish project portfolio; today approximately 50 % of its projects are related to this area.

Although Firm C also plans to diversify in Germany, it has allowed itself to concentrate on its Danish strengths, i.e. housing, in its establishment efforts; therefore, on the German market, housing construction and renovation projects currently comprise about 80 % of its portfolio. Like Firm B, Firm C's Danish architects prepare the initial designs for German projects; after this the details are checked and added by its German-educated architects in Berlin in accordance with German laws and norms. However, the task of finding suited projects is undertaken by the founder, who is situated in Denmark, as well as the Dane who heads the Berlin office.

With relation to accumulation of "Cultural Capital" in Germany, Firm C has also experienced that its references from Denmark were of little value in Germany. On the other hand, Firm C experienced sudden interest from Germans after it was prequalified to compete in a public tendering procedure concerning the Joint Nordic Embassy Complex in Berlin. However, this interest rapidly disappeared again when Firm C was not prequalified to participate in a subsequent public tendering procedure concerning another project related to the construction of the Nordic Embassies.

Similar to Firm B, representatives of Firm C have indicated that it is possible that juries in competitions and public tendering procedures still can recognize their project proposals as "Nordic" proposals. Although Firm C does not know for sure whether this plays a role in final rankings of contestants, it is intent on accumulating German cultural capital through competitions and public tendering and has chosen to address the problem by familiarizing its Danish employees with the design of German project proposals by subscribing to leading German architectural periodicals.

After establishment of its Berlin office, Firm C proved itself as a "Successful and Innovative Firm" in Germany and began the slow move towards the upper right hand corner of Figure 3. Firm C has also participated in some innovative fields of work for architects on the German market of the 1990s. It has entered into bidding coalitions with other actors to present innovative solutions for the renovation of housing complexes in the former East German region. These solutions have incorporated both design and renovation-management solutions. One proposal even included a "Tenants' Empowerment Program" inspired by Danish housing projects. Additionally, Firm C is looking for innovative ways to participate in project management. Thus, similar to Firm B, some of its bidding activities encompass characteristics of the "Network" of Figure 1, whereas other German activities take place in "Socially Constructed Market" conditions.

Finally, Firm C has made use of its German experiences and social capital in Denmark as well. During the 1990s, it suggested to a nationally-renowned German firm with experience from many large, prestigious German projects that the two firms form a team to compete for one of the most prestigious projects on the Danish market of the 1990s. The nationally-renowned German firm accepted the offer; however, the two firms' joint project proposal was not prequalified in Denmark.

5. Conclusions.

Theoretical Implications.

Our research clearly indicates the value of the concepts of cultural and social capital in analyzing the internationalization of Danish architectural firms on the German market in the 1990s. These concepts enabled us to interpret the activities of the case study firms related to accumulating and making use of existing credentials of credibility.

More generally, we are convinced that Bourdieu's (1983) cultural and social capital concepts can contribute substantially to internationalization and marketing theory due to the following three strengths:

1. These concepts are applicable in both network and socially-constructed market situations of governance.
2. They allow the researcher to work from the assumption that actors' actions are governed by norms and interests and a complex interaction between these two forces, as is the case on markets for professional services (Skaates, 1999; Løwendahl, 1997).
3. They enable researchers to focus on underresearched issues in marketing and internationalization of professional services, e.g. the value of educational qualifications, membership in professional organizations, references, and existing social ties on domestic and foreign markets.

The potential of these concepts is also large with regard to studies concerning other types of professional services (e.g. engineering consultancy firms, management consultancy firms, producers of customized software) in their domestic and in a foreign milieu because of the importance of the credible promise (Løwendahl, 1997). Additionally, examination of the effects of cultural and social capital would be fruitful in yet other project marketing situations in which the form of governance is something between a market and a network (Cova and Ghauri, 1996).

However, due to the lack of scholarly consensus on fundamental issues related to cultural and social capital (Araujo and Easton, 1998), we see a need for further explorative, qualitative studies that make use of these concepts. Research about cultural and social capital is in its infancy stage, and thus social and cultural capital are assets which cannot yet be operationalized so precisely that they may be measured (*ibid.*). Additionally, although social and cultural capital in many circumstances translate into economic capital (Albertsen, 1996; Bourdieu, 1990), the mechanisms by which this happens are difficult to capture due to the intangible and relational nature of the value of these types of capital (Araujo and Easton, 1998). In our research, we have therefore followed the advice of Coleman (1990:305-6) and Araujo and Easton (1998) by using qualitative methods and interpreting the leveraging and convertibility processes anew with regard to each single episode covered in our study. In doing so we used an abductive methodology (Andersen, 1988:139-40; Denzin, 1978:109), thereby scrutinizing the framework of Albertsen (1996) in the light of our empirical material and vice versa.

Further exploratory, abductive studies of the social and cultural capital effects of internationalization of professional services would be extremely valuable in building a sound foundation for later efforts to create general social and cultural capital theories as well as middle-range theories concerning the marketing and internationalization of professional services. We are convinced that it is also very important to strive to build middle-range theories specific to the professional services, as the entire service sector is extremely underresearched, seen in the light of the fact that services make up approximately two-thirds of the GDP in developed countries and almost 50 % of the GDP of the developing countries (Aharoni, 1993).

With regard to the territoriality challenge of Tikkanen (1998:271), our research suggests that the German and Danish construction industry markets should in general be regarded as two different

milieu; however there is a separate transnational *milieu* for certain types of architectural and construction projects, namely the projects for which the internationally renowned architectural firms and large contracting firms compete. On a more general level, we therefore also perceive a need for further research about the conditions in which the norms and rules of an industry are dependent on territory. This research would enable further refinement of the concept of the *milieu* and should, in our opinion, focus on factors of contingency.

Finally our results indicate that almost all Danish architectural firms greatly underestimated the role of *milieu*-related Germany-Danish differences in rules and norms. We see this as a theoretical challenge as well as a managerial problem, as theories of industrial organization and market strategy traditionally have assumed that the environment faced by firms is faceless (Alajoutsijärvi *et al.*, 1999:26). Our case studies demonstrate that the environment is not faceless; instead differences in the environment influence and are incorporated in the norms and rules business actors follow. Therefore we see a need for further organizational and marketing studies about the interpretive frameworks of project marketing *milieus*.

Managerial implications.

During the research process, the key actors interviewed told us of their efforts to establish or maintain credibility on the German market in their own words. Their own descriptions were much more concrete than the theoretical framework presented in Section 2, focusing on e.g. specific episodes, anecdotes, projects, competitions, or public tendering procedures.

Often it seemed as if key actors lacked a vocabulary for explaining what they did in practice to establish and renew their firm's credibility over a long-term period. It was much easier for them to speak of concrete projects or negotiations. Three possible reasons for this are that (a) the key actors' daily work is based on relative short-term daily activities, (b) their previous formal architectural education has not provided them with any concepts to discuss long-term activities, and (c) their experiences in architectural firms has mainly only involved tacit learning-by-doing with regard to these issues.

We therefore must state that we believe we did not deeply and completely understand all aspects of the key persons' personal cognitive models of the world of architectural services. However, we are confident that we achieved a level of understanding that enables us, through our articles and reports,

to provide these persons with a vocabulary to discuss past events and reflect over possible future activities, thus facilitating future discussions in the case study as well as other firms concerning internationalization.

In our viewpoint, the activities of the case study firms B and C with regard to the accumulation of cultural and social capital on the German can be described as *emergent strategies* (see Mintzberg and Quinn, 1992:13-16): The activities of firm B and C related to the accumulation of cultural and social capital formed a pattern or consistency in behavior, even though key actors may not have been aware of this at any specific point in time. With regard to Firm A, there seemed to be somewhat greater understanding of the mechanisms of operating in international markets. Although the subject was rarely discussed among the partners of the Firm A, there may have been deliberate, premeditated patterns of moves to acquire projects, cultural, and social capital on the German market as well as *emergent strategies* in Firm A.

Similarly to Løwendahl (1997: 92.5) we believe that it is impossible to plan the strategies of architectural and other professional service firms in great detail, as once was *en vogue* in the popular and academic literature on strategic management. Instead we are convinced that professional service firms must balance between incorporating the judgment of the individual professionals and leaving room for emergent strategies on one hand while at the same time maintaining some sort of common vision as well as operating priorities on the other.

However, our empirical data indicates that this delicate act of balancing may become even more difficult as the professional service firm internationalizes for two reasons:

1. The profile of the firm changes and perhaps even becomes muddy as it internationalizes, as the types of projects the firm acquires on the new markets may be very different that the types of projects it is used to working with on its home market.
2. Not all employees in the firm may have the same knowledge of the milieu of the foreign market as the employees who work in that milieu. This may create tension within the firm.

We feel that these issues present difficult managerial challenges for firms and that they would do well to consider these issues when considering internationalization. Furthermore, our empirical material indicates that market-seeking professional service would benefit from familiarizing themselves with differences in national rules and norms very early in their internationalization considerations. These firms should be made aware that these differences may require substantial

resources to deal with as knowledge about how to operate on a foreign market cannot only be acquired second-hand. However, familiarizing oneself with problems previously experienced by other firms may make the process less surprising, turbulent, and expensive for one's own firm.

Finally, our empirical data indicates that Firms B and C both have managed to establish themselves on the German market as well as to begin to make proactive, innovative offers (concerning e.g. facility management and tenant empowerment in public housing projects) not yet common on the German market. We have not focused specifically on proactive moves in our research, yet we hypothesize that social and cultural capital may also help foresightful firms convince their customers that their innovative solutions also are credible. From a managerial as well as an academic perspective, this would be an interesting topic for further research.

6. Bibliography.

Aharoni, Y. (1993): *Coalitions and Competition: The Globalization of Professional Services*. London: Routledge.

Ahmed, M.M. (1993): *International Marketing and Purchasing of Projects: Interactions and Paradoxes. A Study of Finnish Project Exports to the Arab Countries*. Ph.D. Thesis. Helsinki: Publications of the Swedish School of Economics and Business Administration.

Alajoutsijärvi, Kimmo, Kristian Möller and Carl-Johan Rosenbröijer (1999): "Relevance of Focal Nets in Understanding the Dynamics of Business Relationships", forthcoming in *Journal of Business-to-Business Marketing*.

Albertsen, Niels (1996): *Architectural Practice. Habitus, field and cultural capital*. Paper presented at the conference "Occupations and Professions: Changing Patterns, Definitions, Classifications." University of Nottingham UK, 11-13 September 1996.

Altheide, D.L. and Johnson, J.M. (1994): "Criteria for assessing interpretive validity in qualitative research", in N.K. Denzin and Y.S. Lincoln, Eds. (1994): *Handbook of Qualitative Research*, Thousand Oaks CA USA: Sage, pp. 485-499.

Andersen, Heine (1988): *Videnskabsteori & metodelære for erhvervsøkonomer*, 2. udg. Copenhagen: Samfundslitteratur.

Anderson, Otto (1993): "On the Internationalization Process of Firms: A Critical Analysis", in *Journal of International Business Studies*, Vol. 24, No. 2, pp. 209-232.

Araujo, Luis and Geoff Easton (1998): "A Relational Resource Perspective on Social Capital", in Leenders, Roger and Shaul Gabbay, Ed. (forthcoming): *Corporate Social Capital*. New York: Addison-Wesley.

Arkitekt- og byggebladet. Periodical published by *Dansk Praktiserende Arkitekter* until February 1993, thereafter by the Society of Associated Danish Architects (ADA).

Arkitekten. Periodical published by the Danish Association of Academically Educated Architects (DAL).

Backhaus, K., Aufderheide, D. Späth, G.-M., Eds. (1995): *Marketing für Systemtechnologien: Entwicklung eines theoretisch-ökonomisch begründeten Geschäftstypenansatzes*. Stuttgart: Schäffer-Poeschel.

- Bonnacorsi, A., F. Pammoli, S. Tani (1996): "The Changing Boundaries of System Companies", in *International Business Review*, Vol. 5, No. 6, pp. 539-560.
- Bourdieu, Pierre (1990): *The Logic of Practice*. Stanford CA USA: Stanford University Press.
- Bourdieu, Pierre (1983): "The Forms of Capital", in Richardson, John G., Ed. (1986): *Handbook of Theory and Research for the Sociology of Education*. New York: Greenwood Press.
- Button, Kenneth, Michael Fleming (1992): "The Professions in the Single European Market: A Case Study of Architects in the UK", in *Journal of Common Market Studies*, Vol. xxx, No. 4, December 1992, pp. 403-418.
- Callewaert, Staf (1996): "Pierre Bourdieu", in Andersen, Heine and Lars Bo Kaspersen, Eds. (1996): *Klassisk og Moderne Samfundsteori*. Copenhagen: Hans Reitzels Forlag, pp. 330-348.
- Coleman, James S. (1990): *Foundations of Social Theory*. Cambridge MA USA: Belknap Press.
- Coleman, James S. (1988): "Social Capital in the Creation of Human Capital", in *American Journal of Sociology*, Vol. 94, Supplement, pp. s95-s120.
- Council of the European Communities (October 13, 1997): Council Directive 92/50/EEC of 18 June 1992 relating to the coordination of procedures for the award of public service contracts as amended by European Parliament and Council Directive 97/52/EC of 13 October 1997.
- Cova, B. (1990): "Marketing international de projets: un panorama des concepts et des techniques", in *Revue Française du Marketing*, No. 127/128, pp. 9-37.
- Cova, B. and Cova, P. (1990): "European Public Procurement: Breaking Free from the Competitive Paradigm", in *European Management Journal*, Autumn 1990, pp. 333-336.
- Cova, B. and P. Ghauri (1996): *Project Marketing. Between Mass Marketing and Networks*. Working Paper, the European Seminar on Project Marketing and System Selling.
- Cova, B., F. Mazet, and R. Salle (1996): "Milieu as the Pertinent Unit of Analysis in Project Marketing", in *International Business Review*, Vol. 5, No. 6, pp. 647-664.
- Cova, B., F. Mazet, and R. Salle (1994): "From Competitive Tendering to Strategic Marketing: An Inductive Approach for Theory-Building", in *Journal of Strategic Marketing*, 1994, No. 2, pp. 29-47.
- Danish Association of Consulting Engineers, F.R.I. (March 1998): *F.R.I. –Survey of Architectural and Consulting Engineering Services 1997: Statistical Analysis related to the EU Services Directive*. Copenhagen: F.R.I.
- Danish Ministry of Industry (June 22, 1993): *Bekendtgørelse om samordning af fremgangsmåderne ved indgåelse af kontrakter om offentlige indkøb af tjenesteydelser i De Europæiske Fællesskaber*.
- Denzin, N. K. (1978): *The Research Act*. Englewood Cliffs NJ USA: Prentice Hall.
- Dickson, Thomas (1995): "Design-miljøets ulidelige indspisted", in the Danish newspaper *Berlingske Tidende*, September 25, 1995.
- Dræbye, Tage (1998): *Forundersøgelse: Byggevirksomheders succes og fiasko på det tyske marked*. Copenhagen: Danish Ministry of Commerce (*Erhvervsministeriet*)/the Danish Agency for Trade and Industry (*Erhvervsfremmestyrelsen*).
- Easton, Geoff (1995): "Case Research as a Methodology for Industrial Network; A Realist Apologia", in the *Proceedings of the 11th Annual IMP Conference*, Vol. 1, pp. 368-391.
- Eurostat (1995): "Architects", in Eurostat (1995): *Panorama of EU Industry 95/96*. Luxembourg: Office for Official Publications of the European Communities, pp. 22-38 - 22-40.

- Flick, Uwe, Ernst v. Kardorff, Heiner Keupp, Lutz v. Rosenstiel, Stephan Wolff (1995): *Handbuch Qualitative Sozialforschung: Grundlagen, Konzepte, Methoden und Anwendungen, 2. Auflage*. Weinheim, Germany: Beltz, Psychologie-Verl.-Union.
- Fowler, Bridget (1997): *Pierre Bourdieu and Cultural Theory*. London: Sage Publications.
- Gatignon, Hubert and Erin Anderson (1988): "The Multinational Corporation's Degree of Control over Foreign Subsidiaries: An Empirical Test of a Transaction Cost Explanation", in *Journal of Law, Economics, and Organization*, Vol. 4, No. 2, pp. 305-335.
- Gerkan, Meinhard von (1995): *Architektur im Dialog: Texte zur Architekturpraxis*. Berlin: Ernst & Sohn.
- Gerkan, Meinhard von (1990): "Die Vier Klassen des Architekturmarktes. Lokal, regional, national, international," in *Der Architekt*, Periodical published by the German Federation of Architects (BDA), 1990, No. 5, pp. 246-250.
- Ghuri, P.N. (1998): "Negotiating Projects with China (PRC)", in Tikkanen, H., Ed. (1998): *Marketing and International Business. Essays in Honour of Professor Karin Holstius on her 65th Birthday*, Turku, Finland: Turku School of Economics and Business Administration, pp. 85-102.
- Günter, B., A. Bonaccorsi (1996): "Project Marketing and Systems Selling: In Search of Frameworks and Insights", in *International Business Review*, Vol. 5, No. 6, pp. 531-537.
- Hadjikhani, A. (1996): "Project Marketing and the Management of Discontinuity", in *International Business Review*, Vol. 5, No. 3, pp. 319-336.
- Hadjikani, A. (1992): "Managing International Package Deal Projects", in Forsgren, M. and J. Johanson, Eds. (1992): *Managing Networks in International Business*, Philadelphia: Gordon and Breach, pp. 138-150.
- Halinen, Aino and Jan-Åke Törnroos (1998): "The Role of Embeddedness in the Evolution of Business Networks", in *Scandinavian Journal of Management*, Vol. 14, No. 3, pp. 187-205.
- Hedaa, Laurids (1994): *Black Holes in Networks - An Essay*, Copenhagen Business School: Management Research Institute: Working Paper 14.
- Hedaa, Laurids and Jan-Åke Törnroos (1997): *Understanding Event-Based Business Networks*. Copenhagen Business School. Department of Management, Politics, and Philosophy: Working Paper 10-1997.
- Heide, Jan B. and George John (1995): "Measurement Issues in Research on Inter-Firm Relationships", in Möller, Kristian and David Wilson (1995): *Business Marketing: An Interaction and Network Perspective*. Norwell MA USA: Kluwer Academic Publishers, pp. 531-554.
- Holstius, K. (1987): *Project Export*. Research Report 1: 1987. Lappeenranta University of Technology, Finland.
- Håkansson, Håkan and Jan Johanson (1993): "The Network as a Governance Structure: Interfirm Cooperation beyond Markets and Hierarchies", in Grabher, Gerhard (1993): *The Embedded Firm*. London: Routledge, pp. 35-49.
- Jansson, H. (1989): "Marketing of Projects in South-East Asia", in Cavusgil, Ed. (1989): *Advances in International Marketing*, Vol. 3, Greenwich CN USA: JAI Press, pp. 259-276.
- Jansson, H., Mohammed Saqib and Deo Sharma (1990): *A Methodology for the Study of Trans-Organizational Networks*. Working Paper Series 1990/7, Institutet för Ekonomisk Forskning, University of Lund, Sweden.
- Jochem, Rudolf (1998): "Verdingungsordnung für freiberufliche Leistungen – VOF", in *Deutsches Architektenblatt DAB*, 1. Januar 1998/30. Jahrgang, pp. 49-54.
- Johanson, Jan and Jan-Erik Vahlne (1977): "The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitment", in *Journal of International Business Studies*, Vol. 8, No. 1, pp. 23-32.

- Johanson, Jan and Finn Wiedersheim-Paul (1975): "The Internationalization of the Firm - Four Swedish Cases", in *Journal of Management Studies*, Vol. 12, No. 3, pp. 305-322.
- Kim, W. Chan and Peter Hwang (1992): "Global Strategy and Multinationals' Entry Mode Choice", in *Journal of International Business Studies*, Vol. 23, No. 1, pp. 29-53.
- Kleckers, Dorthe, Helle Kofod, Jette Kristensen, Charlotte Koch (1989): *A5 Tegnestuen på vej mod det spanske market. Holder kursen?* Copenhagen Business School: Student Seminar Paper.
- Kosonen, H. M. (1991): *The Internationalization of Industrial System Suppliers. A Case Study of the Internationalization Process of Industrial Systems Suppliers with Special Emphasis on Strategy and Organization*. Ph.D. Thesis, Publications of the Helsinki School of Economics and Business Administration.
- Kvale, Steinar (1996): *InterViews. An Introduction to Qualitative Research Interviewing*. London: Sage.
- Luostarinen, Reijo and Lawrence Welch (1990): *International Business Operations*. Helsinki: KY Book Store, Helsinki School of Economics.
- Løwendahl, Bente R. (1997): *Strategic Management of Professional Service Firms*. Copenhagen: Copenhagen Business School Press.
- Maaløe, Erik (1996): *Case-studier af og om mennesker i organisationer*. Copenhagen: Akademisk Forlag A/S.
- Majkgård, Anders and D. Deo Scharma (1998): "Client-Following and Market-Seeking Strategies in the Internationalization of Service Firms", in *Journal of Business-to-Business Marketing*, Vol. 4, No. 3, pp. 1-41.
- Marshall, C. and G. Rossman (1989): *Design Qualitative Research*. Newbury Park CA USA: Sage.
- Mazet, F., B. Cova (1992): "Project Marketing Strategies: Pell-Mell or Planned?", in *Proceedings of the 8th IMP Conference "Business Networks in an International Context"*, Lyon, France, September 3- 5, 1992, pp. 229-249.
- McCracken, Grant (1988): *The Long Interview*. London: Sage.
- Mintzberg, Henry and James Brian Quinn (1992). *The Strategy Process. Concepts and Contexts*. Englewood Cliffs NJ USA: Prentice-Hall.
- OECD (1996): *International Trade in Professional Services. Assessing Barriers and Encouraging Reform*. Paris: OECD.
- Oliver-Taylor, E.S. (1993): *The Construction Industry of the European Community*. Beckenham, Kent, UK: STEM SYSTEMS Ltd.
- Owusu, R.A. (1997): "The Nature and Development of Relationships in International Project Business: A Network Approach", in Mazet, F., R. Salle, J. Valla, Eds. (1997): *13th IMP Conference: Interaction, Relationships and Networks in Business Markets, Proceedings. Competitive Papers*, Lyon, France, pp. 483-505.
- Root, Franklin J. (1994): *Foreign Marketing Entry Strategies*. New York: AMACON.
- Silverman, D. (1993): *Interpreting Qualitative Data. Methods for Analysing Talk, Text and Interaction*. London: Sage Publications.
- Skaates, Maria Anne (1999): *Danish Architecture Sales to Germany in the 1990s: A Network Approach to Examining the Professional Service and Project-Related Internationalization of Danish Architectural Service Firms*, Copenhagen Business School, Department of Intercultural Communication and Management, Working Paper no. 32.
- Skaates, Maria Anne (1997): *On Researching Communication between Parent Companies and Subsidiaries situated in Neighboring Countries*. Copenhagen Business School, Department of Intercultural Communication and Management: Working Paper No. 23.

Strandskov, Jesper (1995): *Internationalisering af virksomheder. Nyere teoretiske perspektiver*. Copenhagen: Copenhagen Business School Press.

Tikkanen, H. (1998): "Research on International Project Marketing. A Review and Implications", in Tikkanen, H., Ed. (1998): *Marketing and International Business. Essays in Honour of Professor Karin Holstius on her 65th Birthday*, Turku, Finland: Turku School of Economics and Business Administration, pp. 261-285.

Tikkanen, H. and J. Lindblom (1998): *A Network Approach to International Project Marketing. A Case Study of a Technology Transfer Project to the PRC*. Working Paper, University of Oulu, Finland.

Welch, D., I. Welch, I. Wilkinson, L. Young (1996): "Network Development in International Project Marketing and the Impact of External Facilitation", in *International Business Review*, Vol. 5, No. 6, pp. 579-602.

Yin, Robert (1994): *Case Study Research: Designs and Methods*. Newbury Park CA USA: Sage.