TRANSNATIONAL STRATEGY OF AUSTRALIAN SERVICE FIRMS: RESOURCE MANAGEMENT FOR FOREIGN EXPANSION.

AUTHORS:

1st Author: Starboard Yeung
Affiliation: University Technology of Sydney
Email: star@canaestate.com
Mailing address: P.O. Box 123, Broadway, NSW 2007, Australia

2nd Author: John Chelliah
Affiliation: University Technology of Sydney
Email: john.chelliah@uts.edu.au
Mailing address: P.O. Box 123, Broadway, NSW 2007, Australia

TRANSNATIONAL STRATEGY OF AUSTRALIAN SERVICE FIRMS: RESOURCE MANAGEMENT FOR FOREIGN EXPANSION.

ABSTRACT

Australian firms expanding overseas must have a business strategy to exploit any competitive advantage, strongly supported by corporate strategy and management. The focus of this research is on the transnational strategy and management of Australian firms. This study investigates the nature of the integration of home-base and offshore operations of Australian firms to achieve competitive positions in national and world markets. Its purpose is to analyze and assess the impact of the size of the firm, its management and the development of strategies. Conclusions of the study support the fact that management mentality and behavior are important. The study also analyzes management mentality in the context of intra-firm competition or collaboration for resources, in a manner which is consistent with firm's performance. Specifically it demonstrates that management can rationally have different views about priorities for the allocation of resources and international operations yet compete actively for the same resources, or collaborate whenever possible, in order to achieve their own goals.

Keywords: corporate strategy, global expansion, service firms, Australia

PURPOSE OF THE STUDY

Australian firms must go offshore for growth, because of the small domestic market and increasing foreign competition. They are at a disadvantage because of the lack of scale and scope compared to overseas multinationals. This is further aggravated if offshore operations are not successfully integrated, if firms' resources on a worldwide basis are not efficiently and effectively utilized for competition. Australian firms expanding overseas must have a business strategy to exploit any competitive advantage, strongly supported by corporate strategy and management.

The research focuses on transnational strategic management issues in relation to Australian firms. This study aims to investigate the nature of the integration of home-base and offshore operations of Australian firms to achieve competitiveness in national/world markets through analyses and assessment of the impact of the size of the firm and its management on the development of strategies. There is a dearth of academic research in this area. We hope to make a contribution to the body of knowledge in this area.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The issues being investigated in this study are based on the developments found in literature on international competitiveness of a firm, resource-based view in strategic management and transnational management, the core literature on which the study builds. Foreign expansion of a firm is typically a gradual and incremental process, more often linked to the company's basic home market objectives (Bartlett & Ghoshal, 2000:7). However, once these companies have established themselves offshore, perceptions and strategic motivations change.

Bartlett, Ghoshal and Beamish (2008) believe that corporate managers recognize the advantages of operating internationally, and the importance of integrating strategy in a worldwide sense, so as to capitalize on their international operations. At this stage, a critical factor is its global learning capability. The worldwide presence of a multinational gives it an advantage which can result in locating more-efficient sources and process technologies (Bartlett et. al., 2004:6). Stonehouse et. al. (2000:58) explained competitiveness can also be enhanced by more effectively coordinating diverse activities located in different countries. Therefore, coordination is essentially about overseeing the complexity of the organisation's configuration so all value-adding parts act in concert. Levitt (2002:18, 19) suggested that there is a powerful force driving the world toward a converging commonality, and that force is technology. Thus, the world's needs and desires have been homogenized, and result in the globalization of markets. This makes the multinational corporation obsolete and the global corporation absolute. Therefore, which strategy is better is no more a matter of opinion, but of necessity, because of modernity and advancement of living standards. The development of an international strategy requires the firm to choose a target market; an entry mode to penetrate the market; and a control system to monitor performance (Moran, Harris & Stripp 1993:50).

A firm's international competitiveness depends on its strategy in building competitive advantage, creating a unique position which is difficult to match (Porter, 1996, p. 61-78). Some theorists attempt to relate both the macro environment (of the nations) and the micro environment (of the firm) in the development of global strategy for the MNCs. For example, Kogut (1993:195) suggested that there are three factors, which contribute to the uncertainty over comparative (nation-based) and competitive (firm-based) advantages to businesses in the international context. While, Leontiades (2001) observes that national differences will always impact on their various management processes. Such distinct views suggest the challenges to an international business can be both nation-based and firm-based.

According to West and Decastro (2001:417), two separate developed views within the strategic management literature elucidate the source of a firm's competitive advantage based on its internal attributes: the resource-based view and the distinctive competence view. The resource-based view of the firm in strategic management focuses on matching a firm's internal strengths and weaknesses with its competitive threats and opportunities in the external environment (Barney, 1997:21-26). In this case, the objective of the firm is to develop its management capacity in leveraging intra-firm's resources among operations for global competition. Bartlett et al. (2004:457, 671) described this concept as global-linking and local-leveraging of resources and capabilities for managing international operations. Resource management, therefore, is the very essence of sustainable competitive advantage (Collis & Montgomery, 1997:25, 28).

Companies begin to think globally when they realize there is an overseas market for their product / services, with a potential to increase revenues and profits. According to Daniels and Daniels (1993:25-28), the firm's initial strategy is usually to increase domestic production capacity, pushing domestic products through an expanded distribution channel and finding suitable distribution agents in new foreign markets. This view emphases most activities, except sales and service, are maintained in the home country, run by home-country people, and with complete home-country control in management and major decision making. They suggest empirical evidence has indicated such an export approach is seldom sustainable in the longer term because of local pressures; and exporters often find success is dependent on expanding local activities. Hence, the strategy needs to be enhanced by increasing the human element through locating expatriate company representatives overseas to act as sales and marketing agents. An alternative approach is to add value to the product itself and make it more attractive to the local market by means of minor modifications or features to fit the local environment (Daniels & Daniels, 1993:30-32).

Strategy can be viewed from the perspective of strategic fit. The premises of the concept is that "A firm achieves superior profits by competing in an attractive industry, pursuing a competitive strategy that best fits the needs of the market, and having the appropriate resources to implement the strategy." (Winfrey, Michalisin and Acar, 1998:114) Therefore, the purpose of strategy is to align a firm's resources to exploit opportunities and minimize threats. The alignment of the firm's resources, strategy and its business environment is called "strategic fit." Specifically, this is the degree of alignment between the firm's competitive arena, its position and the firm's resources (Winfrey et al., 1998:107-109, 114).

Achieving strategic fit is difficult in international business because of rapidly changing local and global market conditions. As an alternative, "strategic flexibility" is the ability to adjust to changes in the environment through the creation of strategic assets for specific functions (the specialized resources), by configuring appropriate elements of available unspecialized resources offshore, including physical, financial, human and organisational resources (Winfrey et al, 1998:101-115; Barney, 1997:143-144). For flexibility to exist, a precondition is that the firm develops strategic options and flexibility in acquiring and using its unspecialized resources (Sanchez, 1997:71-94).

Finally, there is the theory of strategy option which Foss (1997:361) explains as a concept where firms are not seen as bundles of resources per se, but rather as portfolios of real options. Therefore, firms are seen as having several strategic options, which they may exercise in their input and output markets. The strategy's aim becomes the acquisition of an optimal bundle of options which strike a balance between the costs of their acquisition, and the benefits they may bring in terms of added flexibility. For example, firm's processes of resource creation may be seen as creating product options before finding ways to defer and make contingent the acquisition of the required resources to produce those products in the future, subject to expectations (Sanchez, 1993:269). This view explains the underlying endogenous change in a firm's stocks of resources. Reflection on the literature suggested the possibility of an integrated model for predicting success of transnational companies, as presented in Figure 1 below.

[Insert Figure 1 about here]

An integrated model, based on the resource-based view, does not need to promote views which assume a "political" motive, or attribute those politics to mentality. Rather, it can examine intra-firm conflict/ collaboration in the context of economic behavior, consistent with a successful firm. In this study, the overriding management mentality reflected by the subject firms and interviewees was an emphasis on mutual benefits, and on balance of business interests of the international operations involved. Intra-firm conflict / collaboration may therefore be a component of a successful firm as it moves to foreign expansion or globalization, because it is an expression of active resource management on a transnational basis.

RESEARCH METHODOLOGY

The study focuses primarily on the integration of production and management processes of international operations of Australian firms. It is therefore necessary to define what is an Australian company in the international context. Firms selected for this research are primarily residents in Australia, without any substantial foreign interest; no single foreigner has 15 percent or more of the ownership. This is consistent with the definition of foreign interest according to the Foreign Investment Review Board of Australia (www.treasury.gov.au/firb/Policy/PolicyAll. asp).

The primary aim of the research is to investigate the reason why Australian firms must go international for growth because of a small domestic market and increasing foreign competition. If international operations are not integrated, their resources are not effectively utilized for international competition. This problem is further aggregated by the lack of scale and scope of Australian firms compared to other multinationals. In other words, the research is seeking to answer the fundamental questions on “What can Australian firms do?” and “How do they do it?” in the business context. Specifically, the aims of the study were:

- to understand what lies behind the global linking and local leveraging processes of Australian enterprises that support the worldwide resource management for international competition, about which little is known;
- to give the intricate details of the management experience of Australian enterprises in engaging the concept of transnational corporations, transnational strategy and management, that are difficult to convey using other methods; and
- to gain fresh perspective on business strategy and corporate strategy in an offshore context, as basic requirements for achieving sustainable competitive advantage.

The time period of the study is from 1996-2002. Qualitative approaches suggested by Miles and Huberman (1994), based on the proposed conceptual framework, assisted by the NUDIST software and the word matching function of the word processing program of Microsoft Word, were utilized for research analysis. Approval was obtained from the Human Research Ethics Committee of the university to which the authors are associated with prior to the commencement of the study. In order to fulfill the definition of multinational, Australian firms participating in this research must operate and manage activities in at least two countries, including its home-base operations. According to the Productivity Commission (2002:18, 19) on *Offshore Investments by Australian Firms*, the five most common foreign locations of participating firms were New Zealand, Asia, United Kingdom, Western Europe and North America respectively. More than 60% of the respondents with FDI operated in more than one of these regions

Qualitative methodology was selected for the purpose of the research. The field investigation covered 13 companies, comprising legal services; finance and insurance services; property-related services (including architectural services, building supplies and engineering services); transportation services; communication services (1 firm); and education services (1 firm). Fifty semi-structured, in-depth interviews were conducted among senior executives having responsibilities in international management (including chief executive, directors and corporate managers). The rich data collected was analyzed and formulated into four principal cases based on specific service sectors, and then compared with the two individual firms for further triangulation of data and generalization of conclusions.

For this study, the following four sets of questions were designed to address the inquiry – both current and evolving position of the international operations of the firms. The first question, based on the resource-based view, explores the management of resources among international operations of the Australian firms in general. The second and third questions scrutinize the global-linking and local leveraging of these firms' resources and capabilities according to their transnational management. The fourth question aims to reflect the international competitiveness of the firms in relation to the other questions. The interview questions were developed to confirm and reinforce each other or allow key differentiating issues to emerge.

The next step in preparing for the evidence collection was to conduct a pilot study based on the intended research protocol and research questions, which served as a testing ground for both substantive and methodological issues. It also helped the researchers to develop more relevant lines of questioning (Remenyi et. al., 1998:174). The pilot study consisted of three firms and nine interviewees – a legal service firm, a financial service company, and a logistics company. The interviewees ranged from lawyers to partners of a law firm, and operations managers to CEOs of the two other commercial firms. The following experiences and insights were gathered from the pilot study, which led to minor modifications to the research questions. After the pilot study, the main study was undertaken.

FINDINGS

Legal Services Sector (Case I)

Firms here were boldly opportunistic, attributing their success to their ability to exploit market opportunities proactively and to respond quickly to circumstances. Each firm relied heavily on individuals, as experts within their particular area of law, both in terms of practice development and marketing, and demonstrating expertise in the new market. Each firm initially relied heavily on home base resources, particularly organisational, informational and human resources to support the new foreign operations. Subsequently, each firm developed its offshore operations to become competence centers within a particular practice, and was competitive within the new market on the basis of particular expertise. At that stage, each offshore operation was perceived as actively supporting the competitiveness of the overall organisation.

Financial Services Sector (Case II)

Of the three firms examined, the two smaller firms each maintained an entrepreneurial approach, with entry into a new market based upon opportunity. They relied heavily on home base support, particularly in regard to financial, organisation and information resources. The organisation of the larger firm was more structured and systematic. Although that was seen as an obstacle to successful international expansion, the large firm sought to rectify this by informal communications and relationship building; to support individual managers exploiting corporate opportunities. The large firm had more developed procedures and standards, allowing it to exercise more control over foreign operations. By comparison, the two smaller firms permitted greater autonomy to the foreign operations, particularly in relation to management of financial and human resources.

Property-Related Services Sector (Case III)

The three firms examined included one small firm and two publicly listed companies. The corporate strategy of the small architectural services firm was similar to that in the three legal firms in Case I. It was reliant, for international expansion, on particular professional reputation and acknowledged expertise at home base in Australia. The expansion and the success of the foreign branches relied heavily on home base resources. The engineering firm adopted a strategy similar to that of the architectural services firm, relying upon a very small start-up operation, marketing particular expertise and the deployment of home-based competencies in the new market. The construction supplies company, by its business nature, was dependent on clients and inventories in each of the local markets. Therefore, it was more localized in its management structures and adopted similar corporate governance policies and procedures to that of the larger financial services company in Case II. Both the engineering firm and the construction supplies company tried to establish shared services and facilities, especially in the general management area at headquarters, regarding that as a resource and expertise to the local operations. However, it is noteworthy that the construction supplies firm was starting to adopt strategies similar to the engineering company. For example, aided by new technologies, its entry into new markets was affected by expatriate personnel, providing assured access to all of the expertise and competencies of the Australian operation.

Transportation Services Sector (Case IV)

There were significant differences between the two companies involved in this case study. Decision-making in the listed transportation company was centralized, especially regarding resource management and utilization. This arose because most of the resources were based in Australia, whereas the overseas operations largely operated as outposts for conducting commercial activities and coordinating support services. The company relied more upon strategic alliances with local carriers than direct investments abroad for the expansion of its business. The success of the transportation company was seen to be dependent upon operational efficiencies and proficiency in following corporate systems. On the other hand, the logistics company focused on customer service. Its organisational methods were deliberately flexible to accommodate customer requirements. Its strategy was to operate on a standard workflow, with strict criteria in relation to logistics requirements, but the company directed its employees to be flexible to keep customers satisfied, even though operating on a fixed- scheduled workflow.

DISCUSSION

Table 1 and Table 2 at the end are findings derived by reference to the firms examined in Cases I to IV inclusive, by examining trends evident from individual firms, across the four service sectors. They relate to individual cases or to particular service sectors. The analysis suggests the following findings in the organizational methods and the corporate strategy of firms in offshore expansion (see Table 1):

[Insert Table 1 and 2 about here]

1. Firms in the legal services sector behaved comparably to those in the financial services sector, although the behaviour and strategy of the largest finance company varied. There was one major exception – the legal firms constructed local operations as centres of competence globally. The finance companies, in contrast, limited the role of their local operations to the capture of local opportunities, but operated within a single framework.

2. The conduct, strategies and organisational methods of the largest financial services company were similar to those of the transportation company studied in Case IV and, to a lesser degree, similar to the construction supplies company studied in Case III. These similarities related to the implementation of policies consistent with, and subject to, the requirements of headquarters in Australia.

3. Within the property-related services sector discussed in Case III, there were divergent behaviours between the three firms. The architectural services firm adopted similar strategies to the legal firms and the smaller finance firms for its international expansion. This similarity of management approach would seem to derive from the importance of human, organisational and informational resources to the success of foreign operations.

4. The engineering firm in Case III diverged in its behaviour from the construction supplies company in the property-related services sector. Although it was of a similar size to the construction supplies company in terms of number of employees, turnover and market capitalization, its approach to expansion was similar to the architectural services firm (and therefore comparable to the legal firms in Case I and the smaller finance firms in Case II). However, it differed from the architectural services firm in respect of the integration of product supply and service supply, and the consequent change in business and corporate strategy.

5. Within the transportation services sector in Case IV, there were divergences in corporate strategy and organisational methods between the two firms. As noted above in paragraph (2), the transportation company adopted corporate strategies similar to the largest finance company and to the construction supplies company. The logistics company adopted similar organisational methods to those in the smaller finance firms and the legal firms, to the extent that the foreign operation were established to provide services within the local market; and, where appropriate, as a support centers for network for the international clients.

No Australian company has a business of such size or maturity that it completely conforms to the definition of a globalised company. Although certain companies in the study were significant in size and operated in four or more countries, they were relatively new to international expansion.

No firm in the study demonstrated the characteristics of a later phase of globalization, as prescribed by the literature (e.g. Porter, 1993 and Levitt, 2002). This seemed to be because no firm was of sufficient size. No Australian firm aspired to, or was adopting management processes consistent with, the model described by Porter and Levitt. To the contrary, larger firms were seeking creative systems for resource management and management processes to encourage entrepreneurialism, consistent with the behaviour of the smaller firms. The larger firms deployed management processes of global-linking and local leveraging in order to compete with their international rivals, but with a smaller local presence in the foreign market. The methods of competition included:

- The establishment of an offshore office was effected by a single senior employee establishing a "beachhead" supported by the human, informational and organisational resources of the firm (in particular those located at headquarters);
- Offshore operations shared responsibilities in development projects, local alliances and networks with other geographic operations (including headquarters), to avoid risks and duplication of resources;
- The shared facilities or competence centers were established to support overseas operations (inside or outside headquarters), to capture relevant scale economies and comparative advantages for the benefit of the whole firm.

The data of the research therefore suggested that globalization of a firm can be split into two major phases, according to methods of resource management:

a) The first phase relates to the establishment of the offshore operation as a critical mass, or being sufficiently developed to participate in global-linking and local-leveraging of firm's resources;
b) The subsequent phase relates to the sophisticated integration of operations, so that the new organisational resources and capabilities can be developed.

Further research is required to define and differentiate these phases, and this work should improve the efficacy and utility of the term "globalization" of a firm and its management.

CONCLUSION

The following conclusions are applicable to service firms engaged in international competition and may be predictive in their expression:

1. The success of a firm offshore depends on the management of various resources, including financial, human, organisational, informational and physical resources. The importance of each resource varies according to the nature of the firm, its business, size, and the balanced interests of all operations.

   Successful firms adopted transnational strategies which integrated the management of all categories of resources between geographic operations. The elements which contributed to success included:

   (a) flexibility in modifying the Australian strategies and practices to meet the requirements of the local (foreign) environment;
   (b) the clear articulation and communication of the organisational methods and goals of the international business among operations; and
   (c) managerial and organisational systems and processes which facilitated the resource allocation and transfer between the different international operations.

2. In the services sector, the management of intangible resources is critical to the overseas expansion of a firm, because those resources are core to the supply of services. Accordingly, resource management of intangible resources was an essential ingredient of success, particularly in the following respects:
   (a) the management and development of human and informational resources as strategic assets for the development of firm's international business;
   (b) the prompt and successful deployment of competence centers and relevant capabilities within the firm as a whole to support the business needs of geographic operations; and
   (c) the alignment of the business interests of geographic management by properly defining and communicating agreed performance targets and reward systems.
3. Where the management of tangible resources (such as physical and financial resources) was material to an Australian firm's success in international business, corporate strategy was more centralized and was structurally developed by headquarters. This management approach to strategy supports:
   (a) increased risk management and corporate governance of significant capital investments into offshore operations by the headquarters;
   (b) additional responsibilities for central management in monitoring business performance of offshore operations; and
   (c) developing efficient shared facilities for international operations based on common needs.

   Where the management of intangible resources (such as human, organisational and informational resources) was material to success, corporate strategy was more responsive to contingencies and was more entrepreneurial. This management approach to strategy supports:
   (a) the creative methods by management to effect the transfer of intangible resources, in response to the particular needs of the foreign operation;
   (b) the creation and development of new competencies and strategic assets that are relevant to the international operations involved;
   (c) a concentration by management on the economic fundamentals of the transnational strategy; that is, to minimize costs and to maximize returns; and
   (d) the development and exploitation of organisational resources of the firm as a whole to support its international expansion.
4. The development of transnational strategy for international business focuses on economic fundamentals and business performance, and it is not affected by management mentality.

   Management mentality assists and affects the implementation of strategy, where it encourages collaboration or cultural sensitivity. Cultural sensitivity only facilitates implementation of strategy if it aligns with economic goals. However, actual cultural understanding by management (as distinct from sensitivity) affects the success or failure of a strategy.
5. New technologies, particularly communications technologies, provide alternative management methods to a firm to exploit fully its resources in different geographic areas. These new resource management methods provide additional strategic options to a firm in offshore competition, because:
   (a) human resources and related expertise can be better deployed in other foreign markets;

(b) financial resources among geographic operations can be monitored and used more efficiently for the benefits of the international firm as a whole;
(c) the capacity of physical resources/facilities of any geographic operation can be better utilized to support business needs of other operations, wherever possible;
(d) organizational resources such as corporate influences and relationships can be better enhanced to support a firm's international expansion;
(e) organizational experiences and knowledge can be more effectively transferred, and common databases can be exploited by all geographic units.

6. Size of a firm is not critical to success overseas, and any limitation of a 'smaller size' to scale advantage can be overcome by:
   (a) the firm's ability to effectively develop competitive advantages from its resources among international operations;
   (b) the firm's ability to develop a flexible and responsive corporate strategy to accommodate changing business environment; and
   (c) the firm's ability to transform its 'smallness' into other forms of scale efficiencies for supporting flexible intra-firm coordination, communication and relationship.
7. There is no strategic model specific to a particular service sector. Rather, the strategies for international expansion were dictated by various factors applicable to all service sectors. These included enterprise size, the firm's position and resources, complexity of operations, competition in the market, the nature of the market, and capital risk exposures and risk management. Service strategies particularly rely upon the strategic management of intangible resources of the firm:
   (a) to enhance the commercialization of human resources in international markets;
   (b) to enhance commoditization of organisational resources e.g. brands and relationships in foreign markets;
   (c) to enhance utilization of information resources to create new values or strategic assets from existing intangible resources.

   This ability of a firm to exploit and create intangible resources in turn promotes new organisational resources (in the form of management competence or capability of the firm to deploy other resources). These competencies can also support product companies in offshore competition.

   Some of these conclusions would seem equally applicable to firms from countries other than Australia, particularly those from smaller economies, because the need to manage resources efficiently in international competition is not a uniquely-Australian problem.

IMPLICATIONS FOR FURTHER RESEARCH AND LIMITATIONS OF RESEARCH

Areas that appear from the study to warrant further research are:

- The role of organisational resources, in the form of organisational capabilities, in the development of international competitive advantage for all companies- that is, whether Australian firms need to invest in organisational resources before commencing international expansion;

- Whether human and informational resources can be successfully exported without the support of organisational or other resources- that is, the extent to which companies can minimise the financial risks of capital investments by concentrating on human and informational resources in its foreign expansion;
- Whether companies rich in informational resources are more successful by managing that one type of resource without undertaking financial risks (e.g. under a licensing model), or by integrating informational and other resources in establishing a foreign operation. This could involve analysis of the relative returns on investments of the two alternative strategies; and
- Whether entrepreneurialism plays a continuing role in the success of Australian companies in international business development as they move from the phase of merely establishing a local presence to a more advance phase of collaboration among international operations in an integrated fashion.

The major challenges were access to significant qualitative data from participating firms, and the availability of their management personnel for constant follow-up on data analysis throughout the project. The amount of financial and physical resources, potential travel required and personal time frame for completion of the project limited the scope, geographic and time coverage, as well as depth of research. Recognizing these constraints, most interviewees were Australian management from the headquarters, or expatriates with overseas responsibilities; and data collection was executed through face-to-face interviews within Australia where possible, or telephone interviews within/outside Australia. There are apparent phases in overseas expansion by Australian firms, which are not dependent on the firm's size or management mentality, and further study could determine how the first phase is properly defined : that is, when the offshore operation develops sufficiently for it to participate in global-linking and local-leveraging.

Figure 1 Relationships of core theoretical concepts for current study

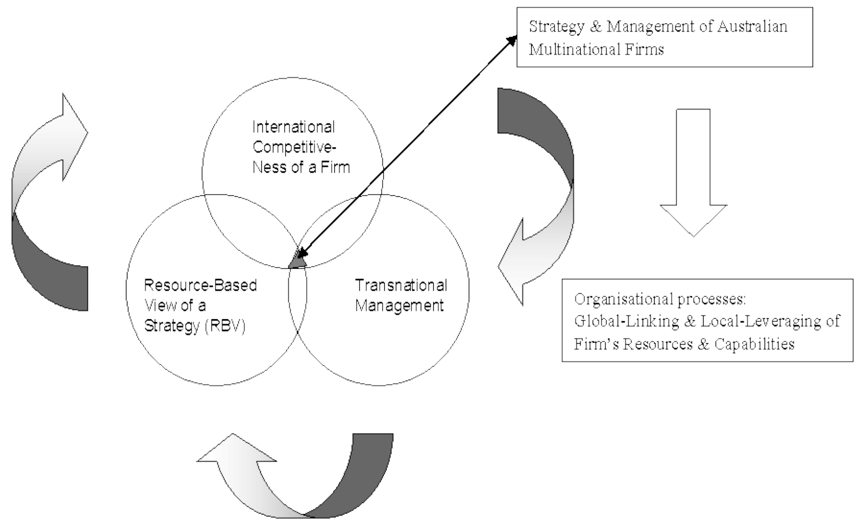

Table 1 - Corporate Strategy for International Expansion of Subject Firms

Service Sector (Case)	Firm's Nature (No. of Firms)	Corporate Strategy for International Expansion and Principal Characteristics
Legal Services (Case I)	Law firms (3)	• Relied on HQ's organizational, human, informational resources • Small offshore operations as springboard for business development overseas • Expand to become competence centers to support overall organisation.
Financial Services (Case II)	Small (2) - Securities company - mortgage company	• Small offshore operations, initial HQ support, to capture local business opportunities • Operate in single global framework, limited autonomy based on operational parameters
	Large (1) - listed financial institution	• Centralized, structured strategy/ policies development & decision-making at HQ • Localized offshore operations & mgt structure • Overseas follow global policies, utilize shared resources consistent with HQ requirements
Property-Related Services (Case III)	Architectural(1)	• Temporary offshore operations relied on HQ expertise to capture local opportunities • Potential to grow into a viable local practice with emphasis in certain type of project focus
	Engineering (1) – public listed	• Small offshore operations to market & deploy HQ competencies in new foreign markets • Expand into full scale viable operation when local business achieves sustainable volume

Service Sector (Case)	Firm's Nature (No. of Firms)	Corporate Strategy for International Expansion and Principal Characteristics
	Construction Supplies (1) – public listed	• Centralized, structured strategy/ policies development & decision-making at HQ • Localized offshore operations &mgt structure • Develop shared services & facilities at HQ, especially in general management functions
Transportation Services (Case IV)	The transportation company (1) - public listed	• Centralized strategy/ policies development, decision-making & communications • Major resource portal & capital investments remain in HQ to support global operations • Offshore operations as outposts to conduct & coordinate commercial activities
	Logistics (1)	• Establish offshore operations to provide services within local market • Offshore operations as local support centre of global network for international clients • Direct human resources to support flexible organizational methods in strict logistics requirements for customer satisfaction

Table 2 - RESOURCE MANAGEMENT FOR INTERNATIONAL EXPANSION

Resource Type	Case I – Legal Services (A,B,C)	Case II - Finance Services		Case III - Property Related Services			Case IV- Transportation Services	
		Small (E,F)	Large (G)	Architectural Services (L)	Engine-ering Services (M)	Constru-ction Supplies (N)	Airline (J)	Logistics (I)
Human	Relocation of practitioners from headquarters	Recruit Locally	Local recruit; Supported by relocation of expert staff	Headquarters expert Support	Headquar-ters' expert support	Recruit locally; Headquarte-rs' Gen. Managemen t support	Headquarters expert (Functional) support	Recruit locally
Organizational	Exercise HQ relationships/ influences globally; Local networking	Exercise HQ relationships/ influences globally	Utilize HQ corporate identity globally	Utilize HQ corporate identity globally Local networking	Local networking	Local networking	Utilize HQ corporate identity, relationships globally	Utilize HQ relationships/ influences globally; Local networking
Financial	Limited foreign investments	Limited foreign investments; Raised capital locally	Global support to local investments; Subject to merits of business case	Limited foreign investments	Limited foreign investment s until business	Global support to local investments ; Subject to	Heavy Homebase investments; Prudent foreign investments	Limited foreign investments

Resource Type	Case I – Legal Services (A,B,C)	Case II - Finance Services		Case III - Property Related Services			Case IV- Transportation Services	
		Small (E,F)	Large (G)	Architectural Services (L)	Engine-ering Services (M)	Constru-ction Supplies (N)	Airline (J)	Logistics (I)
					has reached a viable size	merits of business case		
Physical	Minimal local facilities	Small local establishment	Local facility supported by regional shared facilities	Minimal local facilities	Minimal local facility; Regional production facilities	Separate local production facilities	Global facilities at Home; Limited local facilities	Local set-up; Local facilities
Informational	Global access to information platform	Adapt headquarters systems	Global info systems; formal communications	Standard reports and informal communications	Expatriate manager in global communica tion loop	Formal organization al communicat ions; Informal staff communicat ion	Top-down structured communication network	Informal communication among staff in int’l operations

References

Barney, J. B. 1997. ***Gaining and sustaining competitive advantage***. Massachusetts: Addison-Wesley Publishing Company.

Bartlett, C. & Ghoshal, S. 2000. ***Transnational management - text, cases and readings in cross border management*** (3rd ed.). Boston: Irwin McGraw-Hill.

Bartlett, C., Ghoshal, S., & Birkinshaw, J. 2004. ***Transnational management - text, cases and readings in cross border management*** (4th ed.). Boston: Irwin McGraw-Hill.

Bartlett, C., Ghoshal, S., & Beamish, P. 2008. ***Transnational management - text cases and readings in cross border management*** (5th ed.). Boston: Irwin McGraw-Hill.

Collis, D. J. & Montgomery, C. A. 1997. ***Corporate strategy - resources and the scope of the firm***. Boston: Irwin McGraw-Hill.

Daniels, J. L. & Daniels, N. C. 1993. ***Global vision - building new models for the corporation of the future***. New York: McGraw-Hill Inc.

Foreign Investment Review Board, Treasury of Australia; Policy Summary - All Sectors; http://www.treasury.gov.au/firb/Policy/PolicyAll.asp, 1999.

Foss, N. J. 1997. Resources and strategy: a brief overview of themes and contributions. In N. J. Foss (Ed.), ***Resource, firms and strategies - a reader in the resource-based perspective***. New York: Oxford University Press.

Kogut, B. 1993. Designing Global Strategies: Profiting from Operational Flexibility. In R. Z. Aliber & R. W. Click (Eds.), ***Readings in international business: a decision approach***. Massachusetts: : The MIT Press.

Leontiades, J. C. 2001. ***Managing the global enterprise - competing in the information age***. Harlow: Pearson Education.

Levitt, T. 2002. ***The globalisation of markets in international business- critical perspectives on business and management, volume lll: strategic management of multinationals,***. London: :Routledge.

Miles, M. B. & Huberman, A. M. 1994. ***An expanded sourcebook - qualitative data analysis,*** (2nd ed.). London: SAGE Publications.

Moran, R. T., Harris, P. R., & Stripp, W. G. 1993. ***Developing the global organisation – strategies for human resources professionals***. Houston: Gulf Publishing Company.

Porter, M. 1993. Changing patterns of international competition. In R. L. Aliber & R. W. Click (Eds.), ***Readings in international business: a decision approach***: 49-84. Massachusetts: The MIT Press.

Porter, M. 1996. What is strategy? ***Harvard Business Review***, 74(6): 61-78.

Productivity Commission of Australia. 2002. ***Offshore Investment by Australian Firms: Survey Evidence***. Canberra: AusInfo.

Remenyi, D., Williams, B., Money, A., & Swartz, E. 1998. ***Research in business and management - an introduction to process and method***. London: SAGE Publications.

Sanchez, R. 1993. Strategic flexibility, firm organisation, and managerial work in dynamic markets: a strategic option perspective ***Advances in Strategic Management,*** , 9(251-91).

Sanchez, R. 1997. Preparing for an uncertain future: Managing organisations for strategic flexibility. ***International Studies of Management & Organisations***, 27(2): 71-94.

Stonehouse, G., J., H., Campbell, D., & Purdie, T. 2000. ***Global and transnational business - strategy and management***. Chichester: John Wiley & Sons Ltd.

West, G. & Decastro, J. 2001. The Achilles heel of firm strategy: resource weaknesses and distinctive inadequacies. ***Journal of Management Studies***, 38(3): 417-425.

Winfrey, F. L., Michalisin, M. D., & Acar, W. 1998. The paradox of competitive advantage. In D. Hussey (Ed.), ***The Strategic challenge***: 101-115. New York: John Wiley & Sons.