Globalization or Localization – factors to be considered by architects in their architectural practices

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Abstract

This research explores the effects of globalization to the Malaysian architectural practice in the current situation. The research explores three issues, firstly what are the reasons local architects are taking projects locally (localization) only, and, secondly, what are the factors which motivate local architects to venture into international projects (termed as globalization). It also explores, thirdly, what are the factors which influence foreign architects coming to Malaysia to practice. Research was qualitative in nature using semi-structured interviews. The interviews were transcribed and a thematic analysis was carried out. An online survey was conducted towards the end to a different group from the architecture fraternity to supplement the research and findings. Overall, the reasons uncovered for the first issue are the total lack of opportunities and insufficient capacity due to small practices. Reasons for the second issue are due to the more lucrative fees and the experience and technology transfer which are advancements to their practices. For the third issue, the factors were found to more personal reasons based rather than solely applying to practice. In summary, to go global or stay local is actually up to the individual preference of the architect and also the capacity of their practices. The findings can be used as a resource for architects and architectural students who are still deciding whether to globalize or localize their careers. As it currently the case, many architects are practicing in other countries to replicate architectural styles which may be more conducive to sustainable tourism, for example, hotel designs.

Keywords: Globalization, localization, architectural practice, professional services, thematic analysis.

Introduction

Normally, a decision to do a certain task is taken by a person after considering all the factors which will influence that decision. The same thing applies for the architect who has an architectural practice. To take or not to take a construction project commissioned must be carefully decided upon, what is more if the project is international in character. International projects sound attractive as the practice will be going global in their portfolio of design works. Design in architecture plays a crucial role in tourism, especially in the hotel industry, where it is one of the key influences in positioning hotels and prompting business performance. "Contemporary guests clearly seek more than just a location and basic services that hotels provide. A recognizable style, specific formation, authenticity and the overall ambiance are particularly prominent features of any design or architecture" (Mustapić & Vlahov, 2015). Globalization is defined as "the inexorable integration of markets, nation states, and

technological advancements in a way that is enabling individuals, corporations and countries to reach around the world further, faster, and cheaper than ever before" (Griffin & Pustay, 2015). Globalization is the process by which businesses or other organizations develop international influence and start operating and also opening up doors in an international scale. This implies the opening of local and nationalistic perspectives to such a broader outlook of an interconnected, interrelated and interdependent world with free transfer of capital, goods, and services across national borders and frontiers. (Globalization101.org 2018).

Due to its international character globalization is at times often referred to as internationalization. The World Trade Organization (WTO) is an example of a global and international organization dealing with the rules of trade between nations. The WTO agreements, are negotiated and signed by most of the world's trading nations and ratified in the country's governments and ruling bodies. WTO ensures that trade flows as smoothly, and freely among nations (WTO, 2018). The most important key objective of WTO is to design and set the rules for all international trades (Anderson, 2018).

Globalization, is also defined as the worldwide movement toward economic, financial, trade, and communications integration, between countries, aided by the internet and information technology. Globalization is here to stay, said Ex USA President Obama (NBCnews.com, 2016) but he also warned on its dangers like income inequality and loss of identity.

On the other hand, there is also localization. Localization is seen as the process of making something local in character, and / or restricting it to a particular place, like a particular country. It is the opposite of globalization. It does not venture through borders and stays put and fixed where it comes from.

Globalization and localization in architecture

In businesses there are the products and there are the services. Businesses of products are straight forward where goods produced, sold, exported or imported. Goods are tangible products. In terms of services, however, businesses like hotels are more complex as services are intangible, and it is high quality service that is expected before, during, and after the customer's or the client's requirements are met. Nicolaides (2012) says that in order to improve the quality of service, hotels as service providers need to concentrate on the most weighty dimensions that customers use to appraise service quality. Services usually go by fees or salaries paid, as opposed to the price sold of goods. Therefore when it comes to the globalization of services, architecture will be involving people, with often different values, diverse cultures and religions, different laws and even how people live their live from one country to the other may differ considerably.

Globalization in architecture is the processes, by which all aspects of architectural design, construction, building materials and engineering are modernized / standardized on a big global scale by technological innovations and knowledge advancements (Globalization Report H.K., 2014). Smart and intelligent buildings, energy efficient designs, tall iconic towers are being built throughout the world as the way to go with architecture and building design. This is evident in may new huge hotels which are being constructed globally. The same with zero energy building and green sustainable building materials are being promoted as part of the global strategy to save the planet. What are considered to be good examples of buildings being built in one country are quickly followed and replicated in another due to the fast communication technology as facilitated by the internet.

However, critics on this topic are many as well. Identity and culture are often said to be lost and cities tend to look the same (like in Figure 1.0) as they have lost their history and heritage. This is sadly the way the world is now rapidly moving as a global village.

Figure 1.0 Globalized Architecture (Globalization Report H.K., 2014)

In architecture, localization is the opposite of globalization. Localization is another architecture movement that emphasizes a sense of place, site, climate, culture and identity. Debates between the two, localization and globalization, in architecture can go on forever. In a report entitled "Globalization and Localization of Architecture and Urban Planning" by the University of Hong Kong Faculty of Architecture (2014), an interesting study was conducted by their researchers comparing the pros and cons of the two (Globalization Report H.K., 2014). It is not surprising how the term Glocal, combining the terms global with local, surfaced in the early 2000's reflecting that is characterized by both architectural considerations. There are also many in the architectural fraternity who are advocates of global architecture without wanting to lose any of the values of local architecture and thus heritage, which tourists love to see.

Literature Review

International trade (of products and services) and the accompanying business transactions are conducted for the purpose of providing a nation with commodities it lacks in exchange for those that it produces in abundance. These transactions, functioning with other economic policies, are generally seen and designed to improve a nation's economy and the general living standards of the people.

Throughout history, international relations have always been concerned about efforts to promote free trade between nations. (Griffin & Pustay, 2015). Firm-based theories incorporate factors such as quality, technology, brand names, and customer loyalty into explanations of trade flows. This is because firms and practices, not countries, are the agents for international trade, therefore, the newer theories explore the firm's role in promoting international trade. International trade has an important share in GDP in different countries.

Globalization and international trade are very much linked together. Globalization refers to the interdependence between countries, or country to country, which has arisen from the integration of different aspects of the economy, the most important being international trade. With globalization, countries are now so interconnected because international trade is crucial as it stimulates a country's economic growth (Dzaleva, 2018).

The rationale for trade interventions by government

In conducting an international trade business and driving the country towards globalization, there must be a strong and concrete rationale for doing so. The diagram given in Figure 2.1 retrieved from Mahoney, Griffin and Pustay (2015) highlights the three important aspects needing considerations especially by the governments of such countries.

The first is to protect domestics firms – thus having some kind of import barriers so that there be a balance, not to import too much affecting the domestic firms in the same businesses. The second is to help the domestic firm increase in its foreign sales and services. As international trade is a two-way process this is indeed a sensible thing as import and export should occur as much as possible in a more balanced manner.

Next, as much as there should be free trade, there must also be fair trade. There should be minimal influence on the importing decisions, and one needs to ensure domestic firms have equitable shares in the foreign markets they serve.

Lastly, to cater for the needs of the country, there must an be industry by industry policy – this is because each industry is different and there cannot be a one size fits all approach.
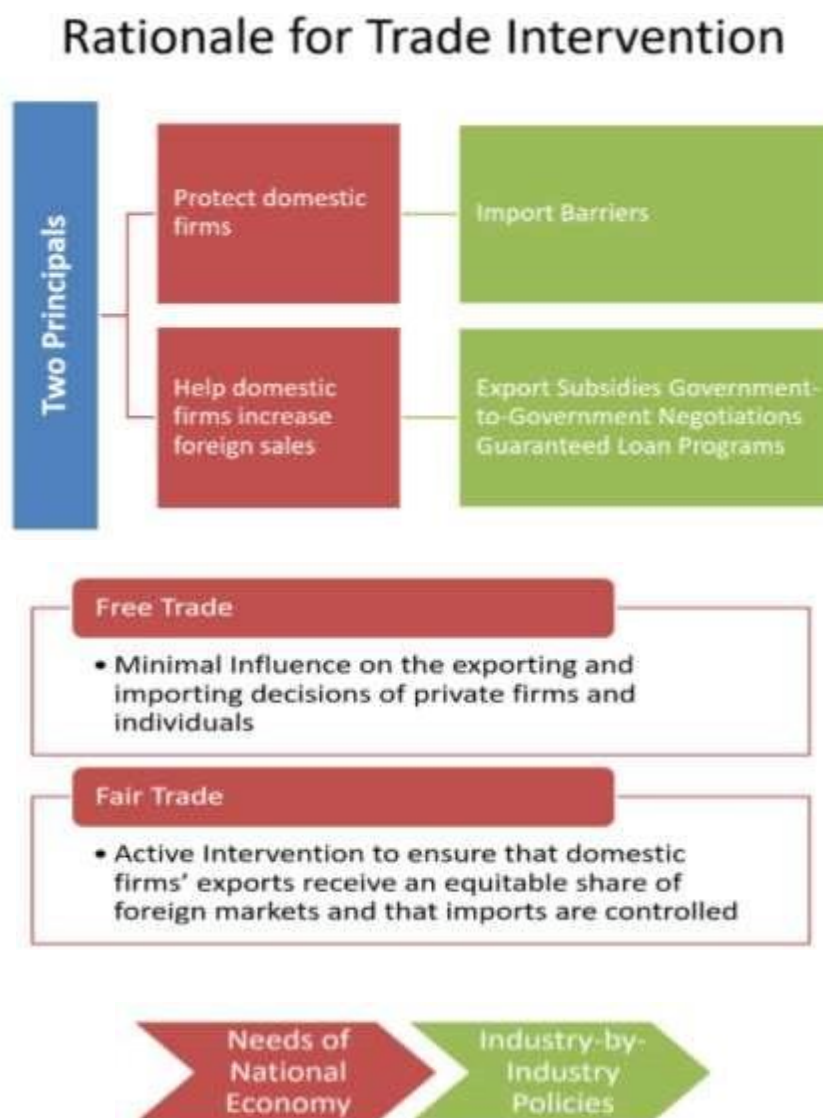
Rationale for Trade Intervention

Two Principals

| Protect domestic firms | Import Barriers |
| Help domestic firms increase foreign sales | Export Subsidies Government-to-Government Negotiations Guaranteed Loan Programs |

Free Trade
- Minimal Influence on the exporting and importing decisions of private firms and individuals

Fair Trade
- Active Intervention to ensure that domestic firms' exports receive an equitable share of foreign markets and that imports are controlled

Needs of National Economy → Industry-by-Industry Policies

Figure 2.1 Rationale for trade interventions (Mahoney et al, 2015)

International Strategic Management

To venture in international trade and markets, a firm or practice needs to have international strategic management which is a planning process aimed at devising, designing and

implementing strategies which enable a firm to compete effectively in the globalization arena (Enderwick, 2013; Mahoney et al, 2015). Figure 2.3 below explains the strategic management concepts in more detail.

Figure 2.2 International trade and its strategic management concepts (Mahoney et al, 2001)

Advantages of International Business (Globalization)

There are many advantages of globalization in business (Hill, 2008; Root, 1994; Van der Merwe, 2008). Listed below are some of them :

To achieve Global Efficiencies - International practices can capture location or locality efficiencies by operating facilities at any locale in the world that yields the lowest production or distribution costs. Also one that best improves the quality of services they offer to their clients or customers. Similarly, by building factories to serve more than one country, international firms may also capture economies of scale. By broadening their product lines in each of the countries they enter, international firms may enjoy economies of scope, lowering their production and marketing costs and enhancing bottom-line profits (Hill, 2008).

To achieve Multinational Flexibility - The political, economic, legal, and cultural environments of countries vary widely; moreover, these environments can change constantly. Unlike domestic firms, which operate in and respond to changes in a single environment, international businesses may respond to a change in one country by implementing a change in another country. (Griffin et al, 2015)

To achieve Worldwide Learning - Business environments throughout the world are diverse. An international firm may respond to these environments by adjusting its operations from one country to the next. This response will contribute to organizational learning and allow the firm to transfer knowledge to its operations in other countries. (Hill, 2008; Griffin et al, 2015; Mahoney et al, 2001).

Research Methodology

In exploring the architects' standpoints on what their views are on globalization and localization of the architect's practice, a series of questions were designed to be carried out in a semi structured interview. The interviews were carried out either by the face to face method when both the researcher and respondent could find suitable times and locations to meet and voice-recording was carried out the whole interview; alternatively interviews were via telephone recording when suitable times could be arranged.

Respondents and the sample size

For this research – the respondent number was 17 which came about because those were the number of respondents who had agreed to being interviewed in the months the research was carried out (June – July 2019). Furthermore, the researchers felt that there seem to be many similar responses received from them, and adding on will probably not make much difference ass saturation levels are reached.

Respondents were 13 males and only 3 females as it was more difficult to find female architects given the male domination of the trade, and what more less females were willing to be interviewed. The races of the respondents were 5 Malays, 4 Chinese and 1 Indian; and their age distribution was 4 in the 30s age group, 5 in the 40s, 6 in the 50s and 1 above 60 years of age. As much as possible, the research sampling technique which was used was stratified random sampling. The respondents, with this stratified sampling had a more diverse spread and were equally distributed between Penang and Kuala Lumpur (KL) being the two most developed cities in Malaysia. Five architect respondents from Group 1 were Malaysian architects actively practicing both local AND International projects (Coded R1 – R5). Group 2 were Malaysian architects (Coded R6 – R10) actively practicing only local projects with no international Projects. And lastly Group 3 were seven (7) international architects familiar and has Malaysian projects in their practices (Coded R11 – R17).

According to Russell (2012) even though sample size determination is an important step in a statistical study, it is often a difficult one. Therefore there is a possibility that sample size should not be the main issue, rather, the real goal should be to design a high-quality study. In an article by Sandelowski (1995) determining adequate sample size in qualitative research is ultimately a matter of judgement and experience. One must use that to evaluate the quality of the information collected against its uses. In qualitative research, events, incidents, and experiences, not people per se, are typically the objects of purposeful sampling. The caveat here is that the researcher use the data from these instruments for purposes of fuller description, rather than to draw statistical inference.

Results and Discussions

The interviews carried out with the 17 professional architects to find their views on globalization and / or localization of the architectural practice have indeed spurred some deep insights due to the rich data retrieved. Some elements of surprise were found too and this is considered good in qualitative study as pointed out by Elliot (1999). Two of the surprise responses are discussed below.

For example, from the 7 international architect's views – it was found that the main reasons they are in Malaysia are more for personal rather than career. Five of them have either have Malaysian spouses or Malaysian business partners. One of the respondent even said he is in Malaysia because his home country is not peaceful and always at war. None of the respondents said that they are in Malaysia strictly to devote their time in their careers as architects. So much for that. One said that given the choice he would rather practice in

Singapore where the architectural business environment is more conducive. Two respondents said that Malaysia is not so open to just any foreign architects as only the famous architects with branded practices seem to get the privilege.

And should architectural practices go for international projects when globalization is imminent and here to stay? To this question surprisingly YES and NO answers are somewhat equal with several being neutral. The yes answers came from respondents who are all out in their international ventures and keep pace with advancements in technologies as the future of architecture is felt to be in that direction. The no answers came from respondents who are lesser competitors, looking at their own capacity, and are comfortable and satisfied with the availability of local opportunities. While the neutral ones said this is purely up to oneself – and inter alia, the person's upbringing, the motivation, the education, the philosophy of life. There is, according to the last group of respondents, no fixed recipe for an architect to follow so that he or she may be successful and content in life. This was another unexpected surprise finding.

Generally foreign architects have found good talent amongst local architects but at present they need to work harder to be up to the lofty international standards and to be able to compete in international markets. Therefore local architects do not have the requisite talents and are inferior in capabilities when compared to foreign architects and this is a statement that was not agreeable to all respondents.

Conclusion

Architects need to master or at least have some ideas on international business and its intricacies before venturing into globalization. This knowledge is crucial as international trade in the construction industry is complex with the involvement of many parties and the implementations of different by-laws. Human resource is also crucial as they need be trained and motivated to work and may even be required to be living in a foreign land to supervise and oversee to the work they design. Preparation in mental strength and other psychological aspects should be conducted for them as well.

It is also noted how international projects when ventured into, will add to the expertise of the architect's practice, therefore these should always be encouraged. Even though there are risks involved – architects are usually protected by their professional bodies and by holding to the details of the contracts they sign, for example with major international hotel chains.

Even though there are no issues arising with architects taking or not taking up an international job, as it is found to be a decision up to the individual, the pattern is looking like it they will be on a losing side if they decide to opt out from globalization practice. They may not even be able to sustain themselves. More and more globalized ventures are happening in construction of not only buildings but hotels, resorts, roads, bridges, transportations, infra-structure etc. Therefore to still conduct local projects is not adapting to the ever changing business environment.

Another good business strategy for architects to take up is to build their core competencies so that they may have a strategic added advantage over other practices. The practice can be experts in the designs of industrial facilities / energy efficient buildings / institutional buildings etc. By doing this, the experiences gained will add to the portfolio of works which can be marketable for their practice's branding initiatives.

Diversification of activities seem also to be a good strategy as the architect cannot just rely on typical building jobs which architects normally do. Probably, they have to relate to design and construction. Architects can work on interiors, furniture design, signages, serve as contractors and sell building materials – however the codes of conduct of the professional must take precedence.

Acknowledgements

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