

REPUTATIONAL IMPACTS OF INTERNATIONAL RESEARCH AND INNOVATION

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2.4. Company-focused international collaboration for Knowledge Intensive Business Service (KIBS) innovation

Firms in the knowledge-intensive business services (KIBS) that heavily rely on professional knowledge – such as those in legal services, information technology, consultancy, accounting and finance, and creative industries – engage with international ecosystem actors for service-based innovations. KIBS predominantly provides knowledge-intensive support for the business processes of other organizations (Miles, et al., 2018). Due to the specific nature of their innovation associated with specialized knowledge, the generation of reputational impacts through international R&I has a greater reliance on the reputation of individuals associated with KIBS (e.g. designers). Additionally, since the knowledge has to be highly contextualised to specific localities and scenarios, the international R&I of KIBS involves greater customisation of knowledge (Abecassis-Moedas et al., 2012; Rodríguez et al., 2018; Enkel and Heil, 2014; Gertler, 2003; Herrmann, Taks, and Moors, 2012). These unique features result in the pathways for reputation building being different from other forms of R&D collaborations discussed in section 2.1 of this report.

The rising demand for international collaboration for KIBS innovation is driven, in part, by the swiftly evolving technological landscape and the increasing complexity of scientific advancements, which demand service innovation (Zieba, 2013). International collaboration for KIBS innovation may involve collaborating on specialized professional knowledge for service innovation, establishing international offices for localized and customized service innovation, exporting creative processes through international collaborations, and competing in prestigious global innovation awards. These activities enhance the credibility of KIBS in delivering customized and culturally embedded innovative solutions. Such reputation building leads to financial, relational, and research and innovation impacts (Figure 2.4).

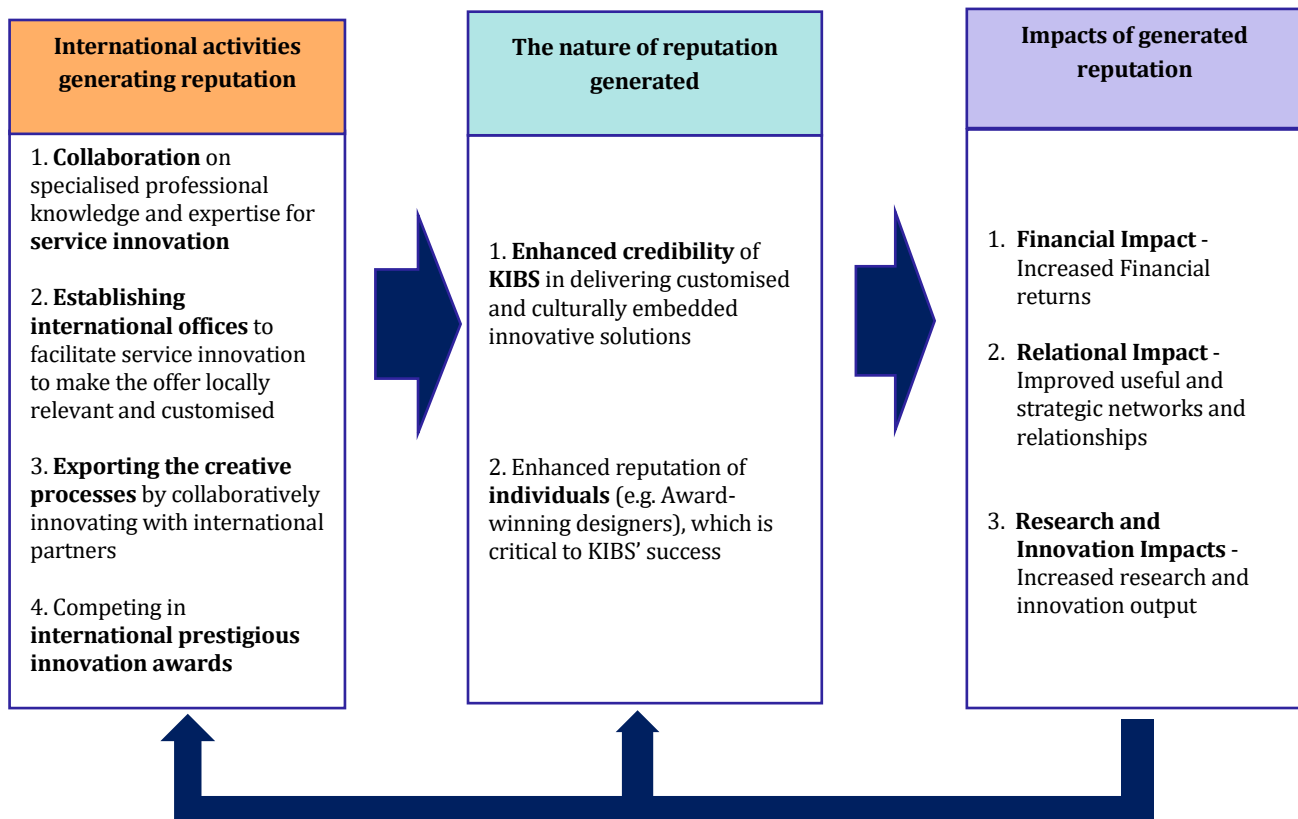


Figure 2.4. Company-focused international collaboration for KIBS innovation generating reputational impacts

2.4.1 International activities

» Collaboration on specialized professional knowledge and expertise for service innovation

There is a strong link between KIBS and the overall economy's innovation and performance levels (Hipp, 1999; Tomlinson, 1999; Aslesen & Isaksen, 2007). There is a growing consensus that KIBS not only engages in innovation activities to support the service sector but also serves as "bridges of knowledge" or "innovation bridges," by collaborating with the science, manufacturing sector, and customers (Czarnitzki & Spielkamp, 2003). KIBS firms thus often engage in joint projects with other organizations to share and develop mutually valuable specialized expertise (Windrum and Tomlinson, 1999). Collaboration enables firms in non-service sectors to access resources and capabilities that are not available internally but are important for R&D success (Oxley and Sampson, 2004). Such collaborations have been demonstrated to positively impact the innovation performance of firms in both domestic (Belderbos, Carree, and Lokshin, 2004; Faems, Van Looy, and Debackere, 2005) and international partnerships (Ebersberger and Herstad, 2013; Rodríguez and Nieto, 2012).

For example, Arm Holdings plc, a British semi-conductor and software design company, partnered with Intel, based in Silicon Valley, USA, in 2018 to share code for embedded systems through the Yocto Project. This is an open-source initiative that aims to create flexible, customizable, embedded, and specialized computing systems that are part of larger devices, such as automotive control systems, medical devices, and consumer electronics. In 2023, Arm Holdings partnered with Intel Foundry Services to bring Arm SoCs to Intel's 18A process, a fabrication technology and process node that is used to make chips ([Intel.com](https://www.intel.com)).

Studio Marco Piva, an Italian architecture firm, developed specialized competencies and a strong reputation in managing large-scale architectural projects (Abecassis-Moedas et al., 2012). They have forged partnerships with engineering firms and architectural studios worldwide (see Case study D in the case study). By working with complementary experts Studio Marco Piva was able to innovate and provide advanced architectural solutions, by leveraging the specialized knowledge and skills of both their own team and their partners.

These collaborations are clear examples of KIBS firms engaging in international joint projects that involve the sharing and development of specialized expertise across borders. These international collaborations provide access to unique expertise that wouldn't be available domestically, thereby enhancing the overall effectiveness and innovation of the projects and their ability to innovate and provide advanced solutions (Abecassis-Moedas et al., 2012).

» Establishing international offices that support KIBS internationalisation

Establishing international offices is a strategy employed by KIBS firms to innovate to enhance their ability to provide locally relevant and customized services (Rodríguez et al., 2018). The establishment of these offices is important for KIBS due to the nature of the individual level of engagement with their international partners and/or customers. This approach aligns with the finer points of international collaboration in those types of KIBS, where the “proximity” of the partner is emphasized as a decisive factor in their operating model (Enkel and Heil, 2014; Gertler, 2003; Herrmann, Taks, and Moors, 2012).

By opening branches in different countries, KIBS firms can reduce geographical distance and enhance their proximity to clients, enabling closer and more effective R&I collaboration. A better understanding of local market needs and preferences, opportunities for interactions and shared knowledge, and repertoire elements due to their operation in local contexts (Teixeira, Santos, and Oliveira-Brochado, 2008) foster productive international R&I (Rodríguez et al. 2018). For example, when multiple potential clients are concentrated in the same geographical area and share similar cultural approaches, establishing international offices allows design consultancy companies to gain a deep understanding of the clients through frequent interactions and

collaborations, which could be used for innovating customized services. This proximity also enables the consultancy to become well-acquainted with the client's market and better understand local codes and signals (Abecassis-Moedas, et al., 2012).

KIBS firms like PwC UK (PricewaterhouseCoopers UK) - which provides a wide range of professional services including auditing, consulting, tax advisory, technology consulting and, strategy consulting, structured design processes to serve global clients - involve meticulously organized teams, collaborating with local firms, governments and institutions in the countries where it operates. PwC's collaborations involve co-developing solutions and tailoring innovative services to ensure consistent and high-quality outcomes meeting the specific needs of local markets (see further example in case study B).

»» **Exporting creative processes by collaboratively innovating with international partners**

Certain KIBS firms can export their creative processes to international markets, not necessarily establishing international offices, but by collaboratively innovating with international partners. Unlike non-KIBS firms, due to the specific service nature of KIBS, these firms' export strategy involves collaboratively innovating with international partners. For instance, Jones Knowles Ritchie (JKR), a UK-based design company, exports their structured design processes to serve global clients (See Case study A). Their approach involves meticulously organized international teams for each project, overseen by an executive director ensuring consistent and high-quality outcomes across projects achieved through international R&I. This structured international R&I process allows them to handle numerous projects annually while maintaining quality, uniformity, and consistency across international countries. By effectively appropriating the benefits derived from creative R&I processes, the KIBS' internationalisation strategy entails exporting these processes while maintaining centralized operations to ensure uniformity and quality (Abecassis-Moedas et al., 2012).

»» **Competing in international prestigious innovation awards**

Another unique characteristic of KIBS is that a significant amount of knowledge is held by individual experts (Starbuck, 1992), who create bespoke innovations tailored to specific clients (Løwendahl, 2005), typically through face-to-face interactions during service delivery, making it context-specific (Blackler, 1995). A key activity facilitating such in-person international R&I is thus the credibility developed in international markets. Therefore, competing in prestigious international awards is key for KIBS firms that rely on the reputed names of individuals such as designers. For example, the Massaud agency, founded by Jean-Marie Massaud, thrives on his individual ingenuity and renown as a globally acknowledged designer. His notable projects include furniture for Cappellini and Cassina, products for Lanvin and Yamaha Offshore, and architectural projects such as the Volcano Chivas Stadium in Guadalajara and the Life Reef

condominium towers (Abecassis-Moedas et al., 2012). Participation in and winning prestigious awards, such as the Red Dot Design Award, enhances the reputation of individual designers and the firms they represent by showcasing their excellence and innovation in design, which is essential to collaboratively engaging in KIBS R&I.

2.4.2 The nature of reputation generated

»» **Enhanced credibility of KIBS in delivering customised and culturally embedded innovative solutions**

The reputation of KIBS for delivering customized and culturally embedded innovative solutions is significantly enhanced by their ability to navigate and integrate local cultural, regulatory, and organizational nuances into their services, achieved through international R&I. This is crucial, particularly in contexts where deep social and institutional proximity is required to build trust and effective communication with clients (Toivonen, 2004; Miles, 2005; Corrocher, Cusmano & Morrison, 2009). KIBS are renowned for their ability to balance global reach with local relevance and excel in interpreting socio-cultural trends and customizing their offerings to meet specific regional needs, especially in settings such as KIBS legal services, accounting, bookkeeping and tax consultancy services, management consultancy services such as KPMG and PwC, and architectural, design and engineering (Verganti, 2006). By doing so, KIBS build a strong reputation for delivering solutions that are not only innovative but also deeply embedded in the cultural context of the regions they serve (Abecassis-Moedas et al., 2012).

»» **Enhanced reputation of individuals critical to KIBS' success**

The reputation built by individual experts through international R&I and associated activities plays a pivotal role in the success of KIBS as a significant amount of knowledge within KIBS is possessed by these individual experts, who develop customized problem-solving techniques tailored to specific clients' needs (Abecassis-Moedas et al., 2012). Such accolades showcase their excellence and innovation on an international stage, which is crucial for KIBS as it helps in generating a global reputation.

2.4.3 Impacts of generated reputation

Table 2.4: Impacts of reputation generated through international collaboration for KIBS innovation

Types of Impact	Specific Impacts
1. Financial Impact - Increased Financial returns	Improved business profit through the internationalisation of KIBS and service innovation
2. Relational Impact - Improved useful and strategic networks and relationships	Improved relationships with service business-to-business clients Expanded useful international networks
3. Research and Innovation Impacts - Increased research and innovation output	Increased launching of new services in new markets Increased opportunities for collaboration in larger, international, profitable, and strategically relevant projects

Case Study: Three different models of international collaborations for KIBS

Innovation: generating reputational impacts

Design consultancies, a type of KIBS firms, use diverse strategies to build and maintain their international reputation. The following three case studies discuss how two UK design consultancies JKR and Webb de Vlam, and a French design agency, Massaud generated reputational impacts through different models of KIBS international R&I.

» Case 1: International R&I teams managed through the UK headquarters:

JKR, founded in 1990, is a leading UK design company specializing in consumer goods packaging. The firm employs a structured, formalized design process, managed by meticulously organized international and national teams and overseen by an executive creative director. Despite its global project scope, JKR operates solely from its UK headquarters to maintain process uniformity and high-quality outcomes, especially relevant to design-type KIBS innovation. JKR collaborates with a diverse range of international partners, including global consumer goods companies, leading academic institutions, and innovative technology firms. JKR has partnered with companies including Unilever, AB InBev and Kraft Heinz, through to disruptors like Hippeas, Ugly Drinks and The Gut Stuff to create work recognized by the industry's top events, award shows and publications. These partnerships enable JKR to stay at the forefront of design trends. For instance, JKR has worked with multinational corporations like Unilever and Mars, leveraging their extensive market reach and consumer insights to create impactful packaging designs. International R&I activities help JKR advance its designs by integrating the latest innovations and consumer preferences into its design processes.

» The nature of reputational impacts generated:

These international collaborations and R&I activities significantly enhance JKR's reputation. Their ability to deliver high-quality, innovative designs consistently from a centralized location demonstrates their efficiency and expertise. JKR's consistent and high-quality output from centralized operations builds trust and enhances relationships with B2B clients. Especially this is because the KIBS offerings are central around specific knowledge-based capabilities, which are often difficult to replicate. This reputation for excellence attracts larger, international collaborations, as companies seek out JKR's proven track record and creative prowess. Furthermore, the ability to export its creative processes through international R&I allows JKR to introduce new services in various markets, expanding its global footprint and reinforcing its status as a leader in the design industries.

Sources: [interview with Andy Knowles and Ian Ritchie from international brand agency Jones Knowles Ritchie \(JKR\)](#); [Jones Knowles Ritchie | Creative Lives in Progress](#); Abecassis-Moedas et al. (2012)

» Case 2: International R&I offices:

Webb de Vlam, founded in 1992 [and later acquired by sgsc in 2016], is a UK-based strategic brand design firm that has expanded its operations by establishing offices in the US and Australia. This international expansion strategy aims to enhance client relationships through frequent interactions and local market research. Establishing foreign offices has enabled Webb de Vlam to build close client relationships, foster collaborative innovation, and better understand local market needs, thereby fostering trust and long-term partnerships, essential for KIBS innovation. Unlike JKR, whose expertise lies in centralized design capabilities, Webb de Vlam's excellent relies more on its ability to offer customized brand building to different localities.

Webb de Vlam collaborates with a diverse range of international partners, including global consumer goods companies, leading academic institutions, and innovative technology firms. For instance, they have worked with multinational corporations such as Procter & Gamble, Kraft, and 3M, leveraging these partnerships to gain insights into global market trends and consumer preferences. These collaborations allow Webb de Vlam to integrate advanced technologies and innovative design solutions into their projects, ensuring that their products meet the highest standards of quality and innovation.

Case Study: Three different models of international collaborations for KIBS

Innovation: generating reputational impacts (Cont...)

»» *The nature of reputational impacts generated:*

These international collaborations and R&I activities significantly enhance Webb de Vlam's reputation. Their ability to deliver high-quality, innovative designs consistently from multiple locations demonstrates their efficiency and expertise. The local offices facilitate better market penetration and customer intimacy, which are crucial for building credibility, trust, and reputation. This enhanced reputation translates into increased business profitability, as clients are more likely to engage with a firm known for its innovative solutions and reliable service. This reputation for excellence attracts larger, international collaborations, as companies seek out Webb de Vlam's proven track record and creative prowess. Furthermore, the ability to export their creative processes through international R&I offices allows Webb de Vlam to introduce new services in various markets, expanding their global footprint and reinforcing their status as a leader in the design industry.

Sources: [Ronald de Vlam - Industrial Designers Society of America](#); [Sgsco acquires global innovation and design agency Webb deVlam - WhatTheyThink](#); Abecassis-Moedas et al. (2012)

»» *Case 3: International R&I relying on the personal reputation of the founder:*

The Massaud agency, founded by Jean-Marie Massaud in 1996 in France, operates across various design fields, including furniture, industrial products, equipment, and architecture. The agency collaborates with high-profile brands such as B&B Italia, Axor Hansgrohe, Lancôme, and Renault. The agency's reliance on the personal reputation and creativity of Jean-Marie Massaud strengthens direct client relationships. This personal approach fosters trust and long-term partnerships with high-profile clients.

Massaud collaborates with a diverse range of international partners, including luxury brands, automotive companies, and leading manufacturers. For instance, their partnership with [B&B Italia](#) involves creating innovative and stylish furniture designs that blend functionality with aesthetic appeal. As presented in the B&B Italia website, the international collaboration attributes to the world-leading individual designers, including Jean-Marie Massaud. Collaborations with Axor Hansgrohe focus on developing cutting-edge bathroom fixtures that combine advanced technology with elegant design. The website of the [Axor](#) attributes the individual designer, Jean-Marie Massaud when marketing the AXOR Massaud new design product range.

»» *The nature of reputational impacts generated:*

These international collaborations and R&I activities significantly enhance Massaud's reputation. Here the reputation is often built through the individual, Jean-Marie Massaud. While his reputation enables him to engage in these international collaborative R&I, through the output of such projects, he further develops his reputation, which is crucial for building credibility, trust, and reputation of the company. The high profile of Massaud's projects attracts international clients seeking innovative and unique design solutions, leading to profitable and strategically relevant collaborations. The Massaud agency's strategy of leveraging the founder's individual reputation and creativity, combined with strategic international partnerships and R&I activities, has led to significant reputational building and associated business impacts.

Source : Abecassis-Moedas et al. (2012).



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