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Key words: Re-internationalisation, international entrepreneurship, international heritage, relationships, networks, learning, sporadic exporters

Catherine L. Welch
Senior Lecturer, School of Business, University of Sydney

Professor Lawrence S. Welch (corresponding author)
Melbourne Business School
University of Melbourne, Australia
Tel: + 61 3 9349 8454
Fax: + 61 3 9349 8414
Email: l.welch@mbs.edu

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1. Introduction

Internationalisation has grown as a distinct area in international business since about four decades ago – latterly, often associated with what has been described as the internationalisation process school and the emerging field of international entrepreneurship (Bell, McNaughton, Young & Crick, 2003; Jones & Coviello, 2005; Westhead, Wright & Ucbasaran, 2001). The emphasis on both sides has been on the patterns, characteristics and determinants of the international expansion of business firms and other organizations, although there has been a greater concentration on international new ventures and fast internationalisers within international entrepreneurship studies. The overwhelming focus of research has been on internationalisation as an outward process from countries. In contrast, there has been only limited research on inward processes and on de-internationalisation activity (partial or full). In the latter case, this is despite widespread research showing a high drop out rate from international activity, particularly by those companies in the early stages of internationalisation and among small firms (Bonaccorsi, 1992). Recent evidence indicates that international new ventures (or so-called born globals) may have a higher failure rate than companies pursuing more conservative international development paths (Mudambi & Zahra, 2007). Even less is known about the process surrounding the re-engagement in international operations by firms which have previously exited – what has been termed re-internationalisation (Luostarinen, 1979; Luostarinen & Welch, 1990). From a government and policy perspective, there has been an inevitable orientation towards, and support of, outward international business activity and associated research into the attendant processes, rather than on inward and de-internationalisation processes, and whether there are any links to re-internationalisation activity (Benito & Welch, 1997; Freeman, 2007; Korhonen, Luostarinen & Welch, 1996).

Given the extent of de-internationalisation shown in various studies, and of some firms displaying serial international exit and re-entry behaviour, it cannot be discounted that there are many in the category of former international operators within general studies of “newly internationalising” companies (Bonaccorsi, 1992). Unless researchers have sought out this sub-category in their questionnaires, there is no way of knowing whether, and how many, re-internationalisers were involved, and whether they behaved differently from other companies. In some studies, re-internationalisers have been recognised as part of the sample of exporting or non-exporting firms examined, but they were not treated as a specific category for research purposes (Burton & Schlegelmilch, 1987). Nevertheless, they appear to be an important and interesting group in their own right, deserving of research attention. In a study of discontinued exporters among small and medium-sized enterprises (SMEs) in the UK clothing and electronics sectors, Crick (2002) found a distinct, significant group that were planning to return to export operations – as compared to another group with no intention of restarting exporting. Similarly, in general entrepreneurship research there has been growing study of serial or habitual entrepreneurs who move in and out of business undertakings, revealing the extent of this broad phenomenon, and raising questions about the likelihood of a similar pattern with regard to international endeavours (Westhead, Ucbasaran & Wright, 2005; Wright, Robbie & Ennew, 1997). In Dutch research, so-called ‘renascent entrepreneurs’, entrepreneurs that have restarted operations subsequent to termination, were found to be a ‘pervasive phenomenon’ (Stam, Audretsch & Meijaard, 2006).

Because of the paucity of research on re-internationalisation, and indications that it is not an uncommon occurrence, it would seem to be appropriate to consider the nature of the process and whether differences might be expected in the way companies deal with internationalisation as a result of their former experience. In this article we therefore explore the nature of re-internationalisation and seek to develop a conceptualisation of the process from initial international involvement, to exit, through a period without international sales, to eventual re-entry. We conclude that re-internationalisation is a multi-faceted process, with a high degree of diversity in the way companies withdraw from international activity and approach re-entry, and draw upon their previous international experience. We argue that re-internationalisers should be treated as a distinct group in research on internationalisation. While recognising the important role of

individual entrepreneurs in exiting international operations and subsequently re-starting international activity as part of new company formations (A and B in Figure 1), we have not included this path in our analysis, instead focusing on re-internationalisation by companies, as in path C to re-internationalisation in Figure 1.

Figure 1 : Re-internationalisation – entrepreneur or company?



2. Defining re-internationalisation

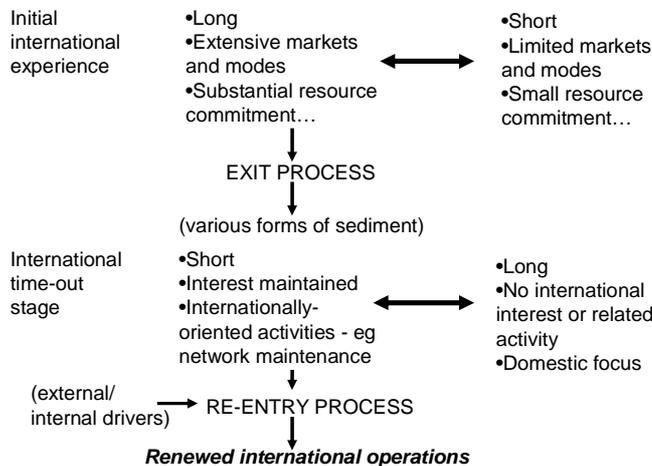
Re-internationalisation can be defined as complete withdrawal from international operations by a company – both inward and outward sides – before subsequent international re-entry. However, applying this definition in practice poses a number of problems, such as: what constitutes international operations and what constitutes withdrawal? Likewise, the time out period from international operations is not a given: how long should the time-out period be before new international operations can be deemed a re-start? Some firms engage in sporadic exports for extended periods, filling international orders as they come in but there may be considerable periods of time between each order. Such cases would not be regarded as firms that have exited given that they are fully prepared to respond to the international orders as and when they arise. In this sense, a more appropriate yardstick of international exit might be that of psychological disengagement or a change in strategy that includes international withdrawal, along with a lack of international sales. Nevertheless, there are examples of firms that undertake wholesale strategic withdrawal from international operations to concentrate on the domestic market, but maintain very limited forms of international activity, representing such a miniscule share of company activity that they could be deemed to have effectively exited (Boreham, 2000; Merrett, 2002). A further issue is inward international activity. A company might cease international sales but its domestic business activity could well include imports, thereby maintaining international involvement. It has been shown that such inward-oriented international activity, with maintained foreign networks, visits and the like, could form a springboard to renewed international sales (Freeman, 2007). However, it might entail only contact with a local importer and be effectively devoid of international involvement beyond that. Thus, there are likely to be many cases in practice that fall just outside the strict terms of the starting definition, but nevertheless provide insights into the re-internationalisation process, and with the lack of empirical research on this topic we will call upon such examples where appropriate.

3. Re-internationalisers and the process of re-internationalisation

Limited research indicates that companies which have withdrawn from international involvement constitute a large group, and within this group, a significant number have intentions of re-starting international sales, some even continuing various forms of foreign marketing – for example, promotion activities and foreign network maintenance (Freeman 2007). In Crick's (2002) research on UK SMEs in two industries, focusing on those with recent export experience (a difficult group to locate), those with plans to re-start

exporting activity constituted 61.8% of the total. An earlier study of a small group of Australian non-exporters found those planning to re-internationalise made up 43% of the total (Welch & Wiedersheim-Paul, 1980). Whether, how and how many firms move from intention to implementation of a re-internationalisation interest are difficult questions to answer from existing empirical research. However, the act of re-internationalisation can be conceptualised as part of a long term process involving a period of international business activity, preceding exit from international operations, followed by a time-out period of some duration and concluding with a process of international re-entry. The main elements of this process are conceptualised in Figure 2.

Figure 2: Re-internationalisation process



Re-internationalising firms are distinguished from new international entrants because of their previous experience – whether positive or negative. If the reasoning underlying so-called internationalisation theory is valid – focusing on elements such as knowledge, experience, networks and risk and uncertainty – then re-internationalisers would have been potentially altered in a variety of ways on these different dimensions, affecting their approach to international activity, making them different from those without such experience (Benito & Welch 1994; Johanson & Vahlne, 1990). In whatever form, sediment remains from the preceding international experience, creating a platform that may well generate a different international expansion trajectory from that for novice internationalisers. Such a conclusion is supported by research regarding re-starting entrepreneurs. For example, Dutch reascent entrepreneurs were found to have higher levels of human and social capital than those entrepreneurs who exited but did not restart operations in some form, with positive effects on restart probability. Also, research indicates that previous entrepreneurial experience tends to have a positive effect on the likelihood of a new start by an entrepreneur (Stam, Audretsch & Meijaard, 2006). Entrepreneurship scholars have shown a variety of assets and liabilities that prior business ownership experience delivers with consequent effects on subsequent entrepreneurial endeavours. Some of the assets noted are similar to those referred to in internationalisation process research, such as the positive effect of acquired skills and networks. However, the potential liability of repeating failed actions and staying in networks that were previously ineffective is also stressed (Westhead, Ucbasaran & Wright, 2005).

The embryonic research on inward-outward connections and internationalisation provides an indication of the types of benefit which can flow from one form of preceding international activity to another, some of which might be relevant for re-internationalisation situations (Karlsen, Silseth, Benito & Welch, 2003). In a study of the development of a Norwegian company's (Moelven Industrier) operations in Russia, from inward to outward involvement, it was concluded that 'the networks that grew out of the initial importing activities allowed the company to learn about the market and new prospects, who was important and how to operate, in the face of high perceived risk and uncertainty' (Karlsen, Silseth, Benito & Welch, 2003, p. 394). The inter-person linkages were found to play a critical role in delivering on-the-ground market knowledge. Other research shows that foreign suppliers can be a useful source of contacts with potential foreign customers (Martin, 1991). Even with the cessation of international operations, a range of networks established through the initial international activity may be retained for some time, in a more general context referred to as relationship sediments, often strongly developed at the personal level (Havila & Wilkinson, 2002). Agndal

and Axelsson (2002) argue that these sediments are differentiated by origin, availability, structure (broad, shallow, deep) and reach or context (geographic, professional, industrial). Much depends on who within the company is central to the retained networks. Other research demonstrates that there are differences in the extent to which individuals are prepared to use personal networks developed in the course of operations on behalf of the company (Marschan, Welch & Welch, 1996). As a result, there is likely to be considerable variation in the value of the network sediments laid down for future re-internationalisation actions. For some firms, strong, relevant and surviving networks, along with the retention of key staff who are linkage points in these networks, may ensure that eventual re-entry is a relatively straightforward process.

Even failed outcomes in foreign markets can produce positive learning benefits: learning-by-doing can also include learning-by-making mistakes, such as learning about inappropriate foreign market approaches and, in the process, how things might be done differently. As Luostarinen and Welch (1990, 250) note, 'as a result of the learning process which flows from the first internationalization, then de-internationalization, the company may decide to proceed along the internationalization path again...avoiding the crucial mistakes of earlier efforts'. For example, the Norwegian company SEEM Audio tried unsuccessfully to enter the Italian market for two years and then withdrew from the attempt. However, the company retained a positive perspective about the market, and planned to re-enter: 'it is a good market, now we know, at least, what not to do, so hopefully next time around we will do better' (Maehlum 1996, p. 59). A similar comment emerged in a study of discontinued UK exporters: 'I learnt the hard way and you can be sure I won't be making the same mistake again...I'll be more careful to check out who I'm dealing with next time' (Crick 2004, p. 573). This is in line with emerging research pointing to way that many entrepreneurs are able to learn from ostensible failure in a positive way, supporting a return to entrepreneurial activity in the future (Schutjens & Stam 2006).

McGrath (1999, p. 28) has argued that 'one reason why failure offers benefits is because it is often easier to pinpoint why a failure has occurred than to explain a success'. For example, the Hong Kong retailer, Lane Crawford, withdrew from its operations in China at the beginning of 2007 after seven years of involvement. It had originally entered via the establishment of franchised luxury department stores in three Chinese cities – Shanghai, Hangzhou and Harbin. This exit was to be quickly followed by re-entry in October, 2007 – in Beijing. In contrast to its first venture, Lane Crawford will own and operate the new luxury department store – 'giving the company greater control over staffing, brand management and expansions than previously' (Kwong 2007, 35). Lane Crawford's owner emphasised the importance of being able to directly manage sales staff and training, a lesson learned from its preceding experience of operations in China, resulting in a determination to change the mode of operation and ensure greater controllability.

However, the connection between former international experience, its outcomes, and types of learning, and the link between organizational memory and individual perceptions, are not straightforward, so that it is difficult to anticipate a priori what specific lessons will be taken out of former international activity. Organizational learning theorists warn about the seemingly aberrant learning outcomes from experience that can develop within companies. For example, Levinthal and March (1993, 110) point to the possibility of failure myopia, whereby 'organizational learning oversamples successes and undersamples failures. Any learning process tends to eliminate failures, and this tendency is accentuated by the way learning produces confidence and confidence produces favourable anticipations and interpretations of outcomes'. Cognitive biases that generate overconfidence have been noted in the entrepreneurship literature, affecting how managers behave and respond to events and new information, leading to selective, limited focus in the learning process. This tendency appears to be stronger for owner-managers (Forbes, 2005). Thus, the realities of the foreign problems encountered by a company may be overlooked and an overdue confidence in the ability to use the lessons learned in renewed international involvement. This may in part explain the seemingly high proportion of discontinued exporters that are interested in re-starting international activity.

Similarly, Levitt and March (1988) use the concept of 'superstitious learning' to refer to the misunderstandings that arise as outcomes from organizational action unfold, and as the link between actions and outcomes become distorted for decision-makers. They point out that learning can be a difficult process in the face of confusing experience. Individuals or specific, unusual events may be readily blamed for the original withdrawal outcome. In a general sense, therefore, it is difficult to predict the exact nature of the learning content derived from international experience, and the character of the re-internationalisation platform accessible by an organization, even though it would appear logical to presume that a range of useful benefits, in spite of withdrawal, should have been established. Entrepreneurship researchers have similarly stressed the potential learning liabilities that may be derived from preceding entrepreneurial endeavours when undertaking new ventures (Westhead, Ucbasaran & Wright, 2005). Besides, the learning effects of prior international activity primarily reside with the individuals involved in the earlier venture, so that they could be quite dispersed. A key consideration is whether these people have been retained by the company in the interim. In a general sense, whatever the learning outcomes from the original international activity,

organizational amnesia may mean that much is lost or relatively inaccessible when required for international re-entry (Pollitt, 2000).

Thus, the conclusions drawn and attitudes developed from international experience may not be positive or useful, and in fact there may be considerable variation among exiting firms. Empirical research indicates that, for many entrepreneurs, the international experience is viewed in such a negative light that the prospect of re-entry is firmly dismissed (Cannon, 1979; Crick, 2002). They can point to a range of problems – physical delivery, disagreements with intermediaries, foreign competition, and the like – that led to poor export sales and made the venture a costly, unprofitable exercise, deemed to be not worth the trouble (Cannon, 1979).

While re-internationalisers have a common experience of previous international exit, there is bound to be a wide range in the forms of their preceding international involvement, which might have included multiple exits and re-entries. For example, Bonaccorsi (1992) reported multiple, serial, export entry and exit behaviour among Italian small firms. Previous involvement may have ranged from long and extensive international activity, as measured by foreign markets entered and operation modes employed, to short and limited foreign intrusion – such as when early exporters quickly drop out after minimal foreign sales (Welch & Wiedersheim-Paul, 1980). For those firms with limited international involvement before exit, experience may be very limited, with little accumulation of the type of assets that might serve ultimate re-entry. Depth of the experience has been shown to be important in developing an international orientation in managers – requiring more involving actions, such as actual direct participation in foreign market activities, particularly through means such as expatriate assignments (Roth, 1995).

In general, these examples demonstrate how different forms of preceding international activity can provide a useful platform, in various ways, for subsequent outward international expansion, even with an intervening period of non-involvement, but that the type of international experience matters. As a result, there are good reasons to expect that re-internationalisers are anything but a consistent group. Rather, diversity could be expected because of the divergent experiences of companies during international activity, apart from differences in the exit process, to which we now turn.

4. Exit Process

It is not just the assets developed and lessons learned while the international activity is underway that may be important for ultimate re-entry: the type of experience involved in the withdrawal process itself also can influence how the experience is judged and the likelihood of re-entry. A company's decision to withdraw from international operations may occur after a slow decline in international sales, but could as well be forced by a virtual overnight loss of foreign markets – for example, due to a sudden loss of price competitiveness, or market disruption perhaps as a result of foreign government action, that is, being externally imposed. Exchange rates, specifically the relatively high value of the British pound, was stressed in a study of SMEs in the UK clothing sector as an important precipitating factor in international exit by those firms which maintained an interest in returning to international operations (Crick, 2004). Among exited firms that were disinterested in a return to exporting, there was an acknowledgement that inadequate preparation for exporting in the first place (eg in regard to effective foreign representation) had influenced the decision to discontinue.

In a study of partial export withdrawal, Pauwels and Matthyssens (1999) found a multi-staged exit process, with various and changing influences and responses, and different perceptions within the case companies post-withdrawal about what had been learned and the implications for international strategy. In this study, though, export withdrawal was not total, and it is clear that in many cases of forced, complete exit, driven by critical incidents, the experiences are sufficiently negative to cause an initial reaction of something like “never again”, limiting the learning climate and likelihood of re-entry in even the medium term (Crick, 2002; 2004). Decision-making regarding withdrawal, at various stages, may include reaffirmation of international commitment by some in the company, leading to withdrawal resistance, and personal disagreement over the appropriateness and form of the exit path (Benito & Welch, 1997; Pauwels & Matthyssens, 1999). The attitude toward international operations may emerge significantly altered by the various personal interactions and information flows within a company during the process leading to a final exit decision. Where there is an export department or other formal organizational commitment to international operations the exit decision becomes more difficult to handle.

Of course, for small firms, often driven by a key decision-maker and without a formal export organization in the early stages of internationalisation, the exit process may be relatively simple, with the decision made and implemented quickly (Rao & Naidu, 1992). In some cases final exit may be particularly traumatic, perhaps because of financial problems associated with the failure of international involvement and leading to the demise of the companies concerned. For others, in contrast, the success of international

operations could make them the target of takeover (Steen & Welch, 2006). Either way, re-internationalisation for the individuals concerned is feasible, and may be seriously contemplated at the point of exit, but requires the creation of a new business vehicle to put this into effect. It is not unusual for entrepreneurs to move from company closure or sale to the establishment of a new company, and then, based on the experiences and capabilities associated with previous international involvement, to move quickly to re-start international operations. In a study of Dutch entrepreneurs directly after exit from their business it was found that 64% had the intention of restarting operations in some form – almost double the entrepreneurial intentions of the general population (Stam, Audretsch & Meijaard, 2006).

International exit inevitably involves the disruption of various relationships that were formerly an important foundation of a company's international activity. Industrial marketing researchers have been researching the end of buyer-seller relationships, including situations where one side ceases to trade. The concept of "beautiful exit" has been developed, in which the cessation of a business relationship "avoids, as much as possible, hurting the disengager, the other party and the connected network" (Alajoutsijärvi, Möller & Tähtinen, 2000, 1282). Of course, what might be called 'ugly exit' is also feasible, wherein relationships are so ruptured that there is limited residue to be re-ignited when international re-entry is sought.

5. International Time-out

Companies and/or individuals who eventually re-internationalise following exit, by definition spend a period of time without international operations - that is, when there are no international sales. As in the preceding stages analysed, there is evidence of considerable variation among companies in what this stage involves with regard to extent of withdrawal from international commitment. As noted already, many companies will be at one end of an international orientation spectrum characterised by: no interest, no commitment, and no internationally relevant action – for example, foreign market information is no longer collected, and no information is transmitted to foreign market prospects. At the other extreme are those companies that remain highly committed to international involvement, and pursue a range of activities to achieve this aim. An example of the type of international activity that might be maintained is the way relationships often continue to be nurtured by project companies well after the completion of individual projects in some foreign markets, and the cessation of operations – so-called sleeping relationships (Hadjikani, 1996; Skaates, Tikkanen & Lindblom, 2002). Within this group would be some that have been identified in the exporting research as sporadic exporters, although not all, given that many sporadic exporters have a low commitment to export activity, and there is a question about whether this group of firms could be considered to have exited from exporting, even though there are periods when exports are quiescent (Katsikeas, 1996; Rao & Naidu, 1992; Samiee & Walters, 1991).

Between these extremes is a wide range in the extent of commitment to, and action undertaken to return to international operations, and there is likely to be considerable movement over time. The longer the period out of international operations, the greater the likelihood that there will be dissipation of various aspects of any international assets and capabilities which had been developed previously – such as internationally specific knowledge and systems, and foreign market networks. There is also a question of staff retention in the aftermath of the international exit process: some of the capabilities inevitably will be tied to particular staff, and will be lost if they leave the company. For owner-managers of companies that have ceased trading altogether, both domestically and internationally, the first step is to develop a new company that will allow trading in any form – perhaps with a different concept for which much of the previous international experience may not be applicable.

6. Re-entry

In general, the longer that firms stay out of the international arena, even with a starting position of a strong commitment to re-entry, the greater the likelihood that they will move along the spectrum towards greater disengagement. Thus, re-internationalisation would appear to be more likely by those firms that have a strong commitment to re-enter the international domain, are actively pursuing it, have not been unduly traumatised by the exit process, and have retained key networks, staff and other assets developed during international operations. In contrast, for those companies that have had what they regard as a failed international experience, including unhelpful foreign network contacts, and have no intention of re-starting, nor undertake any internationally-oriented action, it is likely to require major changes within the company or in the external environment, or probably both, to induce a new move to re-start international activity – including aspects such as fortuitous foreign orders, a downturn in the domestic market, and/or a change in management that leads to a new international strategic orientation for the company. In this respect, time may

be a positive, allowing staff turnover, internal restructuring and the recovery or replacement of damaged networks. Forgetting may be helpful to change. Confirming the role of management change, in a study of small business internationalisers, Bell, McNaughton, Young and Crick (2003) found a group of long established firms that suddenly began international operations, the main driving force for which was a change in management and/or ownership.

Whatever the precise form and strength of the stimuli that encourage an interest in re-starting international operations, how the re-entry process unfolds, the experiences encountered, as well as the strength of managerial commitment to achieve re-entry success, will determine whether the process is successful or not - in a similar manner to the initial international entry process (Madsen & Servais, 1997; Wiedersheim-Paul, Olson & Welch, 1978). Nevertheless, as noted already, there should be differences from the initial entry process to the extent that, for many of the companies, re-internationalisation should be accomplished more readily and rapidly. This is supported by long-standing research on the international start that prior international experience by managers is a contributory factor in the decision to start, and form of, international operations (Bell, McNaughton, Young & Crick, 2003). Depending on the nature of previous international activity and assets retained, there should be knowledge about some markets that can be immediately applied, and there may be people, both domestically and in foreign markets who can be approached to assist in the renewed venture. Time, cost and effort do not have to be expended in finding them. Recognition of the potential usefulness of such retained assets may even generate a higher level of confidence about re-entry compared to how initial international entry was approached. In a study of discontinued UK exporters, in contrast to disinterested firms, those retaining an interest in returning to export operations indicated that 'they were knowledgeable about the mechanics of exporting and wanted specific help on specific market-related assistance' (Crick, 2004, p. 562). There seemed to be a clear difference in the foundation for re-starting exporting between the two groups, in knowledge, skills and attitude.

Likewise, once re-entry has been achieved, and re-internationalisation is underway, the international growth trajectory of such re-internationalisers should be different in various ways – resulting in a more rapidly expansive path than initial international entry because it is taking off from a more substantial platform. For example cultural knowledge and the knowledge of how business operates in countries where activities were undertaken previously should allow a broader and more intensive approach to early re-internationalisation. Just how long this effect remains operative and influential is an open question, but could be expected to diminish over time as new foreign situations and new issues are encountered, requiring new learning and adaptive skills within re-internationalising companies. However, much depends on the nature of the previous international experience and its outcomes, and how these are perceived. The case of the Australian bank, ANZ, illustrates how problems encountered in the first major international foray can so colour re-entry moves that greater caution is emphasised, in spite of a substantial international platform having been established over an extended period.

One of Australia's "big four" banks, the ANZ, in 2000 sold the bulk of its widespread businesses in the Middle East and Asia to the UK-based Standard and Chartered Bank. These foreign assets had been acquired as part of its acquisition in 1984 of the British bank Grindlays (Boreham, 2000). At the time of the Grindlays acquisition, the ANZ had a limited range of international operations, with the overwhelming bulk of its activities located in Australia and New Zealand, and overnight acquired an extensive, widespread set of international operations. These proved difficult to absorb and manage effectively. In a review of the international activities of the large Australian banks, Merrett (2002, p. 393) observed that the ANZ had experienced 'a long struggle to digest its acquisition of Grindlays, a bank whose businesses ranged across 40 countries, few of which were English speaking'. The withdrawal, although not full de-internationalisation, did involve the predominant part of its international operations (the investment in Indonesia was retained), and was part of a re-orientation of strategy back toward growth in the Australian and New Zealand markets.

Already in 2003, though, it had turned back to international growth possibilities, articulating an Asian growth strategy and pursuing entry in a number of Asian countries, including Thailand, the Philippines and China. Investments were undertaken in the Philippines and China in 2003, although they were markedly different in character from previous operations, apart from a minority joint venture established in Indonesia in the 1990s. In all cases, the ANZ entered into joint ventures, and has continued with that policy in subsequent moves into Cambodia and Vietnam. For example, the investments in China, albeit restricted by government policy, involved minority stakes of 10% in the Shanghai Country Commercial Bank, and 19.9% in the Tianjin City Commercial Bank (Jiminez 2006). The CEO of the ANZ explained the bank's approach to its investments in China and Asia in the following terms: 'the key is not to bet the whole of the bank on this, I mean...we're talking about two-and-a-half per cent of our equity based in Asia today. At max over the next few years we're talking about ten per cent...that is not taking a big risk' (McCombie, 2003, p. 2). Clearly, re-entry has been characterised by a more cautious, incremental approach, later referred to as 'exploratory

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investments’, than applied to its original takeover of Grindlays (Jiminez 2006). Indeed, it walked away from negotiations regarding a substantial investment in the Thai Military Bank in 2003, because of what was considered unacceptable risk (Boreham, 2003). The same CEO presided over the ANZ bank’s de-internationalisation and re-internationalisation moves. It was inevitable perhaps that having argued for and participated in a major exit strategy that it would be difficult for him to re-start international expansion in a major way. He was more detached from the original international commitments, though, having been appointed as CEO of the ANZ bank in 1997, long after the Grindlays acquisition.

7. Re-internationalisation Platform

Figure 3 presents an overview of key elements of what might be referred to as the re-internationalisation platform on which the approach to international re-entry is based. As depicted, the platform combines disparate elements of a company’s international heritage, as an outcome of preceding international involvement, with subsequent changes that occur during the “time out” period. These changes may include some heritage dissipation over time through inaction rather than because of any specific intention. New influences may arise that provoke a renewed interest in and action toward international operations, as a result of fortuitous developments or intended strategic change, leading to refreshment of, or additions to, the former international heritage – thereby enhancing the foundation for international activity.

Figure 3: Re-internationalisation platform



8. Conclusion

The examination of re-internationalisation has identified a process that is complex, with multiple stages from former involvement to ultimate re-entry, which may extend over a considerable period of time, and is subject to a range of influences that bring together the potentially powerful, even dominant, effects of previous international activity with current influences, both internal and external to the firm. The sediment left over from previous international experience, including knowledge, networks and attitudes, creates a foundation that could allow a company to move more rapidly in its renewed international endeavours, and may explain part of the accelerated internationalisation revealed in various empirical studies (Austrade, 2002). Some companies even maintain international promotion activities in anticipation of ultimate re-entry (Freeman, 2007). In contrast, though, many companies exit the international stage in such a negative way that there is strong disinterest in any resumption of international involvement, and they represent a difficult group to motivate through government internationalisation assistance schemes (Crick, 2002). Much of the viability of an enhanced platform for re-internationalisation depends on what happens to key staff after final international exit as they represent the repository of the bulk of a company’s retained international operations knowledge and capabilities, and are typically key links to international networks. De-internationalisation

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exercises often are a trigger for the shedding of staff, so that much of the international capability base may be lost and inaccessible when re-entry is contemplated (Benito & Welch, 1997). Even within organizations, staff movement has been recognised as an important cause of institutional amnesia (Pollitt, 2000). By the same token, staff shedding may have a positive benefit for future re-entry, despite the loss of knowledge and skills, in that those with strong negative attitudes toward international involvement or a cause of foreign relationship problems may disappear, ultimately paving the way for new, more appropriately internationally-oriented staff to be appointed.

While we argue that re-internationalisation is an issue deserving of stronger research attention, re-internationalisers represent a difficult group to identify in empirical studies, and to clearly classify. For example, it is not always clear when a company has fully withdrawn from international involvement, as compared to sporadic exporters. It could be argued that use of the Internet in international sales may make it easier and cheaper for firms to engage in serial international exit and re-entry behaviour. Also, there are many companies that experience wholesale, even strategic withdrawal from international operations, for example in exiting from the bulk of their foreign markets, as in the case of the ANZ, but not totally out of international involvement, and subsequently re-enter some of these markets. Should they be treated as partial re-internationalisers and included in empirical investigations of re-internationalisation?

Although we have not analysed re-internationalisers in the form of previous owners/managers of companies who have exited, or sold out, but re-start operations in new company situations, they represent an important but difficult group to research. They could be important agents of international re-birth, and explain part of the increased speed to internationalisation shown in empirical studies. Individual entrepreneurs might start under a new company name, and even with a new product in some cases, but still benefit from their personal international heritage in any renewed international explorations. An illustration of the difference prior international activity might make is the early internationalisation behaviour of the Norwegian clothing retailer, Voice of Europe, which began operations in 1988. The founders of the company had previously developed another international clothing chain called Bik Bok and sold out at the height of the 1980s economic boom. They started the new company in 1988 with sales in Norway, but already in 1989 they had begun operations in Sweden and Finland, and in 1990 moved as far afield as Canada and Australia. Such rapid and widespread early internationalisation appeared to be explained by the experience with Bik Bok. The founders stressed that they had retained a 'well established, world-wide network of contacts in the industry', such as with subcontractors in East Asia (Framnes & Welch, 1992, p. 601). Important too was the high level of confidence they brought from the previous venture to the new operation, as reflected 'in the fact that no formal market investigations were undertaken prior to foreign market entry' (p. 601). Of interest was their reliance on the master franchising mode for early international expansion. They had no preceding experience with this form of international operations, but this did not appear to restrain their basic confidence or preparedness to expand rapidly, which appeared to be strongly rooted in what the founders saw as a highly successful preceding episode in international expansion.

The dearth of research on re-internationalisation applies particularly to the "time-out" period when firms which have withdrawn from international operations continue with domestic operations. Our analysis indicates that this is a critical stage in determining whether and how re-entry takes place – including the intensity of, and commitment to, the effort to re-start international operations. However, we know little about this stage because of the paucity of empirical research. For example, how long do firms stay out of the international arena before achieving re-entry? The longer that they do, presumably the less relevant initial attitudes based on the international experience and withdrawal become, whether positive or negative, in deciding the approach to re-entry, and the more likely that other, new, internal and external re-entry influences will come into play. In some cases a dramatic change in the interest in and action towards international involvement derives from a change in owner and/or manager, or a downturn in domestic business which had formerly been the mainstay of operations, and a refuge that could be readily withdrawn to as international problems emerged. Research confirms just how important the international background of top management can be in driving the approach to international operations – in large firms as well as SMEs (Athanasios & Nigh, 2002; Bloodgood, Sapienza & Almeida, 1997). The effect of previous international activity and experience on the approach to re-internationalisation might become almost irrelevant because of management change during the 'time-out' stage. Clearly, from a research perspective, there is a need to explore the full range of the re-internationalisation process, to attempt to establish what type of international heritage remains from previous involvement and how much difference this makes for re-internationalisation, compared to new internationalisers without any preceding international experience. At the least, it is necessary to identify re-

internationalisers, whether individual or company, and trace their behaviour as they represent a distinct group with the potential to distort general studies of the nature, speed and determinants of internationalisation.

At this early stage of exploration, it would seem that empirical research on re-internationalisation via broad survey studies is less appropriate given its complexity, process aspects and opaque quality. Rather, exploratory, detailed case analyses, with a longitudinal perspective, appear to be necessary in order to develop a better understanding of the overall re-internationalisation process through time and of re-internationalisers as a distinct but variegated group.

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