Conceptual and theoretical issues raised by recent developments in international retailing

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Summary

The argument presented in this paper is that there is evidence to suggest that the roles of retailing within modern economies and societies is changing and retailing is becoming a more active agent of social change. The internationalisation of retail operations and sourcing is a feature of this new direction for retailing, particularly since the late 1980s. More recently the nature of international retailer activity show signs of changing to involve multi-continent and multi-format operation which brings into shaper focus the need for retailers to become embedded in their host society and be involved directly in social change. The processes of retailer internationalisation are themselves changing reflecting this involvement of retailers in social change. The concepts and theories that have been used to explore the development of retailing in this internationalisation context are inadequate to address the new social processes as they have developed. A broader theoretical base of social change and structuration drawing on concepts from the work of Giddens is suggested as a possible meta-theoretical approach. In this way it may become possible to establish a stronger conceptual basis to the study of international retailing and to see international retailer activity more clearly in a broader perspective of social change.

Keywords: retailing, internationalisation, structuration, structure, agency, Giddens,

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Introduction

The retail sector throughout the world has been in the vanguard of economic restructuring over the last 20 years. From a small firm base it has become a big firm sector. From a domestic sector it has become increasingly international in sourcing and operations. From using traditional technologies it has become a leader in integrating new technologies. From an essentially passive and responsive sector of the economy it has become active and directive of economic change. Retailing has become established at the forefront of economic restructuring. Less widely appreciated is the role of retailing as an agent of social change.

One of the sectoral changes over the last 20 years has been a strong increase in the internationalisation of retailing. Retailing was long considered as 'domestic' trade with the only formalised international activity of retailers being in their sourcing activities. Historically, there were isolated examples and attempts by a few firms to open stores outside their own country but these comprised a small part of total retailing which remained dominated by domestic firms. The domestic orientation resulted in retailers being firmly embedded in local society, often as a socially conservative element. Over the last 20 years, as part of the wider change in the sector there has been a change in intensity of the international activity in that there has there been a substantial increase not only in international sourcing but also in operating stores outside the home market. Internationalisation has become a widespread strategy amongst large, mid-sized and even small retailers. In W. Europe, for example, it is estimated that there are about 5200 retail firms that are operating stores internationally through well over 100,000 stores. An aspect of this increase in internationalisation is a change in the nature of the relationship between retailers and society.

International activity has quickened across the world with more intra-continental moves within Europe, Asia and the Americas and additionally the emergence of a new dimension with major inter-continental moves. There has been a substantial increase in the scale and geographic scope of strategic actions such that by 2008, 79 of the 100 largest retailers in the world operated internationally and of the 21 that limited their operations to their home

country 13 were based in USA[1]. For large retail firms internationalisation has become a favoured growth strategy with increasing numbers of mid-sized firms becoming involved alongside the large retailers. The international activities of retailers are now widespread raising new management challenges for the firms and new political and social challenges for national economies which host the international retailers. This increase in activity and the changes in strategic focus have raised new conceptual and theoretical issues for the study of international retailing, not least in the involvement of these firms in processes of social change.

The remainder of this paper comprises three substantive sections. First there is a statement of the recent changes in the internationalisation of retailing highlighting the changes in scale and scope over the last 20 years and particularly the last 10 years. These changes, it is suggested, establish the issue and generate the need to reconsider concepts and theories. Secondly, there is consideration of the strengths and limitations of previous approaches that have tried to provide an understanding of retail internationalisation. Thirdly, there is exploration of whether the approach to a theory social change espoused by Giddens might provide a way to develop theory and concept to increase our understanding of the relationship of retail internationalisation to social change. A brief conclusion reviews the argument.

Recent developments in international retailing

Substantive interest, by retailers and academics, in internationalisation as a strategy dates to the late 1980s. Undoubtedly before this period there was limited activity with some notably successful international activity by retailers. There were individual firms even in the nineteenth century who were successful in international activity. An illustrative example is the British firm, Whiteaway and Laidlaw, which opened a department store in Calcutta in 1882. At its peak in 1923 it had 50 department stores in Asian and African cities. Such individual examples are interesting in an historical context but were isolated examples rather than part of a recognised strategy of corporate expansion in the sector (Godley and Fletcher

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[1] The paper draws on a database of the activities of the 100 largest retail firms in terms of sales and estimates of global retail sales. This database has been developed from reports of the firms involved, collations of material from Retail Forward, Management Horizons, Deloitte, Planet Retail and Euromonitor, and UN and Eurostat statistical series. It is limited to the 100 largest firms each year and so the population of the database changes slightly each year. By limiting it to the largest 100 firms some firms with a very wide geographical scope, for example Amway, Arcadia, and Body Shop, are not included as they are not amongst the 100 largest firms. It is therefore not a database on the international scope of firms but of the largest retail firms in overall sales size.

2001). There are many examples, through the twentieth century, of individual retailers, sometimes with considerable retail chains, expanding internationally, but their overall impact was limited. They were exceptions to the general pattern of retail development (Hollander 1970). These cases are of firms that had relatively shallow embeddedness in the foreign host society and had little impact on general processes of social change.

The precursors to the substantial international moves that occurred from the late 1980s, with which this paper is concerned, became evident from the early 1970s through retailers exploring new markets in a more formal but still largely modest way. Managers gradually began to develop knowledge and capabilities to facilitate international expansion. Retailers who had developed a strong presence in their home market sought out new countries into which to expand, but they remained firmly rooted in their domestic operations. Examples are the franchise activity of Body Shop, Carrefour's moves post 1969 into Belgium, Italy and Spain, Delhaize's entry into USA, Aldi's gradual expansion out of Germany into other European markets (Austria 1967, Netherlands 1973, Belgium and USA 1976, Denmark 1977) and the start of international expansion by Toys R US and IKEA (Mårtenson 1981). A number of studies, for example (Laulajainen, 1991a, b, 1992) describe these moves but they must be seen as tentative attempts by the firms to gain knowledge about what was possible in terms of international expansion. The learning curve was steep. For almost all of these firms the emphasis remained on building scale in their home market with international activity being a marginal activity. The social impact of these excursions was fragmentary.

The pattern started to change in a significant way in the late 1980s. Within Europe, activity increased fivefold in the 1990s compared with the 1980s (Retail Intelligence 2001). By the late 1980s, for a growing number of firms the idea of internationalisation had become a supplemental, but non-core, strategy to be undertaken alongside their domestic market strategy. Many of the international moves that took place were still small scale explorations of new markets, often in countries adjacent to existing operations, (termed border hopping), rather than a mainstream strategy of full-scale internationalisation. But for a limited number of firms internationalisation was becoming a mainstream strategy by the mid 1990s. Through the 1990s the number of these firms increased. In comparison with the manufacturing sector, retailing lagged in its international perspective in respect of both the extent and intensity of firm activity and also in the depth of academic analyses of the internationalisation process.

The steady growth of retail internationalisation often into culturally similar societies generated non-radical cultural transfers but began an involvement of retailers in social change.

From the late 1980s through the early 1990s a number of factors, in the operational environment of European retailers and in their internal management, encouraged and facilitated greater interest in international expansion as a viable strategic option. Of particular note are:

1. The growth of large retail firms in domestic markets through the 1980s, often through merger and acquisition, resulted in increasing levels of concentration in these domestic markets so increasing the difficulty of market expansion. The strategic options for these large firms, in order to achieve sales growth that satisfied financial stakeholders, were increasingly limited to diversification or internationalisation. Several firms selected internationalisation.

2. Within Europe the moves to the creation of a single European market in 1992 made cross-border activity easier from an operational perspective and reduced psychic differences between markets. Pellegrini (1992) forecast an increase in international activity as a result of the initiatives and the European Commission (1997) in its review confirmed this effect.

3. The creation of NAFTA from 1 Jan 1994 had a similar, though less intense, effect in North America to the Single Market initiative in Europe.

4. The collapse of the centralised structures in the planned economies in Central Europe in 1989 opened new, large and under-provisioned markets with little local retail expertise. For example IKEA and BILLA entered Poland in 1990, GIB in 1991, and REMA in 1993, but by 1996 the Institute of Home Market and Consumption (1997) estimated there were 925 stores operated by foreign retailers and emphasized that their number belied their importance. By 1999, 9 of the largest 10 retailers in Poland were foreign owned.

5. Longer term shifts in the evolution of the management of retail organisations consequent on convergences of technology applications, particularly but not exclusively information and communication technology convergence, and the application of marketing, facilitated effective managerial control over extended store networks in several countries. ICT enabled the control of an international network of stores whilst advances in marketing enabled retailers to control the necessary adaptions to local markets.

6. The demonstration effect of Wal-Mart deciding to develop internationally into Mexico in 1991 was important. The creation of an international division in 1993 legitimised internationalisation as an acceptable retail strategy for investors and retailers in the USA.

By the early 1990s the conditions, internally within some large firms and externally in market conditions, were 'ripe' for the substantive development of international retailing. The potential for retailers to become more directly active in shaping societies became apparent.

European, and to a lesser extent North American, retailers developed international activity, but on a mainly intra-continental basis. The history of failure of several high-profile inter-continental transatlantic moves, for example Dixons in USA, Carrefour in USA, Marks and Spencer in Canada, K-Mart in Czechoslovakia, IKEA in Japan or the acute difficulties encountered in these investments, for example IKEA in Canada, encouraged strategists to focus on intra-continental moves with inter-continental moves viewed as high risk. Analysts advising major financial institutions also questioned the ability of retailers to generate profits in multi-continental markets. Moving inter-continent was a step too far for internal control systems as well as raising questions about the capabilities of retailers to operate in fundamentally different consumer and management cultures.

The effect of these changes is seen in the internationalisation of the 100 largest firms (table 1). Between 1986 and 1996 the number of these 100 large firms operating in only one country fell from 53 to 40 whilst the number with stores in more than 5 countries increased from 16 to 35. More large firms became involved in internationalisation and the scope of international activities widened. But the number of these 100 firms operating on more than one continent remained small.

Table 1: Geographical spread of store operations of 100 largest firms

Number of countries	1986	1996	2006
1	53	40	25
2 to 4	31	25	23
5 to 9	11	17	18
10 to 19	4	13	13
20 and more	1	5	21
Average for top 100	2.8	5.5	11.5
Operating on more than one continent	7	13	39

By the mid 1990s the foundations for international activity had been laid and in the following decade there was a notable increase in activity. From the late 1990s we begin to see changes in the pattern of internationalisation strategies. In summary:

1. The very large, already international, retailers changed strategy to focusing on a limited number of large markets in which they could realistically aspire to be one of the top 3 retailers. This meant withdrawing from some markets where they had a limited presence, but it also meant seeking large markets often on another continent. For the largest firms the average number of countries in which they operate has changed little (table 2)
2. Second tier retailers continued to expand internationally by entering new markets (table 2). The overall amount of international activity increased considerably in terms of market share accounted for by foreign markets (table 3). There was a substantial increase in border hopping by medium sized firms.

Table 2: Average number of countries in which retailers operated

Firms ranked by sales	1998	2000	2002	2004	2006
Largest 25	7.6	8.8	8.4	9.8	9.0
26-50	8.0	10.7	14.5	9.1	11.0
51-75	5.1	5.9	9.2	13.4	14.7
76-100	2.4	3.4	4.7	7.6	12.6
Largest 100	5.6	7.2	9.2	10.0	11.5

Table 3: Percentage of sales accounted for by foreign operations

	1998	2000	2002	2004	2006
Rank 1-25	23.0	20.3	18.5	22.5	21.2
Rank 26-50	14.8	19.3	22	18	20.9
Rank 51-75	8.9	8.6	9.3	13.8	23.2
Rank 76-100	9.2	9.8	9.9	16.1	20.2
All 100 firms	11.1	13.4	13.9	16.7	21.4

3. Inter-continental moves, notably by the larger retailers became more common. Rugman (2005, Rugman and Girod 2003) using data for the end of the 1990s showed that retail multinationals were, with one exception, strongly rooted in a single

continent. Although they were starting to invest in operations in other continents it was argued that they remained in reality 'regional' not 'global'. The situation has changed somewhat since 2000 and whilst few retailers can be termed global there has been a steadily growing pattern of multi-continental activity.

4. The multi-format activity has increased within the international operations of retailers. Retailers are becoming increasingly multi-format in their retail operations in the context of both single continent and multi-continent activity. Figure 1 shows the relationship between multi-format operation, degree of internationalisation and volume of foreign sales for major grocery retailers.

Figure 1: Number of formats operated and foreign share of retail sales 2007
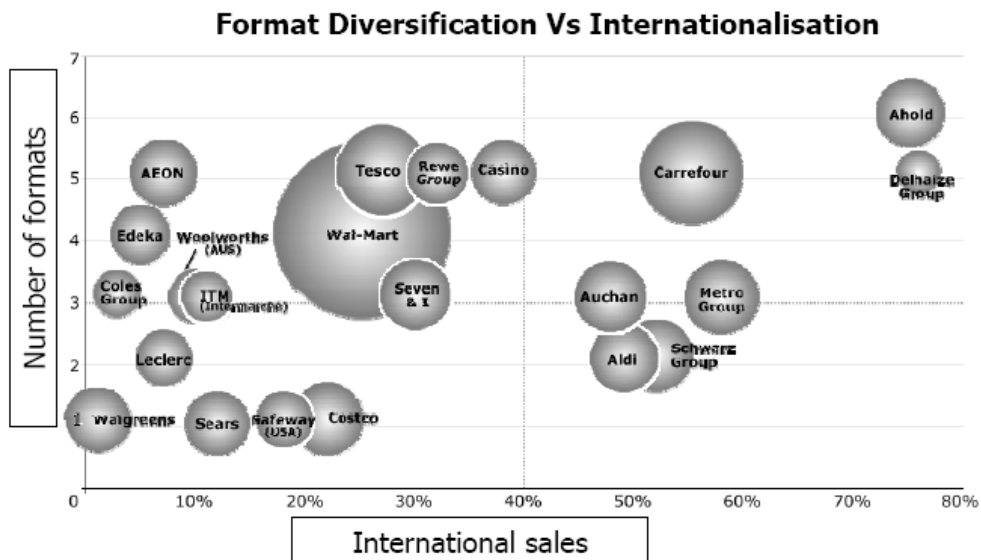
Symbol is proportional to volume of foreign sales
Source: Based on data from Planet Retail

5. There has been a major increase in the extent of global concentration in retailing partly as a result of the increase in international activity and the fast growth of foreign retail sales (table 4). Between 2000 and 2007 there has been a doubling of the share of global sales accountable to the foreign activities of the largest 100 retailers.

Table 4: Estimates of retail sales as current prices converted to $US and global market share of largest firms

	Retail Sales $'000 million	
	2000	2007
Global sales	7,930	10,620
Sales of largest 100 retailers	1,732	2,967
% global share largest 100	21.8	27.9
Sales of largest 25 retailers	987	1,773
% global share largest 25	12.4	16.7
% of global sales accounted for by foreign sales of 100 largest retailers	2.9	6.2

Sources: Based on data from UN Statistical Office, Euromonitor, Planet Retail and large firm database

Since around 2000 there has been a shift in the nature of international retail activity. The scale, scope and complexity of the foreign owned networks of stores have all increased. For example the average number of stores operated by each of the largest 25 firms in 2000 was 4824 and this had increased to 5881 by 2007. The changes in complexity, scope and scale, and consequentially in social power, are not reflected in the concepts and theories being used to describe and explain international retailer activity. The larger scale of retailer internationalisation has resulted in not only foreign retailers as a group but also individual retailers being large enough to shape social change. Inter-continental moves have highlighted the socio-cultural differences between home and host societies with consequences for both as international retailers have grown.

Conceptual and theoretical frameworks to international retailing

Much of the conceptual basis for the study of international retailing has been borrowed from International Business and International Marketing. The studies on which these theories and concepts have been based generally explore, from an economic perspective, the international activity of manufacturing firms. Alexander and Myers (2000) and Dawson and Mukoyama (2006) pointed to the considerable difference in the strategic and operational milieu between manufacturing and retailing and questioned the applicability of manufacturing based theory for application in retailing.

The network nature of retailing might point to the applicability of the network theories that have been developed to theorise manufacturing strategy (Ghoshal and Bartlett 1990

Håkansson and Snehota 2006a,b), but the complexity of the horizontal and vertical nature of networks in retailing together with the very large scale of horizontal networks of large retailers makes the existing theory of limited value. The network structures in manufacturing activities are somewhat different from those in retailing.

Rugman and D'Cruz (2002) developed a stream of research that potentially links international business to globalisation theories, pointing to the essentially 'regional' rather then 'global' level of activity in the early 21st century. This theoretical route again has difficulties when applied to retailing because of the different nature of the international organisation of investment in retailing and the importance of the local market, and adaptions to it, for retailers. The globalisation studies start from an economic perspective, as in Spulber's (2007) study of Dairy Farm and so do not address the issues of social change that have become explicit in the recent activity of international retailers.

Given the need for adaptions in international retailing then the standardisation versus adaption concepts used in international business might be thought to have applicability specifically to retailing. Tordjman and Salmon (1989) draw on this body of theory in applying it to retailing but difficulties arise because of the different nature of retail decision making in terms of the customer interacting activity and the supplier interacting activity. The one is driven by adaption and the other by standardisation such that both adaption and standardisation are present at the same time within a retailer and this is less clear in respect of manufacturing. The retailer interactions with consumers and with suppliers generate social changes and these results of internationalisation are not addressed in the standardisation-adaption literature.

As Alexander and Doherty (2009) cogently describe the various 'traditional' models and concepts of internationalisation as applied in international business for example the international product lifecycle, internalization and transaction costs, Dunning's eclectic paradigm, and the stages theory. Whilst all touch on retailing none are satisfactory bases for explanation of the processes involved and few address the impacts of internationalisation as effecting social change. The changes in retailing, and particularly in international retailing, over the last decade have accentuated and widened the differences between international developmental processes in retailing compared to manufacturing rather than brought them closer together.

As international retailing has entered into new areas of multi-format and multi-continent operation so the processes of development have become more complex. The nature of the knowledge that is required for success has changed and the interplay between the internationalising firm and the culture it enters has become more mutually interactive. The interactions between firms and the society have become more important to an understanding of the process than either the 'top-down' strategy of the firm or the 'bottom-up' tactics of consumers. The characteristics of a conceptual and theoretical framework that could be used to explore the recent changes in the nature of international retailing require to be able to address the following:

- The condition that retailer internationalisation is a continuing process not a series of events.
- The nature of the impacts and effects of retailer internationalisation internally in the internationalising firm, on the socio-commercial environment being entered and on the domestic socio-commercial environment of the firm involved.
- The importance of interplay between the manager, the firm, the market and society (as communicated by consumers)
- The presence of constraints and catalysts, and the nature of these, that the firm, though its managers, can respond to in order to implement international activity.
- The embedding of the process in time and space within multiple societies.
- The presence of continuous feedbacks in the process that reflect the learning activities that take place amongst the various groups involved, including managers in the retailer, its competitors and its suppliers, public policy administrators, consumers, etc
- The variety of organisational structures that can be used to facilitate entry and development in the foreign market.

What in effect is taking place is a change in the structure of the retail market that involves processes of learning, innovation, competition and co-operation. These processes form the basis of interaction between the organisation (internationalising firm) and the society which it enters. These processes have become instruments of social change.

In considering these requirements then the past theoretical approaches suffer from various deficiencies. Despite the empirical evidence from many studies, the theories can be criticised for the following reasons:

- They tend to focus on one-to-one (dyadic) relationships between the parent firm and the subsidiary in the host country.

- They only consider the process of development in the host country.

- They fail to address differences in the development process between countries and the conditions generating differences between countries (a recent exception being Durand and Wrigley 2009 on this point).

- They do not enable a holistic view of the internationalisation process of the retailer but focus on specific aspects. The accumulation of dyadic relationships is not the same as a holistic view.

- They are inadequate in consideration of the timing and sequencing of events.

- They fail to appreciate that the differences in format, and particularly multi-format operation, are important in the internationalisation process of retailing.

- They do not take into account the change in the nature of internationalisation since around 2000.

There is therefore a strong case to consider alternative approaches to developing theory.

An alternative approach to developing a conceptual framework

In order to gain an understanding of the theoretical rationale for the changes in the nature of international retailing it may be appropriate to consider these changes in a broader framework of social theory than has been attempted previously. The changes in retailing constitute major changes in the nature of society both in terms of causes and consequences of social change. As pointed out previously, retailing's role in society has undergone a profound change over a relatively short period. From retailing being a response to culture, the retail firms, through their managers, now are more active in shaping culture and society as well as responding to it. This is particularly evident in the internationalisation processes of retailing. Retailing from being dominantly an economic activity has added a function of being an explicit agent of social change. Retailing from being a sector characterised by small firm conservative behaviour has changed to being dominated by large firms with established internalised managerial behaviours capable of generating substantial social change. The increased international activity of retailers is part of, but a clear illustration of this change in the fundamental scope, scale and behaviour of retailing. Given the magnitude and implications of the expansion of international retailing a possible way to explore the nature of the change is to

try to place the development in a broader framework, considering international retailing as an example of a wider theory of social change.

In this respect the work on structuration theory by Giddens may provide a basis on which to develop a debate on the nature of the processes of international retailing. Giddens, as a social theorist, has undertaken a far reaching analysis of the nature of social change. Structuration theory explores the dynamic recursive relationship between structure and agency. There is an extensive body of work that interprets and comments on this aspect of Giddens work. Most of the commentary is linked to broad level interpretations and critiques in terms of social theory (particularly useful in this context are Stone 2005, Parker 2000, Bryant and Jary 1991, 2001, Clark, Modgil and Modgil 1990 and Cohen 1989) but there have also been attempts to use the precepts to gain better understanding of more practical social phenomena. Examples of these attempts to explore applicability of the Giddens ideas with a managerial context are Algeheimer and Gurău's (2008) development of a multi-level model of communal consumption behaviour linking community structure with member behaviour, whilst Nicholson et al (2009) consider, within a structuration framework, the spatial and temporal specificity within relationship marketing between provider and consumer of services. Whittington (1992), Beckert (1999) and Sarason, Dean and Dillard (2006) have explored several of Giddens' ideas in considering the relationship between management and agency and considering agents as entrepreneurs. Several studies (for example De Sanctis and Poole (1994, Rose 2002, Brooks 1997, Walsham and Han 1991 see also Jones and Karsten 2003) use concepts of structuration to explore the interaction between information systems and societal or organisational adoption of technology (Borum and Christiansen 2006). There is therefore a stream of research studies that utilises concepts drawn from the work of Giddens as a way to gain better understanding of strategic changes within managed firms as organisations.

Giddens discussion of the relationship between structure and agency rejects earlier work that considered the two aspects of society in isolation. Giddens argues that in the historical creation of structure, which he terms structuration, agency and structure are in continuous interactions and mutual influence. Structure changes as a result of agency whilst at the same time agency is constrained by structure. Agents attempt to appropriate aspects of structure in order to effect change in structure but these changes in structure introduce intended and unintended consequences that generate new catalysts and constraints to which agents then

respond. The constant interaction of structure and agency is the basis of Giddens structuration theory.

In identifying its relevance and potential for a better understanding of the processes of international retailing it is useful to consider how Giddens interprets the nature of structure and agency. Giddens defines: '*Structure*. Rules and resources, recursively implicated in the reproduction of social systems. Structure exists only as memory traces, the organic basis of human knowledgeability, and as instantiated in action' (Giddens 1984 p377). Structure is considered as comprising **rules** and **resources**.

Rules, or as Sewell (1992) prefers to term them 'schema', are 'generalizable procedures applied in the enactment/reproduction of social life' (Giddens 1984 p21). The rules are linked closely to the application of tacit knowledge. Tacit knowledge of the rules facilitate people to take actions. Their generalisability, Giddens argues, means that rules can be used in a variety of contexts and a variety of levels but they are rules that also have context in that they can be applied to situations. Building on Giddens work it is usual to identify normative or external rules that are framed from outside the context of their use, and internal rules that are more closely linked to context and include rules about communication, legitimation, and power determination.

In the context of the present paper, examples are normative rules associated with the behaviour of consumers, communication rules associated with the membership and conduct of meetings, legimination rules about the measures of success of activity, power determined rules about controls over decision making procedures. Whilst these can be conceptualised as having a 'virtual' existence they are capable of being used in a variety of situations involving actions. In the present context the situation involves the internationalisation process and understanding the tacit rules would generate a better understanding the processes involved

Resources, in Giddens' work, are interpreted as 'anything that can serve as a source of power in social interactions' (Sewell 1992 p9). Giddens differentiates two types: allocation being 'capabilities which generate command over objects or other material phenomena' and authorization as 'capabilities which generate command over persons' (Giddens 1979 p100). More specifically the resources are: first, allocative, essentially non-human resources being derived from material products, for example physical structures, communication

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infrastructures, and finance; secondly, authoritative essentially human resources, being derived from the co-ordination of human activity, for example, explicit knowledge that has been formalised, and capabilities of individuals. The two types of resource can be used to enhance power and in effect shape decisions.

Rules and resources can not really be seen as separate from each other but as integrated in the creation of structure. Structures as rules and resources do not 'do' anything but have effect by being known and used by actors. Agency therefore is needed to make structure effective. Agency and structure can not effectively exist without each other. 'Structures must not be conceptualized as simply placing constraints on human agency, but as enabling' (Giddens 1976 p161). 'Structures, then, are sets of mutually sustaining schemas and resources that empower and constrain social action and that tend to be reproduced by that social action' (Sewell 1992 p19)

Agency is purposeful action by actors (agents - people or firms or organisations – thus agency is individual and collective, see Meyer and Jepperson 2000). Actors intend to create structural change[2]. The agents have the intention to create change. Agents have current knowledge. They know what they want to do and know what they are doing. Agents have knowledge of the current *rules* and have access to the *resources*. Knowledge of the rules, although not necessarily the history of the rules, is essential in order to apply them in a new context. The actions change the structure. Agents resist and manipulate the constraints and structure is modified. Additionally agents are enabled by structure in that they appropriate rules and resources and use them in an intentional way. Agents have the capacity to utilize resources through rules other than those that generated the resources. This capacity of agents is used to pursue directed actions. The consequences of actions are intended and unintended.

Within the context of international retailing then, opening stores in a new country, using the rules and resources available, is undertaken with specific intent but some consequences are uncertain and unintended. The consequences may then change some of the rules and resources that affect subsequent decisions. For example, following establishment of a presence in a market, agency may change allocative resource through increased investment for expansion,

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[2] Agency as a concept, in a slightly different interpretation, has been used in developing frameworks in the Industrial Marketing and Purchasing groups studies of network relationships (Håkansson and Snehota 1995, Havila, Forsgren and Håkansson 2002)

authoritative resource through improved knowledge on the development process, communication rules associated with information collection on market potential, legitimation rules about store opening activity, and power determined rules about the relationship between country manager and store manager. These changes in structure then influence agents' subsequent actions. The rules and resources available can be appropriated in different ways by different actors so, depending on the actors, the structures may change in different ways. Thus we see alternative, but equally valid, ways of progressing with the internationalisation process by different firms with their different forms of agency. The interplay between structure and agency is space and time dependent and, therefore in terms of the internationalisation process in retailing, the interaction is embedded in the firm and provides a catalyst for social change.

A number of questions arise in the potential use of this approach. The general example of Tesco in South Korea is used to illustrate issues (Coe and Lee 2006, Baek 2003, Choi 2003, Suh and Howard 2009, Kim 2005, Joe and Kim 2007).

- Can the approach be used at different activity 'levels' in respect of internationalisation? For example can it be used to address at a top level, say the nature of entry, (mode and mechanisms) of Tesco entering into South Korea, at a medium level, say the Tesco store and distribution centre network growth in South Korea, and at a low level, say the redesign of Tesco private brand packaging in South Korea. Intuitively the approach would seem to be able to operate at all such scales although clearly the components of, and, interaction between structure and agency would be different.

- Can the approach accommodate the spatial and temporal dynamics of international retail development? An international retailer generates spatial and temporal impacts across many areas of society (Dawson 2003) and these operate in a continuous cause and consequence sequence. For example the steady spatial and temporal expansion of large stores by Tesco in Korea has had a range of consequences on consumers, competitors and other groups including the firm itself. The expansion also involved and reflected the way non-store investments were made for example, in a new distribution centre and in the development of loyalty programmes as certain stages of spatio-temporal development are reached.

- Can the theory be matched with empirical study? Structure is the medium and outcome of agency. Can structure be seen as analogous to the 'format model' that the retailer is attempting to transfer? The format model, derived through and constrained

by rules and resources is the medium and the outcome of the agency activity involved in undertaking the international transfer. If this is the case then the approach could be used to explore, say, Tesco's initial development of superstores and subsequent development of convenience stores in South Korea.

- Can we usefully distinguish between communication, legitimation, and power determination as modes of rule? For example Tesco Korea has pursued communication to create strong environmentally friendly credentials that accord with the emergent social rules on green issues. An international retailer needs to communicate with the society into which it has entered and this requires a variety of rules within the structure. In respect of power determined rules the relationships of retailers and suppliers in an international context operate within some generic rules. For example the use of non Korean suppliers has been necessary with Tesco Korea for its private label suppliers because the rules require the manufacturer name to be provided on the packaging meaning that major Korean suppliers with their own strong brands are unwilling to be seen to provide private brand items.

- Can we distinguish allocative and authoritative resources in international retailing? The presence of external resources, for example external finance, and the internal resources associated with knowledge are a common theme in international retailing studies but the boundary between them is sometimes difficult to determine, for example with the use of consultancy services. Nonetheless the identification of the two forms of resources is useful. For example it is useful to consider the knowledge brought to Tesco Korea from the transfer to South Korea of senior managers to key positions and the knowledge provided by Korean managers either originally in Samsung Retail on its acquisition by Tesco or subsequently appointed to the firm. These authoritative resources can be contrasted with the finance resource provided by investors to enable the acquisition of Samsung retail assets by Tesco through a gradual process of purchasing a steadily larger share of the firm.

- How important are unintended consequences in the internationalisation process? Within international retailing we can posit that outcomes of decisions are a mix of intended and unintended consequences of the use of structures by agents. In which case agents deal with situation contingency. Thus in international retailing some developments are opportunistic (Dawson 2001) in which agents appropriate resources to seek advancement of a strategy. For example the exit of Carrefour from South

Korea provided Tesco with an opportunity to expand, via an indirect acquisition, their store network faster than planned.

- Is the framework able to be used to explore the adaptive capacity of a retailer as it adapts to and also changes the market into which it has entered? Reflexivity of agents means they can adapt and change the use of the knowledge they use to change the structure. Such adaptions are a central theme in international retailing as operations are changed to meet consumer needs and so gain a stronger competitive position (Dawson 2007). For example the relaunch of the private brand packaging by Tesco in Korea, using knowledge gained from private brand development elsewhere in the Tesco network, has enabled Tesco to increase its competitive position.

These are only some of the questions that might be considered as the conceptual framework might start to be explored in a specific case. In all cases existing theory in international retailing, is unsuited to consideration of these issues which in effect, and because of the social components of retailing, are issues of social change as much as they are issues of corporate change.

Conclusions

The body of academic study of international retailing has for the most part been undertaken as an empirical exercise. Monitoring behaviour, observing trends, survey and interviews, and refining definitions of observable phenomena has characterised previous study of international retailing (Dawson, Findlay and Sparks 2008). These studies have been valuable in drawing attention to the observable ways that international retailing has evolved. Academic study has tended to lag the social reality and has not addressed the why and how of processes of internationalisation. Thus issues of post entry development and effects on the socio-commercial environment have been studied much less than entry mechanisms. There have been few studies of the impacts of and feedbacks in international activity. One possible reason for this is the absence of a conceptual base that considers international retailing in the framework of social change.

The essence of the argument presented in this paper is that there is strong evidence to suggest that the roles of retailing within modern economies and societies is changing and retailing is becoming a more active agent of social change. The internationalisation of retail operations and sourcing is a feature of this new direction for retailing, particularly since the late 1980s.

More recently the nature of international retailer activity show signs of changing to involve multi-continent and multi-format operation which brings into shaper focus the need for retailers to become embedded in their host society and change these societies. The processes of internationalisation are themselves changing. The concepts and theories that have been used to explore the development of retailing in this internationalisation context are inadequate to address the new processes as they have developed. A broader based theoretical base on social change and structuration drawing on concepts from the work of Giddens is suggested as a possible meta- theoretical approach. In this way it may become possible to establish a stronger conceptual basis to the study of international retailing and to theorise international retailer activity as a catalyst of social change.

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