

Goldenstein, Jan; Poschmann, Philipp; Hunoldt, Michael

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The Global Orientation of Organizations: An Analysis of the Effects of Global Cultural Rationalization and National Institutional Traditions

Jan Goldenstein , Philipp Poschmann  and Michael Hunoldt

Friedrich Schiller University Jena

ABSTRACT Most institutional studies have conceptualized institutions within the borders of national contexts as relevant to the global orientation of organizations. The world society approach in institutional theory, however, highlights the existence of a global institutional realm (i.e., driven by a process of cultural rationalization) and proposes that as a consequence of both global and national institutional demands, organizations are constructed as actors with global identities – the orientation of an organization towards the world or away from it. We argue that the global identity of organizations varies with the national institutional traditions within which organizations originate, the exposure of organizations to various instantiations of cultural rationalization within national contexts, and the extent to which organizations are governed by traditional forms of authority (i.e., family, nation state). We tested our hypotheses empirically, using data from 366 corporations listed in major stock indices in 22 countries around the globe. The empirical results support our argument.

Keywords: cultural rationalization, global identity, institutional theory, institutional traditions, quantitative research, world society

INTRODUCTION

Over the past three decades, in research on international business organizations, much attention has been focused on the effects of globalization with regard to the global orientation of organizations. The resulting literature has provided important insights, allowing

Address for reprints: Jan Goldenstein, Chair of Organization, Leadership, and Human Resource Management, Friedrich Schiller University Jena, Faculty of Economics and Business Administration, Carl-Zeiss-Straße 3 D-07743 Jena, Germany (jan.goldenstein@uni-jena.de).

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us to understand how and why organizations expand their business activities to more than one national context (Arregle et al., 2017; Kirca et al., 2012; Knight and Cavusgil, 2004; Lilienthal, 1985; McDougall et al., 1994). One stream of research in this literature considers national institutional traditions a relevant factor in explaining the ways in which organizations expand across national borders. This institutional perspective on international business organizations has shown that organizations adapt to the institutional demands of national contexts to achieve legitimacy as a mandatory resource (Kostova and Roth, 2002; Lau and Ngo, 2001; Lu, 2002). Within this context, studies have investigated differences in the institutional traditions of national contexts to explain the ability of organizations to adapt to these institutional demands (Ingram and Silverman, 2000; Kostova, 1999; Kostova et al., 2008; Kostova and Zaheer, 1999; Peng et al., 2009; Phillips et al., 2009; Xu and Shenkar, 2002).

Despite the merits of this approach, scholars have recently noted that in research on international business organizations, institutional theory arguments have been only narrowly applied (Kostova, 1999; Kostova and Zaheer, 1999; Peng et al., 2009; Peng et al., 2018). One important consequence of this is that, by focusing on institutional traditions of national contexts, past research has conceptualized organizations as bounded actors that enter national contexts literally from the outside. This is problematic because the influence of institutions is not restricted to geographically bounded national contexts, and 'the most relevant institutional context may be broader than a single country' (Phillips et al., 2009, p. 342). The world society approach in institutional theory has already pointed out that institutions, especially within the context of globalization, also exist at a global level, permeating national contexts and thus influencing organizations beyond these national contexts (Bromley and Meyer, 2015; Drori, 2008, 2016; Drori et al., 2014a, 2014b; Meyer, 2000, 2010). According to this stream of research, the global level is characterized by a world-spanning institutional process of cultural rationalization (Boyle et al., 2015; Frank et al., 2000; Hironaka, 2014; Lim, 2016; Lim and Tsutsui, 2012; Meyer, 2000, 2010; Meyer et al., 1997a; Meyer and Jepperson, 2000; Schofer et al., 2012; Schofer and Longhofer, 2011). This process gives rise to an *imagined global community* (Höllerer et al., 2017; Meyer, 2010)^[1] in which definitions, principles, and purposes of organizing are cognitively constructed in similar ways throughout the world (Boli and Thomas, 1997). Cultural rationalization specifically rests on a spread of global models that refer to scientization, the expansion of individual rights and capacity, and an explosion of education (Bromley and Meyer, 2015; Bromley and Sharkey, 2017; Meyer and Bromley, 2013; Pope and Meyer, 2016).

Acknowledgment of the global level is vital in recognizing not only that organizations adapt to national contexts but also that cultural rationalization constructs organizations as global actors (Drori et al., 2009; Meyer and Bromley, 2013; Meyer and Jepperson, 2000; Meyer and Vaara, 2020) that are expected to conform to both global and local institutional demands (Kostova, 1999; Peng et al., 2009; Tempel and Walgenbach, 2007). Thus, the orientation of organizations falls somewhere between the poles of a global–local continuum (Walgenbach et al., 2017). The greater the extent to which organizations orient towards the global pole, the higher the degree to which they identify as members of an imagined global community, which is not necessarily accompanied by an expansion of business activities to foreign national contexts

(Bromley and Meyer, 2015; Drori, 2008; Drori et al., 2009; Meyer and Bromley, 2013; Meyer and Jepperson, 2000; Pope and Meyer, 2016). In other words, the concept of cultural rationalization emphasizes that organizations translate both global and local institutional demands (Czarniawska and Joerges, 1996; Drori et al., 2014a, 2014b; Wedlin and Sahlin, 2017) into a proper degree of *global identity*. Global identity is defined as the degree to which organizations abstract from concrete local particularities and, instead, orient themselves towards the world as their relevant social horizon (Goldenstein and Walgenbach, 2019; Goldenstein et al., 2019; Höllerer et al., 2017; Walgenbach et al., 2017). That is, global identity is a central issue in an organization's identity, revealing the extent to which the organization displays itself as more committed either to the needs of local contexts (e.g., cities, regions, or countries) or to the idea of a global community (Höllerer et al., 2017). Institutional theory generally considers identity issues to be reflected in an organization's self-representation (King et al., 2010; Mizrahi-Shtelman and Drori, 2021; Oertel and Thommes, 2018). From this perspective, an organization that displays a proper degree of global identity achieves cognitive legitimacy and enhances its legitimacy in the eyes of various external audiences (Scott, 2014; Suchman, 1995). That is, organizations establish their status as credible actors by enacting global models while simultaneously accommodating local institutional demands (Bitektine et al., 2020; Goldenstein et al., 2019; Höllerer et al., 2017; Tempel and Walgenbach, 2007; Walgenbach et al., 2017). The display of a certain degree of global identity can further be reflected in organizational life – for example, in the extent to which organizations from non-English-speaking countries make English their common language internally (Piekkari and Westney, 2017) and the likelihood that they become part of global networks (Pope and Lim, 2020; Prashantham, 2021) or engage in themes considered relevant for the whole world (e.g., sustainability, inclusiveness, or transparency) even if these themes are only loosely connected to the functional requirements of their business activities (Buckley et al., 2017; Goldenstein and Walgenbach, 2019).

Our study examines the effect of cultural rationalization and national institutional traditions on the construction of an organization's identity as a global actor. Cultural rationalization has permeated national contexts and shaped national institutional traditions to differing degrees (Drori et al., 2014a, 2014b). We argue that the varying degrees of cultural rationalization within national contexts influence how organizations display their global identity. Following our line of argument, we propose that organizations from national contexts that are highly permeated by cultural rationalization exhibit a higher global identity because they are more strongly expected to be global actors and members of an imagined global community. Further, organizations embedded within multiple different national contexts are exposed to various instantiations of cultural rationalization – the different ways in which cultural rationalization has permeated national contexts – and are thus likely to exhibit higher degrees of global identity. In other words, global identity not only is ceremonial but also points to an acquired reflexive capacity of organizations to comply with the various instantiations of cultural rationalization. We additionally argue that organizations governed by traditional forms of authority, such as nation states or families, are more likely to exhibit lower degrees of global identity because these authorities expect deference to national and local contexts. Our empirical results support our theorization.

In theorizing and testing the consequences of cultural rationalization on an organization's global identity, our study makes two significant contributions to the literature. First, we contribute to the institutional perspective on international business organizations. In line with the world society perspective on institutional theory, we highlight that the core concepts of institutional demands and legitimacy are relevant beyond the borders of national contexts. Our study demonstrates that an organization's global identity – the degree to which organizations identify and display themselves as global actors – is constructed as a result of both global and local institutional demands (Bromley and Meyer, 2015, 2017; Bromley and Sharkey, 2017; Drori et al., 2009; Meyer et al., 2015; Meyer and Jepperson, 2000). Our study thus highlights that organizations display a degree of global identity consistent with their specific exposure to cultural rationalization within various national contexts. Our results provide empirical grounds for the assumption that for globally operating organizations, the display of a global identity is more than merely a fanciful ceremony.

Second, to the best of our knowledge, our study is the first to empirically investigate the institutional origins of the global identity of organizations. By applying a world society perspective, our study contributes to the literature streams on identity and translation in institutional theory. By revealing the relevance of global and local institutional demands for the construction of organizations as global actors, our study shows the influence of institutional factors on an organization's identity (Glynn, 2017). Until now, it has been argued in institutional literature that organizational identities develop based on the association with (cross-national) social categories (Thornton et al., 2012) and the assessment of audiences interested in these organizations (Dutton and Dukerich, 1991). Our study points to the relevance of general global and local institutional demands for the development of identity issues. Furthermore, we contribute to institutional theory by indicating that a proper global identity results from a translation process. To date, the translation perspective in institutional theory has focused on the translation of globally diffusing models within national or local contexts (Boxenbaum, 2006; Czarniawska and Joerges, 1996; Meyer and Höllerer, 2010) but has widely neglected considering translation as a process of identity formation that coalesces global and local institutional demands at the organizational level (Meyer and Vaara, 2020; Sevón, 1996).

THE INSTITUTIONAL PERSPECTIVE ON INTERNATIONAL BUSINESS ORGANIZATIONS

The institutional perspective on international business organizations has shown that applying core institutional constructs of institutional demand and legitimacy (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Suchman, 1995) significantly contributes to our understanding of the global orientation of organizations with respect to their business activities (Busenitz et al., 2000; Kostova et al., 2008; Kostova and Roth, 2002; Kostova and Zaheer, 1999). This contribution is achieved by complementing research that has provided an explanation of the international expansion of organizations and their activities based on functional grounds such as organizational structure (Calof, 1994; McDougall et al., 1994), internal resources and capacities (Crick and Spence, 2005;

Dunning, 1980; Westhead et al., 2001), foreign market characteristics (Buckley and Casson, 1998; Dunning, 1980; Hill and Kim, 1988), knowledge of foreign markets (Johanson and Vahlne, 1977, 1990), and the transformation of markets or technologies (Andersson et al., 2004; Luo and Tung, 2007).

A strong focus of the institutional perspective on international business organizations is the investigation of the impact of institutional traditions within national contexts on business activities. One argument in this context is that institutional traditions within national contexts exert demands on organizations to adopt practices in conformity with environmental expectations (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). For example, Lu (2002) found that corporations used entry modes similar to those of earlier entrants within the same national context. Other studies provided comparable results within the context of quality practices (Kostova and Roth, 2002) or organizational development techniques (Lau and Ngo, 2001). Past research has also highlighted that conformance to institutional traditions helps organizations achieve legitimacy within these national contexts (Kostova and Zaheer, 1999; Meyer and Rowan, 1977; Suchman, 1995). Accordingly, various studies have suggested that organizations entering a new national context generally experience a lower degree of legitimacy in relation to local organizations and thus need to acquire legitimacy over time (Mezias, 2002; Zaheer and Mosakowski, 1997). Research has further emphasized that the differences in institutional traditions between the national context of origin and foreign national contexts are crucial to explaining the ability of organizations to conform to these foreign national institutional traditions (Ingram and Silverman, 2000; Kostova, 1999; Kostova et al., 2008; Kostova and Zaheer, 1999; Peng et al., 2009; Phillips et al., 2009; Xu and Shenkar, 2002). These differences thus affect the degree of success with which organizations can achieve legitimacy and maneuver within foreign national contexts (Busenitz et al., 2000; Kogut et al., 2002; Kostova and Roth, 2002). For example, the diversification patterns of organizations are not equivalent across national contexts but differ in line with the specific institutional traditions of these contexts (Kogut et al., 2002).

In summary, past research in this literature stream has predominantly conceptualized organizations as bounded actors that enter foreign national contexts with different institutional traditions from the outside. From this perspective, institutions exist within specific national contexts, and only if organizations enter these contexts are these institutions of significance to them. However, such an understanding overlooks the fact that institutions also exist at a global level (Meyer, 2010). These global institutions expose organizations to institutional demands that influence their behaviour beyond the institutional traditions of specific national contexts (Zaheer, 1995). The following sections describe the world society approach in institutional theory as a stream that accounts for a world-spanning institutional process of cultural rationalization at a global level. Drawing on this theoretical perspective, we develop hypotheses on how cultural rationalization and national institutional traditions simultaneously affect the global identity of organizations.

ORGANIZATIONS AS GLOBAL ACTORS

The Global, the Local, and the Global Identity of Organizations

Institutional theory considers globalization not only increasingly as comprising economic transactions between national contexts and organizations but also as a process of cultural rationalization on the global level (Bromley and Meyer, 2015; Meyer and Bromley, 2013). Institutionalists argue that this cultural rationalization contributes to depicting the world as an imagined global community that becomes the relevant social horizon for organizations as global actors (Drori et al., 2009; Höllerer et al., 2017; Meyer, 2010; Meyer et al., 1994; Meyer et al., 1997a; Meyer and Jepperson, 2000). Part of this process is the diffusion of global models that support universalistic prescriptions of organizations as the proper means for pursuing collective purposes in this imagined global community.

According to Meyer and Bromley (2013), cultural rationalization rests on mutually reinforcing global models of *scientization*, *individual rights and capacities*, and *education*. These models facilitate the universal structuration of everyday life around rationalized, professionalized, and organized forms of agency expected to support progress and justice in modern societies (Meyer, 2000, 2010). *Scientization* refers to the increasing worldwide authority of scientific theories and empirical research (Drori et al., 2003) that rationalize everyday life and transform it into calculable probabilities that enable proper management. Within this context, institutionalists have repeatedly pointed to the relationship of globally diffusing scientific ideas, the translation of these ideas within national or other local contexts (Boxenbaum, 2006; Lim and Tsutsui, 2012; Meyer and Höllerer, 2010; Pope and Lim, 2020; Sahlin, 2014; Strang, 2014; Wæraas and Sataøen, 2014), and the astonishing worldwide isomorphism of organizations (Berliner and Prakash, 2013; Fiss and Zajac, 2004; Kostova and Roth, 2002; Lau and Ngo, 2001; Lim and Tsutsui, 2012; Pope and Lim, 2020; Schofer and Longhofer, 2011). Worldwide scientization thus constructs standardized forms of organizing, detached from national institutional traditions and the interests of traditional authorities, such as nation states or families (Meyer et al., 1997a; Meyer and Bromley, 2013). The notion of *individual rights and capacities* refers to human individuals as empowered actors with universal, durable, and inalienable rights (Boli, 1987; Frank and Meyer, 2002). However, the notion of human rights and the focus on the individual have also contributed to the weakening of traditional authorities, further supporting the rise of organizations as a dominant form of agency. On the one hand, due to the absence of a global regulatory nation state, globally diffusing models ascribe to organizations responsibilities for promoting, supporting, and respecting human rights around the globe (Boyle et al., 2015; Hafner-Burton and Tsutsui, 2005) as well as for other significant tasks related to human well-being, such as environmental sustainability (Hironaka, 2014; Meyer et al., 1997b), social welfare (Meyer et al., 2015), or transparency (Goldenstein and Walgenbach, 2019). On the other hand, human rights are also in line with the increasing professionalization of individuals, who form the building blocks of organizations and support the transfer of scientific standards into organizations (DiMaggio and Powell, 1983; Sahlin-Andersson and Engwall, 2002). Finally,

the expansion of scientization and individual rights and capacities buttresses *education* (Bromley et al., 2018; Ramirez and Boli, 1987). Education has become a universal right of individuals and is ascribed a core function in modern societies for the instruction of professionalized individuals and the facilitation of further scientization. Through the construction of organizations as global actors, education is thus expected to serve progress and justice (Bromley and Lerch, 2018; Schofer and Meyer, 2005).

Even if the global models of cultural rationalization are diffusing worldwide and permeating national contexts, this permeation does not imply global homogeneity. Instead, based on translation processes within national and local contexts (Czarniawska and Joerges, 1996; Wedlin and Sahlin, 2017), the global models of cultural rationalization coalesce with different national institutional traditions (Boxenbaum, 2006; Meyer and Höllerer, 2010; Strang, 2014; Wæraas and Sataøen, 2014), thus establishing multiple diverging instantiations of cultural rationalization (Drori et al., 2014a, 2014b; Pope and Meyer, 2016; Roudometof, 2016). In line with this argument, global models provided by cultural rationalization trickle down into national contexts and construct organizations as global actors. However, at the same time, the historically formed institutional traditions within national contexts also influence the construction of organizations as actors (Goldenstein et al., 2019; Tempel and Walgenbach, 2007). According to this argument, global orientation is an inherent attribute of organizations that have become actors in a globalizing world, and the simultaneous influence of cultural rationalization and national institutional traditions implies that organizations' orientations are constructed by both (Meyer and Vaara, 2020).

From an institutional perspective, the global orientation of organizations refers to the degree to which organizations consider the global or the local as their social horizon (Drori, 2016; Höllerer et al., 2017). The degree of *global identity* is thus expressed as a position on the global–local continuum, the poles of which represent the ideal types of a globally or locally oriented organization (Höllerer et al., 2017). A high degree of global identity reflects the identification of organizations as members of the imagined global community and, thus, abstracts their social horizons from concrete local contexts. In contrast, a low degree of global identity (i.e., a local identity) reflects the inclination of organizations to identify as members of concrete local contexts (e.g., cities, regions, or countries) with a focus on local particularities (Höllerer et al., 2017; Walgenbach et al., 2017). For example, with statements pointing to its 'ambition of being a world-class player' and repeatedly highlighting its commitment to 'global principles' (<https://totalenergies.com/group/identity>), TotalEnergies SE, a French international supplier of oil and gas, displays a high degree of global identity. In contrast, the National Oil Corporation of Kenya reveals a low degree of global identity with a focus on local particularities by claiming to be a 'company that contributes to national development' (<https://nationaloil.co.ke/about-us/>). Thus, an organization that presents itself as a global citizen with a worldwide focus and strong attention to the issue of globality has a high degree of global identity, whereas an organization that balances a local and global focus of attention exhibits a medium degree of global identity. In fact, in keeping with the institutional argument, a proper degree of global identity is what provides organizations cognitive legitimacy as global actors. Notable within this context is that organizations may understand and display themselves as

being global without having launched extensive business activities within other national contexts; that is, global identity and business activities may be only loosely coupled (for examples, see Walgenbach et al., 2017).

Institutional theory conceptualizes global identity as a central issue to organizational identity. In line with research on identity development (Dutton and Dukerich, 1991), identity issues emerge from sense-making processes within an organization and involve an internal and an external domain (King et al., 2010). The internal domain concerns the consequences of identity issues for processes within an organization (Albert and Whetten, 1985; Dutton and Dukerich, 1991), whereas the external domain reveals the organization's display of its identity issues to audiences (Glynn, 2017; Mizrahi-Shtelman and Drori, 2021). The external domain thus 'obtain[s] an organization's perspective of the current state of sensemaking' (Oertel and Thommes, 2018, p. 1714). In this sense, institutional theory highlights that global identity focuses on the external domain and signals an organization's 'state of mind' regarding the identity issue of locality and globality (Höllerer et al., 2017), enabling organizations to achieve and maintain the status of credible actors (Bitektine et al., 2020; Goldenstein et al., 2019; Höllerer et al., 2017; Tempel and Walgenbach, 2007; Walgenbach et al., 2017). Accordingly, global identity is integrated into and represented in the self-presentations of organizations to audiences within local and global contexts (Goldenstein et al., 2019; Höllerer et al., 2017).^[2]

Global Identity and Cultural Rationalization within National Contexts

The fit of global models with historically formed and durable institutional traditions of national contexts conditions the extent to which cultural rationalization permeates national contexts (Pope and Meyer, 2016). Thus, institutional theory acknowledges that different national contexts depict different instantiations of the global models of cultural rationalization. Consequently, national institutional traditions, such as governance configurations (Tempel and Walgenbach, 2007), models of business-society relations (Brammer et al., 2012; Lim and Tsutsui, 2012), and corporateness (Jepperson, 2002), include global models of cultural rationalization to differing degrees. In other words, as global and local institutional demands coalesce, cultural rationalization permeates national contexts differently; thus, national contexts exhibit different instantiations of cultural rationalization. For example, within the context of individual rights and capacities, such as the freedom of speech, freedom of economic choice, or women's rights, some national contexts have adopted models of cultural rationalization quite comprehensively (e.g., the USA, France, or Germany). In contrast, other national contexts strongly rely on national institutional traditions that have coalesced to a lesser extent with models of cultural rationalization (e.g., the Philippines, Turkey, or Kenya; Vásquez and McMahon, 2020).

We argue that the global identity of organizations is the result of a translation process, coalescing global and local institutional demands at the organizational level (Sevón, 1996). In other words, organizations are significantly shaped by both cultural rationalization and national institutional traditions. The deeper cultural rationalization permeates a national context, the higher the degree of global identity displayed by organizations from that national

context. If a local instantiation closely aligns with global models of cultural rationalization, then the degree to which organizations from that national context perceive the world as a relevant social horizon increases. In contrast, organizations from a national context that has been only superficially permeated by cultural rationalization tend to identify with prevailing national institutional traditions and are expected to have a lower degree of global identity. For instance, we would expect that organizations from national contexts highly permeated by cultural rationalization are more likely to display themselves as members of an imagined global community, whereas organizations from national contexts that are less permeated by cultural rationalization will more extensively highlight their commitment to local contexts and their particularities. Our hypothesis reads as follows:

Hypothesis 1: The more the national context from which an organization originates is permeated by cultural rationalization, the higher the global identity the organization displays.

Global Identity and Embeddedness within Multiple National Contexts

Organizations are regularly embedded within multiple national and local contexts (Zietsma et al., 2017). Since national contexts are likely to differ in their coalescence of national institutional traditions and cultural rationalization, organizations with increasing simultaneous embeddedness within several national contexts are exposed to divergent instantiations of cultural rationalization. In contrast, organizations embedded solely within their individual national context passively conform to the demands of this institutional environment. However, exposure to multiple instantiations of cultural rationalization implies that an organization is confronted with manifold (potentially) divergent institutional demands. For example, an organization simultaneously embedded in China, Germany, and Saudi Arabia is confronted with the different ways in which cultural rationalization has coalesced with the institutional traditions within these national contexts. Thus, regardless of the extent of foreign business activities, organizations embedded in multiple national contexts increasingly need to mobilize their reflexive capacity to translate this complex situation into a manageable course of action (Friedland and Alford, 1991; Sahlin, 2014; Thornton et al., 2012). In this sense, the experience of multiple institutional demands raises serious challenges for organizations; however, it simultaneously enables reflective consideration of institutional environments (Voronov et al., 2013). Accordingly, we propose that with embeddedness within an increasing number of national contexts, an organization has increased opportunities for reflecting on various local instantiations of cultural rationalization. For example, the Philippine port operator ICTS (from a national context, only superficially permeated by cultural rationalization) is embedded within many other national contexts around the globe and, thus, is expected to be able to compare and reflect on the ways cultural rationalization has permeated the national institutional traditions of national contexts such as Japan, Mexico, or India. The company claims on its website that it ‘operate[s] in many countries across the world’ and that its ‘knowledge, skills and expertise also enables us to navigate and operate in different political and economic environments’ (<https://www.ictsi.com/about-ictsi>).

We further argue that the reflexive capacity that organizations acquire to comply with the diverging demands of the various instantiations of cultural rationalization is

accompanied by an increasing degree of global identity. As a result, organizations embedded within multiple national contexts consider the multiplicity of instantiations of cultural rationalization to be an integral part of the globalization phenomenon and integrate these instantiations into their relevant social horizons. Thus, even if the receptivity of national contexts influences the way in which global models and national institutional traditions coalesce within national contexts, the resulting instantiations are still facets of the overarching phenomenon of cultural rationalization (Pope and Meyer, 2016; Roudometof, 2016). In other words, organizations exposed to different local instantiations tend to abstract from local particularities. Instead, they perceive the commonalities between national contexts elicited by the incorporation of these global models of cultural rationalization. Under these conditions, organizations develop a high degree of global identity and achieve cognitive legitimacy because they acknowledge local instantiations as parts of the same global process (Höllerer et al., 2017) that simply vary across national contexts as the result of divergent institutional traditions (Marquis and Battilana, 2009; Marquis and Lounsbury, 2007; Robertson, 1995; Roudometof, 2016; Sorge, 2005).

In view of this, we hypothesize that the social horizons of organizations broaden with increased experience of multiple instantiations of cultural rationalization. Therefore, embeddedness within multiple national contexts contributes to the acquisition of a higher degree of global identity:

Hypothesis 2: The higher the number of national contexts in which an organization is embedded, the higher the degree of global identity the organization displays.

Global Identity and the Influence of Traditional Forms of Authority

Within the context of the previous hypotheses, we propose that the instantiations of cultural rationalization within national contexts influence the extent to which organizations perceive the world as their relevant social horizon. However, we further argue that an additional factor at the organizational level explains the variances in the global identities of organizations: the governance of organizations by traditional forms of authority.

Regardless of the national context, we propose that organizations associated with traditional forms of authority tend to oppose the influence of cultural rationalization and instead favour institutional traditions that ensure social consensus and the welfare of local communities (Jepperson, 2002). In line with institutional theory, we argue that the traditional idea of corporateness, which is most prominently upheld by nation states and families, opposes the effects of cultural rationalization (Drori et al., 2009; Meyer, 2010; Meyer and Bromley, 2013). Cultural rationalization and the strengthening of the human individual as the sole carrier of rights, authority, and responsibility – with cultural roots in scientization, rights and capacities, and education (Meyer and Bromley, 2013) – stand in stark contrast to corporatist ideas that define humans in reference to collective groups. Nation states and families define their members according to features, such as geographic, ethnic, linguistic, or ancestral ties (Boli and Elliott, 2008; Bromley and Meyer, 2015; Cole, 2011; Meyer and Bromley, 2013), and thus favour institutional traditions that support these specific collective groups (Jepperson, 2002).

Before their exposure to cultural rationalization, the linkage of organizations to traditional forms of authority significantly shapes their identities. Institutional research has revealed that national policies and the role of state-owned organizations were considerably different before the spread of cultural rationalization (Cole, 2005; Drori et al., 2006; Hafner-Burton and Tsutsui, 2005; Meyer et al., 1997b). For example, traditional bureaucracies were obedient to the nation state as sovereign and exclusively governed their constituents in conformance with the regulations of the nation state, whose purview ended at its borders. In contrast, today's bureaucracies have become actors whose decisions are based on their own purposes, and their services increasingly view humans as individuals (Bromley and Meyer, 2017; Kernaghan, 2000). Likewise, the traditional model of family-owned and -governed enterprises with strong roots in national societies and a mandate to primarily serve the welfare of families is increasingly becoming replaced by the model of the modern organization governed and controlled by management professionals (Djelic, 1998).

We argue that because traditional forms of authority tend to defend corporatist ideas and, by extension, the role of nation states and/or families (Drori et al., 2009; Meyer, 2010), we expect that in cases where traditional authorities (still) have a mandate to govern organizations, these organizations will show considerable affinity towards the institutional traditions of national contexts as their relevant social horizon. For instance, the partially state-governed corporation Volkswagen, from Germany, comes from a national context that is highly permeated by cultural rationalization but still should exhibit a stronger affinity for balancing global issues (i.e., sustainability) and local issues (i.e., employment) than other organizations from the same national context. A current example of this effect of nation states and families is reflected in the tendency of state- and family-owned organizations to avoid the adoption of globally diffusing management practices (Bloom and Van Reenen, 2007) and instead consider the relatively locally bounded interests of nation states and/or families to be relevant. In this context, in their study of the adoption of a shareholder value orientation, Fiss and Zajac (2006) found that corporations with state ownership were more likely to refrain from adopting globally diffusing shareholder value management than their publicly owned counterparts. In other words, the strength of traditional forms of authority at the organizational level negatively affects the degree to which cultural rationalization constructs organizations as global actors (Bromley and Meyer, 2015; Meyer and Bromley, 2013). Therefore, we hypothesize the following:

Hypothesis 3: The less an organization is governed by traditional forms of authority, the higher the degree of global identity the organization displays.

METHODS

Sample

In line with our research focus, we studied organizations from a wide range of countries. To ensure that the selection included a high degree of variance in cultural rationalization, we selected the countries based on geographical dispersion and stage of economic development.

We chose 22 countries from the following world regions: Asia and the South Pacific (China, India, Japan, Kazakhstan, the Philippines, and South Korea), Western and Central Europe (Denmark, France, Germany, and the UK), Eastern Europe (Russia, Slovakia, and Turkey), North and Central America (Mexico and the USA), South America (Chile and Colombia), North Africa and the Middle East (Egypt and Saudi Arabia), and Sub-Saharan Africa (Kenya, Nigeria, and Zimbabwe). As our study is intended to complement institutional studies on international business organizations, we chose the 20 largest stock-listed corporations (measured by the number of employees) from the major stock index for each country. In some countries, as a result of either missing data or a smaller number of corporations listed in the respective stock index, we collected fewer than 20 corporations. Our final sample consisted of 366 corporations (see Table I).

Stock-listed corporations are well suited for addressing our hypotheses because they exhibit a significant degree of comparability regarding legal requirements worldwide. Due to this comparability at the global level, we expect that these corporations will need to balance comparable global and local institutional demands in their global identities, making them well suited for studying similarities and variations in the display of their global identities.

To collect relevant and comparable data, we used three types of data sources: English-language company websites, indices from public institutes (e.g., Education Index of the United Nations), and the Orbis database^[3] published by Bureau van Dijk (a Moody's Analytics company). Three factors went into our decision to use the Orbis database: Orbis is the most extensive cross-national, firm-level database, encompassing detailed accounting and financial information for 375 million corporations worldwide. More importantly, Orbis is one of only a handful of databases that record the ownership affiliation between headquarters and their foreign subsidiaries. Orbis links information from more than 160 sources and standardizes the data, enhancing the comparability of the firm data within and between countries. Based on these advantages, Orbis is widely accepted and used in management and organization studies (e.g., Alon et al., 2020; Li and Bathelt, 2018; Wei et al., 2020).

Measures

Dependent variable: global identity. To measure the global identity of organizations, we collected English-language, web-based self-representations of the corporations in our sample (Park et al., 2016). To capture their global identity, we relied on corporate websites in the English language, as these websites are likely to best reach the diverse audiences of organizations interested in the issue of locality and globality. The investigation of websites to study identity issues is well established within organization and management research. For instance, Oertel and Thommes (2018, p. 1714) state that 'websites offer the most comprehensive source of information for the study of organizational identities because they encompass the identity claims of organizations to all stakeholders'. In this sense, websites are 'an expression of organizational identity, a representation of how an organization presents itself to the world' and provide 'a window into the ways that organizations present themselves to their audiences' (Powell et al., 2016, pp. 107, 109). This notion of websites and identity is also in line with the social constructionist stance of institutional theory, according to which discursive self-representations, such as on websites, reveal the way in which organizations display their identity (Ravasi

Table I. Data sample

Country	Stock index	Number of organizations ¹	Number of analysed organizations ²	Example corporations with low global identity ³	Example corporations with high global identity ³
Chile	IPSA Chile	20	14	Cencosud, CMPC	Banco De Chile, Sigdo Koppers
China	GSI 300	20	20	China Vanke, State Construction Engineering	China Shipbuilding Industry, Bank of Beijing
Colombia	COLCAP	18	15	Gemex Latam, Interconexion Elctrica	Canacol Energy, Nutresa
Denmark	OMX Copenhagen	20	19	Trygvesta, Pandora	William Demant, Moeller Maersk
Egypt	EGX 30	20	15	Electro Cable, South Valley Cement	Global Telecom, Amer Group
France	CAC 40	20	19	Credit Agricole, Sanofi	Air Liquide, TotalEnergies
Germany	DAX	20	20	Deutsche Post, HeidelbergCement	Henkel, SAP
India	S&P CNX Nifty	20	19	Tata Motors, Coal India	Wipro Technologies, Cipla
Japan	Nikkei 225	20	20	Tokyo Gas, Daiwa Securities	Honda, Canon
Kazakhstan	KASE	8	8	KAZ Minerals, KEGOC	Bank CenterCredit, Kazakh Telecom
Kenya	Kenya NSE 20	20	17	Kenya Power, National Oil Corporation	WPP-Scangroup, Safaricom
South Korea	KOSPI	20	17	NHN, Kepco	SK Group, Samsung
Mexico	IPC Mexico	20	18	PINFRA, Grupo México	Orbia, Televisa
Nigeria	NSE All Share Kenya	20	19	Seplat Petroleum, Dangcem Cement	Zenithbank, Ardova
Philippines	PSEi	20	20	DMCI Homes, Jollibee Foods	Universal Robina, ICTSI
Russia	RTSI	20	18	Tatneft, Magnit	Polyus, Mobile TeleSystems
Saudi Arabia	TADAWUL	20	18	Savola Group, Saudi Electric	Samba Fin Group, Jabal Omar Development

(Continues)

Table I. (Continued)

Country	Stock index	Number of organizations ¹	Number of analysed organizations ²	Example corporations with low global identity ³	Example corporations with high global identity ³
Slovakia	SAX	7	5	Biotika, SES Tlmač	VUB Banka, OTP Banka
Turkey	BIST	20	17	Emlak Konut, Arçelik	Doğan Holding, ENKA
UK	FTSE 100	20	18	National Grid, Admiral Group	Smiths Group, British American Tobacco
USA	S&P	20	18	Bank of America, Home Depot	Alphabet, Boeing
Zimbabwe	INDZI	20	12	Starafrika, Border Timbers	African Distillers, Meikles Limited
		413	366		

¹Numbers <20 indicate stock indices with fewer than 20 corporations.

²In some countries, the number of corporations ultimately included in the analysis is lower because the website content of some corporations could not be automatically captured for technical reasons or key corporation variables were not available.

³In comparison with the corporations from the same country.

and Canato, 2008). In other words, websites are relevant because institutional theory traditionally draws on the notion of symbolic conformity with institutional demands (Bitektine et al., 2020; Bromley and Sharkey, 2017; Glynn and Abzug, 2002; Meyer and Rowan, 1977; Meyer and Vaara, 2020). Using a self-adapted version of the Apache Nutch web crawler, we downloaded the complete text of each corporation's 2016 website. For several organizations, we also assessed the translation of the website into English and found one-to-one correspondence.

To measure the degree of global identity, we analysed language usage on the organizations' websites (for similar text-based approaches to identity measurement, see Anglin et al., 2017; Goldenstein et al., 2019; Oertel and Thommes, 2018; Wruk et al., 2019; Zachary et al., 2011). In detail, we followed a well-established dictionary-based approach of computer-aided content analysis (Abrahamson and Eisenman, 2008; Abrahamson and Fairchild, 1999; Duriau et al., 2007; Palmer et al., 1997; Short et al., 2010). To take the institutional theory concept of the polarity of global identity (i.e., the continuum with a local and global pole) into consideration, we constructed two dictionaries to measure how ideologically oriented an organization is towards or away from the global. Specifically, we followed the suggestions made by Short et al. (2010) for the inductive construction of dictionaries, preparing a comprehensive list of words found on the corporate websites. Consequently, building on our definition of global identity, we decided next to solely include keywords in our two dictionaries (see Appendix 1) that were unambiguously oriented towards either the rather abstract global (e.g., *global*, *globally*, *world*, or *worldwide*) or the more concrete local (e.g., *local*, *locally*, *country*, or *national*).^[4] To ensure these keywords would capture a global identity, we applied a keyword-in-context analysis and examined whether the usage of the words in the texts matched the definition of global identity. We independently checked the keywords in the two dictionaries and assessed their match. To ensure the reliability and accuracy of this approach, we mutually verified our results and, following unanimous agreement, corrected deviations. Finally, by counting how often the organizations used global words in relation to the total of global and local words used, we constructed a relative measure ranging between 0 and 1 (for a similar approach, see Crilly et al., 2016). In the context of accuracy, we also made sure to not count keywords if they occur as part of proper names (e.g., names of corporations). A measure that encompasses both local and global words enables the capture of the polarity of global identity and reveals whether organizations identify more strongly with an imagined global community (i.e., global pole) or national contexts (i.e., local pole). Consequently, an organization with a value of 1 displays itself as a global citizen with a worldwide focus and strong attention to the issue of globality, fully globally oriented in its identity. In contrast, a value of 0 indicates that an organization displays itself as firmly committed to local contexts and their particularities. To enhance causal interpretations of our results, our dependent variable is based on the year 2016, and our independent and control variables are time-lagged by one year to cover 2015. We also performed several robustness checks, which we present in the results section.

Independent variables: Cultural rationalization index. According to institutional theory, the extent of cultural rationalization in countries is reflected by scientization, individual rights and capacities, and education (Bromley and Meyer, 2015; Meyer and Bromley, 2013). We

operationalized the extent of scientization in countries based on the number of published scientific articles reported by the World Bank database for each country for the year 2015.^[5] To capture the relevance of individual rights and capacities in countries, we used the ratings of countries in the Personal Freedom Index provided by the Cato Institute in 2015.^[6] The relevance of education in countries was operationalized based on their ratings in the 2015 United Nations Education Index.^[7] We normalized each of the three measurements for our sample to create three values, ranging from 0 to 1. Finally, we combined the three normalized indicators into an index of cultural rationalization (for a similar approach, see Bromley and Sharkey, 2017) by summing the normalized values for each country and dividing these by three. For each country, j , we assigned its respective index value to all corporations originating in that country.

$$\text{cultural rationalization}_j = \frac{\text{number of scientific articles}_j}{\max(\text{number of scientific articles})} * \frac{1}{3} + \frac{\text{Personal Freedom Index}_j}{\max(\text{Personal Freedom Index})} * \frac{1}{3} + \frac{\text{Education Index}_j}{\max(\text{Education Index})} * \frac{1}{3}$$

To prove the reliability of the index, we calculated the commonly used alpha coefficient (Cronbach, 1951). The test indicated that the internal consistency of our index ($\alpha = 0.70$) is satisfactory. Because our index depicts a multidimensional construct, we also calculated the frequently recommended omega coefficient (McDonald, 1999). This test confirmed the satisfactory reliability of our measurement ($\omega = 0.77$). For the countries in our sample, the measure for cultural rationalization reveals a range of values from 0.35 to 0.96. Egypt, Nigeria, and Zimbabwe exhibit the lowest values, whereas Germany, the UK, and the USA show the highest values of cultural rationalization. Chile, Russia, and Turkey fall in the middle of the range.

Number of national contexts. To measure the extent of embeddedness within other national contexts, we used the Bureau van Dijk Orbis database and counted the number of foreign countries in which the corporations in our sample operated subsidiaries as majority owners with a share of more than 50 per cent in 2015. In accordance with our theoretical arguments, we chose the number of foreign countries with majority-owned subsidiaries because we expect that in establishing such a subsidiary, an organization would need to intensively engage with the existing institutional traditions of the country. The same does not hold true for other forms of global engagement (e.g., exports or minority-owned subsidiaries). We used the natural logarithm of the number of foreign countries to avoid skewness of the variable.

Traditional forms of authority. According to institutional theory, nation states and families represent traditional forms of authority (Bromley and Meyer, 2015; Meyer and Bromley, 2013). To operationalize the influence of these traditional forms of authority, we constructed two variables on the organizational level. *State* and *family* represent the percentage of shares that nation states of origin or family members held in the corporations in our sample in 2015 (Bloom and Van Reenen, 2007; for a similar approach, see Fiss

and Zajac, 2004). Both percentages were extracted from the Orbis database. We found that nation states held shares in 19 countries (including Western nation states, such as the UK or Germany), and families held shares in all countries studied.

Control variables. We controlled for additional factors – on the level of national contexts (economic openness) and the organizational level (global network associations, financial performance, size, age, and industry) – that might influence our dependent variable.

Economic openness. It has been acknowledged in previous institutional research that the economic dimension of globalization and, most prominently, cross-national economic transactions may impact the behaviour of corporations from different countries (Lim and Tsutsui, 2012; Pope and Lim, 2020; Schofer and Meyer, 2005). To measure cross-national economic transactions, we applied the openness index, which is calculated as the ratio of a nation state's total trade to that nation state's gross domestic product (GDP). The openness index can be interpreted as the influence of economic linkages between nation states on their respective national economies (Kotcherlakota and Sack-Rittenhouse, 2000).

Global network associations. Global identity may also be influenced by an organization's membership in global networks. We selected the United Nations Global Compact (UNGC) as an example of such a global network because the UNGC aims to configure globalization in terms of balancing economic, social, and ecological needs (Shanahan and Khagram, 2006). Further, past research has shown that membership in the UNGC increases the probability that an organization will adopt practices and address topics related to the core principles of the UNGC (Chen and Bouvain, 2009). We created a binary variable, which, if an organization in our sample was a member of the UNGC in 2015, is 1.

Financial performance. We also tested for the effect of an organization's financial performance, since it is commonly assumed that organizations considered to be successful play a critical role in institutional processes (DiMaggio and Powell, 1983). We measured financial performance by the return on equity (ROE) in 2015 as reported in the Orbis database. We decided to use the ROE because it is a well-established measure of company performance (e.g., Rechner and Dalton, 1991; Shaw et al., 2005; Weiner and Mahoney, 1981).

Size. The size of an organization may affect its global identity because size may support the orientation of an organization towards foreign markets (Calof, 1994). As our measure, we used the logarithm of total sales in 2015 (Stanwick and Stanwick, 1998; Waddock and Graves, 1997). Data were extracted from the Orbis database.

Age. Institutional theory acknowledges that both national contexts and organizations may differ in the pace at which they become permeated by cultural rationalization (Frank et al., 2000; Pope and Meyer, 2016). As organizations may be enduringly imprinted by the institutional environment that prevailed during their founding and may adapt slowly to new institutional conditions (Stinchcomb, 1965), we controlled for the natural logarithm of the age of organizations. Data were extracted from the Orbis database.

Industry. Finally, the global identity of organizations may be driven by industry conditions. The industries to which organizations belong provide them with infrastructures that may have a significant effect on their identities (Hinings et al., 2017). To control for such potential industry effects, we extracted the first two digits of the organizations' SIC codes from the Orbis database. We grouped the two-digit SIC codes into the following dummy variables: (1) agriculture and fishing, (2) mining, (3) construction, (4) commodities and utilities, (5) manufacturing, (6) wholesale trade, (7) retail trade, (8) financial services, and (9) services (for a similar approach, see Cohen and Dean, 2005; Pan et al., 2018). In our regression analyses, we used manufacturing as the reference category.

Estimation Procedure

The sample design of our study is characterized by a nested hierarchical structure with two levels of random variation: organizations within national contexts and between national contexts. Based on our theoretical considerations, organizations within a national context may be more similar to one another than organizations in others and therefore may not provide independent observations. In situations in which factors at different levels of analysis must be considered simultaneously, hierarchical linear models are recommended (Drori et al., 2021; Hofmann, 1997; Scherbaum and Ferrer, 2009). These models allow us to 'model explicitly both within and between group variance (i.e., one is not forced to discard potentially meaningful within-group variance), as well as investigate the influence of higher-level units on lower-level outcomes while maintaining the appropriate level of analysis' (Hofmann, 1997, p. 726). In line with our theoretical arguments, a hierarchical linear model thus allows us to acknowledge that our dependent variable may vary across and within the national contexts from which organizations originate (Hofmann, 1997; Scherbaum and Ferrer, 2009). Consequently, we tested our hypotheses by applying hierarchical-linear modeling with countries as the grouping variable, which is also in keeping with other quantitative management and/or globalization studies involving comparable sample designs (Givens and Jorgenson, 2013; Hadler, 2016). Comparison with a linear non-multilevel regression model revealed that the use of such a model was statistically appropriate because the national contexts provided a significant explanation for variations in the global identity variable at the organizational level. To verify that multicollinearity did not affect our results, we examined the variation inflation factor (VIF), for which the highest value was 2.4. The maximum VIF was well below the critical value of 10 (Hair et al., 1995; Neter et al., 1989), confirming that multicollinearity is not expected to be an issue of concern.

RESULTS

Table II provides the descriptive statistics and Pearson's correlation coefficients for the variables we used to test our hypotheses. Table III shows the results of our linear multi-level regressions.

For our regressions on global identity, we proceeded stepwise (Models 1 to 5 in Table III), starting with a model that comprised only our control variables and served as a baseline model (Model 1). This model shows that, to some extent, the varying degrees of global identity are explained by industry affiliation. In particular, organizations in the mining and wholesale trade industries show lower degrees of global identity than organizations from the manufacturing industry, our reference category.

In Hypothesis 1, we propose that the greater the extent to which the national contexts from which organizations originate are permeated by cultural rationalization, the more global the identity of these organizations. Model 2 adds the *cultural rationalization index*, with a significant positive coefficient ($p < 0.01$). In the full model (Model 5), the regression coefficient for the cultural rationalization index is also positive and significant ($p < 0.05$), implying a higher degree of global identity for organizations within national contexts that are highly permeated by cultural rationalization, even when accounting for the economic dimension of globalization within these national contexts. Thus, Hypothesis 1 finds statistical support.

Hypothesis 2 suggests that the higher the number of national contexts within which organizations are embedded, the more global the identity of these organizations. In Model 3, we include the *number of national contexts* to test Hypothesis 2. As we have suggested, this variable is significant ($p < 0.01$) and positive. Additionally, in the full model (Model 5), the regression coefficient for the number of national contexts remains positive and significant ($p < 0.05$). Consequently, Hypothesis 2 is supported.

In Hypothesis 3, the variables of *state* and *family* are included to test whether the lack of obligation of organizations to traditional forms of authority increases their display of global identity. The percentage of shares held by families is not statistically significant in either Model 4 or the full model (Model 5). With respect to the percentage of shares nation states held in organizations, our analysis demonstrates a significant negative impact on global identity ($p < 0.05$). However, the impact of the nation state loses its statistical significance in the full model (Model 5). Hypothesis 3 is partially supported.

Given that traditional forms of authority may yield non-linear effects on corporations (e.g., Ding et al., 2007; Huang and Boateng, 2013; Mazzola et al., 2013), we conducted additional post hoc analyses to substantiate our findings within the context of Hypothesis 3.^[8] While carefully examining the variables *state* and *global identity*, we discovered that a relationship between nation state governance and the global identity of an organization may begin at the point at which a nation state holds approximately 20 per cent of the shares. At lower levels, the governance of nation states has no observable relationship to an organization's global identity. To statistically verify such a non-linear effect, we generated three dummy variables representing three different thresholds of nation state governance. The first dummy variable, *state zero*, is coded as 1 for all organizations with no shares held by nation states and 0 for all others. The variable *state low* represents organizations in which nation states hold between 1 and 19 per cent of the shares. Finally, *state high* is coded 1 for organizations in which nation states hold 20 per cent or more of shares. The regression models in Table IV show that, compared with organizations not governed by nation states (*state zero*), organizations with a low level of nation state governance influence (*state low*) do not significantly differ in their global identity. In contrast, organizations characterized by a high level of nation state

Table II. Descriptive statistics and Pearson's correlation coefficients

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1 Global Identity	0.52	0.17																		
2 Cultural Rationalization Index	0.57	0.16	0.23																	
3 Number of National Contexts (ln)	1.82	1.33	0.28	0.47																
4 Family	7.40	17.09	0.02	-0.13	0.04															
5 State	7.75	19.51	-0.14	-0.13	-0.15	-0.15														
6 Economic Openness	57.10	25.50	0.08	0.09	0.10	0.03	-0.06													
7 Size (ln)	8.41	2.08	0.14	0.64	0.55	-0.08	0.05	-0.08												
8 Age (ln)	3.73	0.86	0.11	0.13	0.21	0.04	-0.08	0.00	0.13											
9 Financial Performance	13.28	19.81	-0.01	0.12	-0.02	-0.04	-0.01	-0.03	0.08	0.09										
10 Global Network	0.25	0.43	0.11	0.23	0.41	0.02	-0.08	0.16	0.23	0.12	-0.04									
11 Agriculture and Fishing	0.01	0.09	-0.04	-0.10	-0.01	0.02	-0.02	0.05	-0.14	-0.05	-0.03	-0.05								
12 Mining	0.09	0.28	-0.18	-0.03	-0.03	0.09	0.04	-0.04	0.04	-0.04	-0.09	0.02	-0.03							
13 Construction	0.22	0.41	0.02	0.01	0.02	0.00	-0.08	-0.02	-0.06	0.17	0.06	-0.01	-0.05	-0.16						
14 Manufacturing	0.12	0.32	0.04	0.07	0.12	-0.02	-0.12	0.00	0.08	0.02	-0.04	-0.02	-0.03	-0.11	-0.19					
15 Commodities and Utilities	0.13	0.34	-0.02	-0.10	-0.02	-0.10	0.31	0.02	0.01	-0.12	-0.02	-0.04	-0.03	-0.12	-0.20	-0.14				
16 Wholesale Trade	0.06	0.23	-0.16	0.09	-0.06	0.07	-0.04	-0.08	0.07	-0.01	0.11	0.04	-0.02	-0.07	-0.13	-0.09	-0.09			
17 Retail Trade	0.32	0.47	0.09	-0.03	-0.10	-0.01	-0.04	0.01	-0.02	-0.02	-0.04	0.03	-0.06	-0.21	-0.36	-0.25	-0.27	-0.17		
18 Finance	0.05	0.22	0.09	0.06	0.08	0.02	-0.09	0.04	-0.07	-0.04	0.02	-0.05	-0.02	-0.07	-0.12	-0.08	-0.09	-0.06	-0.16	
19 Services	0.01	0.11	0.07	0.03	0.06	0.00	-0.05	0.08	0.01	0.02	0.07	0.04	-0.01	-0.04	-0.06	-0.04	-0.05	-0.03	-0.08	-0.03

Note: Correlations greater than or equal to 0.10 or smaller than or equal to -0.10 are significant at $p < 0.05$.

Table III. Linear multilevel models on the global identity of organizations

<i>Independent Variables</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
<i>Country-level variables</i>					
Cultural Rationalization Index		0.260** (0.000)	(0.093) (0.000)		0.218* (0.000)
Economic Openness	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
<i>Organization-level variables</i>					
Number of National Contexts (ln)			0.028** (0.009)		0.022* (0.009)
Family				0.001 (0.001)	0.001 (0.001)
State				-0.001* (0.000)	-0.001 (0.000)
Size (ln)	0.008 (0.005)	0.000 (0.005)	-0.000 (0.006)	0.009 (0.010)	-0.004 (0.007)
Age (ln)	0.019 (0.010)	0.019 (0.010)	0.014 (0.010)	0.018 (0.010)	0.014 (0.010)
Financial Performance	-0.001 (0.000)	-0.001 (0.000)	-0.000 (0.000)	-0.001 (0.000)	-0.000 (0.000)
Global Network	0.023 (0.022)	0.020 (0.022)	0.004 (0.022)	0.019 (0.022)	0.002 (0.022)
Agriculture and Fishing	-0.062 (0.099)	-0.042 (0.099)	-0.082 (0.098)	-0.070 (0.098)	-0.066 (0.097)
Mining	-0.105** (0.039)	-0.103** (0.039)	-0.095* (0.038)	-0.099* (0.038)	-0.091* (0.039)
Construction	-0.013 (0.031)	-0.013 (0.031)	-0.009 (0.031)	-0.008 (0.031)	-0.005 (0.031)
Commodities and Utilities	-0.001 (0.035)	0.005 (0.035)	0.003 (0.035)	0.027 (0.034)	0.028 (0.036)
Wholesale Trade	-0.119** (0.044)	-0.124** (0.044)	-0.100* (0.044)	-0.117** (0.044)	-0.109* (0.044)
Retail Trade	0.012 (0.030)	0.012 (0.030)	0.025 (0.030)	0.017 (0.030)	0.027 (0.029)
Finance	0.051 (0.046)	0.047 (0.046)	0.044 (0.046)	0.047 (0.046)	0.038 (0.046)
Services	0.092 (0.078)	0.089 (0.078)	0.096 (0.077)	0.091 (0.077)	0.084 (0.076)
Constant	0.383*** (0.071)	0.315*** (0.071)	0.419*** (0.070)	0.375*** (0.070)	0.352*** (0.071)
<i>N</i>	366	366	364	365	363
<i>Number of groups</i>	22	22	22	22	22

Table III. (Continued)

<i>Independent Variables</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
<i>AIC</i>	-278.639	-270.325	-275.562	-275.283	-273.297
<i>BIC</i>	-200.751	-207.883	-209.218	-209.032	-203.099
<i>Log-Likelihood</i>	159.320	151.162	154.781	154.642	154.649

***p < 0.001; **p < 0.01; *p < 0.05.

governance (*state high*) show statistically significant lower levels of global identity. Further, the log-likelihoods of the regression models in Table IV indicate a higher explanatory power than the respective model in Table III, which applied a numerical variable for nation state governance. We additionally ran models with other thresholds (between 15 and 25 per cent) for the *state high* variable and obtained similar results. These post hoc findings can be explained by the fact that the legally determined ability to execute formal control generally begins at a certain threshold of governance. However, for familial governance, we could not observe any such non-linear relationship. Thus, we conclude that, at a minimum, nation states with a certain level of governance authority can still significantly influence the identification of organizations with either the global or national contexts.

In summary, our results completely support Hypotheses 1 and 2. Our findings only partially support Hypothesis 3, and our post hoc analyses add more depth to our findings in this regard. Our results imply that even if traditional forms of authority may have considerable impact on organizations, the cultural facet of globalization appears to exceed the influence of traditional forms of authority. However, we acknowledge that, as in any empirical work, our findings should be interpreted in consideration of our sampling. We will discuss the potential limitations of our sample and avenues for further research at the end of this article.

Table IV. Testing the effect of nation state as a categorial factor in the global identity of organizations with linear multilevel models

<i>Independent variables</i>	<i>Model 1</i>		<i>Model 2</i>	
<i>Country-level variables</i>				
Cultural Rationalization Index			0.218*	(0.092)
<i>Organization-level variables</i>				
Number of National Contexts (ln)			0.021*	(0.009)
Family	0.001	(0.001)	0.001	(0.001)
State Low	0.025	(0.030)	0.032	(0.029)
State High	-0.084**	(0.029)	-0.067*	(0.028)
Constant	0.360***	(0.071)	0.336***	(0.071)
— all control variables included —				
<i>N</i>	365		363	
<i>Number of groups</i>	22		22	
<i>AIC</i>	-277.296		-282.498	
<i>BIC</i>	-203.198		-200.716	
<i>Log-Likelihood</i>	157.648		162.249	

***p < 0.001; **p < 0.01; *p < 0.05.

Robustness Checks

To enhance the reliability of our findings and to rule out alternative explanations, we conducted several robustness checks.

First, to verify the robustness of our dependent variable, we assessed whether the integration of specific words into our dictionaries biased the results. To this end, we chose the simplest, most theoretically reasonable configuration of the dictionaries and included only the two words *local* and *global*. As the use of plural nouns in particular (e.g., countries, nations, and regions) arguably falls between the orientations to the global and the local, we also tested a dictionary configuration by deleting the plural nouns. With each of the configurations of our dictionary, we were able to reproduce the main findings of our study.^[9]

Second, to verify the robustness of our cultural rationalization variable, we constructed the index with alternative measures for scientization, individual rights and capacities, and education. As an alternative measure for scientization, we integrated the number of universities relative to the population of each national context.^[10] As an alternative measure for individual rights and capacities, we integrated the Human Development Index.^[11] To test an alternative measure for the relevance of education within a national context, we integrated education expenses relative to the GDP.^[12] We found that alternative variants of the cultural rationalization index produced the same results with respect to our dependent variable. Further, the variants correlate strongly (i.e., Pearson's correlation coefficient shows an average correlation of 0.89).

Third, with regard to Hypothesis 2, one may argue that rather than the number of national contexts, it is the degree of cultural rationalization within those national contexts that affects the global identity of organizations. The higher the degree of cultural rationalization within national contexts or the more dissimilar the national context of origin and the other national contexts within which organizations operate subsidiaries are in their degree of cultural rationalization, the greater the need for organizations to develop a global identity. To rule out these alternative explanations, we constructed three variables at the organizational level: (1) the average cultural rationalization index of the national contexts within which organizations operate subsidiaries, (2) the averaged absolute value of the differences in the degree of cultural rationalization between the national context of origin and all other national contexts within which organizations operate subsidiaries, and (3) the statistical variance of these differences. However, for all these alternative measures, our regression models show no statistically significant impact on the global identity of organizations. This result supports our theoretical consideration that the global identity of organizations is positively affected if an organization is confronted with a multiplicity of (potentially) divergent instantiations of cultural rationalization, irrespective of the absolute degree or variance of cultural rationalization in other national contexts.

Finally, within the context of Hypothesis 2, one may also argue that the global identity of an organization is not (only) affected by the number of its national contexts but (also) by the extent of its foreign business activities. To account for this alternative explanation, we tested for two established measures of an organization's degree of internationalization: (1) foreign sales to total sales and (2) foreign assets to total assets (Schwens et al., 2018). However, due to missing values for these metrics, we ran these robustness

checks only for those organizations for which we had a value for at least one of these measures. To avoid skewness of our sample and to obtain as balanced a subsample as possible, we randomly selected a maximum of 10 organizations per country. We performed the robustness checks for foreign sales based on 171 organizations and for foreign assets based on 139 organizations. In both subsamples, the number of national contexts still significantly explained the global identity of organizations. Still, neither foreign sales nor foreign assets showed a statistically significant effect on our dependent variable. Based on these robustness checks, we can conclude that the global identity of organizations is indeed driven by both the number of national contexts within which organizations are embedded and the origin of organizations within national contexts with high degrees of cultural rationalization, even when controlling for an organization's global business activities.

DISCUSSION

In this study, we question the impact of globalization as a process of cultural rationalization on the global orientation of organizations; that is, we explore the degree to which organizations position their global identity towards the world. By studying the global identity of 366 corporations from 22 countries, we demonstrate how the coalescence of global and local institutional demands accounts for the consequences of globalization at the organizational level. Our findings facilitate theory building in several ways.

The Construction of International Business Organizations as Global Actors

Our study demonstrates the impact of globalization on organizations beyond the expansion of economic transactions. The cultural dimension of globalization serves to explain why organizations are increasingly identifying themselves as autonomous global actors with differing degrees of global identity rather than as aggregations of individuals nested within local contexts. By demonstrating the explanatory value of considering the impact of the cultural dimension of globalization on the construction of organizations as global actors, our study implies that the focus on the institutional traditions of national contexts understates the effect of the world-spanning institutional process of cultural rationalization on the global orientation of organizations (Bromley and Meyer, 2015, 2017; Drori et al., 2009; Meyer et al., 2015; Meyer and Jepperson, 2000). In addition to studies that have restricted the relevance of institutional demands and legitimacy within the borders of national contexts (Busenitz et al., 2000; Kostova and Roth, 2002; Kostova and Zaheer, 1999; Lu, 2002; Peng et al., 2009; Phillips et al., 2009), our study shows that the institutional demands of cultural rationalization, as well as local institutional demands, construct organizations as global actors with a specific degree of global identity. In this sense, our study points to the relevance of the theoretical distinction between organizations as self-effective global actors and the extension of corporate structures and business activities across national borders (King et al., 2010; Lan and Heracleous, 2010; Robé, 2020).^[13]

In detail, our study highlights that cultural rationalization provides global models of what it means to be a proper global actor (Drori et al., 2009; Meyer and Bromley, 2013), whereas the quest by organizations for cognitive legitimacy involves the translation of these models in a way that attends to the institutional demands of the national contexts within which they are embedded (Boxenbaum, 2006; Czarniawska and Joerges, 1996; Wedlin and Sahlin, 2017). While past research has conceptualized legitimacy primarily as a resource that organizations acquire within a given national context by adapting structures and operations to institutional demands (Kostova and Zaheer, 1999), our findings point to a more universal role played by institutional demands and legitimacy for the constitution of organizational actorhood (e.g., King et al., 2010; Lan and Heracleous, 2010; Robé, 2020). In line with our theorization, our results indicate that the exposure of organizations to cultural rationalization facilitates the acquisition of a global identity, which supports the perception of organizations as credible global actors in a globalizing world (Walgenbach et al., 2017). Depending on their national context of origin, organizations as global actors are expected to signal a certain degree of worldwide focus and strong attention to the issue of globality, regardless of whether their business activities expand across national borders.

Our study reveals institutional conditions that can explain why organizations acquire a certain degree of global identity and why organizations from the same national context differ with regard to their identities, whereas organizations from different national contexts may be more similar in this regard (Drori et al., 2014a, 2014b). To understand the construction of organizations as global actors, it is essential to consider the simultaneity of cultural rationalization and the institutional traditions of national contexts. In detail, we found that organizations display a degree of global identity that corresponds with the degree to which global models of scientization, individual rights and capacities, and education have already coalesced with the institutional traditions of national contexts. As this display of a global identity seems to be independent of the economic globalization of national contexts (i.e., economic openness), cultural rationalization seems to be the decisive factor that constructs organizations as actors with global identities. Our study thus underscores the important distinction between economic and cultural-institutional factors of globalization. Our findings also emphasize that the configuration of an organization's global business activities is at best only loosely coupled with its global identity. This implies that organizations with limited foreign business activities, such as local manufacturers or energy suppliers, may nevertheless develop a certain degree of global identity.

Moreover, our study reveals that simultaneous exposure to multiple different instantiations of cultural rationalization enhances a given organization's degree of global identity. This argument is further supported by our finding that an organization's governance by the nation state as a traditional and, heretofore, dominant form of authority tends to hamper the emergence of a global identity. Nation states are inclined to support specific collective groups (Boli and Elliott, 2008; Bromley and Meyer, 2015; Cole, 2011; Meyer and Bromley, 2013) and are thus likely to ascribe more cognitive legitimacy to organizations that show a considerable affinity for the institutional traditions of national contexts, regardless of their national context of origin. In other words, our findings illustrate that even if most contemporary nation states are increasingly losing their status

as a legitimate traditional form of authority, they still yield influence on organizational actorhood (Meyer and Bromley, 2013). This influence may be explained by the fact that modern nation states have become actors in themselves (Meyer and Jepperson, 2000). Within this context, the agentic status differentiates nation states and other traditional forms of authority such as families, which are still perceived as aggregations of individuals. As actors, however, nation states could become competitors (Pedersen, 2010) and developers of agentic capabilities aimed at influencing organizations with state management (Meyer et al., 1997a). In line with this notion, the agentic interest of nation states is to commit organizations to operate as proper corporate citizens in the national contexts within which they are embedded.

Although our study is focused on the influence of institutional conditions (i.e., organizations' exposure to [different instantiations of] cultural rationalization) on the global identity of international business organizations, this does not necessarily deny the possibility of influences in the reverse direction. The world society approach in institutional theory itself allows one to acknowledge that organizations and their exposure to institutional conditions can be co-constitutively related. That is, organizations become global actors and act within the realm of global and local institutional demands. At the same time, organizations can influence institutional conditions and organizational exposure to multiple institutional conditions (Drori, 2016; Goldenstein et al., 2019; Höllerer et al., 2017; Meyer and Bromley, 2013; Meyer and Vaara, 2020). For example, cultural rationalization induces a certain degree of global identity. However, an organization's global identity may induce its funding of the national educational system and, thus, influence the strength of the cultural model of education in a national context. Similarly, exposure to multiple instantiations of cultural rationalization in national contexts enhances an organization's global identity concerning its capacity to reflect on these instantiations. However, one may argue that an increasing global identity also enhances organizations' openness to engage with more national contexts. As such, organizations' global identities and their exposure to multiple instantiations of cultural rationalization in national contexts may influence each other reciprocally. Besides investigating the co-constitution of organizations and institutional conditions, taking a broad institutional perspective on international business organizations may also permit future studies to investigate, for instance, how a proper degree of global identity enables an organization to legitimately expand its activities globally or why some organizations fail to enter national contexts even when conforming to national institutional traditions.

Institutional Theory and the Global Identity of Organizations

Our study highlights the multidimensional nature of the organizational environment and its influence on the construction of an organization's identity. We found that organizations not only develop their identities within social networks of similar peer organizations but also are simultaneously constructed by their cultural embeddedness between the poles of a global–local continuum. By empirically showing the institutional origin of an organization's orientation towards the world or away from it, our study's second contribution demonstrates the relevance of considering the global and local as references

shaping the global identity of organizations, a field of inquiry that has, to date, been neglected (Glynn, 2017; Glynn and Abzug, 2002).

The notion that environmental factors shape the way in which organizations display their identities is well established in institutional theory (Cornelissen, 2006; Glynn, 2017; Meyer and Vaara, 2020). However, institutional literature suggests that organizations display their identities in accordance with their association with peer organizations in internationalized social categories (Glynn and Navis, 2013; Thornton et al., 2012) and the public image they receive as feedback from their audiences (Dutton and Dukerich, 1991). That is, by offering the same goods and services, organizations from the same local context share an identity (Dhalla and Oliver, 2013; Glynn and Abzug, 2002; Zietsma et al., 2017) and develop this identity in reaction to external shocks (Greenwood et al., 2002), public issues and movements (Dutton and Dukerich, 1991; Rao et al., 2003), and institutional shifts within their environment (Furnari, 2014; Glynn and Abzug, 2002).

Our study, in turn, demonstrates the relevance of the interrelation between global and local institutional demands for the establishment of an organization's identity issue. Although the worldwide effect of cultural rationalization has been studied at the level of national contexts (Drori et al., 2006; Lim, 2016; Lim and Tsutsui, 2012; Pope and Lim, 2020; Schofer and Meyer, 2005; Weber and Soderstrom, 2015), our findings suggest that the global identity of organizations is significantly influenced by the coalescence of both cultural rationalization and the institutional traditions of national contexts at the organizational level. Our findings indicate that organizations take different approaches to translating the various global and local institutional demands into a proper global identity that will ensure their legitimacy as actors. In other words, the degree of global identity displayed by an organization corresponds to the instantiations of cultural rationalizations with which it is confronted. Thus, it is not cultural rationalization per se, as an expanding process worldwide, that represents a significant factor in influencing how strongly organizations exhibit a global identity, but rather the degree to which national contexts are already permeated by this process and the extent to which organizations are exposed to multiple instantiations of cultural rationalization.

As such, our findings also add to the current translation perspective in institutional theory, which has so far focused on the translation of globally diffusing models at the level of national and local contexts (Boxenbaum, 2006; Czarniawska and Joerges, 1996; Lim and Tsutsui, 2012; Meyer and Höllerer, 2010; Pope and Lim, 2020; Wedlin and Sahlin, 2017). Taking a more nuanced view and demonstrating that the construction of organizations as global actors is dependent on the simultaneity of global institutional processes with local institutional demands (Pope and Meyer, 2016), we point to the fact that the translation of global models constructs identities at the organizational level. Early research on translation suggested that an organization's identity is a critical factor in understanding the way in which that organization translated globally diffusing models (Sevón, 1996). However, the influence of translation on the identity of organizations has been widely neglected (Wedlin and Sahlin, 2017). Our study thus points to the way in which the translation and coalescence of global and local institutional demands result in a particular identity formation at the organizational level (Bitektine et al., 2020; Meyer and Vaara, 2020). By demonstrating that even

organizations from the same national context may display different global identities (Drori et al., 2014a, 2014b), our findings add to the translation perspective in institutional theory and show how the duality of global and local institutional demands results in the simultaneous existence of similarity and variation across organizations (Goldenstein et al., 2019; Höllerer et al., 2017).

Our study also reveals that the coexistence of similarity and variation does not result solely from a vertical interrelation of the global and local contexts, but that the horizontal connections of organizations to various local contexts and traditional forms of authority also influence these patterns of 'similarity-cum-variation'. Our study opens a space for research that will explore the institutional demands that account for when and how organizations are similar or different. This insight recognizes the need to consider the coexistence of global and local institutional demands to avoid conceptualizing national contexts as one distinct social space. Instead, it is essential to consider the horizontal linkage of different national contexts and the embeddedness of organizations within these local contexts. Accordingly, such a perspective on translation facilitates a better understanding of the nuanced ways in which organizations respond to co-existing and (potentially) conflicting institutional demands (Greenwood et al., 2010; Greenwood et al., 2011; Lounsbury, 2007; Reay and Hinings, 2009). Our findings regarding the identity of organizations indicate that the organizational level itself is relevant in explaining the degrees of variation with which organizations around the globe react to the diffusion of global models.

Within the context of the global identity of organizations, our article also provides implications for the literature on institutional multiplicity in institutional theory (Greenwood et al., 2011). This literature conceptualizes the identity of organizations as a moderator of how organizations react to institutional multiplicity. In contrast, our findings reveal the co-constitutive nature of institutional multiplicity; that is, an organization's identity not only influences how that organization reacts but also is constructed by institutional multiplicity in the first place. The literature on institutional multiplicity also points to the impact of corporate governance structures that influence the reactions of organizations in the face of simultaneous multiple institutional demands (Greenwood and Hinings, 1996; Pache and Santos, 2013). Our study contributes to this stream of research by lending nuance to this claim. Indeed, we provide evidence that when nation states are part of the corporate governance structure of an organization, they have a slight impact on the organization's reaction to institutional multiplicity. In contrast, however, families proved not to have the same influence. This finding indicates that nation states remain influential actors (Meyer et al., 1997a; Meyer and Jepperson, 2000), with considerable impact on organizational life. Nevertheless, our study additionally provides evidence that cultural rationalization has a stronger influence on organizations than traditional forms of authority in general. Again, this implies a need for studies on institutional multiplicity to consider the co-constitutive nature of organizations and the multiple institutional environments in which they are embedded (Drori, 2016).

Limitations and Future Research

The limitations of our study open avenues for future research. First, our results are restricted to the largest stock-listed organizations of the 22 countries we researched. This focus may raise concern of a sampling bias, as it can be expected that stock-listed organizations are more likely to hold a global identity and, at the same time, are less likely to be influenced by traditional forms of authority. While we acknowledge this limitation, for several reasons related to the scope and nature of our study, we do not believe it affects the value of our results. Due to our theoretical contributions to institutional studies on international business organizations, we consider the focus on such corporations to be appropriate, and due to the large number of countries included, we obtained a high level of diversity within the corporations observed. Our dependent variable captures a considerable range of values mapped onto the local–global continuum. Finally, if the theoretical arguments regarding traditional forms of authority advanced in our manuscript hold true, empirical tests on stock-listed corporations might produce rather conservative results. However, this makes our findings interesting because even stock-listed corporations still appear to be sensitive to the governance by nation states as a traditional form of authority. Nevertheless, future research can complement and expand our results by considering additional national contexts, a broader range of organizations, organizations of different sizes and legal forms, and/or organizations with business operations primarily within their national context of origin. For example, since our focus on the largest stock-listed organizations may account for the non-significant effect of family ownership on the global identity, future studies may further contrast the global identities of public and private firms. Although our sample comprises 132 firms with family ownership and the largest stock indices are used widely to compare family and non-family firms (Block, 2010; Dyer and Whetten, 2006; Sageder et al., 2018), the often low level of family ownership may constrain the impact of families as a traditional form of authority on an organization's identity. Consequently, management by family members in privately held firms may show the proposed effect on global identity. Also, researching the global identity of firms with no foreign subsidiaries would further substantiate whether and in what way organizations respond to cultural rationalization. Within this context, showing that such corporations also develop a global identity would underline the theoretical arguments developed in our study.

Second, to test the influence of cultural rationalization, our study builds on the national context, which is an established concept within the world society approach in institutional theory (Boli and Thomas, 1997; Frank et al., 2000; Lim and Tsutsui, 2012; Pope and Lim, 2020). However, due to diverging institutional traditions, even sub-regions within national contexts, such as the federal states within the USA, may be permeated by cultural rationalization to differing degrees. Consequently, future studies can account for the embeddedness of organizations within sub-regions of national contexts to broaden our understanding of the nuanced influence of cultural rationalization on the global identities of organizations.

Third, based on the cross-sectional design of our study, we were not able to analyse temporal developments within given countries. Future research involving longitudinal

studies would allow an understanding of whether cultural rationalization is an ongoing process that requires steady alignment of an organization's identity or whether institutional traditions of national contexts support some kind of path dependency and, thus, maintain different identities of organizations. Longitudinal research designs may also capture the co-constitutive relationship between the emergence of organizations' global identities and the institutional conditions that shape them. Moreover, longitudinal studies may also be able to capture the possible influence of global trends, such as a decline in international transactions (Ambos et al., 2020; Buckley, 2020; Witt, 2019) and cultural rationalization (Guillén, 2018), as indicators of deglobalization. Within this context, researchers highlight that the increasingly nationalistic policies and protectionism of key state governments serve as a test for extant theories. Questioning whether and how such tendencies affect the global identity of organizations may therefore facilitate theory building.

Finally, we measured the global identity of organizations through English-language self-representation on their websites. While the focus on English-language websites limits the set of observable organizations, it at the same time increases the comparability across organizations. Nevertheless, as providing an English-language website may already indicate at least a slight orientation towards the world, future research could test the theoretical arguments developed in our study in the context of organizations that have websites only in languages other than English. Furthermore, future research can take a multi-modal perspective and investigate, for example, how organizations use images to convey their identities (Meyer et al., 2013). Future research can also study whether the publicly visible orientation towards the world – or away from it – corresponds with organizational structures and actions as well as the perceptions of an organization's internal and external audiences (Höllerer et al., 2017). As identity influences organizational structure and actions and, consequently, the image of organizations in the eyes of audiences (e.g., Dutton and Dukerich, 1991), by utilizing additional data sources, future research can study the impact of a potential discrepancy between structure, action, image, and identity on an organization's legitimacy.

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NOTES

- [1] The term *imagined global community* points to the idea of a (still-evolving) world society based on universal principles (Höllerer et al., 2017; Meyer, 2010). For example, in a world society, issues such as ecology, human rights, equality, health, or even economic prosperity gain recognition as global themes whose impacts are not restricted to nation states. In the absence of a global state (Meyer, 2000), an imagined global community materializes in a multitude of associational and network relations with diffuse authority. As a prominent example, even the United Nations and its UN Global Compact network carry their global missions in partnership with many non-governmental, for-profit, and other partners. The diffuse nature of authority is reflected in, for instance, soft law strategies to encourage compliance with global norms because authority is primarily based less on formal legislation than on the legitimacy of global models of scientization, individual rights and capacities, and education (Drori, 2008; Höllerer et al., 2017; Meyer and Bromley, 2013).

- [2] Our definition of global identity builds on recent institutional research that suggests differentiating formal, practical, and meaning dimensions of the orientation of organizations (Höllerer et al., 2017). While the formal and practical dimensions involve the adoption of (globally diffusing) organizational structures such as management concepts and an organization's (business) operations, the meaning dimension reveals the identity of the organization and refers to 'the image of the organization, as perceived by stakeholders from inside and outside the organization' and thus focuses on the 'ideas and opinions that are not necessarily made formally explicit or acted upon' (Höllerer et al., 2017, p. 228).
- [3] <https://www.bvdinfo.com/en-us/our-products/data/international/orbis>
- [4] Based on our definition of 'global identity', we counted mentions of the words *nation* or *country* as local words because their use reflects an organization's reference to specific local aspects rather than an emphasis on the world as the relevant social horizon. This assignment is also backed by our keyword-in-context analysis and can be illustrated with examples from our data for use of the words *nation* and *country*: 'Our prosperity is greatly dependent on the well-being of our nation' (Ayala Corporation, Philippines); 'Among them, making an economic contribution to the nation is the most essential, and reflects the company's devotion to society and humanity' (Samsung, South Korea); 'The beauty of Kenya is breathtaking! Think about it, there are so many progressive stories about this wonderful nation that are rarely told' (Safaricom, Kenya). 'Having the name of our country in our brand is not only an honor but also a great responsibility' (Banco de Chile, Chile); 'Our drivers performed very well in the Traffic Safety Board driver of the year 2014 with our candidates scooping first, third and fourth place. They will represent the country in the international competitions' (Delta Corporation, Zimbabwe).
- [5] <https://data.worldbank.org/indicator/IP.JRN.ARTC.SC>
- [6] <https://www.cato.org/human-freedom-index-new>
- [7] <http://hdr.undp.org/en/content/education-index>
- [8] We thank the editor for encouraging us to conduct post hoc analyses that could provide additional insight regarding our finding for Hypothesis 3.
- [9] For the dictionaries without plural nouns, all effects remained stable. For dictionaries reduced to the words *global* and *local*, the effects of cultural rationalization and the number of national contexts remained stable.
- [10] https://en.wikipedia.org/wiki/Category:Lists_of_universities_and_colleges_by_country
- [11] <https://hdr.undp.org>
- [12] <https://data.uis.unesco.org>
- [13] We thank an anonymous reviewer for pointing us to a debate in economics and law that clarifies that the 'firm' (i.e., the organizational actor in institutional theory) can be understood as an autonomous entity, whereas the 'corporation' refers to the way of legally structuring and executing activities. Accordingly, the organizational actor displays a unified identity that may be only loosely coupled with the nature of its corporate structures and expansion across national borders. In our study, this loose coupling is accounted for in our robustness checks with regard to the global expansion of business activities.

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APPENDIX 1**Global and Local Words Used for the Global Identity Variable**

<i>Global</i>		<i>Local</i>	
global	universal	local	domestic
globally	universally	locally	domestically
world	large-scale	country	domesticated
worldly	urbane	countries	native
worlds	urbanely	region	natively
international	terrestrial	regions	inland
internationally	terrestrially	regional	vernacular
worldwide	intercontinental	regionally	vernacularly
world-wide	intercontinentally	national	district
globes	multicultural	nationally	districts
multinational	multiculturally	nation	inward-looking
multinationally		nations	urbanite
global-orientated		nationality	urbanites
globally-orientated		nationalities	suburbanite
foreign		provincial	suburbanites
abroad		provincially	separatist
cosmopolitan		province	sectoral
cosmopolitanly		provinces	sectorally
earth		territorial	
earthly		territorially	
encyclopedic		territorials	
encyclopedically		towns	
planetary		city	
all-embracing		cities	
all-inclusive		urban	
all-encompassing		urbanly	
panoptic		municipal	
panoptically		municipally	