

## ABSTRACT

This dissertation seeks to explore the utility of the twin theoretical perspectives of organizational legitimacy and organizational identity with regard to developing an alternative view on the role of location in international business (IB). This alternative view proposes that location infuses identity into the multinational enterprise (MNE) and constrains its legitimacy in international markets. Organizational identity can be defined as the self-referential meaning emerging in response to the question, ‘Who are we as an organization?’ Organizational legitimacy, on the other hand, connotes the other-referential appraisal, conducted by the relevant stakeholders, of the appropriateness of the organization’s activities and its identity. Together, organizational identity and organizational legitimacy can be viewed as ‘two sides of the same coin’ that can be utilized by international business researchers to comprehend the ongoing attempts of the MNE to gainfully position itself in the institutional context of international competition.

The first of the three essays comprising this dissertation revisits the costs of doing business abroad from the point of view of MNEs originating in emerging economies. We contend that the concept of liability of foreignness is inadequate to describe the set of disadvantages faced by emerging economy MNEs in international markets. In order to address this theoretical gap, we develop the concept of ‘liabilities of origin’ (LOR). We argue that the concept of LOR explains how the national origins of the MNE shape its disadvantages in international markets through three distinctive contexts of the MNE’s ongoing activity: the home country context, the host country context and the organizational context. We suggest that in order to understand how emerging economy MNEs overcome their LOR, IB research need to engage simultaneously with the theoretical perspectives provided by the institutional entrepreneurship and organizational identity literatures.

The second essay concerns itself with the process of legitimation for emerging economy MNEs seeking to enter developed country markets. We argue that the engagement of IB researchers with the problem of organizational legitimacy for MNEs in host countries has, traditionally, centred on the isomorphic outcomes of their encounters with host country institutional regimes. A corresponding examination of organizational legitimacy as a process, or legitimation – entailing attention to the specific, underlying

mechanisms that shape the acquisition of legitimacy by the MNE – has been neglected in IB. We draw attention to the importance of utilizing a legitimacy-as-process perspective under conditions where the host country institutional environment does not afford prevailing institutionalized templates appropriate for a legitimacy-seeking MNE. We argue that the recent rise of emerging economy MNEs seeking to enter developed economy markets provides a compelling justification for studying legitimacy as a process in IB contexts. Our study of the emergence of the Indian software services firms and their entry into the United States leads to the identification of five distinct mechanisms that underlay the acquisition of legitimacy by these firms. Our findings highlight the importance of agency and interest in the construction of accounts of organizational legitimacy when prevailing institutionalized templates for acquiring legitimacy in the host country are unavailable either due to the nascence of the industry or a due to a higher order of legitimacy deficit.

The third essay seeks to understand how subsidiaries employ organizational identity as a device to navigate conflicting demands for conformity emanating from the MNE organization on one hand and from host country constituents on the other. We revisit the integration-responsiveness framework – an elegant conceptualization of the central strategic-organizational dilemma faced by MNEs – and reinterpret, from the point of view of the subsidiary, the tension inherent in the management task represented by the framework. We argue, in this essay, that organizational identity provides a valuable theoretical anchor to examine the subsidiary's management of what we call the nation responsiveness-corporation responsiveness tension. We conceptualize the subsidiary's identity as a hybrid identity, i.e., an identity framed by the synthesis of two, distinct and often opposing identities - a parent corporation identity and a host country identity. Using a grounded theoretic approach, we examine the evolution of identity claims emanating from Hindustan Lever - the Indian subsidiary of Unilever Inc., one of the world's leading MNEs in the fast moving consumer goods industry - over the period 1961 to 2009. Our findings highlight the importance of identity management for subsidiaries caught between strong conflicting pressures from the host country and from the MNE organization. Our study also represents a plea for reviving the importance of the country manager and for making identity management central to the role of the country manager.