

**Organizational Legitimacy under Conditions of Complexity:
Testing a Theory of Multinational Enterprises on the Basis of Multinational
Catholic Religious Orders and their Monasteries**

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Gitte Grätzer
Institute of Sociology
University of Zurich
Andreasstr. 15
CH-8050 Zürich

graetzer@soziologie.uzh.ch
Phone: +41 44 635 23 12
Fax: +41 44 635 23 99

and

Katja Rost
Institute of Sociology
University of Zurich
Andreasstr. 15
CH-8050 Zürich

rost@soziologie.uzh.ch
Phone: ++41 44 635 23 10
Fax: +41 44 635 23 99

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INTRODUCTION

The Roman Catholic Church is among the oldest and biggest global institutions in the world offering salvation, guidance and hope for almost two millennia. Starting in 500 the Roman Catholic Church came up with the formation of Religious Catholic Orders and their monasteries (Schmidtchen, and Mayer, 1997).¹ The friars of these new institutions could, by their way of life, rapidly gain a reputation. Public poverty made religious messages credible to the many supplicants who suffered the often brutish conditions of daily existence (Ekelund, Herbert, and Tollison, 1989). Religious Catholic Orders and their monasteries rapidly emerged as major institutions of capitalist enterprise, acting as bankers, financiers, territorial empire builders, and technological innovators who implemented water mills, walk mills, and fulling mills to augment efficiency in the regulated time allocated to daily labor (Kieser, 1987; Tyerman, 1988; Williams, 1990).² This outstanding success allowed the Religious Catholic

¹ A Catholic Religious Order is an organization composed of local communities, mostly monasteries, whose members strive to achieve a common purpose through formally dedicating their life to God. Religious orders are regulated by Church law, by the religious Rule they have adopted and by their own norms, i.e. each religious order has its own unique mission and adheres to a particular way of religious living (Schwaiger, and Heim, 2008; Rost, et al. , 2010). In the Roman Catholic Church, the following five categories are distinguished: (1) Monastic orders, such as the Benedictines or the Cistercians, live in the same abbey for a lifetime (*stabilitas loci*), wear the same habit (common garment), reside in the same enclosure, and observe times of silence. Besides work, contemplation plays an important role in many monasteries, for example, in the liturgy of the hours. (2) Canons regular, such as the Premonstratensians or different Canons Regular of St. Augustine, are clerics who unite in life partnerships under a rule, most often the rule of St. Augustine. Accordingly, pastoral care in the parishes is the main task of these communities. (3) Mendicant orders, such as the Dominicans, Franciscans, and Capuchins, abandoned the *stabilitas loci*. In an apostolic ideal, the brothers are active where poverty and misery are severe. (4) Clerks regular, for example, the Society of Jesus and Camillians, rose in the course of the renewal of the Catholic Church in the 16th century. Their fields of activity are tasks like pastoral care, education, or missions. The orders have a worldly orientation and therefore abandon a liturgy of the hours or an obligation to a particular monastery. (5) Congregations, such as the Redemptorists, Divine Word Missionaries, Salvatorians, Missionary Oblates of Mary Immaculate, or White Fathers, are organizations founded from the 16th century onwards, whose way of life was oriented to evangelization and social service in response to the widespread problems of poverty, disease, and later on missions, education, youth work, and so on. The religious habit and daily obligations were adjusted to their purpose (Dinzelbacher, and Hogg, 1997).

² The formal authorization of Catholic Religious Orders, i.e. the licensing by the Catholic Church, started not before the early 13th century (Schmidtchen, and Mayer, 1997). Beforehand the sale areas of the Roman Catholic Church originally were broken into dioceses and parishes (Feine, 1964). Starting in the early 13th century, the Pope used his influence on monks to facilitate the payment of amounts owed to the papacy. The Orders had to pay revenue royalty of up to 5 percent of the annual gross income of a monastery or a lump sum entry fee to obtain papal confirmation for new abbots of exempt monasteries, known as *servitia* (Ekelund, Herbert, and Tollison, 1989). In the approved orders, the Pope granted the friars the right to preach and to cure souls (Moorman, 1968). The first of the licensed religious movements were the Carmelites (licensed in 1209/1214), Dominicans (licensed in 1216), Franciscans (licensed in 1209/1210), and Augustinians (licensed in 1256). Many of these orders were involved in selling a doctrinal innovation, namely release time from purgatory (Aries, 1980; Ekelund, Herbert, and Tollison, 1992; Schmidtchen, and Mayer, 1997).

Orders with their monasteries to spread in a short period of time throughout the world (Emery, 1962) and to become one of the first multinational enterprises (Schmiedl, 2011).

Figure 1 illustrates the results of a sample of the largest ever existing Catholic Religious Orders and their monasteries encompassing 4,606 monasteries of 89 Catholic Religious Orders over a period of 1,483 years³. From 500 to 1000, six Catholic Religious Orders, three of them already *Multinational Catholic Orders* (MNOs) and three pure *Domestic Catholic Orders* (DOs), operated with 228 monasteries in 13 countries. From 1001 to 1500, 51 Catholic Religious Orders, 24 of them MNOs, operated with 2,771 monasteries in 31 countries. From 1501 to 1700, the number of Catholic Religious Orders increased to 61 with 35 MNOs and 1,909 monasteries in 59 countries. Aftereffects of reformation and secularization entailed a massive decimation of monasteries to a number of 1,009 in the period 1701-1900. However, even in this time period 62 Catholic Religious Orders enlarged their regional empire with 36 MNOs to 69 countries. From 1901 to 2012, 66 Catholic Religious Orders, 41 of them MNOs, operated with 1,746 monasteries in 115 countries. Finally, in 2012, we obtain 59 Catholic Religious Orders, 38 of them MNOs, with 1,358 monasteries in 107 countries suggesting that Catholic Religious Orders can be still viewed as one of the most diversified multinational enterprises. In comparison, in 2012 McDonalds – the standard example for a modern multinational enterprise - operated in 117 countries.

³ It should be noted that we were not able to collect data on all ever existing Catholic Orders and their monasteries. For example in the 19th century we obtained the foundation of around 1,250 congregations and Catholic Orders. Most of them were small consisting of one or few monasteries and died out, such that data are not available (Schmiedl, 2011).

Figure 1 about here

Catholic Religious Orders and their monasteries offer an excellent example to study one of the critical issues faced by multinational enterprises: the establishment and maintenance of legitimacy in their multiple host environments (Kostova, and Zaheer, 1999).

First, the fact that some Catholic Religious Orders spread throughout the world while other stayed domestic allows a comparison of multinational enterprises with complex domestic firms. The observation of such differences is important to build a theory of multinational enterprises (Ghoshal, and Westney, 1993).

Second, Catholic Religious Orders are parent institutions composed of local communities, mostly monasteries. It allows studying the level of the multinational enterprise as a whole, as well as at the level of the subunit of the multinational enterprise in a particular country. Since Multinational enterprises operate in a global environment and simultaneously consist of various subunits that operate in various national contexts, “these subsidiaries face not only a local environment, but also the context of the whole enterprise, which they draw upon for resources and administrative practices” (Rosenzweig, and Singh, 1991, p.340). The organizational challenges include the management of differing social, political and cultural environmental characteristics (Bartlett, and Ghoshal, 1991). This point of view includes the recognition that both levels are interrelated, i.e. the multinational enterprises as a whole is affected by its subunits, and vice versa (Kostova, and Zaheer, 1999). Furthermore, it is most likely that a multinational enterprise is not a simple average of its subunits (Boddewyn, 1995). Third, Catholic Religious Orders and their monasteries seem perfect to study (multinational) enterprises under conditions of complexity stemming from the environment, the organization itself and the interaction between organizations and the environment (Maurer, 1971; Kostova,

and Zaheer, 1999). Due to their long history Catholic Religious Orders and their monasteries were exposed to challenging environmental characteristics and to challenging processes by which the environment builds its perceptions of these institutions. The time period of 1,483 years covers different business and historical cycles containing economic innovations, creative destruction, war, peace, crises, social and governance changes, famines and epidemics. Furthermore, the large number of Catholic Religious Orders implies rivalry among each other and thus different organizational characteristics. By product differentiation, e.g. different rules, customs, religious practices and strategies, each Catholic Religious Order tried to position itself as best as possible within its industry. It led to complex social systems consisting of different activities, product divisions, and locations, which are integrated and interdependent to various extents (Pralhad, and Doz, 1987). For example, Monastic Catholic Religious Orders, such as the Benedictines or the Cistercians, live in the same abbey for a lifetime (*stabilitas loci*), wear the same habit (common garment) and observe times of silence. Mendicant Catholic Religious Orders, such as the Dominicans, Franciscans, and Capuchins, abandoned the *stabilitas loci*. In an apostolic ideal, the brothers are active where poverty and misery are severe. Such differences between the Orders lead to different complexities in organizational structures (Ehrmann, Rost, and Inauen, 2012).

Finally, the fact that some Catholic Religious Orders and their monasteries survived up to date while others died out allows studying organizational legitimacy. In organizational theory a number of definitions of legitimacy, with varying degrees of specificity, have been suggested. While for Maurer (1971: 361) "legitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist", for Dowling and Pfeffer (1975: 122) legitimacy connotes "congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behavior in the larger social system" , for Meyer & Scott (1983: 201) "organizational legitimacy refers to . . . the extent to which the array of established cultural accounts provide explanations for [an organization's] existence",

and for Suchman (1995: 574) “legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. In this article, we define organizational legitimacy as “the acceptance of the organization by its environment (Dowling, and Pfeffer, 1975; Meyer, and Rowan, 1977; Hannan, and Carroll, 1992).” (Kostova, and Zaheer, 1999: 64). In this view, Suchman (1995) offers further helpful clarifications for defining legitimacy. Accordingly, organizational legitimacy is understood as an umbrella evaluation, i.e. it is dependent on a history of events: “An organization may occasionally depart from societal norms yet retain legitimacy because the departures are dismissed as unique (cf. Perrow, 1981).” Suchman (1995: 574) Organizational legitimacy is further a perception and thus created subjectively.: “An organization may diverge dramatically from societal norms yet retain legitimacy because the divergence goes unnoticed.” Suchman (1995: 574) Finally, legitimacy is socially constructed by depending on a collective audience. “An organization may deviate from individuals' values yet retain legitimacy because the deviation draws no public disapproval.” Suchman (1995: 574)

In order to measure the link between complexity - stemming from the environment, the organization itself and the interaction between organizations and the environment - and organizational legitimacy we make one additional assumption: organizational legitimacy is proposed “to be vital for organizational survival and success (Dowling, and Pfeffer, 1975; Meyer, and Rowan, 1977; Hannan, and Carroll, 1992).” (Kostova, and Zaheer, 1999: 64) A look at the history of Catholic Religious Orders and their monasteries substantiates this view: History *first* shows that Catholic Religious Orders and their monasteries were decimated or even died out due to the *lacking acceptance* by their environment. For example, in 1517 the reformation was underway. The Protestant movement attacked the excessive accumulation of wealth among the church hierarchy accompanied by the lack of trained clergy heavily (Knowles, 1968; Allen, 1995). Well-known abuses like the fabrication of miracles or profit-

maximization by the sale of thousands of indulgences brought down the legitimacy of the most corrupt actors and institutions within the Roman Catholic Church (Ekelund, Herbert, and Tollison, 1989). As a consequence many monasteries were closed and became the territory of secular princes. In our sample the failure of 7% of all ever existing Catholic monasteries can directly traced back to reformation (see Table 1). Furthermore, at the beginning of the 19th century monasteries lost their means of existence as they had to abandon their land under the Napoleonic regime. The secularization did nearly destroy the role of the Catholic Church. Religion lost its authority in all aspects of social life and governance; thousands of Catholic monasteries, universities and foundations were closed down. In our sample the failure of approximately 27% of all ever existing Catholic monasteries can directly traced back to secularization (see Table 1). Finally, newer examples of lacking environmental acceptance are the growing scandals involving allegations of sexual abuse within the Catholic Church (cf. Barth 2010). Some Catholic monasteries were accused that monks sexually abuse children there. Even though these scandals did not lead to the closure of any monastery yet, they are serious threats for their existence, as for example the demand of parents in monastic school education, the supply of candidates willing to enter a convent, or the public demand after other monastic services decreases.

Vice versa, history *second* shows that Catholic Religious Orders and their monasteries prospered and grew due to the *acceptance* by their environment. For example, in the Middle Ages, monasteries were great cultural, educational, economical and technological hubs (Kieser, 1987; Tyerman, 1988; Williams, 1990). They were functioning higher educational establishments and scientific institutions, where students were taught with philosophy, theology, medicine and other sciences, as well as winemaking and winegrowing. They were technological innovators who implemented water mills, walk mills, and fulling mills. They were organizational innovators who introduced the division of labor and created a legislative corpus (Melville, 2011, p.91; Kieser 1987). They were financial innovators who acted as

bankers and financiers. They were social innovators who conveyed comfort and hope. Finally, they were considered as more credible than most corporate actors within this time: the monks lived in asceticism, i.e. their lifestyle was characterized by abstinence from various worldly pleasures (Melville, 2011). This acceptance led to the rapidly spread of monasteries throughout the world. Furthermore, during their whole history Catholic Religious Orders and their monasteries seemed to be able to recover the acceptance by their environment; many of them resurged and prospered again after times of crises, due to reforms from within (e.g., Benedictines), the revival of older monastic forms (e.g., the Cistercians who sought to return to the Benedictine Spirit) or the foundation of completely new orders (e.g., Jesuits).

Our sample shows that 30% of all ever existing Catholic monasteries are still alive suggesting that they are extremely robust institutions (see Table 1). Many of the former cultural, educational, economical and technological functions of Catholic Religious Orders and their monasteries– even though in modified shape - survived till this day. For example today Catholic Religious Orders and their monasteries are accepted because they save natural resources by producing ecological products such as beer, herbs, farming, because they offer surroundings for reflection and humanistic education, because they take care for the poor, the sick, the old, the disabled, because they are engaged as development aid volunteers or because they pray for peace.

 Table 1 about here

In the following we transfer the framework of Kostova and Zaheer (1999) to the example of Catholic Religious Orders and their monasteries. We study the establishment and maintenance of legitimacy of MNOs in their multiple host environments by measuring the survival rates of MNOs/DOs and their monasteries depending on their historical conditions of complexity

stemming from the environment, the organization itself and the interaction between organizations and the environment. The propositions of Kostova and Zaheer (1999) have never been empirically tested because longitudinal data on multinational enterprises and their subunits operating in multiple institutional environments are difficult to collect or rarely available. The motivation of the study is to fill this research gap and thus to contribute to a theory of multinational enterprises.

ENVIRONMENTAL COMPLEXITY AND LEGITIMACY

Multinational enterprises conduct operations in multiple countries that vary with respect to their institutional environments (Kostova, and Zaheer, 1999) and, thus, are exposed to a multiplicity of regulatory, cognitive, and normative institutions (Scott, 1995). Regulatory institutions consist of the rules and laws that exist to ensure stability and order in a particular society (North, 1990). For organizations regulatory institutions are the most easiest to observe and understand because they are explicitly formalized in laws, rules, and regulations. Cognitive institutions consist of taken-for-granted cultural accounts in a particular society (Suchman, 1995). Normative institutions consist of wider societal values, i.e. of moral claims about whether an activity is "the right thing to do" in a particular society. Compared to regulatory institutions, cognitive and normative institutions are more tacit and part of the deep structures of an institutional environment. In particular for foreign organizations they are difficult to sense and to interpret.

To be legitimate organizations have to comply with the explicitly stated requirements of the regulatory system, have to be consistent with established cognitive structures in society and have to be congruent with wider societal values (Suchman, 1995). Regulatory, cognitive, and normative institutions are not independent from each other (Kostova, and Zaheer, 1999). For instance, societal values drive the taken-for-grantedness and both influence rules and laws. In particular from a historical perspective – as employed in this research – a differentiation between the three pillars is difficult. Historically, religion was a main part of regulative

institutions. States and nations viewed the religion of their citizens as a part of their legal provisions. Vice versa cognitive and normative values of religion co-designed much of the content of laws and ordinances. Furthermore, in religious systems taken-for-granted cultural accounts often match moral claims. Therefore, our hypotheses will not differentiate between the three pillars but rather build on their interplay within a particular country respectively institutional environment.

Number and variety of countries.

Multinational enterprises face multiple country institutional environments, each with its own set of regulatory, cognitive, and normative domains (Westney, 1993). In contrast to domestic firms, the multiplicity and variety of legitimacy requirements (Kogut, 1991) makes it an impossible task for multinational enterprises to become "isomorphic" (Meyer, and Rowan, 1977; DiMaggio, and Powell, 1983) with the local environments (Kostova, and Zaheer, 1999). Therefore, to achieve legitimacy multinational enterprises typically negotiate with their multiple environments (Doz, and Prahalad, 1980; Kostova, and Zaheer, 1999).

Kostova and Zaheer (1999) suggest that multinational enterprises which operate in a larger number and variety of institutional environments find it easier to gain legitimacy compared to smaller or newer organizations.⁴ They accumulated organizational experience in dealing with legitimacy issues and have significant bargaining power with regard to the regulative, cognitive and normative country institutions they interact with. Relying on this assumption we suggest that MNOs, which during their whole history operated in a larger number and variety of country environments, survive longer. Furthermore, diversification permits evasive maneuvers. For example in times where organizations of the same organizational class or the umbrella institution face illegitimacy problems within specific country environments,

⁴ Kostova and Zaheer (1999) add that multinational enterprises which operate in a larger number and variety of institutional environments may find it more of a challenge to maintaining legitimacy because of internal illegitimacy spillover, i.e. it is more likely that illegitimacy issues in one or the other of their environments spill over to the rest of the multinational enterprise. Different kinds of internal spillovers will be explicitly considered in the Hypotheses 5, 6 and 12. Therefore this argument is neglected with respect to country diversity.

diversified MNOs have the possibility to close the affected subunits temporarily and to survive with their non-affected subunits in other countries. For example, current dynamics within the Catholic Church and Religious Life show a loss of influence in Europe, yet there is a gain in influence abroad (Holtz, 2001), e.g. Latin America and Africa. Also, a brief historical review validates that even though the reformation or secularization shaped a new geography of Religious Life many monasteries were only temporarily closed. Due to reforms from within and the formation of centers of resistance the Catholic Religious Orders resumed the operations of these monasteries after pacification (Holtz, 2001). Country-diversified MNOs are therefore assumed to have been confronted with less legitimacy problems and thus to have lower hazard risks compared to less diversified MNOs because they had more opportunities to accumulate long-term experiences in different institutional environments, to leverage their regulatory, cognitive and normative influence in these environments and to perform evasive maneuvers in cases of external illegitimacy spillovers.

Kostova and Zaheer (1999) further suggest that the subunits of diversified multinational enterprises find it easier to gain legitimacy compared to the subunits of less diversified multinational enterprises. Relying on this assumption we suggest that monasteries of MNOs which during the founding period of the subunit were largely diversified have lower hazard risks. Underlying is the assumption that subunits are in particular vulnerable to external illegitimacy spillovers during their founding period because they have yet not become institutionalized in the new host environment. During founding time both, the subunit and legitimating environment lack the information necessary to correctly understand, interpret, and evaluate each other (Doz, and Prahalad, 1980; Weick, 1995). Small doubts of the legitimating environment are therefore sufficient to threaten the legitimacy and existence of the entering subunit. The probability of life-threatening doubts decreases for subunits of MNOs which during the founding period of the subunit were largely diversified because it is

more likely that these MNO gathered valuable experiences in dealing with illegitimacy issues in one or the other of their environments.

Hypothesis 1: (a) The greater the number and variety of countries in which an MNO operates during the founding period of the monastery, the lower is the hazard risk of this monastery. (b) Similar, the greater the number and variety of country experiences which has been accumulated by an MNO during its whole history, the lower is the hazard risk of the MNO as a whole.

Institutional distance.

The legitimacy of multinational enterprises is further affected by the extent of variety across the multiple institutional environments. The variety of environments can be either described by the (dis-)similarity of institutional profiles or by the institutional distances between countries, defined as the (dis-)similarity between the regulatory, cognitive, and normative institutions of two countries. For most multinational enterprises both concepts are closely related to each: they often start in foreign markets closely related to the domestic market in terms of institutional distance implying similarity of institutional profiles between countries; later on some companies diversify in foreign markets distantly related to the domestic market in terms of institutional distance implying an increase in dissimilarity of institutional profiles between countries (Johanson, and Vahlne, 1977). In the following we will therefore concentrate on one of both concepts, namely the institutional distances between home and host countries.

Kostova and Zaheer (1999) suggest that the subunits of multinational enterprises which operate in countries institutionally more similar to the home country of the multinational enterprise will find it less of a challenge to establish and maintain legitimacy compared to subunits of multinational enterprises which operate in countries institutionally more distant to the home country of the multinational enterprise. Institutionally more similar environments are easier to handle, because organizational structures, policies, and practices are comparable

with the home environment and it is thus easier to respond appropriately to their legitimacy requirements (Meyer, and Scott, 1983). Relying on this hypothesis we suggest that monasteries of MNOs located in host countries with a larger institutional distance to the home country of the MNO have a higher hazard risk.

Hypothesis 2: The greater the institutional distance between the home country of the MNO and a particular host country, the higher is the hazard risk of its monasteries.

Legitimacy of organizational members

Another possible cause of risk for increased environmental conflict is gender. Catholic Religious Orders and their monasteries accept either males or females as organizational members.⁵ Within the observed time period of this research the acceptance of females was however in most societies quite low (Duby, and Perrot, 1993[1990]; Hahne, 2001). Compared to males, females were viewed as intellectual and physical inferior and thus, lived under male authority. Females were mostly excluded from the educational system, guilds and many aspects of public and social life. It demonstrates that the explicitly stated requirements of the regulatory system, the established cognitive structures in society and the wider societal values accepted the superiority of males and the inferiority of females. We therefore hypothesize that female DOs/MNOs respectively their monasteries have a higher hazard risk as compared to male DOs/MNOs respectively their monasteries. The lacking acceptance by their environment made female organizations more vulnerable to attacks from outside, such as closing, holdups, or blackmails. For example, during reformation many female monasteries were transformed into secular dioceses (Gatz, 2006). Female monasteries had also more difficulties to access external resources, such as food or production means. Even though the standard of living varied from house to house, female monasteries on average lived in greater destitution than

⁵ An exception to this is the Bridgettines nuns and monks, founded by Bridget of Sweden (1303 – 1373). Further, some orders established double monasteries, combining the women's house and the men's house, e.g. the early Premonstratensians. The institution of double monasteries was forbidden several times by Papal decree. Although double monasteries still do exist, they are rather exception than rule.

their male counterparts (Wittberg, 1994). As pointed out by Wittberg, Norman women's communities existing in thirteenth century owned about 15% of the mean assets of male monasteries; 25% of the seventeenth-century French nunneries were "miserably poor" (Wittberg, 1994). To prevent economic deterioration, female monasteries were dependent on continual financial sponsoring and donations by male orders, the clergy or the nobility, which, not least, led to an increasing unwillingness of the male groups to retain the sponsorship (Wittberg, 1994; Shahar, 1993). Furthermore, confessors exercised direct control over female communities restricting their decision autonomy (Schmiedl, 2011).

Hypothesis 3: (a) Monasteries of MNOs/DOs with female organizational members have a higher hazard risk compared to monasteries of MNOs/DOs with male organizational members. (b) Similar, MNOs including females as organizational members have a higher hazard risk compared to MNOs including males as organizational members.

Hypothesis 3 applies to both MNOs and DOs and not primarily to MNOs. When national borders are crossed, however, as in the case of MNOs, the between-country differences in their multiple institutional environments can be substantial and the institutional requirements of different countries contradictory. As proposed in Hypothesis 2 high institutional distance between the home country of an MNO and the host countries of the monastery leads to increased legitimacy problems because it is difficult to respond appropriately to environmental requirements. For the monasteries of MNOs we therefore additionally propose that the hazard risk of monasteries with female organizational members increases with the institutional distance between the home country of the MNO and the host countries of the monastery. A higher institutional distance goes along with more potential for conflicts. In the case of female organizations, which already faced legitimacy problems, environmental conflicts multiply the challenge of these organizations to gaining and maintaining legitimacy.

Hypothesis 4: The survival of monasteries including females as organizational members will be moderated by the institutional distance between the home country of the MNO

and a particular host country; the greater the institutional distance the higher the hazard risk of monasteries of MNOs with female organizational members.

ORGANIZATIONAL COMPLEXITY AND LEGITIMACY

Multinational enterprises consist of different locations, activities, and product divisions which are integrated and interdependent to various extents (Bartlett, 1986; Prahalad, and Doz, 1987; Bartlett, and Ghoshal, 1991). This fragmentation makes multinational enterprises to complex organizations in which each subunit faces its legitimacy issues, is influenced by the organization as a whole and influences the organization as a whole (Kostova, and Zaheer, 1999).

Internal vs. external legitimacy

In contrast to external legitimacy, i.e. the acceptance and approval of a firm by its external environment, internal legitimacy refers to the acceptance and approval of a subunit by the other subunits of this firm and by the parent company (Kostova, and Zaheer, 1999). Internal legitimacy is viewed as critically for the survival because the subunit depends on organizational resources such as capital and knowledge from other subunits and the parent company (Pfeffer, and Salancik, 1978).

Kostova and Zaheer (1999) suggest that the subunits of multinational enterprises will face a greater challenge, compared to subunits of purely domestic firms, in establishing and maintaining internal legitimacy. The subunits of multinational enterprises have a potential for increased conflict between the requirements for internal legitimacy, resulting from the adoption of organization structures, policies, and practices of the multinational firm thereby reflecting the environment in which the enterprise was founded (Kogut, 1993), versus the requirements for external legitimacy reflecting the host environment. In purely domestic firms, internal legitimacy requirements are likely to be similar with external legitimacy requirements. In line with Kostova and Zaheer (1999) we suggest that the monasteries of DOs

have a higher survival rate compared to the monasteries of MNOs, as monasteries of MNOs face increased conflicts between the requirements of internal and external legitimacy. For example, the friars of a monastery domiciled in a developing country may have less time for contemplation which is however an important requirement of the MNO. It may be also that the architecture of the monastery mostly reflects the local host environment, i.e. it is untypical for the MNO.⁶ These exemplary issues can lead to identity problems and conflicts between the subunits of the MNO or between the subunit and the MNO. The suppression of the Knights Templars (1312) and the Jesuit Order (1773) by Papal Decree may serve as an illustrative example for the consequences of missing internal legitimacy.

We extend the hypothesis to the amount of host monasteries within an MNO. In contrast to the subunit level, we expect that MNOs consisting of a higher amount of domestic monasteries have a higher hazard risk compared to MNOs/DOs consisting of a lower or no amount of domestic monasteries. While host monasteries face increased potential for conflicts between the requirements for internal and external legitimacy, they allow the MNO as a whole to diversify the risks of external legitimacy. The existence of an order consisting of a high amount of domestic subunits can be easily jeopardized if the legitimacy of these subunits is questioned in the domestic environment. Orders with a high amount of host subunits diversify this risk to many environments. Thus, even if some of their subunits will not survive due to increased conflicts between the requirements for internal and external legitimacy, the order as a whole has a lower hazard risk by hedging the risks of external illegitimacy.

Hypothesis 5: (a) Monasteries of DOs have a lower hazard risk as compared to the monasteries of MNOs. (b) In contrast, MNOs with a high amount of host monasteries have a lower hazard risk as compared to MNOs/DOs with a low or no amount of host monasteries.

⁶ For example, even though there is an overall plan for the design of Cistercian monasteries according to the Cistercian rule, the architecture of Cistercian monasteries is more responsive to the specific local preferences and needs, the higher the geographical distance to the home country of the Order.

Cultural orientation of the parent company

For the subunit level, Kostova and Zaheer (1999) hypothesize that the tradeoff between internal and external legitimacy may not necessarily cause illegitimacy as the cultural orientation of a multinational enterprise (according to Perlmutter, 1969) moderates this problem. Subunits of ethnocentric multinational enterprises, i.e. of firms with a cultural identity strongly rooted in the home country, will experience the greatest difficulty in managing this tension. Their practices and policies are not derived from universal principles. In contrast, subunits of geocentric enterprises, i.e. of firms with a globally identity reflecting supranational structures, policies, and practices that are legitimate worldwide, and subunits of polycentric enterprises, i.e. of firms with a multiplicity of cultural identities reflecting each host country, will experience less difficulty in managing the conflict between internal and external legitimacy. Subunits of geocentric enterprises can respond successfully to the multiple institutional requirements by adopting supranational structures ensuring internal consistency. Subunits of polycentric MNEs are used to internal inconsistencies in their efforts to adapt to each local environment.

We extend the hypothesis to the order as a whole. MNOs with an ethnocentric culture are expected to have a higher hazard risk as compared to MNOs with a geocentric or polycentric culture. In multinational enterprises an ethnocentric culture goes along with more internal inconsistencies because the subunits located in different host environments will differently implement the home country identity of the MNO. It increases the challenges for the order as a whole. In contrast, MNOs with a geocentric or polycentric culture face less challenges, because their orientation explicitly considers multiple cultures leading to no unexpected inconsistencies.

Hypothesis 6: The survival of MNOs and their monasteries will be moderated by the cultural orientation of the MNO. (a) The hazard risk of monasteries of ethnocentric MNOs will be higher as compared to the hazard risk of monasteries of geocentric and

polycentric MNOs. (b) Ethnocentric MNOs will have a higher hazard risk as geocentric and polycentric MNOs.

Strategic orientation of the parent company

Beside cultural orientation another specific feature of multinational enterprises is market entry timing strategy. While the framework of Kostova and Zaheer (1999) neglects differences in timing strategies it will be considered in the following. In general, the entry strategies of multinational enterprises can be differentiated with respect to the timing entry into a number of international markets, i.e. whether the enterprise enters many countries at the same time (sprinkler strategy) or enters the next country market only after products are established in the previous country market (waterfall strategy) (Lyubersky, 2008), and with respect to the timing entry into a new international market, i.e. whether the enterprise is the first one of their organizational class which enters into a new country market (pioneer) or whether it follows other enterprises of their organizational class into a country market (followers) (Kalyanaram, and Urban, 1992; Golder, and Tellis, 1993).

We propose that subunits of MNOs which persecuted a sprinkler strategy during the founding years of the subunit have a lower hazard risk as compared to subunits of MNOs which persecuted a waterfall strategy during the founding years of the subunit. A simultaneous country market entry increases the awareness of an MNO to potential problems of external illegitimacy. MNOs also accumulate recent organizational knowledge about how to deal with arising problems which can be shared between the subunits. As the MNO and its subunits understand the problems of new established foreign subunits, they will also provide resources to overcome these problems. In contrast, MNOs with a sequential country market entry have a higher likelihood that potential problems of external illegitimacy fell into desuetude. Recent knowledge on how to deal with external illegitimacy, e.g. in terms of involved persons, is not available. The MNO and its subunits are additionally expected to provide fewer resources to

help new established subunits in the case of arising problems as the general understanding of such problems is low.

We extend the hypothesis to the MNO as a whole. MNOs which enter new country markets simultaneously or in rapid succession are expected to have lower hazard risks as compared to MNOs which enter new country markets successively with large time lags. MNOs persecuting a sprinkler strategy face less of a challenge in managing external and internal legitimacy of their new established host subunits. They can build on extensive recent organizational knowledge leading to a common understanding, to common problem solutions and to resource access.

Hypothesis 7: (a) The hazard risk of monasteries of MNOs which during the market entry of the monastery entered new country markets simultaneously will be lower as compared to the hazard risk of monasteries of MNOs which during the market entry of the monastery entered new country markets successively. (b) Similar, the hazard risk for MNOs which entered new country markets simultaneously will be lower as compared to the hazard risk of MNOs which entered new country markets successively.

Although marketing research shows that pioneers outsell late movers in many markets, in some cases late entry is remarkably successful and outsells pioneers (Shankar, Carpenter, and Krishnamurthi, 1998). We expect that MNOs which are the first of all Catholic Orders within a new country market respectively that the monastery of an MNO which is the first subunit of the MNO within a new country market will face more challenges in establishing and maintaining external and internal legitimacy. First movers enter unknown territory. Experiences of other Catholic Orders respectively of other subunits of the MNO are totally missing implying that the potential pitfalls threatening organizational survival are high. Furthermore, within the new country market there is no local support by other organizations of the same organizational class respectively by other MNO subunits. First movers will also have more problems with respect to internal acceptance. For example, other subunits have a

lower willingness to share resources because first movers are viewed as trouble spots threatening the existence of their organization.

Hypothesis 8: (a) First-mover monasteries of MNOs have a higher hazard risk as compared to subsequently established monasteries in a host environment. (b) Similar, MNOs which were the first-mover Catholic Religious Order in a particular host environment have a higher hazard risk as compared to MNOs which were the followers in a particular host environment.

COMPLEXITY OF THE LEGITIMATION PROCESS AND LEGITIMACY

Finally, the interaction between organizations and the environment will be considered. In the case of multinational enterprises both the organization and the legitimating environment lack the information and the cognitive structures required to understand, interpret, and evaluate each other. The process of legitimation therefore is likely to be a bounded rational process and involves the continuous testing and redefinition of the legitimacy of the organization through ongoing interaction with the environment (Kostova, and Zaheer, 1999).

Large and more visible Catholic Orders

Enterprises can become the target of interest groups attacking them for political reasons to gain publicity or due to rent-seeking activities; and not because of any evidence of wrongdoing. Kostova and Zaheer (1999) suggest that preferably larger, better-known multinational enterprises will be target for attacks, because they provide the most publicity and visibility for the interest groups. First, they provide opportunities for interest groups to identify practices used by the firm in some country that may be unacceptable in another country. Second, attacks are difficult to counteract because geographic distance makes it difficult for the public to validate the facts. We transfer this hypothesis to MNOs and suggest that monasteries of large MNOs will have higher hazard rates. On the level of the MNO as a whole we however expect the opposite to be true. Larger MNOs are expected to have lower

hazard rates because they are too big to fail. Although their subunits face a higher likelihood to become the target of interest groups, for example of local dynasties interested in their property, larger MNO are more diversified. Diversification allows distributing the risk of interest group attacks. It not only ensures that the practices used by the MNO will be at least accepted in some country where the MNO is active but, due to geographic distance, makes it also difficult for the public in non-affected countries to access significant information about attacks. Qualitative evidence on the Catholic Religious Orders underpins this assumption. For example the Society of Jesus enjoyed numerous papal privileges and rapidly increased their influence since their creation in 1540, therefore regarded with increasing suspicion by privileged classes who perceived them as a serious political threat (Roehner, 1997).⁷ Worsening resentments and escalating nationalistic agitations against the Jesuits ended up in four waves of expulsions and confiscations of their properties (Roehner, 1997). Nevertheless, the Jesuits survived up to date as they managed to win and (temporarily) keep the favor of kings and princes, e.g., Empress Catherine II of Russia and Frederic II of Prussia, or of the population, e.g., in the colonies.⁸

Hypothesis 9: (a) Monasteries of larger and more visible MNOs have a higher hazard risk as compared to monasteries of smaller and less visible MNOs; these negative spillover effects will be particularly strong for monasteries at the time of founding. (b)

⁷ Movements directed against the Jesuits basically comprised members of the country parliaments (reflecting the antipapal tenor of the times), Universities (reflecting resentments against the successful Jesuit colleges) and ecclesiastical institutions (reflecting rivalries between major congregations, e.g., between Jansenists and Jesuits or Dominicans and Jesuits) (Roehner, 1997).

⁸ An enumeration of the expulsions took place in the 19th and 20th century, i.e. the fourth wave, is given by the Encyclopedia Britannica: "In 1818, the Dutch rulers of Belgium expelled the society; in 1820 it was excluded from Russia; in 1829 the colleges in France were closed. The Portuguese and Spanish Jesuits were expelled in 1834 and 1835 respectively. In 1847, after the Sonderbund War, the Swiss Jesuits were exiled. In 1848 the society was proscribed in Austria and parts of Italy. The Jesuits were expelled from Colombia in 1850 and from Ecuador two years later. Spain excluded them again in 1868 and Germany during the Kulturkampf in 1872. In 1873 many houses of Italy were confiscated, while France proscribed again the order in 1880 and 1901. It was expelled in 1910 from Portugal and from Spain during 1932 – 1935". Roehner (1997) points out, that resentments against the Jesuits basically evolved within elite classes and did not receive much support from the population, only in 19th century the situation changed. However, by 1979, the Society of Jesus counted 10,310 members in Europe, 6,000 in the United States, 3,600 in South America, 2,000 in Asia and 1,100 in Africa (Roehner, 1997).

However, larger and more visible MNOs have a lower hazard risk as compared to smaller and less visible MNOs.

Legitimacy of local firms

Although multinationals are subject to the liability of foreignness (e.g., Hymer, 1960; Zaheer, 1995), there exist specific situations in which being a multinational enterprise brings with it an initial level of legitimacy. According to Kostova and Zaheer (1999) such situations arise in environments in which local firms have lost their legitimacy because of an economic, political, or social cataclysm. For example, MNOs which entered country markets which were disordered by local wars, revolts and insurgencies may face such an environment. The resulting public awareness of local misdeeds serves to legitimate nonlocal organizations. We therefore hypothesize that MNO subsidiaries face lower hazard risks if they were active in environments characterized by local misdeeds.

Hypothesis 10: MNO subsidiaries have a lower hazard risk the higher the number of local wars, revolts and insurgencies which occurred in the institutional environment of the particular subsidiary since its founding date.

Legitimacy spillovers.

The legitimacy of an organizational unit in a particular environment is not independent of the legitimacy of other organizational entities with which the unit is related because the sense-making of social events happens by social categorization, such as stereotyping (Tajfel, 1981; Tajfel, 1982), and by people's judgments about similar events (Tversky, and Kahneman, 1974). The legitimacy of a foreign subsidiary of a multinational enterprise may be thus judged based on the legitimacy of all subsidiaries of that enterprise or of all subsidiaries of the same home country in that host country (Kostova, and Zaheer, 1999). Legitimacy spillovers are salient for multinational enterprises because they can come from different sources and occur in different directions. They can occur within the organization (internal spillover) and between organizations (external spillover). They can happen vertically between the subunit

and the multinational enterprise as a whole and horizontally across subunits. In particular negative spillovers can substantially hurt the legitimacy of the enterprise (Kostova, and Zaheer, 1999).

Legitimacy problems of subunits. Internal spillovers reflect interdependence in legitimacy between the subunits of an MNO and the MNO as a whole. Legitimacy problems of other subsidiaries of the MNO, measured by the number of failed subsidiaries, may spillover to a particular subsidiary and to the MNO as a whole. On the level of a particular subsidiary spillover effects are likely to be particularly strong in the initial period of establishing the legitimacy of a new subsidiary. First, the subsidiary lacks knowledge about the institutional environment and, thus, is limited in its ability to achieve legitimacy by adapting to or negotiating with the institutional environment. Second, the legitimating local environment lacks knowledge about the subsidiary and may make initial judgments about its legitimacy based on inferences from other similar subsidiaries or from the parent MNO's reputation. As time passes, the subsidiary learns how to deal with the institutional environment and vice versa. As a result, the dependence on inferences from analogs decreases.

Hypothesis 11: (a) MNO subsidiaries face a higher hazard risk the higher the number of failed subsidiaries of the MNO; these negative spillover effects will be particularly strong for subsidiaries at the time of entry into a new host country. (b) Similar, MNOs will have a higher hazard risk the higher the number of failed subsidiaries of this MNO.

Legitimacy of organizations of the same organizational class. One type of external spillover is the interdependence in legitimacy between organizations belonging to the same classes (Kostova, and Zaheer, 1999), such as those MNOs founded in the same home country and active in the same host country. On the level of a particular subsidiary we expect spillover effects to be particularly strong in the initial period of establishing the legitimacy of a new subsidiary. As argued before the subsidiary and the environment lack knowledge about each other. Initial judgments about legitimacy are likely to be based on social categorization, e.g.

on stereotypes of other monasteries which have their parent institution in the same home country and are active in the same local environment.

Hypothesis 12: (a) The hazard risk of an MNO monastery will be positively related to the hazard risks of other MNOs belonging to the same organizational classes, such as MNOs from the same home country acting in the same host countries; these negative spillover effects will be particularly strong for monasteries at the time of entry into a new host country. (b) Similar, the hazard risks of an MNO will be positively related to the hazard risks of other MNOs belonging to the same organizational classes.

Legitimacy of the domestic country. Another type of external spillover is the interdependence in legitimacy between a multinational firm and its home country. Historically shared perceptions about certain countries in a particular host country can influence the legitimacy of any firm from that country (Kostova, and Zaheer, 1999). For example, a brief historical review validates that the missionary activities of the 19th century Benedictines followed the colonial efforts of the time (Schütz, and Rath, 1994). We expect that monasteries having their parent institution in countries which acted as a colonial power within the particular host country face more challenges in establishing and maintaining legitimacy within the host environment. As their home country has a bad reputation within the new host environment negative legitimacy spillovers may threaten the survival of the particular monastery.

Hypothesis 13: The hazard risks of an MNO monastery will be positively related to the illegitimacy of the domestic country of the MNO, such as MNOs from domestic countries which acted as a colonial power within a particular host country at the time of market entry of the monastery.

Legitimacy of the umbrella institution. A third type of external spillover is the interdependence in legitimacy between a multinational firm and its umbrella institution, in our case the Catholic Church. In other cases the umbrella organization can be the branch of industry, e.g. the weapon industry, the oil industry or the organic food industry. Shared

perceptions about the Catholic Church in a particular host country will have an impact on the legitimacy of any monastery in that country. We expect that monasteries will face high legitimacy problems in their host environments if these host countries were affected by the reformation and secularization movement. Both movements attacked the legitimacy of the Catholic Church and therefore also the legitimacy of affiliated organizations.

Hypothesis 14: The hazard risk of an MNO monastery will be positively related to the illegitimacy of the umbrella organization, such as MNO monasteries operating in countries which were heavily affected by the reformation and the secularization of the Catholic Church.

METHOD

Sample

In 2011/2012 we collected a sample of 4,606 monasteries of 89 Catholic Religious Orders over a period of 1,483 years. The sample includes all ever existing monasteries of the 89 Catholic Religious Orders. We had to restrict our sample to 89 Orders because information on the subunits for other Catholic Religious Orders was not available. Relying on historical chronicles, lexica and the internet we collected information on each monastery and on each Catholic Religious Order respectively. Data were collected by around 50 persons. Quality control was in a first step done by random sampling, containing at least 20% of the collected data or 956 monasteries. Those parts were completely coded again, when sampling errors higher than 30% together with any mistakes discovered in the data occurred. Further, to ensure external and internal validity, 20% of all data were independently collected by two persons and later on compared by the first author of this research. We detected variables which turned out to be difficult to measure and coded these variables again by one trained person.

Measurements

Hazard risk of monasteries. We collected data on the founding year and, if applicable, on the failure year of each monastery. For monasteries which were only temporarily closed we will only consider the failure year, if applicable. Monasteries that were still operating at the end of the period at risk, were coded with 0 and monasteries that were closed before the end of the period at risk were coded with 1.

Hazard risk of MNOs/DOs. On the level of each Catholic order we measured the founding year of the first monastery and, if applicable, the failure year of the last surviving monastery/ the year of suppression by Papal decree. Orders that were still operating at the end of the period at risk, were coded with 0 and orders that were closed before the end of the period at risk were coded with 1.

Number and variety of countries. On the level of each Catholic order we measured the diversification of the order in different countries. We counted a Herfindahl index which maximally amounts 1 if the order with its institutions is balanced diversified in all possible countries and minimally 0 if the order with all its institutions is only active in one country. To count the index we measured the percentage of subunits per country, took the sum of the squared country-percentages and subtracted this sum from 1. On the level of each monastery we counted the same index. The index however considers the diversification of the order at the founding year of the monastery. The resulting diversification index is highly correlated with the number of countries in which an order has been active. Therefore this variable has been excluded from the analysis.

Institutional distance. Institutional distance between home and host country was measured by two indices, namely by the distance in cultural and religious identities relying on the classification scheme of Huntington (1993; 1996) and by differences in major religion. We apply two alternative indices because cultural distance measurements are often criticized by its underlying cultural definition (Said, 2001). For example the dimensions provided by

Hofstede (1980) have been questioned by several studies (Javidan, et al., 2006; Zaheer, Schomaker, and Nachum, 2012). National culture is understood as a homogenous structure consisting of separating differences between countries. It pictures a static image of a national culture, reduces it to a few stereotypes and neglects migration and dynamics of institutional change. Even though many of the criticism on Hofstede (1980) can be transferred to Huntington (1993; 1996) as well (Sen, 1999), this index seems more adequate for our study. Rather than differentiating between each country, Huntington (1993; 1996) divides the world in major cultural and religious identities, namely the Western, Orthodox, Islamic, African, Latin American, Sinic, Hindu, Buddhist and Japanese civilization. With respect to the underlying time period of this study and the resulting changes in national borders such a classification is more meaningful. For Huntington (1993; 1996) differences among civilizations are too basic in that civilizations are differentiated from each other by history, language, culture, tradition, and, most important, religion. These fundamental differences are the product of centuries, so they will not soon disappear. The measurement considers historical facts and not only subjective opinions as the measurements of Hofstede (1980). It is further a one-dimensional and not a multi-dimensional measurement as that provided by Hofstede (1980). For each monastery we measured the conflict potential (“civilizational clash”) between the home country of the order and the host country in which the monastery is or has been located. The index ranges from 0 to 4 where higher values indicate higher conflict potential according to Huntington’s assessment. We additionally measured whether at the time of entry of a monastery in a host country the main religion in that country was also the Catholic religion (=0) or not (=1). Higher values are an indication for institutional distance.

Female organizational members. Monasteries and orders respectively consisting of female organizational members were coded as “1” whereas monasteries and orders respectively consisting of male organizational members were coded as “0”.

External vs. internal legitimacy. On the level of each monastery we measured whether the Catholic Religious Order is a Multinational Order (MNO; value=1) or a Domestic Order (DO; value=0). We classified orders as domestic if all monasteries are maintained within one country; independent of the fact whether the order has been founded in this country or not. On the level of each Catholic Religious Order we further counted how many percentages of its subunits are founded in host countries.

Cultural orientation of the parent company. For each order we coded the underlying rules of the founder of the order, e.g. the rule of St. Benedict. Each religious rule was classified on a continuum ranging from host country oriented (=1) to home country oriented (=5) capturing the ethnocentricity of each order. E.g., the rule of St. Benedict is deemed to be a rule for monasteries instead of a rule for the order since it explicitly authorizes the monasteries to lay down their own localized rules (relating to the time and local conditions) as long as they reflect the Benedictine Spirit (von Balthasar, 1981). The Rule of Ignatius is even more polycentric, e.g., the Jesuit strategy comprises the adoption of the specific host country cultures and habits. Therefore Ignatius ordered trial operations of his rules in different host countries by qualified Jesuit monks, with the intention to adjust the rules until the optimum was reached (von Balthasar, 1981). On the contrary, e.g., the rule of St. Francis is characterized to be more centralist, giving monasteries less autonomy.

Strategic orientation of the parent company. On the level of each monastery we measured whether the monastery was the first monastery of the order within the host country (=1) or not (=0) and whether the order pursued a sprinkler (=1) or waterfall strategy (=0) during the founding period of the monastery. To measure the last variable we choose a time period of 10 years around the founding year of a monastery and coded whether the order entered at least one other country within this time period. On the level of each order we measured whether the order was at least one time the first of all included orders which entered a new host country market (=1) or not (=0). We further measured the average number of years lying in-between

the entering of two country markets. Higher values are an indication for a waterfall strategy whereas lower values are an indication for a sprinkler strategy.

Visibility and size of the parent company. The size of an order was measured (a) by the number of monasteries on the founding year of each monastery and (b) by the number of ever existing monasteries within an order.

Legitimacy of local firms. We collected data on major local wars, revolts and insurgencies within each country of the sample. We only considered events which were caused by within-country problems and not, for example, by attacks from outside. On the level of each monastery we measured the number of local revolts which occurred during its lifespan.

Legitimacy problems of subunits. For each monastery we measured the cumulative number of failed monasteries of the order on the founding year of this monastery. For each Catholic Religious Order we measured the percentage of failed monasteries; we took the percentage instead of the number because – at least on the order level - the number of failed monasteries is highly correlated with the number of ever existing monasteries.

Legitimacy of organizations of the same organizational class. On the founding year of each monastery we measured the cumulative number of failed monasteries of all orders founded in the same home country and active within the same host country. For each Catholic Religious Order we measured the number of failed monasteries of all orders founded in the same home country and active within the same host countries in which the specific order is or has been active.

Legitimacy problems of the domestic country. We measured whether the host country of a monastery was a colony of the home country of the monastery's order on the founding year of the monastery.

Legitimacy problems of the umbrella institution. Finally, we measured whether the country in which a monastery is located has been affected by the reformation and secularization movement.

Method

We will apply Cox proportional hazards model to test our hypotheses. It relates the time that passes before organizational failure to our independent variables that may be associated with that quantity. In a proportional hazards model, the unique effect of a unit increase in a covariate is multiplicative with respect to the hazard rate. For example, the illegitimacy of the Catholic Church within a country may double the hazard rate for the failure of monasteries located within this country. The impact of our independent variables on the survival of a monastery respectively of a Catholic Religious Order is tested with:

$$h(t) = h_0(t) \exp(\beta X_t) \omega_t \text{ where } t = 1, 2, \dots, T$$

where $h_0(t)$ is an unspecified baseline hazard function, X_t is the vector of covariates at the time interval t (i.e., years) within the period at risk and β is the associated vector of coefficients. The specific advantage of a Cox model is that the particular distributional form of the duration times is left unspecified. A coefficient above 1 indicates that the covariate increases the probability of organizational failure whereas a coefficient below 1 indicates that the covariate decreases the probability of organizational failure.

EMPIRICAL FINDINGS

Organizational failure of the monasteries of MNOs

Table 2 documents the empirical findings on the organizational failure of monasteries, i.e. the subunits of MNOs (for descriptive statistics and bivariate correlations see Appendix, Table I). Model I includes the main effects of our independent variables whereas Model II additionally considers the interaction effects between some of the variables as predicted in the hypotheses 4 and 6a. In the following we will mainly focus on the full model, i.e. Model II.

Overall we find high support for the theoretical framework of Kostova, and Zaheer (1999). The empirical findings give temporarily support for the hypotheses 1a, 2, 3a, 4, 6a, 7a, 9a, 10,

11a, 12a and 14. Only the hypotheses 5a, 8a, and 13 are rejected by the findings. This massive support is insofar surprising as the authors deduce their propositions exclusively from theoretical considerations and case study evidence. It is an indication that their framework strongly contributes to a theory of multinational enterprises.

Environmental complexity. In detail the findings show that monasteries of MNOs which during the founding period of the monastery operated in a large number and variety of countries have a lower hazard risk (Hypotheses 1a). The hazard ratio shows that a 10% increase in country diversification of an MNO reduces the probability of organizational failure of a monastery by 48.7% at any point in time. The findings further demonstrate that a greater institutional distance between the home country of the MNO and a particular host country increases the hazard risk of its monasteries (Hypothesis 2). The hazard ratios show that one unit increase in cultural and religious conflict potential as defined by Huntington (1993; 1996) increases the probability of organizational failure of a monastery by 14.5% at any point in time. The market entry in a non-catholic host country increases the probability of organizational failure of a monastery by 26.5% as compared to the market entry in a catholic host country. Monasteries with female organizational members face a 17.5% higher hazard risk as compared to monasteries with male organizational members (Hypothesis 3a). Furthermore, MNOs including females as organizational members additionally increase their probability of organizational failure by 26.5% if the institutional conflict potential between home and host country increases by one unit (Hypothesis 4).

Organizational complexity. With respect to organizational complexity the results of the main effect model, i.e. Model I, show that monasteries of MNOs have a 21.6% higher hazard risk as compared to the monasteries of DOs. The effect is however insignificant giving no support for Hypothesis 5a. The main effect model also demonstrates that monasteries face a significant 39.2 % increase in their probability of organizational failure if the ethnocentricity of the order increases in one unit. Model 2 tests whether this effect can be attributed to

MNOs. The findings demonstrate that the main effect of ethnocentricity gets insignificant whereas the interaction effect, which only considers the ethnocentricity of MNOs, is highly significant. A one unit increase in ethnocentricity of an MNO increases the organizational failure of its monasteries by 74.5% at any point in time (Hypothesis 6a). The results of Model II further point out that the failure of MNOs with the lowest degree of ethnocentricity, i.e. with a geocentric or polycentric cultural orientation, is 448% lower as compared to DOs. It shows that in multinational organizations the tradeoff between internal and external legitimacy can be overcome by cultural orientation.

With respect to the strategic orientation of the parent company the results indicate that the hazard risk of monasteries MNOs which during the market entry of the monastery entered new country markets successively is 52.2% higher as compared to the monasteries of MNOs which during the market entry of the monastery entered new country markets simultaneously (Hypothesis 7a). Surprisingly, monasteries established for the market entry of the parent company in the host environment have a lower, and not - as predicted in Hypothesis 8a - a higher hazard risk. According to the empirical results the hazard risk of subsequently established monasteries is at any time 32.6% higher as the hazard risk of first-mover monasteries. It indicates that first-mover-advantages can also exist with respect to the establishment and maintaining of legitimacy in new host environments. One plausible explanation is that the mother company and its entering subunit in the beginning pay more attention to the specifics of the new host environment.

Complexity of the legitimation process. The findings further show that an increase of the size of an MNO by hundred subunits increases the failure rate of its monasteries by 20%; the effect has been calculated at the year in which a monastery has been established by the order (Hypothesis 9a). Furthermore, each local war, revolt and insurgency which occurred in the institutional environment of the particular monastery since its founding date reduces the

failure rate of this monastery by 4.4% (Hypothesis 10). It substantiates that the legitimacy of multinational enterprises can be indeed positively affected by the illegitimacy of local firms. There is also evidence for internal and external spillover effects: Monasteries face a 30% higher hazard risk if the number of failed monasteries of the MNO increases by hundred units; negative spillovers were measured at the time of market entry of the monastery into the new host environment (Hypothesis 11a). Similar, the hazard risk of monasteries is positively related to the hazard risks of other MNOs belonging to the same organizational class. The probability of organizational failure of a host monastery increases by 30% if the number of failed monasteries of MNOs which come from the same home country and act within the same host countries as the MNO of the particular monastery increases by hundred subunits (Hypothesis 12a). Again these negative spillover effects are in particularly strong for monasteries at the time of their establishment. We find no evidence for external spillovers due to the illegitimacy of the domestic country (Hypothesis 13). Even though the data indicate that the hazard risks of an MNO monastery increases by 0.39% if the domestic countries of the MNO acted as a colonial power in the host country at the time of market entry, this effect is not significant. Finally there is strong evidence for negative spillover effects if the umbrella organization faces problems of illegitimacy (Hypothesis 14). The hazard risk of a monastery increases by 84.1% if the host country has been affected by the reformation of the Catholic Church and by 23.1% if the host country has been affected by the secularization of the Catholic Church.

Table 2 about here

Organizational failure of MNOs

Table 3 documents the empirical findings on the organizational failure of MNOs respectively of DOs (for descriptive statistics and bivariate correlations see Appendix, Table II). Model I includes the main effects of our independent variables whereas Model II additionally considers the interaction effect between two of the variables as predicted in the hypothesis 6b. Again we will mainly focus on the full model, i.e. Model II, when discussing the empirical findings.

On the MNO level we find lower support for the theoretical framework of Kostova and Zaheer (1999) respectively the additionally introduced hypotheses. The empirical findings give temporarily support for the hypotheses 5b, 8b, 9b and 12b. The hypotheses 1b, 3b, 6b, 7b and 11b are rejected by the data. One reason for low support is the small sample size of 76 DOs/MNOs which could be considered in the analysis. It leads to less precise estimates with high standard deviations. Another reason lies in the fact that DOs/MNOs as a whole react differently to environmental complexity as their subunits. This special feature of multinational firms has been already outlined by Kostova and Zaheer (1999). The following empirical results undisputedly indicate that a theory of multinational enterprises has to consider the specific micro-macro link: events on the level of the multinational firm are not the result of a simple aggregation of sub-unit-events.

Environmental complexity. The findings first show that country diversification does not protect MNOs from failure (Hypotheses 1b). Even though the coefficients are not significant, the hazard ratio indicates the opposite to be true: an increase in country diversification massively increases the probability of organizational failure of the MNO as a whole. The findings do also not support that MNOs with female organizational members face a higher hazard risk as compared to MNOs with male organizational members (Hypothesis 3b). According to the results the probability of organizational failure of MNOs with male organizational members is 4 times higher than that of MNOs with female organizational members. This is surprising as the subunit analysis showed the opposite result. One possible

explanation may be that complex organizations facing high illegitimacy problems due to the background of their organizational members become strong as a common network because the survival of their subunits is extremely volatile. One similar and recent example are terrorist organizations. It seems that the most extreme organizations, i.e. organizations characterized by high illegitimacy problems of their organizational members, are able to survive as a whole even though their subunits are more often attacked and destroyed.

Organizational complexity. With respect to organizational complexity the results temporarily support that MNOs with a higher percentage of host monasteries have a lower hazard risk as compared to DOs or MNOs with a lower percentage of host monasteries (Hypothesis 5b). According to the finding a one unit increase in host monasteries reduces the hazard risk of the MNO by a factor of 4. With respect to cultural orientation the main effect model give no evidence for direct effects (Model I). The interaction effect in Model II tests whether the cultural orientation effect can be solely attributed to MNOs. The effect is not significant; even though the findings are in line with our hypothesis by indicating that ethnocentric MNO have a higher probability of organizational failure (Hypothesis 6b). With respect to the strategic orientation of the MNO the results show that the hazard risk of MNOs is reduced by 25% if the time lying in-between new-country-market-entry increases by one unit. The effect is not significant and additionally contradicts Hypothesis 7b which stated that a Sprinkler Strategy – and not a Waterfall Strategy - is more successfully. We find evidence for Hypothesis 8b: MNOs which were the first movers in a host country market increase their probability of organizational failure by a factor of 7.7 or by 670%. Again this is an interesting finding because the results on the subunit level demonstrated that within an order first mover monasteries have fewer problems to survive. It indicates that the problem of multinational firms is the market entry of the organizational class and not the market entry of the firm.

Complexity of the legitimation process. In line with our assumption the results show that a one unit increase in MNO size reduces the probability of MNO failure by a factor of 3.4

(Hypothesis 9b). This is again interesting because for their subunits the opposite was true; i.e. subunits of larger MNOs face higher failure risks. While the last finding can be explained by a higher likelihood of outside attacks due to visibility, the first finding can be explained by the greater portfolio to hedge risks. We find no evidence for internal spillover effects (Hypothesis 11b). The coefficient is not significant and shows the opposite as expected: there is a trend that MNOs with a higher percentage of failed monasteries have lower hazard risks. One possible explanation is organizational learning from crises. Finally, there is weak evidence for external spillover: The hazard risk of MNOs is positively related to the hazard risks of other MNOs belonging to the same organizational class. The probability of organizational failure of an MNO increases by 27.5% if the logarithmically number of failed monasteries of organizations of the same class increases by one unit (Hypothesis 12b).

Table 3 about here

DISCUSSION

The motivation of this study was to contribute to a theory of multinational enterprises by empirically testing the framework of Kostova and Zaheer (1999). We used data on Catholic Religious Orders and their monasteries to test the establishment and maintenance of legitimacy of multinational enterprises and their subunits in multiple host environments depending on historical conditions of complexity stemming from the environment, the organization itself and the interaction between organizations and the environment. The data give strong support for our subunit-hypotheses and modest support for our hypotheses on the level of the multinational enterprise as a whole. The findings in particular show that the legitimacy of a multinational enterprise is not the sum of the legitimacy of its subunits. A theory of multinational enterprises has explicitly to consider this. Figure 2 summarizes our empirical results which will be discussed in the following.

Figure 2 about here

Environmental complexity. Multinational enterprises conduct operations in multiple countries that vary with respect to their institutional environments and, thus, are exposed to a multiplicity of regulatory, cognitive, and normative institutions. The findings show that the survival of subunits increases if the multinational firm conducts business in a number and variety of countries and is reduced the greater the institutional distance between the home and the host environment and the less legitimated the organizational members are perceived within an institutional environment. The failure rate of subunits is exponentiated if non-legitimated organizational members enter a host environment with great institutional distance. However, the survival prospects of the multinational firm as a whole do increase the greater the challenges it faces, for example if organizational members are perceived as less

legitimated within an institutional environment. It indicates that a higher frequency of crises on the subunit level facilitates the development of organizational capabilities essential for the survival of the organization as a whole.

Organizational complexity. Multinational enterprises consist of different locations, activities, and product divisions making multinational enterprises to complex organizations in which each subunit faces its legitimacy issues, is influenced by the organization as a whole and influences the organization as a whole. The findings indicate that in contrast to the subunits of complex domestic firms, the subunits of multinational enterprises have lower prospects for survival because they face a tradeoff between balancing external and internal legitimacy. This tradeoff is exponentiated for the subunits of ethnocentric multinational enterprises but is canceled for the subunits of polycentric or geocentric multinational enterprises. For the organization as a whole tradeoff decisions do however increase its prospects of survival because risks are distributed between many environments. The survival prospects of host country subunits of multinational firms increase if the mother company pursues a Sprinkler Strategy at the time of market entry; i.e. is sensitive to potential environmental problems and possesses recent market entry knowledge. Sensitivity can also explain why the first-mover subunits of the multinational firm into a new country market have the highest prospect for survival. For the multinational firm as a whole a first-mover behavior within its organizational class is however dangerous; first-mover enterprises face most challenges in undiscovered host environment thereby reducing their prospects for survival.

Complexity of the legitimation process. Finally, in the case of multinational enterprises both the organization and the legitimating environment face difficulties to understand, interpret, and evaluate each other. It leads to the continuous testing and redefinition of the legitimacy of the organization through ongoing interaction with the environment. The results demonstrate that subunits of larger and more visible multinational firms face more problems to survive, as they are more likely to be target for attacks by interest groups in the host country. However, a

multinational firm as a whole improves its prospects for survival by increasing in size. It makes the firm less dependent on environmental shifts and cycles. Furthermore, by entering new host environments the subunits of multinational firms can profit from the illegitimacy of local firms. It increases their prospect of survival. Finally, legitimacy is likely to spillover. The survival of a new founded subunit strongly depends on other subunits within the multinational firm. Illegitimacy problems of other subunits do spillover and reduce the survival prospect of each new established subunit. The same holds true for illegitimacy problems of organizations of the same organizational class. It reduces the survival prospects of new established host subunits and of the multinational firm as a whole, independent of the fact whether a multinational firm is actively involved in the particular illegitimacy problems or not. External spillovers do also exist with respect to the umbrella organization, e.g. the industry. If the umbrella organization becomes illegitimated within an institutional environment, the subunits of multinational firms will experience higher failure rates.

From a management perspective, the critical factors we identified are most likely faced by MNEs in establishing and maintaining legitimacy in multiple host environments, whereat a strong distinction needs to be made between the level of the subunit, the level of the MNE as a whole and mutual legitimacy spillover: Although legitimacy problems, for example caused by the illegitimacy of organizational members, may occur on the level of the subunit, the overall effect may be positive on the level of the MNE due to organizational learning and “shock – imprinting” (e.g., Dieleman, 2010). For organizations it is thus possible not to be fully legitimate, and still survive for a long time. The strong effect of illegitimacy spillover, in turn, gives strong evidence for organizational legitimacy being a highly valued but critical resource for organizations. Nevertheless, results indicate, that in line with the strategic approach of legitimacy and contrary to the neoinstitutional approach, managerial decisions (e.g., diversification, timing strategy, cultural orientation of the parent company) may

“buffer” the negative effects of environmental complexity, organizational complexity and complexity of the legitimation process.

From a theoretical point of view our empirical results may also contribute to the debate of globalization versus regionalization of MNE in the field of international business. Recent empirical research suggests that only a small number among the largest Fortune Global 500 MNEs are truly global, whereas a majority of the MNEs are regional oriented instead (Osegowitsch, and Sammartino, 2008; Rugman, and Verbeke, 2004). Specifically in view of the liabilities of foreignness, the institutional (or cultural) distance seems to be substantial for strategic decisions of internationalization. As Catholic orders show a similar internationalization pattern (e.g. ca. 10% of the monasteries lie outside of Europe as home region, yet the degree of internationalization strongly differs from order to order), our identification of critical factors for establishing and maintaining legitimacy may give new insights for explaining actual and potential variance in MNE behavior and specific antecedents for internationalization.

The study has limitations, which should be addressed in the further research. First, the results of this study are limited to one kind of variable for measuring legitimacy, i.e. survival. Institutional theorists argue that organizations significantly increase their survival chances by meeting societal and environmental expectations whereby the external legitimation presents the evaluation and acceptance of the organizational status in its community (Baum, and Oliver, 1991; DiMaggio, and Powell, 1983; Meyer, and Rowan, 1977; Scott, 1987). An average longevity of 382 years, making monasteries more durable than firms, may validate this argument since they have been successful through time and history. Nevertheless, several alternative approaches to the measurement of organizational legitimacy do exist in the literature because the theoretical construct of organizational legitimacy is difficult to measure as a whole. More and alternative empirical tests are needed before conclusions can be drawn. Second, termination may not be completely equated with hazard/failure. For example, a

strategic refocusing of the parent institution may result in termination of a monastery, as well as “technical knockout” due to force majeure. Third, as already discussed, in our study we do not differentiate between the regulative, cognitive and normative domains of the institutional environment, because the historical dominant position of the church and religion respectively shaped all of the three pillars, e.g., through their educational and moral monopoly or the right to nominate imperators as the kings basically drew their authority from God. Future studies may test the robustness of our results by developing complementary or alternative indicators to differentiate the three domains. Fourth, limitations accrue from the historical data setting. We were not able to collect data on all ever existing Catholic orders and their monasteries, especially data on small orders consisting of few monasteries are rarely available. Some data on founding year, closure etc. are estimates made by Historians due to missing chronicles and should, therefore, be treated with caution. Finally, it should be noted that a definite comparability between religious orders and modern MNEs in context with processes of establishing and maintaining legitimacy is questionable. Nevertheless, analogies can be drawn from several stylized facts (e.g. organizational, competitive and entrepreneurial aspects, wealth accumulation or the provision of commercial and public goods), emphasizing the importance of Catholic orders and their monasteries as persistent (multinational) organizations and presenting a basis for research and discussion.

TABLES

Table 1. Survival and Failure of Catholic monasteries and organizational legitimacy

Status	Number of monasteries	Percent	Failure due to the missing acceptance of the organization by its environment
Survived	1371	29.8%	
Failed due to:	3333	70.2%	
– secularization	1243	27.0%	yes
– dissolution	616	13.4%	Mostly yes
– reformation	308	6.7%	yes
– demolition	169	3.7%	yes
– relocation	139	3.0%	Mostly yes
– merger	117	2.5%	Mostly yes
– extinction	101	2.2%	yes
– takeover	74	1.6%	yes
– expulsion	11	0.2%	yes
– mismanagement	9	0.2%	Sometimes yes
– no information	446	9.7%	No answer possible
Overall	4394	4394	

Table 2. Challenge in establishing and maintaining legitimacy for subunits of DOs/MNOs: Hazard ratio of monasteries of Catholic orders and complexity

Time variable: life span monastery Failure event: closing monastery	Model I			Model II				
	Haz.Rat	Std.Err	z	P> z	Haz.Rat	Std.Err	z	P> z
Environmental complexity								
Number and variety of countries								
Country diversity order in the founding year of the monastery	.205	.032	-10.24	***	.208	.032	-10.21	***
Institutional distance								
Home/host country distance of the monastery measured by cultural and religious identities of Huntington	1.145	.036	4.34	***	1.098	.037	2.78	**
Home/host country distance of the monastery measured by different major religion (non-catholic)	1.265	.076	3.93	***	1.252	.076	3.72	***
Legitimacy of organizational members								
Female monastery	1.175	.056	3.40	**	1.145	.055	2.84	**
Female monastery x home/host country distance measured by Huntington	-				1.512	.118	5.28	***
Organizational complexity								
Internal vs. external legitimacy								
MNO (vs. DO)	1.216	.201	1.19		.223	.094	-3.57	***
Cultural orientation of the parent company								
Amount of ethnocentric culture	1.392	.042	11.02	***	.815	.112	-1.49	
Ethnocentric MNO (MNO x Amount of ethnocentric culture)	-				1.745	.245	3.96	***
Strategic orientation of the parent company								
Order entered at least two country market simultaneous during the founding period of the monastery	.657	.034	-8.15	***	.646	.033	-8.47	***
Monastery was the first-mover of the order in a new country market	.754	.051	-4.20	***	.723	.049	-4.75	***
Complexity of the legitimation process								
Visibility and size of the parent company								
N monasteries of the order on the founding year of the monastery	1.002	.000	16.38	***	1.002	.000	16.44	***
Legitimacy of local firms								
N local wars within the lifespan of the monastery	.958	.002	-23.26	***	.958	.002	-23.03	***
Internal spillovers: legitimacy problems of subunits								
N failed monasteries of the order on the founding year of the monastery	1.003	.000	7.93	***	1.003	.000	8.22	***
External spillovers: legitimacy problems of organizations of the same organizational class								
N failed monasteries of all domestic orders within the host country on the founding year of the monastery	1.003	.000	13.88	***	1.003	.000	13.78	***
External spillovers: legitimacy problems of the domestic country								
Host country was a colony of the home country of the order on the founding year of the monastery	1.039	.128	.31		1.023	.126	.19	
External spillovers: legitimacy problems of the umbrella institution								
Host/home country of the monastery has been affected by reformation	1.841	.094	11.89	***	1.856	.095	12.03	***
Host/home country of the monastery has been affected by secularization	1.231	.062	4.15	***	1.236	.062	4.22	***
No. of subjects			4057				4057	
No. of failures			2892				2892	
Time at risk			1471557				1471557	
LR chi2			1350	***			1387	***
Likelihood-ratio test							38	***
Log likelihood							-20359	

Table 3. Challenge in establishing and maintaining legitimacy for MNEs as a whole: Hazard ratio of Catholic orders and complexity

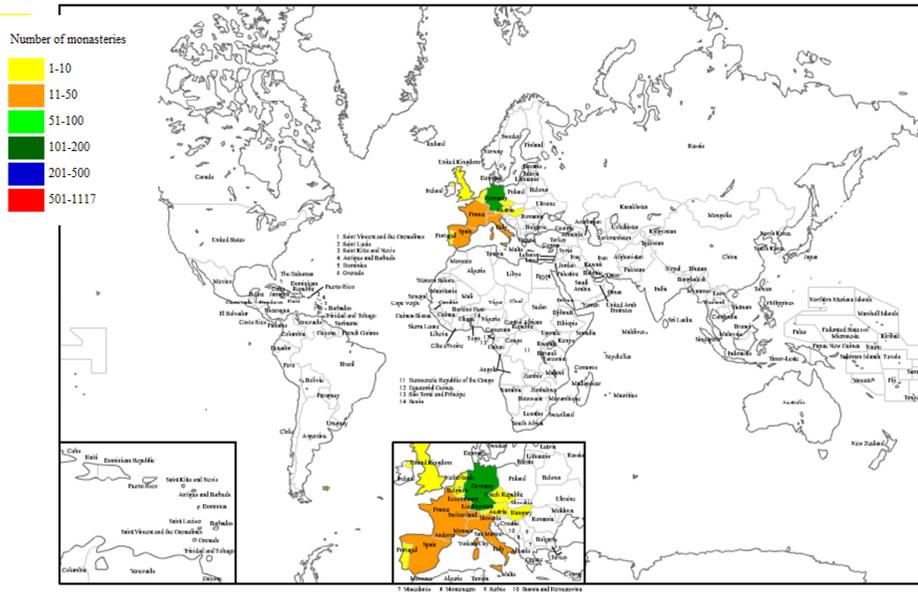
Time variable: life span order Failure event: closing order	Model I			Model II		
	Haz.Rat	Std.Err	z P> z	Haz.Rat	Std.Err	z P> z
Environmental complexity						
Number and variety of countries						
Country diversity order	4.292	11.086	.56	6.624	17.706	.71
Legitimacy of organizational members						
Female order	.222	.133	-2.51 *	.240	.146	-2.34 *
Organizational complexity						
Internal vs. external legitimacy						
Percentage of host monasteries	.257	.164	-2.14 *	.266	.170	-2.08 *
Cultural orientation of the parent company						
MNO (vs. DO)	.465	.646	-.55	.138	.255	-1.07
Amount of ethnocentric culture	.956	.214	-.20	.863	.213	-.60
Ethnocentric MNO (MNO x Amount of ethnocentric culture)				1.523	.634	1.01
Strategic orientation of the parent company						
Average years between country entry order (reverse coded!)	.799	.177	-1.01	.760	.177	-1.18
Order was at least one time a first-mover-order in a new country market	7.708	5.228	3.01 **	7.571	5.271	2.91 **
Complexity of the legitimation process						
Visibility and size of the parent company						
N founded monasteries (log)	.292	.126	-2.86 **	.290	.124	-2.89 **
Internal spillovers: legitimacy problems of subunits						
% failed monasteries	.061	.123	-1.39	.086	.175	-1.20
External spillovers: legitimacy problems of organizations of the same organizational class						
N failed monasteries of all domestic orders within the host countries of the order (log+1)	1.275	.165	1.88 †	1.321	.177	2.08 *
No. of subjects			76			76
No. of failures			24			24
Time at risk			43664			43664
LR chi2			59 ***			60 ***
Likelihood-ratio test						1
Log likelihood			-62			-61

Table 4. Complexity and MNO Hazard Rates: Summary of Hypotheses and Results

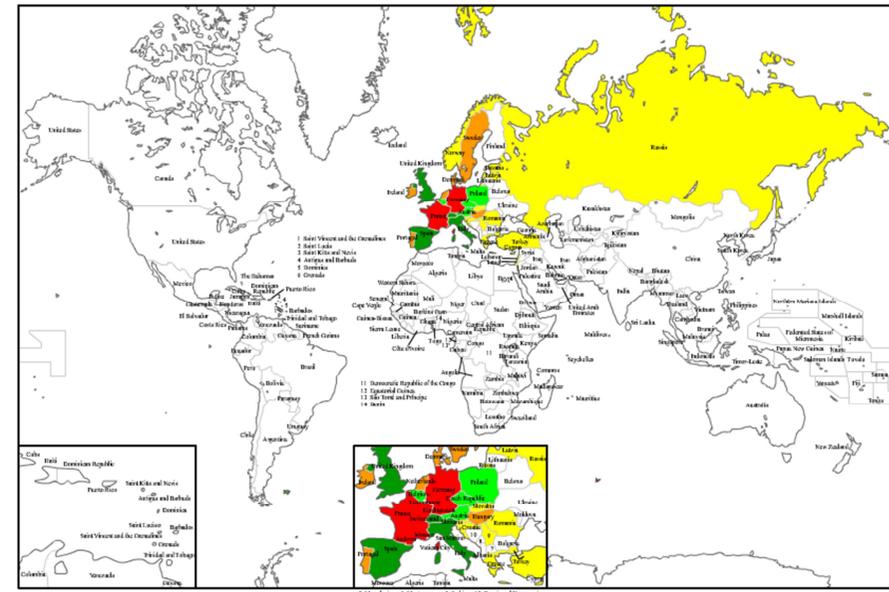
	Monastery of the MNO Challenge to establishing and maintaining legitimacy			MNO Challenge to maintaining legitimacy				
	Hypothesis	Predicted effect on organiz. failure	Obtained effect on organiz. failure	Pre- liminary support	Hypothesis	Predicted effect on organiz. failure	Obtained effect on organiz. failure	Pre- liminary support
Environmental complexity								
Number and variety of countries	H1a	-	-	√	H1b	-	n.s.	<i>f</i>
Institutional distance	H2	+	+	√				
Illegitimacy of organizational members	H3a	+	+	√	H3b	+	-	<i>f</i>
Illegitimacy of organizational members x Institutional distance	H4	+	+	√				
Organizational complexity								
Lack of internal legitimacy	H5a	+	n.s.	<i>f</i>	H5b	-	-	√
MNO Culture: Lack of internal legitimacy in ethnocentric MNOs	H6a	+	+	√	H6b	+	n.s.	<i>f</i>
MNO Strategy:								
Simultaneous vs. successive market entry	H7a	-	-	√	H7b	-	n.s.	<i>f</i>
First mover in host markets	H8a	+	-	<i>f</i>	H8b	+	+	√
Complexity of the legitimization process								
Visibility and size of the order	H9a	+	+	√	H9b	-	-	√
Illegitimacy of local firms	H10	-	-	√				
Illegitimacy of subunits	H11a	+	+	√	H11b	-	n.s.	<i>f</i>
Illegitimacy of organizations of the same organizational class	H12a	+	+	√	H12b	+	+	√
Illegitimacy of the domestic country	H13	+	n.s.	<i>f</i>				
Illegitimacy of the umbrella institution	H14	+	+	√				

FIGURES

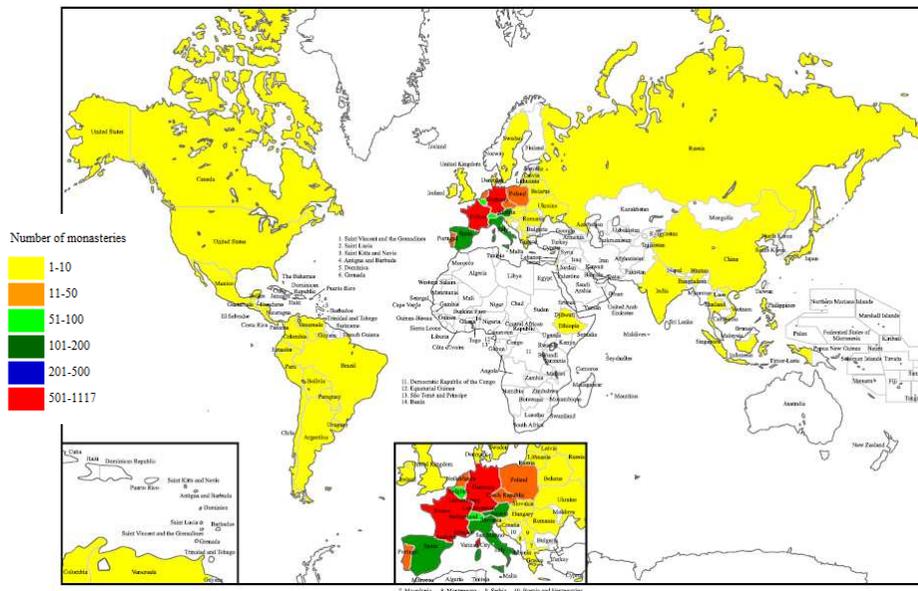
Figure 1. Internationalization of MNOs and their monasteries



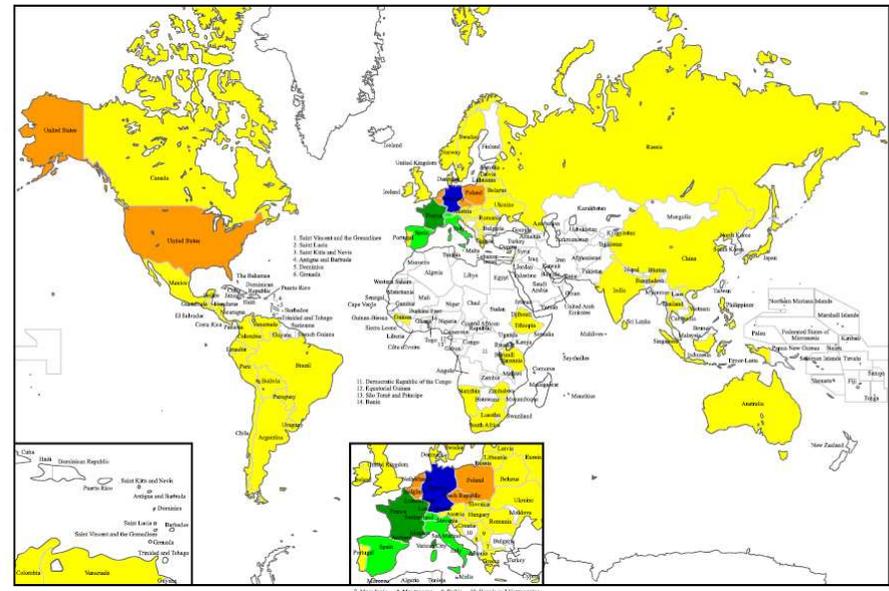
Legende: 500-1000, 3 DOs and 3 MNOs with 228 monasteries in 13 countries



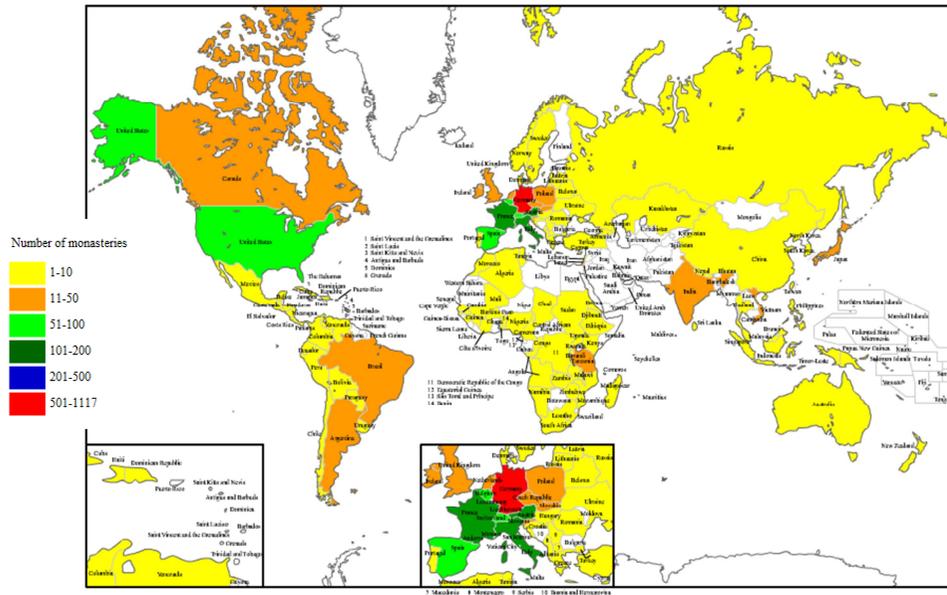
Legende: 1001-1500, 27 DOs and 24 MNOs with 2771 monasteries in 31 countries



Legende: 1501-1700, 26 DOs and 35 MNOs with 1909 monasteries in 59 countries

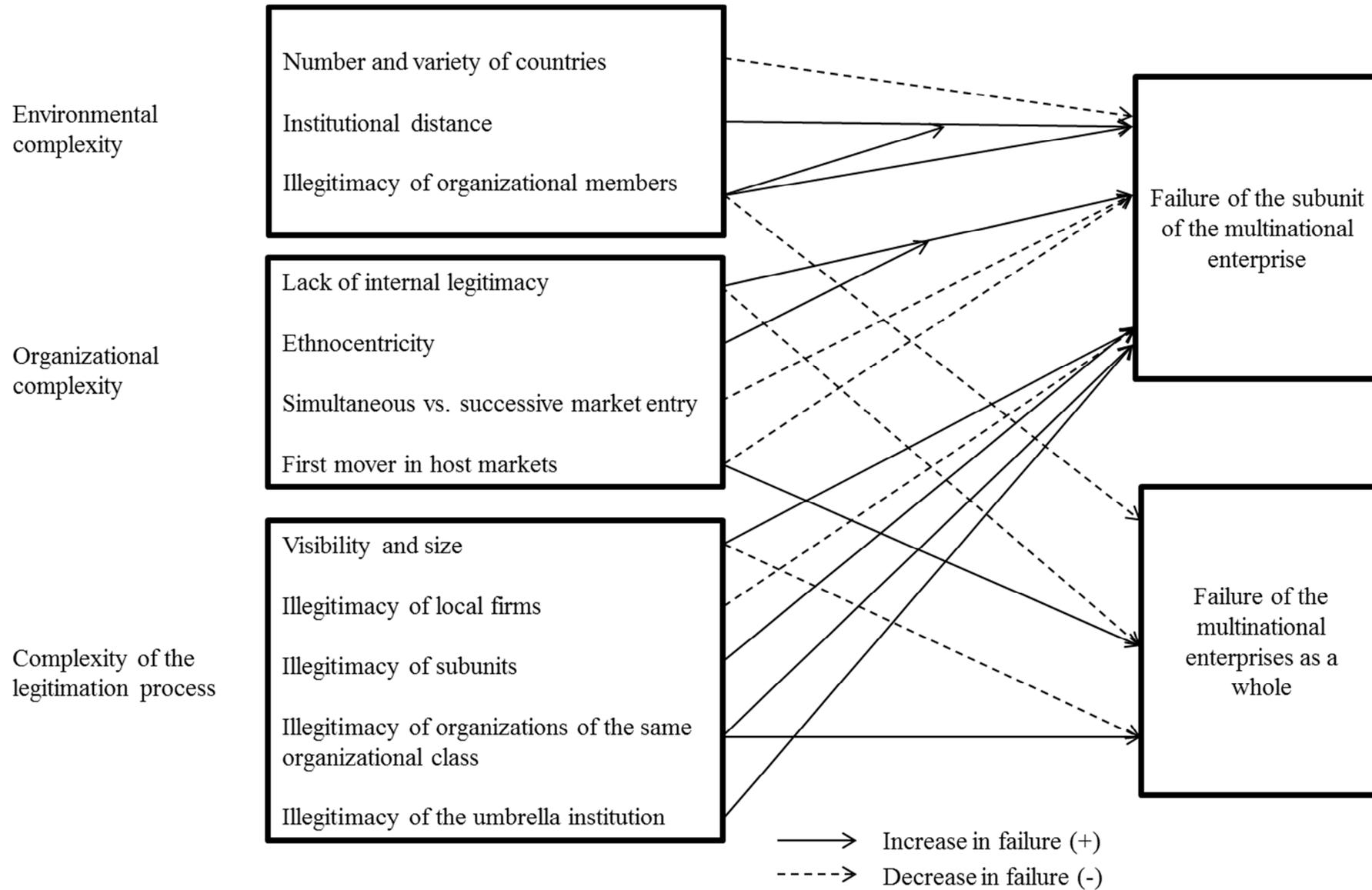


Legende: 1701-1900, 26 DOs and 36 MNOs with 1009 monasteries in 69 countries



Legende: 1901-2012, 25 DOs and 41 MNOs with 1746 monasteries in 115 countries
 (2012, 21 DOs and 38 MNOs with 1358 monasteries in 107 countries)

Figure 2. Summary of the Empirical Findings



APPENDIX

Table I. Descriptive statistics and bivariate correlations of the variables measured on the level of the MNO monastery

ID	Variable	Mean	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Country diversity order in the founding year of the monastery	.70	.00	.97	-													
2	Home/host country distance of the monastery measured by cultural and religious identities of Huntington	.28	.00	4.00	.13	-												
3	Home/host country distance of the monastery measured by different major religion (non-catholic)	.19	.00	1.00	.16	.21	-											
4	Female monastery	.35	.00	1.00	-.22	.00	.00	-										
5	MNO (vs. DO)	.98	.00	1.00	.47	.02	.05	-.09	-									
6	Amount of ethnocentric culture	2.58	1.00	5.00	-.26	.19	-.13	.05	-.07	-								
7	Order entered at least two country market simultaneous during the founding period of the monastery	.65	.00	1.00	.37	-.08	.18	-.06	.19	-.19	-							
8	Monastery was the first-mover of the order in a new country market	.15	.00	1.00	-.07	.23	.08	.02	-.16	.07	-.17	-						
9	N monasteries of the order on the founding year of the monastery	157.90	1.00	715.00	.39	-.10	-.05	-.16	.12	-.37	.17	-.24	-					
10	N local wars within the lifespan of the monastery	7.01	.00	52.00	-.29	-.09	.07	-.02	-.09	.11	.06	-.08	-.12	-				
11	N failed monasteries of the order on the founding year of the monastery	36.16	.00	756.00	.19	.13	.14	-.07	.05	-.14	.10	.01	.02	-.11	-			
12	N failed monasteries of all domestic orders within the host country on the founding year of the monastery	57.55	.00	634.00	-.10	-.13	-.04	.14	-.05	.16	-.07	-.10	-.22	.09	.16	-		
13	Host country was a colony of the home country of the order on the founding year of the monastery	.04	.00	1.00	.14	.21	.11	-.03	.03	-.03	.02	.16	.01	-.12	.07	-.08	-	
14	Host/home country of the monastery has been affected by reformation	.65	.00	1.00	-.27	-.24	-.08	.07	-.09	.02	.08	-.22	-.09	.28	-.16	.27	-.15	-
15	Host/home country of the monastery has been affected by secularization	.58	.00	1.00	-.28	-.21	-.07	.09	-.11	.03	.20	-.27	-.13	.34	-.13	.31	-.17	.67

Legend: N=4057

Table II. Descriptive statistics and bivariate correlations of the variables measured on the level of the MNO

ID	Variable	Mean	Min	Max	1	2	3	4	5	6	7	8	9
1	Country diversity order	.31	.00	.97	-								
2	Female order	.43	.00	1.00	.00	-							
3	Percentage of host monasteries	.83	.00	1.00	.15	-.07	-						
4	Amount of ethnocentric culture	2.69	.00	5.00	-.18	.03	-.11	-					
5	MNO (vs. DO)	.59	.00	1.00	.85	.01	.24	-.15	-				
6	Average years between country entry order	2.41	.00	7.06	.69	.05	.18	-.16	.85	-			
7	Order was at least one time a first-mover-order in a new country market	.13	.00	1.00	.15	.03	.05	.10	.10	.05	-		
8	N founded monasteries (log)	1.53	.00	5.92	.74	.04	.10	-.10	.61	.42	.21	-	
9	% failed monasteries	.18	.00	.83	.48	.20	.11	.00	.55	.58	.13	.39	-
10	N failed monasteries of all domestic orders within the host countries of the order (log+1)	3.34	.00	6.50	.16	.19	.17	-.26	.24	.16	-.06	.17	.13

Legend: N=76

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