

A Novel Approach to the Operationalization of Corporate Local Embeddedness: Cultural Perspectives on Narratives as Indicators

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Abstract

Corporate embeddedness, the extent to which companies anchor themselves in a local context through political, economic, academic, social, and environmental connections, remains a key area of research in social and regional sciences. Due to the limited availability of secondary data on corporate relationships, measurement methods often rely on qualitative data. Corporate communication, especially CEO letters in annual reports, is a frequently neglected secondary data source that has grown in significance in meeting stakeholder expectations and providing insights into corporate strategies and operations. Despite the growing scholarly interest in CEO letters, little is known about embeddedness narratives and the cultural factors that influence them. Through an analysis of the cultural variations in embeddedness narratives found in CEO letters from the fashion and cosmetics industries, this study suggests a novel approach to operationalising corporate local embeddedness. The focus on these sectors is justified by the significant variations in embeddedness orientations across industries and the accessibility of relevant data. The study finds that CEO letters can serve as a complementary data source for assessing corporate embeddedness, as they reveal both local and global orientations. Using software-based content analysis, key themes and keywords were identified along the Quintuple Helix model, providing a structured approach to analysing embeddedness. The results highlight cultural influences, with reactive cultures emphasising social sustainability, while academic engagement challenges existing assumptions. In addition to reflecting corporate strategies, CEO letters offer insights into sectoral characteristics. However, more qualitative research is still required to fully comprehend a company's level of embedding.

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1. Introduction

At the beginning of the 21st century, Johannisson et al. (2002) highlighted that despite decades of research on the concept of corporate embeddedness, its conceptualisation and operationalisation remained underdeveloped, raising concerns for researchers in the field of social and regional studies, as well as for business actors and policymakers. A key challenge identified by the authors was that embeddedness can be understood in two primary forms: structural embeddedness, which refers to the network of relationships connecting economic actors, and substantive embeddedness, which involves the social ties that complement these relationships (Johannisson et al., 2002). Over the past two decades, significant progress has been made in structural embeddedness, particularly in Europe, but also in terms of global knowledge accumulation (Hess, 2004; James, 2007; Plaza & Haarich, 2013). In contrast, the

substantive approach receives less attention due to its complexity and the challenges associated with operationalising soft factors.

The conceptualisation of embeddedness has also evolved with the unprecedented levels of firms' internationalisation. As a result, the literature has begun to recognise a new aspect of embeddedness, in which firms embed themselves in local spaces and global networks at the same time (Ratajczak-Mrozek, 2014). In this study, spatial embeddedness is understood as '*actors' being embedded in social relations on different spatial scales*' (Oinas, 1997, p. 29). Oinas (1997) also acknowledged that embeddedness at different levels does not carry equal weight in firms' strategies, decisions, or competitiveness. Due to multiple embeddedness, a hierarchy may emerge between different levels, influenced by cultural proximity, preference-based selection, and economic necessity.

This study acknowledges that internationalisation is primarily a matter of corporate economics, whether it follows the Uppsala model – where firms expand gradually, starting with culturally closer markets – or the born-global approach, in which companies commit significant resources from the outset, bypassing the step-by-step process (Figuerola et al., 2014). However, beyond economic and strategic considerations, national culture may influence value preferences in choosing between local and international orientations, as both local and international embeddedness follow cultural patterns. This aligns with the substantive approach of the embeddedness literature, which asserts that '*social relations may be based on proximities other than physical ones*' (Oinas, 1997, p. 29).

In recent years, CEO letters have attracted growing academic interest as they provide insights into corporate strategies (Im et al., 2020; du Toit & Esterhuyse, 2021; Arvidsson, 2023; Arvidsson & Sabelfeld, 2023). However, their role in conveying corporate embeddedness remains underexplored, despite evidence demonstrating a link between the rhetorical strategies employed in these letters and firms' internationalisation (Shao et al., 2022). To address this gap, this study introduces a novel approach to assessing corporate embeddedness through content analysis of CEO letters, particularly given the frequent scarcity of secondary data on corporate relationships. By analysing narratives, which are structured and repeatedly reinforced interpretations of reality, influenced by religious or cultural contexts (Wüstner, 2022), the research applies a mixed-methods approach, combining software-based content analysis with qualitative exploration to uncover key themes. Corporate embeddedness is also influenced by cultural factors. By integrating cultural perspectives, it aims to enhance understanding of how firms balance local and global orientations. Accordingly, the research seeks to answer the following questions:

1. To what extent can CEO letter narratives serve as indicators of firms' spatial embeddedness, specifically their local or global orientations?
2. How do cultural factors shape the narratives in CEO letters, and do these differences reflect variations in firms' embeddedness?

The study is structured as follows: The next section provides a literature review, first exploring corporate embeddedness, including cultural values and attitudes towards embeddedness, as well as cross-country differences in embeddedness patterns. This is followed by an examination of corporate external communication, with a particular focus on CEO letters. The subsequent section outlines the research design and methodology. The findings are then presented and discussed, leading to an exploration of their broader implications. Finally, the study concludes by summarising key insights and potential directions for future research.

2. Literature Review

Despite efforts to revive and systematically analyse the concept of embeddedness (e.g., Hess, 2004), its definition remains ambiguous. Rather than revisiting conceptual debates, this study focuses on the sociocultural and spatial-theoretical foundations of embeddedness in relation to its research objective.

The concept originating from Polanyi (1944) and Granovetter (1985) highlighted the social constraints on economic actions. Over time, corporate embeddedness has evolved into a multidimensional construct that encompasses temporal, spatial, and institutional dimensions (Halinen & Törnroos, 1998; Rooks et al., 2000; Plaza & Haarich, 2013). Today, the term – canonised as corporate embeddedness – has become integral to critiques of neoclassical economic theories (Barber, 1995; Oinas, 1997; Dacin et al., 1999; Beckert, 2003; James, 2007), the transformation of the firm-space relationship (Krugman, 1998), and the emergence of the cultural turn (Ray & Sayer, 1999; Rodríguez-Pose, 2001; Anderson et al., 2003).

The main feature of the evolution of embeddedness in the literature is that conceptualisation efforts have resulted in the categorisation of the phenomenon. Zukin and DiMaggio (1990) identified cognitive, cultural, structural, and political embeddedness, while Hess (2004) refined these into social, spatial, and network embeddedness. Halinen and Törnroos (1998) further expanded the framework, introducing temporal, social, political, market, and technological embeddedness. Studies such as Plaza and Haarich (2013) applied these concepts to case studies, demonstrating the varied ways organisations embed into their environments through political, institutional, economic, artistic, sociocultural, and socio-strategic aspects.

The increasing complexity of corporate embeddedness highlights the strategic challenge of balancing local integration with global engagement (Verbeke & Asmussen, 2016). In this context, CEO letters can serve as valuable sources for analysing corporate strategies and embeddedness patterns, offering insights into how firms navigate these dynamics.

2.1 Cultural Values and Attitudes towards Embeddedness

The effort to reconceptualise culture gained momentum in the 1980s, with the so-called cultural turn (Mitchell, 1995). In anthropological terms, culture refers to a way of life, initially defined by Tylor (1871, p. 167) as follows: *‘Culture [...] is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.’* The embeddedness of companies itself represents a value choice. The relationship between the company and the region involves dilemmas and choices such as global or local direction, dynamic change or continuity, competition or cooperation, outcome or quality of life orientation, rationality or commitment, degree of innovation, control or participation, and short- or long-term orientation (Konczosné Szombathelyi, 2018).

The literature consistently refers to the same soft, cultural factors in relation to the cultural determinism of embeddedness. Embedded relationships are characterised by mutual dependence, a network of personal, trust-based relationships with dense information sharing, joint problem-solving, and quick response times (Necibe, 2005). Authors discussing the value horizon of corporate embeddedness generally point to the companies’ willingness to align, adjust, localise, and adapt during the process (Oinas, 1997; Gerhart, 2009; Mattes, 2013; Wood & Reynolds, 2014; Wood et al., 2016). However, companies do not always show a willingness to embed locally, as the openness and receptiveness of the host environment also vary, often caused by different institutional and cultural factors (Lengauer & Tödtling, 2010).

As economic action is embedded in socially constructed and culturally defined networks and institutions, key criteria of embeddedness are trust, solidarity, and reliable behaviour (Crewe, 1996). This is particularly important because, in today's economic uncertainty, companies tend to align with familiar, seemingly secure practices and social norms (Józsa, 2016). Thus, the degree of uncertainty avoidance is also a cultural determinant of embeddedness, as embeddedness stabilises mutual expectations and facilitates collective action (Spence et al., 2003). Trust, as a construct of social capital, is a culturally determined phenomenon. In individualist and high-power symmetry cultures, the level of general trust is high, while in collectivist cultures, trust is particularistic, meaning it is high within a narrow circle but low beyond it (Finuras, 2019).

An important cultural factor is cultural proximity, based on the similarity-attraction theory, which posits that differing work ethics and rules are best managed when collaborating parties come from the same culture (Polenske, 2004), and similarity of values, attitudes, and behaviours between parties leads to greater acceptance (Adler & Aycan, 2018). Moreover, both geographical proximity and cultural proximity, through historical, value-based, and political similarities, facilitate the establishment of trust-based relationships (Necibe, 2005). Finally, corporate embeddedness also assumes the existence of a cooperative culture, which has four main dimensions: power symmetry, collectivism, long-term focus, and uncertainty avoidance (Acquah et al., 2021).

2.2 Differences in Embeddedness across Cultures – Special Case Studies

The literature has often emphasised that embeddedness demonstrates different patterns in different cultures. As the cultural values and norms that promote embeddedness, presented in the previous chapter, are combined differently in different places, due to the determinism of culture and geographical location, the patterns of embedding differ. This chapter illustrates these variations through specific case studies found in the literature. Wrigley et al. (2005) distinguish three different environments: the particularistic, the cooperation-based, and the relationship-based. The particularistic environment (e.g., Latin America, Central and Eastern Europe) is characterised by weak collective intermediaries and norms regulating economic transactions, as well as predominantly paternalistic power relations. In such an environment, foreign direct investment is usually managed through tightly controlled subsidiaries that are poorly integrated into the host economy and have limited potential for developing unique capabilities and organisational learning. In cooperation-based environments (e.g., Western Europe, Japan, South Korea), the state plays an important coordinating and developmental role, with numerous key institutions that bind key players together and support the formation of partnerships. In relationship-based environments (e.g., the USA, Canada, the United Kingdom), the state acts more as a regulator than a coordinator. According to Sally (1994), the United States and the United Kingdom are known for arm's-length relationships and short-term market transactions, where multinational companies have weaker connections with external actors such as government institutions, banks, or suppliers. In these countries, the embedding of firms is relatively weak.

Germany serves as a role model for Central and Eastern European countries in terms of embedding due to its proximity. German multinational and medium-sized (Mittelstand) companies are closely tied to the German production location (Standort) through long-term commitments, which also serve as the starting point for international expansion strategies. In contrast, multinational companies in France have weaker external relationships compared to Germany, partly due to the absence of traditions of industry-specific relations and cooperation,

differences in banking and industrial culture, and more distant educational and research connections (Sally, 1994).

Several specialised case studies in the literature illustrate the unique value and norm systems of embedding, highlighting the role of culture, including those related to Italian industrial districts, Silicon Valley, Route 128 in Boston, and other special (e.g., Mormon) cultures.

One of the best examples of capturing the cultural and regional context of embedding is Saxenian's (1994) comparison of the economic paths of Boston's Route 128 and the Silicon Valley. Saxenian's analysis suggests that the reasons for the different performances of the two regional economies are not found in the national economy or technology-related markets, but rather can be explained by the different regional institutions and cultures. Comparing the different developmental paths of Silicon Valley and Route 128, Saxenian (1994) concludes that Silicon Valley has a network-based industrial system that supports collective learning and flexible adaptation. In contrast, the Route 128 region and industrial system consist of independent firms that internalise a wide range of production activities.

The German region of Baden-Württemberg, which is renowned for its mix of small and medium manufacturers of machine tools, textile equipment, and large electronics companies, or the small business industrial districts of Third Italy, which specialise in traditional industries like shoes, textiles, leather goods, furniture, and ceramic tiles, are the most frequently studied examples of regional network-based systems nowadays (Saxenian, 1994). The literature on Italian industrial districts rejects the mainstream view in industrial economics that large, efficient firms are the only sources of growth potential. In contrast, local small firms are also capable of generating growth if they are embedded in a local context that facilitates the rich reproduction of trust, entrepreneurial attitudes, and the creation of specialised competences (Bellandi, 2001; Parrilli, 2013). The key attribute of successful regions in the Italian model is the spatial network of companies, which fosters the promotion and maintenance of an innovative and collaborative spirit within the geographical boundaries of an industrial district (Polenske, 2004).

James (2007) developed a specific case study of cultural embeddedness based on the example of Salt Lake City. The city's high-tech growth in Utah became prominent in the 1980s through the growth of software and services. It is noteworthy, however, that the area is the centre of Mormonism, with a significant portion of the high-tech workforce being Mormon. Based on the findings, James (2007) concluded that in four cases, non-Mormon companies performed better than their Mormon counterparts, meaning that the Mormon cultural influence on the corporate cultures of computer software companies founded and managed by Mormons has a limiting effect on local corporate economic performance.

2.3 CEO Letter as a Method of Operationalisation

The conceptualisation of corporate embeddedness is as diverse as the approaches used to study it. Based on the literature, it can be concluded that the research methods primarily include case studies (James, 2007), interviews (Uzzi, 1997), and statistical data processing (Litzel, 2016). Methodologically, evidence for testing theories increasingly comes from qualitative data, since data on embeddedness and corporate relationships are either not available in secondary sources or are only scarcely found (Markusen, 1994). Regarding research methodology, in-depth interviews are the most widespread method (Saxenian, 1994; James, 2007).

The research findings differ not only in terms of the method used, but also depend on the researcher's interpretation of embeddedness, the territorial level under study, and the research goal. In spatial research, there is a trend that the analysis mainly focuses on large, multinational,

and transnational companies (Necibe, 2005; Revilla-Diez & Berger, 2005; Meyer et al., 2010; Heidenreich & Mattes, 2012; Kramer & Diez, 2012; Mattes, 2013; Aerni, 2018). Although embeddedness in small and medium-sized enterprises is occasionally found in the literature, it is less common, or the results are linked to a specific sub-theme of embeddedness (e.g., culture) (Keeble et al., 1998; Mackinnon et al., 2004; Cooke et al., 2005; Greenman, 2013; Shahmer et al., 2015; Sharafizad et al., 2022).

A more challenging question is what quantification methods stand behind the outlined categories, regardless of the model. There is no consensus regarding what researchers mean by high or low levels of embeddedness, and the dimensions of these are also varied. Józsa (2016) used a qualitative-based methodology to assess the connection between the company and its environment by identifying interaction activities and placing them on a scale from 0 to 5. The model's advantage lies in its simplicity, thus allowing for international comparability. Based on the quintuple helix model, indicators assigned to the five spheres of the local environment enable the estimation of the degree of embeddedness.

A key challenge in the literature on corporate embeddedness is the scarcity of data or reliable sources regarding the connections and underlying social structures of firms' networks. As a result, identifying secondary data that can complement existing datasets or qualitative findings becomes essential. This is particularly important given that assessments of embeddedness often rely on researchers' interpretations and biases, further complicated by the limited accessibility of raw data sources, such as interview transcripts. Although such qualitative data can effectively reveal the underlying dynamics of corporate networks and connections, they are often neither representative nor easily verifiable. This study suggests corporate external communication as a complementary source and prove of corporate embeddedness.

The 1980s marked the beginning of corporate communication as a science. The phrase corporate communication has gained popularity in both academic and business contexts since the latter half of the 20th century (Bhatia & Bremner, 2014). In this study, corporate communication refers to all of an organisation's or company's internal and external communications.

According to Craig and Amernic (2018), the CEO's letter in reports is a crucial component of corporate communication, since it provides stakeholders with insight into the company's stance. Despite possible variations, the CEO letter typically appears with other corporate reporting documents, such as integrated reports, stand-alone sustainability reports, and annual audited financial statements. The CEO letter is the report's most read and influential section. *'Although companies can now resort to a variety of tools and website pages to communicate with their numerous stakeholders, CEO annual letters, where tone at the top is conveyed, still have enormous rhetorical importance in building credibility and imparting confidence'* (Resche, 2020, p. 93).

3. Research Methodology

The aim of this study is to explore how corporate embeddedness – specifically the balance between local and global orientations – is reflected in CEO letters and how cultural factors shape these narratives. This research seeks to fill a gap in the literature by analysing CEO letters as indicators of firms' spatial embeddedness, using a mixed-methods approach that combines software-based content analysis with qualitative exploration. The study seeks to determine

whether CEO letter narratives in annual reports of beauty and fashion companies in ten different countries can serve as reliable indicators of firms' embeddedness, while also acting as a complementary source of insight that reinforces findings from other qualitative research methods, such as interviews. Additionally, it examines how cultural factors shape these narratives and influence firms' embeddedness patterns.

To address the research questions outlined in the introduction, embeddedness narratives are identified using a predefined keyword system based on the literature. To do so, this study adopts Lewis' (2012) anthropological model, which categorises individuals, social groups, and companies based on their relationship to their environment, events, and time. The selection of this cultural model is based on both methodological and practical considerations. While Lewis' (2012) model is less widely known than Hofstede et al.'s (2010) framework, it offers a structured yet simplified categorisation of cultures into three main types, synthesising previous cultural research. Given the shortness of CEO letters, data on embeddedness are expected to be limited. This constraint makes further statistical correlation analyses – such as those enabled by Hofstede's numerical cultural dimensions – unfeasible. In contrast, Lewis' model provides a clear and manageable classification system that facilitates the identification of cultural patterns even in short corporate narratives. Lewis (2012) introduces three key typological dimensions, forming the acronym of the LMR model.

Linear-active (L) cultures (e.g., Germany, Switzerland) are task- and work-oriented, highly organised, and planning-driven, with a strong emphasis on meeting deadlines. These cultures are emotionally reserved, demonstrate moderate body language, and adhere to rules. Work and private life are distinctly separated. Multi-active (M) cultures (e.g., Italy, Spain, Portugal, Latin America, Arab countries, Africa) are extroverted, talkative, and impatient, with a polychronic approach to time, meaning punctuality is not a priority. They are emotionally expressive and typically exhibit a collective group identity. Reactive (R) cultures (e.g., Japan, China, Taiwan, Singapore) rarely initiate action or debate, but carefully listen to and respond to the other party's viewpoint. Silence and active listening are signs of respect in these cultures. Long, slow planning and thoroughness characterise their approach. Work and private life often intertwine, with a strong emphasis on relationships and networks. Although some cultures predominantly align with one of these three dimensions, most national cultures exhibit a mixed profile. Central and Eastern European countries like Poland, Hungary, Czech Republic or Slovakia, for example, are positioned between the linear-active and multi-active types (Lewis, 2012).

15 companies from the beauty and fashion industry in 10 countries were involved in the analysis. The fashion industry was chosen for this analysis due to its highly globalised (Van Andel et al., 2014) yet locally embedded nature, making it a particularly relevant field for examining corporate embeddedness narratives. Fashion brands often balance international expansion due to the increasing demand for proximity to final markets (Guercini & Runfola, 2010) with strong local identities, providing a rich context for exploring how companies navigate both global and regional orientations. This internationalisation also offers opportunities for collaboration with local companies, allowing fashion brands to integrate region-specific expertise, production capabilities, and supply chain networks into their operations (Liça & Gashi, 2023). The focus of this analysis is on large companies operating in the middle and high market segments, conducting significantly more international operations compared to those in the low-quality and casual sectors (Berra et al., 1995).

The fashion industry also exhibits considerable diversity in business strategies, reflecting the influence of different cultural backgrounds. A French premium brand, for example, approaches market positioning differently from an Italian luxury house or a fashion company from the

United States (Kapferer, 2012). This variation allows for meaningful comparisons across different cultural settings. Finally, another practical reason to select the fashion sector is the availability of relevant data. Leading companies in this field frequently publish annual reports and CEO letters, ensuring a sufficient basis for qualitative analysis.

A number of considerations supported the choice of the ten countries and fifteen businesses under analysis. It is evident that major companies in the fashion and beauty industries are primarily concentrated in a small number of countries, even though cultural comparisons would be better illustrated by the involvement of multiple countries. With France, Italy, the US, Japan, and Germany leading the beauty and fashion product market, the countries included in the analysis represent important markets in the apparel and beauty industries (Global Edge, 2024). Italy, France, Poland, and Germany are the nations with the largest numbers of fashion distributors and retail stores on the European market. Cultural heritage, knowledge, inventiveness, and the high-value fashion and beauty sectors are all valued by the European Union (European Commission, n.d.). Cultural diversity is also the basis for choosing the nations (Table 1).

Table 1. Data of the companies analysed

Culture	Company	Country
Multi-active	Aeffe Group	Italy
	Moncler	Italy
	Inditex	Spain
Mix of multi-active and linear-active	L'Oréal	France
	LVMH Group	France
	LPP	Poland
Linear-active	Adidas	Germany
	Hugo Boss	Germany
	H&M	Sweden
	Nike	US
	Burberry	UK
	Richemont	Switzerland
Reactive	Fast Retailing	Japan
	Kao Corporation	Japan
	Shiseido	Japan

Source: The author's own elaboration.

The selection process of the 15 companies was a far more complicated procedure. While practical considerations distinguished the selection, their economic influence – including a major impact on global trade through their extensive supply chains and high annual turnover – justified their inclusion in the analysis. The industry's complex and interconnected value chain also led to challenges, as multiple brands were often merged into conglomerates, reducing the number of individually analysable companies. Additionally, the accessibility, language, and structure of the annual reports made it impossible to choose particular companies or even number from each culture, as based on the observation of the data collecting process, CEO letters are dominant in Western Europe, while less used in Asia.

Practical considerations also played a major role in the selection of the four years (2018, 2019, 2022, and 2023). Before 2018, the industry had very few annual reports and CEO letters. In the case of Hugo Boss, the data for 2023 was unavailable, so 2022 and 2021 were examined; in the case of the Italian Aeffe group, the years 2018 and 2019 were left out. In both cases, there was no data for the four chosen years.

According to Craig & Brennan (2012) and Arvidsson & Sabelfeld (2023), the research methodology combines qualitative and quantitative approaches that have been suggested in the literature. The CEO letters' quantitative references to the spatial embeddedness of the companies were statistically analysed using a mixed-method approach that combined qualitative and quantitative data. To find the key terms and subjects associated with embeddedness, a quantitative, software-based content analysis was first conducted. Using Provalis WordStat software, the frequency of embeddedness-related keywords and themes in each CEO letter was measured for qualitative research. Deeper understanding was aided by the qualitative analysis that was conducted in the second research step based on the quantitative findings. This was accomplished by closely examining the sentences or portions of the CEO letters where the software keywords were found.

4. Findings and discussion

To provide the findings on the possibility of using the narratives in the CEO letters as a complementary operationalisation method for corporate spatial embeddedness, the most frequently occurring terms, phrases, and thematic structures on the topic of local versus global orientations were collected and analysed. The following sections incorporate three key fragments on the findings of the research: firstly, the study analyses and compares word frequency patterns along the selected countries and companies from the beauty and fashion industry, as well as it provides examination on the most used phrases, expressions, and topics. Secondly, along the quintuple helix model incorporated into the literature of embeddedness, a comparison was conducted based on the keywords identified in the academic literature. Finally, the cultural patterns of ten countries classified into four main cultural groups are compared, highlighting, on the one hand, the patterns of local versus global orientation in these countries and, on the other, the emphasis shifts among the five main areas of embeddedness: political, economic, social, academic, and environmental. The aim of the study is to provide a framework for CEO letters as a potential operationalisation method, enabling researchers to potentially supplement their corporate embeddedness studies with such data in the future.

4.1 Local vs. Global Orientation in CEO Letters

4.1.1 Local Orientation

The analysis of CEO letters from multiple firms highlights distinct trends in their spatial embeddedness, particularly regarding local and global orientations. The frequency of the word 'local' (37 mentions) has shown a decline from 2018 to 2023, whereas 'global' (154 mentions) peaked in 2019 and decreased by 2023. However, it is important to highlight, that among the global mentions, many of them are not actually relevant, such as global growth, global uncertainty, the global context in which the companies operate, global fashion, global warming, and global brands – these do not refer to the global orientation of the companies.

The emphasis on local aspects in CEO narratives appears to be driven by both operational and consumer-related strategies. One of the most prominent areas where this term is used is in business strategy and market adaptation. Adidas, for instance, explicitly acknowledges a shift toward localisation in 2023, stating, '*We refocused the business unit to make sure that [...] we become more local.*' This highlights the company's strategic move to integrate more regional considerations into its operations. Similarly, in 2022 the brand also reflected on how the

pandemic accelerated this trend, noting that, *'During Covid-19 [...] our industry switched from being very global to very local.'* This suggests that supply chain disruptions and shifting consumer behaviours necessitated a more localised approach. Nike (2018) incorporates this attitude by blending global and local elements, stating, *'To serve today's athlete, we're combining the agility of a local business with the scale of a global brand.'* This articulation underscores the company's commitment to remain agile in different markets while leveraging the advantages of a global brand presence. Meanwhile, the Japanese Kao Corporation (2022) takes a more production-focused stance, explaining that, *'We offer value to our customers. To complement this, we are moving toward a local production and consumption model'*, reinforcing the importance of proximity in manufacturing and distribution. The French LVMH (2023), on the other hand, links localisation to long-term corporate presence, stating, *'Our long-term commitment is also visible in our presence in local regions and communities, especially in France, where we have close to 120 production sites and where our Maisons are sources of initiative, prosperity and innovation, with a wide range of positive impacts.'* This indicates that localisation is not merely a short-term strategy but a core principle of their corporate identity.

Another crucial aspect of localisation is adapting products and customer engagement strategies to specific regional markets. Adidas (2022) acknowledges that *'This local focus of giving the customer what they want has to be top of mind'*. The Japanese Fast Retailing (2019) provides a clear example of this practice in action, referencing its efforts in India: *'Traditional loose kurta shirts are popular in India, so we sought to meet local needs by developing a joint kurta collection with Indian designer Rina Singh.'* This illustrates how cultural preferences shape product offerings. The same company from the year 2018 further explains its philosophy by asserting, *'To maintain good revenue and high profitability, every store must tailor its product range to best satisfy local customer needs [...].'* This reinforces the notion that understanding regional consumer behaviour is essential for financial success. Nike (2018) also integrates localisation into its retail strategy, stating, *'What's more, through a new store concept called Nike Live, we're bringing to life our vision of localized, data-driven retail. As the physical manifestation of our entire digital ecosystem, the store's location and assortment are chosen by leveraging data on local buying patterns and app engagement.'* This reflects a data-driven approach to localising store experiences, ensuring that products and services align with the specific preferences of customers in different areas. Adidas (2022), in a broader strategic reflection, acknowledges, *'Yes, they are influenced by global athletes, global celebrities, and global products, but we also need to accept that there are local influences. We need to find the balance.'* This underscores the need to integrate both global appeal and local relevance in branding and product development.

Beyond product customisation, localisation is also central to store management and operational efficiency. Fast Retailing (2019) describes this emphasis on localised control, stating, *'UNIQLO stores are working hard to optimize operations through local store management [...].'* This approach is further emphasised in their (2018) assertion that, *'Achieving effective local store management is more important now than ever.'* To enhance this, they (2018) highlight the role of human resources, noting, *'That is exactly why UNIQLO introduced a local store employee system.'* This suggests that employing staff with deep local knowledge is key to successfully managing regional operations. The Swedish H&M (2022), in a similar way, ties localisation to customer experience, stating that, *'[...] we can improve customer satisfaction by ensuring better precision in our quantification, pricing, personalization, and local relevance [...].'* This indicates that a fine-tuned approach to inventory, pricing, and engagement can lead to a more satisfying customer journey.

Localisation extends beyond business strategy and consumer engagement to corporate social responsibility and community involvement. Fast Retailing (2018) expresses this commitment by stating, *'We ensure safe working environments for partner factory workers, uphold human rights, and alleviate the impact of business activities on local communities.'* This reflects a broader effort to foster ethical and responsible business practices. The company (2018) further acknowledges the value of local expertise in community-oriented business strategies, explaining, *'We understand that experienced employees with a rich knowledge of local needs are vital to the realization of community-focused business and Koten Keiei.'* The Spanish Inditex (2019) also highlights its involvement in local initiatives, stating, *'The clothing collected is being donated for reuse or recycling in collaboration with 45 local NGOs in the various markets, including Caritas, the Red Cross, and Oxfam.'* This shows a commitment to sustainable practices through partnerships with locally embedded organisations. Nike (2022), meanwhile, connects localisation with sports development, emphasising its efforts to increase female participation in basketball: *'[...] as we work together to bring more girls into basketball at the local level.'* This suggests an investment in community-driven initiatives that go beyond commercial interests.

Another significant domain where localisation plays a role is logistics and supply chain management. Fast Retailing (2019) integrates this approach into its e-commerce strategy, explaining that its *'store pick-up service [...] enables them to collect online orders from a local UNIQLO store.'* This seamless blending of digital and physical retail ensures greater convenience for customers. Kao Corporation (2022) also underscores the importance of this model, confirming that, *'[...] we are proceeding with local production.'* This decision likely reflects a broader commitment to supply chain efficiency and sustainability. It is also important to recognise that localisation in supply chain management is not only about optimising logistics but also about navigating competitive dynamics. Fast Retailing (2018) acknowledges this reality, stating, *'While UNIQLO co-exists and competes with these global brands, it is also competing with multiple local brands.'* This highlights the necessity of tailoring supply chain strategies to remain competitive against both international players and regionally embedded brands.

The reference to the companies' own country also points to a local orientation, reflecting local embedding. Japan and France are the only ones that mention this multiple times, but there are also examples like British and Polish brands, as well as those that refer to British culture or Japanese culture.

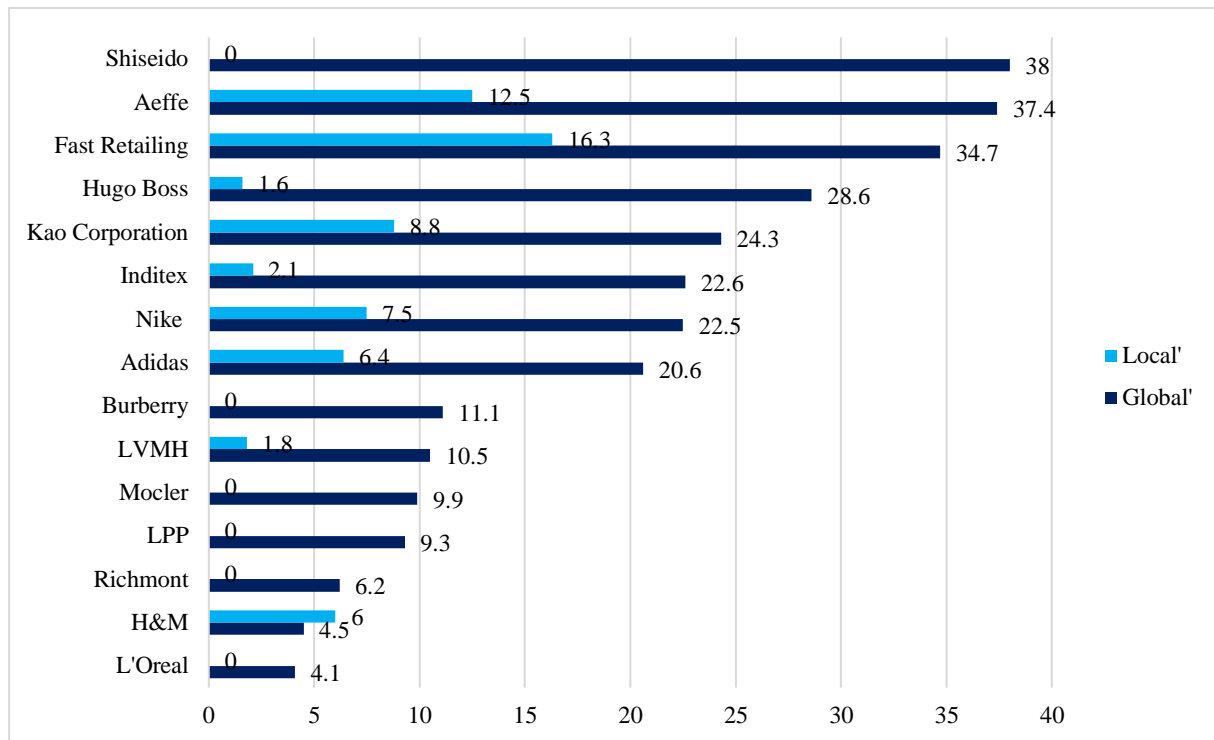
Taken together, these statements reveal that embedding into the local space is not just a logistical consideration but a multidimensional concept as part of the corporate strategies. It appears in discussions about adaptation to customer needs, consumer engagement, store management, community involvement, and supply chain decisions. As companies navigate an increasingly complex global landscape, they are recognising the importance of building on a balance between global brand identity and localised relevance. By doing so, they can ensure their offerings remain culturally and operationally suitable to the diverse markets they serve. To be able to manage this Fast Retailing (2018) acknowledges: *'We need managers who can operate comfortably and effectively on the global stage, and work together with local staff [...].'*

4.1.2 Global Orientation

The concept of global has been a recurring theme across corporate communications, though its prominence has fluctuated over time. While 2019 saw the highest number of mentions, references to global aspects declined significantly by 2023. Figure 1 highlights a clear preference for global narratives over local ones across the analysed fashion and retail

companies. Shiseido, Aeffe, and Fast Retailing stand out with the highest number of references to global, while mentions of local remain significantly lower across all brands. This trend suggests that companies operating in the fashion and retail industries tend to emphasise their international presence rather than their regional or national identity.

Figure 1. Frequency of the word mentions of 'local' and 'global'



Source: The author's own elaboration.

Japanese companies, including Shiseido, Fast Retailing, and Kao Corporation, strongly emphasise their global reach, which aligns with Japan's approach to business expansion. At the same time, however, Fast Retailing and Kao Corporation are the two brands with the highest number of mentions local-related topics.

In contrast, European companies display some variations. Italian brands, such as Aeffe and Moncler, highlight their global presence while local dimension is only acknowledged by Aeffe. This dual approach reflects Italy's strong tradition of regional craftsmanship combined with an expansive global luxury market strategy. German companies, including Hugo Boss and Adidas, also lean toward a global emphasis, reflecting Germany's well-established role as a key player in international business. Adidas (2019), for instance, highlights its evolution from a small craft business to a *'truly global brand'*, reinforcing a narrative of international growth and influence.

French LVMH and L'Oréal also emphasise their global leadership but with relatively fewer explicit mentions compared to some Japanese and Italian firms. Similarly, British brand Burberry and Swiss company Richemont focus almost exclusively on global, with no references to local, which aligns with their positioning as internationally recognised heritage brands.

Many companies frame their global identity in terms of workforce diversity and operational reach. Adidas (2023), for example, highlights its expansive and multicultural talent base, stating, *'We have a very global and diverse workforce.'* Similarly, Burberry (2019) underscores its international presence, describing itself as *'a global company with more than 10,000*

employees across 33 countries.’ This emphasis on workforce and geographic diversity reflects the increasingly interconnected nature of modern business operations.

Beyond human resources, firms also stress the global appeal of their brands and networks. Adidas (2022) asserts, *‘Our appeal is global’* or *‘we have a global network’* reinforcing its broad market reach, while Inditex (2023) highlights its evolution from a local workshop to a worldwide powerhouse: *‘Those attributes are what have driven this company from a small workshop in Galicia to the global fashion retailer we are today.’* A similar attitude is presented by Fast Retailing (2018), which positions UNIQLO as *‘the first truly global clothing brand from Asia.’*

The global nature of business is not only a matter of market expansion but also of integrating supply chains, retail strategies, and customer insights. Hugo Boss (2023) highlights its commitment to *‘the upgrade of our global retail network,’* while H&M (2018) refers to *‘the global integration of physical stores’*, illustrating how companies are managing their operations on an international scale. Fast Retailing (2019) also emphasises the importance of understanding international markets, referencing its use of *‘global customer insights’*.

For many corporations, a global presence is synonymous with long-term ambition. Kao Corporation (2019) outlines its strategic vision, stating, *‘We will become a corporate group with a global presence by 2030.’* Likewise, LVMH (2018) expresses its drive to enhance its market position: *‘We have set ourselves the ambition of further strengthening our global leadership in high-quality products.’* Nike (2018) similarly reinforces the strength of its global positioning: *‘And with our unrivaled global presence, brand strength [...].’*

Finally, some brands highlight the balance between global ambition and local identity. LPP (2018), a Polish fashion company, articulates this dual approach: *‘After all, our intention is to be a global brand and a Polish company.’* This underscores the nuanced way in which businesses navigate the interplay between global expansion and their home-market roots.

4.1.3 Topics Extraction related to Companies’ Embeddedness and Engagement

Using the Provalis WordStat software based on the most frequent co-occurrences, theme patterns can be identified. Among the 50 topics requested by the author of this study, eight themes are related to the companies’ spatial embeddedness and engagement. One of the most prominent topics is ‘local production’ with the keywords local, production, design, create, product, and past, which saw the highest mentions in 2018, followed by a continuous decline in the following years. The companies with the most frequent mentions of this topic include Fast Retailing, Nike, Kao Corporation, Adidas, and H&M.

Another key topic is ‘commitment towards employees’ based on the keywords commitment, employees, passion, company, work, creativity, and good, which appeared consistently across all years, with the highest frequency of mentions coming from companies like Adidas, Inditex, Kao Corporation, H&M, LVMH, and Moncler. The topic of ‘culture unique’ (culture, uniqueness, values) emerged most prominently in 2023, with notable mentions from companies such as Moncler, Kao Corporation, L’Oreal, Burberry, Nike, and Shiseido. ‘Sustainable societies’ (society, sustainable, future, lead, aim, environment, industry, sustainable society) was most frequently mentioned in 2019, with companies like Shiseido, Kao Corporation, Hugo Boss, Fast Retailing. The similar topic of ‘social and environmental responsibility’ (social, environmental, responsibility, economic, human, social, and environmental, social responsibility) had its highest mentions in 2019, with prominent contributions from companies such as L’Oreal, Inditex, Kao Corporation, LPP, Shiseido, and Burberry. Impact on Environment (impact, environment, positive) emerged as a topic with frequent mentions from

companies like Aeffe, Shiseido, Kao Corporation, Inditex, and Richmond..

The topic ‘new stores plan to open’ (new, open, stores, brand, plan, opening, plan to open, new stores) showed a declining trend since 2018, with the most mentions from companies such as Fast Retailing, Burberry, Aeffe, or H&M. ‘Consumer demand’ with the keywords consumer, demand, expectations, retail, consumer demand saw its peak in 2018, with frequent mentions by companies like Nike, Richmond, Hugo Boss, Fast Retailing, or Adidas.

4.2 Comparison of Companies’ Embeddedness Keywords Using the Quintuple Helix Model

The study, beyond examining simple local and global dual orientations, suggests the identification of keywords along the quintuple helix model, which enables a more precise operationalisation of embeddedness. For this, keywords were preliminarily defined based on the literature, which might indicate the companies' commitment in a given dimension. The analysis of these keywords was conducted using the Software. As a result, a proposed list of keywords was compiled for each dimension.

The political segment, based on the literature, includes keywords and expressions such as compliance, legal requirements, legislation, ethical standards, and corporate governance, often with an emphasis on strict adherence. Content analysis shows that environmental regulations were mentioned by Kao Corporation in 2019, while corporate governance was highlighted by Shiseido (2023), Fast Retailing (2018), Adidas (2023), and Burberry (2019). This segment is the least significant in terms of embeddedness, as most of the keywords were not found.

The economic segment focuses on key aspects such as supplier networks, clusters, investment, and employment. Relevant keywords identified include suppliers, regional sourcing, supply chain integration, local store investment, job creation, regional economy, economic growth, local workforce, and partnerships. Content analysis revealed several notable findings. The term ‘*local store*’ was mentioned by Fast Retailing in 2018 and 2019. The keyword ‘*suppliers*’ appeared 11 times, with mentions by Fast Retailing (2019), Inditex (2018, 2019, 2022, 2023), and Burberry (2018, 2023). ‘*Regional stores*’ was mentioned by Fast Retailing in 2023. The phrase ‘*supply chain*’ had 43 occurrences, with mentions from brands such as LVMH (2018), Shiseido (2018), H&M (2022, 2023), Fast Retailing (2018, 2019), Hugo Boss (2021, 2022), Adidas (2018, 2019), Inditex (2018, 2022), Nike (2018), Burberry (2018, 2019, 2022, 2023), Richemont (2022, 2023), LPP (2022), and Moncler (2023). The term ‘*investments*’ appeared 89 times, for example with Adidas (2018) noting investments into people. ‘*Growth*’ was mentioned 288 times, with the most frequent references from brands such as Aeffe, Nike, Hugo Boss, and Shiseido. The word ‘*workforce*’ was cited by Shiseido (2023), Fast Retailing (2018), Adidas (2023), Inditex (2019, 2023), and Burberry (2019). ‘*Employee*’ had 100 mentions, with key phrases such as ‘*train employees*’ (Fast Retailing, 2018), ‘*safety for employees*’ (LVMH, 2019), ‘*our employees take their future into their own hands*’ (Shiseido, 2023), ‘*employees are key to success*’ (Hugo Boss, 2021), ‘*support tour UK employees*’ (Burberry, 2023), ‘*engage employees*’ (Burberry, 2023), ‘*Ukrainian employees*’ (LPP, 2022), ‘*working conditions for employees*’ (LPP, 2019), and ‘*local employees*’ (Fast Retailing, 2023) standing out.

Additionally, customer-related terms were mentioned 295 times, with references to ‘*customer satisfaction*’ (Adidas, H&M, Fast Retailing, Hugo Boss, Kao Corporation) and ‘*customer experience*’ (LVMH, H&M, Hugo Boss, Inditex, Burberry). The term ‘*partnership*’ or ‘*partner*’ appeared 88 times, with notable mentions from LVMH (2022) (‘*partnership to the Olympic and Paralympic Games to help France shine brightly on the world stage for all to see*’), Fast Retailing (‘*strategic partners*’, ‘*business partners*’, ‘*deeply trusted partners*’, ‘*reliable partners*’) referring to strategic and reliable partners. The concept of trust was

frequently highlighted, with references to ‘*trusted companies*’ (Shiseido, 2023), ‘*trustworthy person*’ (Shiseido, 2022), ‘*trust of customers*’ (Kao Corporation, 2023), and ‘*deeply trusted partners*’ (Fast Retailing, 2023). Lastly, collaborations with other companies or partners were noted by brands such as LVMH (2018, 2019), H&M (2019), Hugo Boss (2019), Adidas (2022), Burberry (2018), Richemont (2022), Kao Corporation (2023), and Adidas (2022).

Table 2. Categories of Embeddedness along the Quintuple Helix model and Example Keywords and Expressions based on the Literature

Main category of embeddedness	Potential keywords and expressions	Literature
1. Political (local and national strategic agreements, compliance with regulations)	<i>(regulatory) compliance, corporate governance, ethical standards, government partnership, legal requirements, legislation, local authorities, public policy</i>	Zukin–DiMaggio (1990); Halien & Törnroos (1998); Meyer et al. (2010); Plaza & Haarich (2013); Józsa (2016); Sharafizad et al. (2022)
2. Economic (supplier network, clusters, investment, employment)	<i>collaboration, customer, economic growth, employee, investment, job creation, local store, local suppliers, local workforce, partner, partnership, regional economy, regional sourcing, supply chain, supply chain integration, trust, workforce</i>	Uzzi (1997); Halien & Törnroos (1998); Hess (2004); Necibe (2005); James (2007); Kloosterman (2010); Heidenreich (2012); Kramer & Diez (2012); Mattes (2013); Plaza & Haarich (2013); Ratajczak-Mrozek (2014); Spigel (2016); Józsa (2016); Sharafizad et al. (2022)
3. Academic (university partnerships, dual education programmes, RDI and Test Centres)	<i>academic engagement, innovation, knowledge, knowledge transfer, regional research centres, research, research and development (R&D), technological advancement, research partnerships, university, university collaboration</i>	Nielsen (2005); Thune (2007); Meyer et al. (2010); Kramer & Diez (2012); Józsa (2016); Sharafizad et al. (2022)
4. Social (support local sport and cultural life, corporate social responsibility (CSR) and health programmes, inclusivity, diversity)	<i>community, community engagement, diversity, equal opportunity, inclusion, local culture, NGO (non-governmental organization), people, shared values, social cohesion, social responsibility, supporting local culture, volunteering</i>	Lengauer & Tödtling (2010); Józsa (2016); Rechnitzer (2018); Sharafizad et al. (2022)
5. Ecological (sustainability, environment-friendly behaviour)	<i>biodiversity, carbon footprint, climate action, green initiatives, local ecosystem, material, recycle, renewable energy, resource efficiency, sustainability, sustainable</i>	Le Roux & Pretorius (2016a; 2016b); Józsa (2016); Ramírez-Pasillas et al. (2023); Sharafizad et al. (2022); Valente (2012)

Source: The author’s own elaboration

The academic segment focuses on university partnerships, dual education programmes, research, development, and innovation (RDI), and test centres. Relevant keywords include regional research centres, university collaboration, research partnerships, knowledge transfer, academic engagement, innovation, research and development (R&D), and technological advancement.

Findings from the content analysis reveal that the terms university, research, and knowledge are not among the most frequent words based on the frequency analysis; relevant mentions still can be found. ‘*Innovation*’ was mentioned 85 times, with the most frequent references from brands Nike, L’Oreal, and Shiseido. Notably, Shiseido opened the Shiseido Future University in 2023 to invest in value creation and support the professional development of next-generation

leaders. The expression '*regional research centres*' was referenced by the same company in 2023. Research related terms like '*boost our researchers' capabilities*' (L'Oréal, 2023) or '*commitment to research*' (Inditex, 2018, 2019) was also referenced.

The term '*university collaboration*' was mentioned in relation to partnerships with China and the United States by Inditex in 2018. The keyword '*knowledge*' appeared 13 times, with mentions by Kao Corporation (2023), Shiseido (2022), H&M (2019), Fast Retailing (2022), and Adidas (2023), often in the context of collaboration and sharing of knowledge, particularly regarding local needs. The term '*R&D*' was mentioned 9 times, with notable references from Shiseido (2023, 2022), Fast Retailing (2023, 2022), and L'Oréal (2019). These findings suggest a strong emphasis on academic engagement and innovation within the sector.

The social segment focuses on supporting local sports and cultural life, as well as corporate social responsibility (CSR) initiatives and health programmes, with a strong emphasis on inclusivity and diversity. Key keywords include community engagement, social responsibility, volunteering, supporting local culture, diversity, inclusion, equal opportunity, social cohesion, and shared values. Findings from the CEO letter analysis highlight several important trends. '*Collaboration with NGOs*' was mentioned by Inditex in 2022, showcasing their partnerships in social responsibility efforts. The term '*community*' appeared 28 times, often associated with various initiatives, like '*community of employees*' (LVMH, 2019), '*inclusion and giving back to the community*' (LVMH, 2019), '*consumers and wider community*' (Shiseido, 2023), '*deep-rooted community activities*' (Fast Retailing, 2022), '*closer community ties*' (Fast Retailing, 2022), '*benefit of society, for the community*' (Fast Retailing, 2019), '*local community*' (Fast Retailing, 2018), '*strong community ties*' (Fast Retailing, 2018), '*community-focused business*', '*community-focused operation*' (Fast Retailing, 2018), '*community commitment*', '*community investment programmes*', '*community organisations*', '*community projects*' (Inditex, 2023, 2022), '*community and environmental ambitions*', '*community engagement*' (Inditex, 2019), '*community wellbeing*', '*community investment*' (Inditex, 2018), '*positively impact young people through community programmes*' (Burberry, 2023), '*Polish community partners and organisations*' (LPP, 2022).

The keyword '*social responsibility*' was used by several companies, including Fast Retailing (2022), L'Oréal (2019), Burberry (2022), and LPP (2018, 2019). '*Volunteering*' also featured, with Fast Retailing (2022) noting their employees volunteered to support world peace initiatives. '*Local culture*' was referenced multiple times, with companies like Fast Retailing (2022) and Kao Corporation (2023) emphasising respect for and integration with local cultures. For example, Fast Retailing (2022) mentioned the diverse cultural backgrounds of new markets, while Kao Corporation (2023) discussed the importance of understanding the Japanese culture. '*Diversity*' was a recurring theme, particularly in relation to people, the community, and teams. Shiseido (2023), L'Oréal (2022), Inditex (2023), and Burberry (2018, 2023) all highlighted the value of diversity in their operations. '*Inclusion*', with 10 mentions, was frequently addressed by LVMH (2022), Shiseido (2023, 2022), Adidas (2019), Kao Corporation (2023), and Burberry (2022), demonstrating a commitment to fostering inclusive environments.

Lastly, '*people*' was a central concept, appearing 153 times, with notable references to a '*people-centered culture*' by L'Oréal (2023), which underscores the significance of valuing individuals structure. This analysis indicates that companies are increasingly prioritising social responsibility, community involvement, and diversity as integral components of their business models.

As for the ecological dimension, based on the findings of the author's previous article, the analysis of the average frequency of the word sustainable per ten thousand words revealed that

the term is absent from the CEO letters of the Italian Aeffe Group and Moncler. In contrast, it appears relatively frequently in the communications of Spanish Inditex, British Burberry, Swedish H&M, Japanese Kao Corporation and Shiseido, Polish LPP, and German Hugo Boss. A similar analysis of the term sustainability shows that it is not present in the letters of the Italian Aeffe Group or the Polish company LPP, whereas it is used relatively often by H&M (Sweden), Richemont (Switzerland), Moncler (Italy), and Inditex (Spain). Other often mentioned words were identified by the software. These included social and environmental (most commonly used in Spain, Italy, France, and the UK), sustainable development (notably used in Japan, Poland, Sweden, and Spain), sustainable growth (frequent in Sweden, the UK, Switzerland, France, the US, and Japan), sustainably sourced materials (primarily used in Sweden), and climate change (commonly mentioned in France, the US, Sweden, the UK, and Japan) (Pálffy & Ablonczy-Mihályka, 2024).

4.3 Cultural Insights and Embeddedness in CEO Letters

The narratives within CEO letters also reflect cultural elements that influence how firms communicate their spatial embeddedness. Certain firms explicitly reference their country of origin, reinforcing national identity as a component of their corporate culture. Japanese firms, such as Shiseido and Fast Retailing, mention Japan frequently, while LVMH emphasises its French heritage. This cultural anchor suggests that some firms leverage national identity to strengthen their local legitimacy, even while operating on a global scale. The presence of terms such as ‘British culture’ (Burberry) and ‘Japanese culture’ (Shiseido) suggests that firms embed cultural narratives within their branding strategies. Fast Retailing’s collaboration with an Indian designer on a kurta collection (2019) exemplifies how firms integrate local cultural elements into their product offerings to reinforce embeddedness.

Analysing the cultural dimensions of CEO narratives on companies’ spatial embeddedness, this study classified the examined companies into four main cultural groups based on Lewis’s model: Multi-active (Aeffe Group – Italy, Moncler – Italy, Inditex – Spain), a mix of Multi-active and Linear-active (L’Oréal – France, LVMH Group – France, LPP – Poland), Linear-active (Adidas – Germany, Hugo Boss – Germany, H&M – Sweden, Nike – US, Burberry – UK, Richemont – Switzerland), and Reactive (Fast Retailing – Japan, Kao Corporation – Japan, Shiseido – Japan).

One key observation is the varied emphasis on the dynamism of local and global. The term local appeared only once in multi-active and mixed cultures, while it was mentioned ten times in linear-active cultures and nineteen times in reactive cultures. This suggests that reactive cultures place a significantly greater emphasis on local contexts. The term global was predominantly mentioned in Japanese, Italian, German, Spanish, and US-based CEO letters, indicating a dual focus on local and global dimensions, particularly in Japan. Italian companies presented a more complex picture – Aeffe Group showed a strong global orientation, while Moncler less emphasis on global aspects, likely reflecting differences in company strategies. Notably, Moncler’s lack of local references contrasts with the typical embeddedness of Italian industrial clusters, supposedly due to the size of the company and its internationally significant nature.

When examining embeddedness within the framework of the Quintuple Helix model, the cultural distinctions become more apparent. Political sustainability themes were mentioned by Kao Corporation, Shiseido, Fast Retailing, Adidas, and Burberry, suggesting a stronger engagement with governance-related aspects in reactive and some linear-active companies. Economic sustainability themes appeared across nearly all companies, making it the least culturally distinctive category. Academic engagement was most dominant in Inditex, L’Oréal,

H&M, Kao Corporation, Fast Retailing, and Shiseido, highlighting a strong Japanese presence. Social sustainability was particularly emphasised by the three Japanese companies, as well as Inditex (Spain), LPP (Poland), LVMH (France), and L'Oréal (France), with Adidas and Burberry showing moderate involvement. Other companies displayed minimal references to social sustainability. In ecological sustainability, previous findings (Pálffy & Ablonczy-Mihályka, 2024) suggested that Hofstede's masculinity dimension plays a more significant role than long-term orientation, meaning that the more feminine cultures tend to exhibit stronger sustainability commitments in CEO letters, even though this correlation did not reach statistical significance.

These variations can be explained by the underlying cultural values of different corporate groups. Linear-active and reactive cultures are structure-oriented, placing value on tangible objects and systematic approaches. Reactive and multi-active cultures, in contrast, are more people-oriented and emphasise the value of relationships. This gives an explanation for the strong Japanese presence in the social dimension of embeddedness. However, the strong presence of Japanese companies in the academic dimension challenges the axiom that overwhelmingly multi-active and linear-active cultures prioritise action and innovation, suggesting that reactive cultures can also emphasise knowledge and research-driven approaches. These fundamental cultural distinctions influence the way embeddedness is framed in CEO letters, shaping the narrative strategies employed by corporate leaders to align with stakeholder expectations.

5. Conclusion and Implications

This study aimed to explore the potential of CEO letters as a supplementary data source for assessing corporate embeddedness, addressing two key research questions using text analysis software. The findings indicate that CEO letter narratives can effectively reflect firms' local and global orientations. A significant contribution of this study is the identification of key terms aligned with the Quintuple Helix model, which enables a more structured analysis of embeddedness within corporate communication. CEO letters serve as crucial communication tools, as they articulate corporate culture and strategy while addressing stakeholders. To facilitate future research, a summary table was compiled, listing proposed keywords and expressions derived from the literature and validated through the analysis of 15 fashion and beauty industry firms from 10 countries.

Cultural factors were found to shape CEO letter narratives, although their influence varies across different dimensions. While economic themes appeared universally across firms, social sustainability exhibited notable cultural distinctions, particularly with the strong presence of reactive cultures (like Japan). This aligns with existing literature, which emphasises their relationship- and people-oriented nature. However, the findings regarding academic engagement present a contradiction, as Japanese firms demonstrated strong involvement in this area despite belonging to a culture typically not associated with idea and action oriented approaches. Overall, based on the number of mentions of the term 'local', all Japanese firms examined ranked among the companies the most frequently using the word.

It is important to clarify that this study does not aim to determine the embeddedness of the 15 examined companies, as additional contextual data would be required for such an analysis. Instead, the focus is on observing whether CEO letters contain information that could serve as supplementary indicators for measuring embeddedness and how such data can be extracted.

The summary table offers a potential codebook for further analysis. However, researchers seeking an in-depth understanding of a company's embeddedness should conduct a comprehensive reading of the letters, as deeper meanings emerge not only from individual words and phrases but also from their contextual relationships. Additionally, the study highlights the potential for identifying not only firm-level, but also sectoral characteristics through CEO letters. For business actors, these findings can serve as insight into strategic decision-making, corporate communication, and market positioning. By analysing CEO letters, companies can understand and compare how they express their corporate culture and strategy to stakeholders, allowing them to refine their messaging to align with both global and local expectations. This can enhance brand perception and stakeholder trust. Additionally, firms can use this approach for competitive analysis, benchmarking their communication strategies against industry actors. The study also highlights how cultural factors shape corporate narratives, which can be particularly useful for multinational companies seeking to tailor their messages across different markets.

Several limitations must be acknowledged, including the relatively small sample size (15 companies), the selection of countries, and the shortness of the letters. Future research should adopt a multi-faceted approach to analysing corporate embeddedness, comparing CEO letter data with alternative operationalisation methods to enhance robustness and depth in this field.

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