

ABSTRACT

Currently, more and more Multinational Enterprises (MNEs) conduct direct investments in Pearl River Delta (PRD). Like domestic companies, these MNEs are taking an important role in local economic and social activities. Local public audience has power to legitimate companies by providing some critical resources to these companies. This study is designed to research empirically organizational legitimacy typology (i.e., pragmatic legitimacy, moral legitimacy, cognitive legitimacy) of MNEs as compared with that of domestic companies at the perspective of local public audience in PRD. Meanwhile, the study also develops a measurement of the three legitimacy elements in additions to the general legitimacy of MNEs and domestic companies. Telephone survey was applied to collect data in Zhuhai, Shenzhen and Guangzhou. The findings of this article suggest that (1) compared with domestic companies, MNEs have higher pragmatic legitimacy and moral legitimacy, but have lower cognitive legitimacy; (2) the local public audience's general legitimacy attitude depends more on pragmatic element and moral element and less on cognitive one; and (3) MNEs have higher general legitimacy than domestic companies. Furthermore, it is founded that domestic companies make some favorable improvements in legitimacies; however MNEs are content with previous legitimacy advantages and lack impetus to continually strengthen them. Some specific recommendations are given to managers in MNEs and domestic companies respectively. Last but not least, for both MNEs and domestic companies, when promoting their general legitimacy, priority should be given to building pragmatic legitimacy, followed by moral legitimacy. Less attention should be given to building cognitive legitimacy, although such actions will still enhance their general legitimacy.