In this paper we research legitimacy issues associated with the activities of subsidiaries of multinational corporations. Institutional theory and its regulatory, cognitive, and normative institutional components have been the centerpiece in understanding how this theory works in the international arena. The theory is built around the concept of isomorphic forces that have coercive, mimetic, and normative dimension. We examine the institutional context and its association with legitimacy in detail. In our analysis, we see that the institutional environment can be broadened so that the dimensions of power and control, intergroup conflict and competition, as well as the use of social capital as a private good, can be mindfully incorporated. We examine not only issues of legitimacy but also on how legitimacy may be eroded and even how the activities of MNC subunits may be made illegitimate. The cases of Cargill, Monsanto, and Coca Cola, in India are highlighted. Some positive and possible alternatives that WflCs are also made.

Keywords: Multinational legitimacy, Institutional theory, Agricultural sector, Developing countries