

TABLE 5: DIFFERENCES IN ENVIRONMENTAL FACTORS

PANEL A: DIFFERENCES BY COUNTRY

	Wilcoxon 2 sample probability	US TNC N = 62 Means	Canada TNC N = 28 Means
Effects of NAFTA on			
- TNC trade with subsidiary	.1062	3.61	3.32
- TNC overall	.7480	3.63	3.57
- TNC industry	.4656	3.66	3.54
- Canadian economy	.8797	3.53	3.50
- U.S. economy	.0190*	3.74	4.14
- Mexican economy	.7963	4.16	4.14
Economic stability of			
- TNC	.9269	4.34	4.32
- Subsidiary	.1675	3.85	4.18
TNC/subsidiary government relations	.2602	3.71	3.54
Prior IRS audit	.0001**	50%	4%
Prior Revenue Canada audit	.0332*	39%	14%
Transfer pricing method criteria			
- Tax and trade regulations	.3249	3.53	3.36
- Other transnational concerns	.8344	3.32	3.21
TNC practices to counter effects of transfer pricing method			
- Two sets of books	.1637	40%	25%
- Approximate market conditions	.6094	37%	43%
- Disregard transfer pricing effects	.6175	23%	18%
- Budget for transfer prices	.4598	21%	14%
- No practices used	.8258	19%	21%

* Significant at alpha = .10 ** Significant at alpha = .01
 All factors reported on a five point scale, where
 1 = Very unimportant and 5 = Very important