

\*\*\* Insert Table 4 Here \*\*\*

In their performance evaluation of domestic and foreign subsidiary managers, Canadian and U.S. TNCs are very similar. Segment profit, the only significantly different criterion, is more important to U.S. TNCs than to Canadian TNCs in evaluating managerial performance. In the criteria applied when choosing transfer pricing methods, both countries rate the practical aspects (ease of understanding and cost of administration) as most important in the choice process.

When organizational factors are compared by market/non-market transfer pricing methods in Table 4 (Panel B), data regarding size are not significant. However, the data are in the same direction as those of most prior research findings, with larger TNCs choosing market, and smaller choosing non-market methods.

Of interest is the significant difference between market and non-market TNCs regarding preferred transfer pricing methods. Of market TNCs, 36% would prefer to change to non-market methods, while only 8% of non-market TNCs would change to market methods. This is important because the U.S. IRS audits non-market TNCs more frequently than those using market methods, as discussed in the next section.

Market TNCs stress other profit measures (ROA, ROI, ROE) significantly more when evaluating both domestic and foreign subsidiary managers than non-market TNCs do. However, the latter emphasize innovation measures in managerial evaluations more strongly than their market counterparts, but only for managers