

# *FOREIGN CORPORATIONS AND CANADIAN SUBSIDIARIES*

Subsidiaries of foreign corporations are often considered to be important for the development of international business. But subsidiary roles may vary and contribute to business in a number of ways. This research investigates the character of foreign owned Canadian subsidiaries, their role within the foreign corporations, and their role in local markets. The investigation is conducted by the University of Western Ontario in cooperation with universities in eight other countries. Professor Tony Frost is responsible for the project at the University of Western Ontario.

We would be very grateful if you take the time to complete this questionnaire for your subsidiary company. It should take about 20 minutes. Thank you in advance for your help. *Note that all **information will be held in strict confidence**. Any results from this questionnaire will be reported in aggregate form.*

Before starting, please note:

1. The unit you represent in the questionnaire is labelled “**The Canadian Subsidiary**” and the expression “**Foreign Corporation**” is the international corporation to which the Canadian Subsidiary or its parent company belong.
2. Please, follow the instructions for **each** single question.
3. The **N.A.** alternative means that “this is not applicable to your company.”

**Please**, send us the completed questionnaire in the enclosed envelop to the following address:

Scott Ensign, research project coordinator, Richard Ivey School of Business,  
University of Western Ontario, London, Ontario, N6A 3K7

To contact Scott Ensign: (519) 661-3267 (office) or (519) 661-3959 (fax)

## *Questionnaire*

# The Canadian Subsidiary

Please fill in your name, title, address, and telephone number (if we need to make contact):

Respondent's name: \_\_\_\_\_

Respondent's title: \_\_\_\_\_

Company address: \_\_\_\_\_

Telephone number: \_\_\_\_\_

## ***Background Questions***

1. The name of the Foreign Corporation to which the Canadian Subsidiary belongs?							
2. The name of the Canadian Subsidiary?							
3. Please specify the major industry in which the Canadian Subsidiary competes (e.g. electronics, food etc.)							
4. In which country is the Foreign Corporation's headquarters located?							
5. The Canadian Subsidiary's <u>total</u> number of <u>employees</u> and, <i>if any</i> , the percentage of <u>foreign</u> employees in 1996?	Total number of employees Percentage of foreign employees <table style="float: right; border-collapse: collapse;"> <tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> </table>						
6. Please specify the Canadian Subsidiary's: (i) <u>total sales</u> ; (ii) percentage of <u>foreign sales</u> as a share of total sales; (iii) percentage of <u>export</u> from Canada as a share of total sales, all in 1996.	(i) Total Sales (Millions C\$): <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td><td style="font-size: small; text-align: center;">%</td></tr></table> (ii) Percentage of Foreign Sales: <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td><td style="font-size: small; text-align: center;">%</td></tr></table> (iii) Percentage of Export from Canada: <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td><td style="font-size: small; text-align: center;">%</td></tr></table>		%		%		%
	%						
	%						
	%						
7. <u>How</u> did the Foreign Corporation form the Canadian Subsidiary?  <i>(Please tick only <b>one</b> alternative)</i>	Greenfield Establishment <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td><td style="font-size: small; text-align: center;">%</td></tr></table> Acquisition/Merger <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td><td style="font-size: small; text-align: center;">%</td></tr></table>		%		%		
	%						
	%						
8. <u>When</u> did the Canadian Subsidiary become a part of the Foreign Corporation (with regard to question 7)?	<input type="checkbox"/>						
9. Please specify the number of <u>non-Canadian units</u> , <i>if any</i> , that belong to the Canadian Subsidiary.  <i>(Please fill out a number for <b>all</b> alternatives)</i>	Number of Foreign Agents: Number of Foreign Sales Units: Number of Foreign Production Units: <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr></table> Number of Foreign R&D Units: <table style="float: right; border-collapse: collapse;"><tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr></table>						
10. How many <u>other units</u> within the corporation, <i>if any</i> , <u>report</u> to the Canadian Subsidiary?	<table style="float: right; border-collapse: collapse;"> <tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> <tr><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> </table>						

## *The Canadian Subsidiary's Activities and Competence*

11. What percentage of the Canadian Subsidiary's <u>purchases</u> came from other units <u>within</u> the Foreign Corporation in 1996?	0% <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> 11-20% <input type="checkbox"/> 21-40% <input type="checkbox"/> 41-70% <input type="checkbox"/> 71-100% <input type="checkbox"/>																																																																																
12. What percentage of the Canadian Subsidiary's <u>sales</u> went to other units <u>within</u> the Foreign Corporation in 1996?	0% <input type="checkbox"/> 1-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> 11-20% <input type="checkbox"/> 21-40% <input type="checkbox"/> 41-70% <input type="checkbox"/> 71-100% <input type="checkbox"/>																																																																																
13. Which of the following <u>activities</u> are undertaken by the Canadian Subsidiary?  <i>(Please tick <u>all</u> boxes applicable)</i>	<table style="width: 100%; border: none;"> <tr><td style="width: 50%;">Research (basic or applied)</td><td style="width: 5%;"><input type="checkbox"/></td></tr> <tr><td>Development</td><td><input type="checkbox"/></td></tr> <tr><td>Production of Goods or Services</td><td><input type="checkbox"/></td></tr> <tr><td>Marketing &amp; Sales</td><td><input type="checkbox"/></td></tr> <tr><td>Logistics/Distribution</td><td><input type="checkbox"/></td></tr> <tr><td>Purchasing</td><td><input type="checkbox"/></td></tr> <tr><td>Human Resource Management</td><td><input type="checkbox"/></td></tr> </table>	Research (basic or applied)	<input type="checkbox"/>	Development	<input type="checkbox"/>	Production of Goods or Services	<input type="checkbox"/>	Marketing & Sales	<input type="checkbox"/>	Logistics/Distribution	<input type="checkbox"/>	Purchasing	<input type="checkbox"/>	Human Resource Management	<input type="checkbox"/>																																																																		
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14. In question 13 you have stated the activities undertaken by the Canadian Subsidiary, please indicate the level of its <b><u>competence in each</u></b> of the activities undertaken.	<table style="width: 100%; border: none; text-align: center;"> <thead> <tr> <th style="width: 50%;"></th> <th colspan="7">Weak competence</th> <th>Very strong competence</th> <th>N.A.</th> </tr> </thead> <tbody> <tr> <td>Research (basic or applied)</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Development</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Production of Goods or Services</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Marketing &amp; Sales</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Logistics/Distribution</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Purchasing</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> <tr> <td>Human Resource Management</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td>8</td> <td></td> </tr> </tbody> </table>		Weak competence							Very strong competence	N.A.	Research (basic or applied)	1	2	3	4	5	6	7	8		Development	1	2	3	4	5	6	7	8		Production of Goods or Services	1	2	3	4	5	6	7	8		Marketing & Sales	1	2	3	4	5	6	7	8		Logistics/Distribution	1	2	3	4	5	6	7	8		Purchasing	1	2	3	4	5	6	7	8		Human Resource Management	1	2	3	4	5	6	7	8	
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15. For those activities in which the Canadian Subsidiary has <b><u>distinctive</u></b> competences (scored with a value of <b>4 or higher in question 14</b> ), please indicate if these are recognized by other units in the Foreign Corporation  <i>(If competence is recognized, tick <b><u>one or both</u></b> boxes)</i>	<table style="width: 100%; border: none;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 20%;">Yes our competence is <b><u>informally</u></b> recognized by other corporation units</th> <th style="width: 30%;">Yes our competence is <b><u>formally</u></b> recognized by the foreign HQ</th> </tr> </thead> <tbody> <tr><td>Research (basic or applied)</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Development</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Production of Goods or Services</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Marketing &amp; Sales</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Logistics/Distribution</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Purchasing</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td>Human Resource Management</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> </tbody> </table>		Yes our competence is <b><u>informally</u></b> recognized by other corporation units	Yes our competence is <b><u>formally</u></b> recognized by the foreign HQ	Research (basic or applied)	<input type="checkbox"/>	<input type="checkbox"/>	Development	<input type="checkbox"/>	<input type="checkbox"/>	Production of Goods or Services	<input type="checkbox"/>	<input type="checkbox"/>	Marketing & Sales	<input type="checkbox"/>	<input type="checkbox"/>	Logistics/Distribution	<input type="checkbox"/>	<input type="checkbox"/>	Purchasing	<input type="checkbox"/>	<input type="checkbox"/>	Human Resource Management	<input type="checkbox"/>	<input type="checkbox"/>																																																								
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16. To what extent are the Canadian Subsidiary's distinctive competences in the following activities (scored with a value of <b>4 or higher in question 14</b> ) <b><u>of use for other units</u></b> in the Foreign Corporation.	<table style="width: 100%; border: none; text-align: center;"> <thead> <tr> <th style="width: 50%;"></th> <th colspan="7">No use for other units at all</th> <th>Very useful for other units</th> </tr> </thead> <tbody> <tr> <td>Research (basic or applied)</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Development</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Production of Goods or Services</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Marketing &amp; Sales</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Logistics/Distribution</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Purchasing</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> <tr> <td>Human Resource Management</td> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td> <td></td> </tr> </tbody> </table>		No use for other units at all							Very useful for other units	Research (basic or applied)	1	2	3	4	5	6	7		Development	1	2	3	4	5	6	7		Production of Goods or Services	1	2	3	4	5	6	7		Marketing & Sales	1	2	3	4	5	6	7		Logistics/Distribution	1	2	3	4	5	6	7		Purchasing	1	2	3	4	5	6	7		Human Resource Management	1	2	3	4	5	6	7									
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17. For those activities in which the Canadian Subsidiary has distinctive competences, indicate the kind of conditions that have <u>influenced</u> the development of these competences. <i>(Please tick <b>one</b> value for <b>each</b> alternative)</i>		No influence at all	1	2	3	4	5	Very strong influence	
	Conditions within the Canadian Subsidiary		6	7					
	Conditions in the Foreign Corporation		1	2	3	4	5	6	7
	Conditions in the Product Market		1	2	3	4	5	6	7
	Conditions in the Supply Market		1	2	3	4	5	6	7
	Institutional Conditions		1	2	3	4	5	6	7

  

18. Have relationships with any <u>specific organizations</u> had an <u>impact</u> on the development of the Canadian Subsidiary's distinctive competences? <i>(Please tick <b>one</b> value for <b>each</b> alternative)</i>		No impact at all	1	2	3	4	5	6	7	Very decisive impact	Canadian	Foreign
	The Foreign Corporate Headquarters		1	2	3	4	5	6	7		<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Specific Internal Corporate Customer	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific External Market Customer	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific Internal Corporate Supplier	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific External Market Supplier	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific Distributor	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific Competitor	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific Corporate Research Unit	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Specific External Research Unit	1	2	3	4	5	6	7		<input type="checkbox"/>	<input type="checkbox"/>	
	Governmental Institution	1	2	3	4	5	6	7				

Please, **also** mark if you consider the relationship with the organization to be Canadian or Foreign.

  

19. How would you describe the <u>level of investments</u> in the following activities in the Canadian Subsidiary, for the past three years? <i>(Please tick <b>one</b> value for <b>each</b> alternative)</i>		Very limited	1	2	3	4	5	6	7	Very large	N.A.
	Research (basic or applied)		1	2	3	4	5	6	7		8
	Development		1	2	3	4	5	6	7		8
	Production of Goods or Services		1	2	3	4	5	6	7	8	
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	Purchasing		1	2	3	4	5	6	7		8
	Human Resource Management		1	2	3	4	5	6	7		8

## The Canadian Subsidiary's Role in the Foreign Corporation

20. What would be the <u>consequences for other units</u> in the Foreign Corporation if they no longer had access to the competences of the Canadian Subsidiary?		No consequences for <u>other</u> corporate units at all	1	2	3	4	5	6	7	Disaster, very significant consequences

  

21. What would be the <u>consequences for the Canadian Subsidiary</u> if it no longer had access to the competences of the rest of the Foreign Corporation?		No consequences for the <u>Canadian Subsidiary</u> at all	1	2	3	4	5	6	7	Disaster, very significant consequences

  

22. At which corporate <u>level</u> are the following decisions made? 1=Subsidiary level, 2=Sub-corporate level (Division, Regional HQ etc.), 3=Foreign Corporate level		Subsidiary level	1	2	3
	Hiring top Subsidiary Management		1	2	3
	Entering New Markets within Sweden		1	2	3
	Entering Foreign Markets		1	2	3
	Changes to Subsidiary Organization		1	2	3
	Introduction of New Products/Services		1	2	3

<i>(Please tick the <b>most appropriate</b> alternative)</i>	Approval of Quarterly Plans/Schedules	1	2
	3		

23. What impact has the Canadian Subsidiary had on the <u>development of competence of other units</u> within the Foreign Corporation in the following activities:  (Please tick <b>one</b> value for <b>each</b> activity)		No impact at all					Very high impact
	Research (basic or applied)	1	2	3	4	5	6 7
	Development	1	2	3	4	5	6 7
	Production of Goods or Services	1	2	3	4	5	6 7
	Marketing & Sales	1	2	3	4	5	6 7
	Logistics/Distribution	1	2	3	4	5	6 7
	Purchasing	1	2	3	4	5	6 7
	Human Resource Management	1	2	3	4	5	6 7
24. To what extent has the Canadian Subsidiary <u>influenced the Foreign Corporation</u> when it concerns:  (Please tick <b>one</b> value for <b>each</b> alternative)		No influence at all					Very high influence
	Corporate Investments in Production		1	2	3	4	5
	Corporate Investments in R&D	1	2	3	4	5	6 7
	Corporate Introduction of New Products	1	2	3	4	5	6
	Establishment of New Corporate Units in Canada	1	2	3	4	5	6 7
	Establishment of New Corporate Units Outside Canada	1	2	3	4	5	6 7
	Corporate Acquisitions in Canada	1	2	3	4	5	6 7
	Corporate Acquisitions Outside Canada	1	2	3	4	5	6 7
	Corporate Business Volume	1	2	3	4	5	6 7
	Corporate Competitiveness	1	2	3	4	5	6 7
	Corporate Profitability	1	2	3	4	5	6 7
25. A term sometimes used in association with distinctive competence is " <u>Centre of Excellence</u> ." Does the Foreign Corporation HQ formally designate the Canadian Subsidiary by such a label?		<input type="checkbox"/>	Yes		<input type="checkbox"/>	No	

## ***The Canadian Subsidiary and its Environment***

26. Please assess the <u>business environment</u> , in which the Canadian Subsidiary competes, on the following dimensions:  (Please tick <b>one</b> value for <b>each</b> alternative)		Very low					Very high
	Availability of Business Professionals	1	2	3	4	5	6 7
	Availability of Supply Material	1	2	3	4	5	6 7
	Quality of Suppliers	1	2	3	4	5	6 7
	Demanding Customers	1	2	3	4	5	6 7
	Level of Competition	1	2	3	4	5	6 7
	Governmental Support	1	2	3	4	5	6 7
	Favourable Legal Environment	1	2	3	4	5	6 7
	Existence of Research Institutions	1	2	3	4	5	6 7
27. To what extent has the Canadian Subsidiary <u>contributed to its local business environment</u> when it concerns:  (Please tick <b>one</b> value for <b>each</b> alternative)		Not at all					Very much
	Attraction of New Firms	1	2	3	4	5	6 7
	Attraction of Investments	1	2	3	4	5	6 7
	Creation of New Technology	1	2	3	4	5	6 7
	Diffusion of Technology	1	2	3	4	5	6 7
	Development of Start-up Companies		1	2	3	4	5 6

*Thank You for Contributing to this Research.*