figures but observe, "the coefficients all bear signs consistent with the preceding analysis and all are significant. In such a complex field of study, that is probably as much as one could hope for."

CONTEXT AND DECISION MAKING AUTONOMY IN THE FOREIGN AFFILIATES OF U. S. MULTINATIONAL CORPORATIONS

Gerard H. Garnier, Professor, Universite de Sherbrooke. Abstract from *Academy of Management Journal*, Dec. 1982, p. 893.

Prof. Garnier reports the results of research on 42 French and 102 Mexican subsidiaries of U.S. MNCs, the latter in two separate surveys of 40 and 62 firms. He starts from the general proposition that the degree of autonomy of subsidiaries will be determined by two considerations: maximization of profits and minimization of risk. He focuses primarily on the latter, identifying three elements as primary to parent firm views of risk: the importance of foreign operations to the firm, the difference between the affiliate and parent environments and the variability or unpredictability of change in the foreign environment.

Explanatory variables are identified related to these three main elements. Under the heading of Characteristics of MNC/ Global Philosophy are: the number of product lines, whether the affiliate serves only the local market or is integrated in the global MNC system, workflow integration (technology and related operational ties), size of the multinational group measured by sales volume, number of countries of operation, percentage of the firm's revenues earned abroad, ownership policy, percentage of the specific affiliate owned and number of parent representatives on the affiliate board of directors.

Variables associated with the affiliate included age, method of acquisition, size (both absolute and relative to the total MNC), operational interdependence (both in sales to MNC system and purchases from it), absolute profitability and relative profitability in relation to other affiliates and research dependence. The effect of the local environment was defined in terms of the perception of executives as to four factors: local legislation on foreign investment, attitude of the local government, differences in attitudes, beliefs and values of local managers compared to parent personnel and the value of the local business education system.

The data showed that three groups of variables were highly correlated with degrees of autonomy: operational interdependence between the affiliate and parent in purchases and sales, ownership dimensions (policy, equity percentage and membership on affiliate board) and workflow integration. Product lines and size of the multinational group showed some but lesser correlation.

Multivariate analysis gave these results for the three samples: for France only the percentage of sales from and to the parent were significant. For one of the Mexican samples sales to the parent and size of the multinational group explained 54% of the variance with purchases from the parent the next largest factor. For the second Mexican sample purchases from the MNC explained 32% of the variance followed by general policy on equity, sales to the MNC and relative size.

In his summary, Prof. Garnier notes, "The factors internal to the firm (the MNC group) were found to have primordial influence. ..... On the other hand, factors external to the firm, ... seem to play a limited role." He notes, however, that this latter fact may be due to France and Mexico being relatively low risk countries and that in riskier situations local conditions might affect autonomy more. He also observes that in no case did the actual percentage of ownership in the affiliate appear as a significant factor in the multivariate analysis. He concludes, "The degree of ownership is only a consequence of a policy imposed by a large degree of operational interdependence between the local affiliate and the rest of the group. It therefore is not the direct cause of the affiliate's lack of autonomy." As one implication of this point he cautions, "If their relationships with foreign affiliates, and therefore with hosat countries, depend only on internal considerations, there is a danger that these corporations will become completely insensitive to the needs of the countries that receive them."

CONTRASTING CONTROL MODES IN THE MULTINATIONAL CORPORATION

Alfred M. Jaeger, Professor, McGill University. Abstract from *International Studies of Management & Organization*, Spring 1982, p. 59.

Prof. Jaeger presents the results of an exploratory study of the effects of control modes on MNC parent-subsidiary relations. He notes at the outset that several studies have identified differences in methods of control of foreign subsidiaries but that none have provided any explanation for the differences. His objective is to explore one basic difference which could provide such an explanation.

Two distinctive modes are set forth: formal, bureaucratic control (Type A) and informal, cultural control (Type Z). In the former, control is exercised by means of a set of codified