

A Corporate Geography of Canada: Governance and Networks

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Abstract

Understanding corporate governance from an academic, practical, legislative, and social perspective has never been more important given the increasingly internationalized and financialized global economy. The global financial crisis of 2008 and resultant recession painfully evidence what many scholars have argued throughout the last century: in market-based economies, the economic and the social spheres remain inseparable. Today, such economies rest on the backs of publicly-traded corporations and understanding how such corporations are governed is the goal of this research effort. I argue that corporate governance is not a set of characteristics to be measured, modelled, and packaged as prescriptive principles but rather it is a series of exercises in decision-making across space and time rife with idiosyncrasies. As such, I present a novel corporate governance research agenda which focuses on the two pillars of decision-making, namely the environmental contexts within which the decision-making processes are embedded and the networks of agents involved in such processes. In a globalized economic setting, both the environmental contexts and the networks of agents readily transcend multiple social, cultural, and geo-political boundaries—resultantly, the research agenda I present is one predicated on the geography of governance. I apply my research agenda to the Canadian setting in efforts to demonstrate the utility of this research agenda while providing a better understanding of the Canadian model of corporate governance. This research is the first to systematically investigate the Canadian model of corporate governance and concludes that, contrary to predominant assumptions, there is no single harmonious national model but rather a mosaic of thirteen distinct provincial and territorial models which are asymmetrically linked by means of market actors and interactions and which exists in a temporary balance of parochial and cosmopolitan forces.

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Chapter One

The Geography of Governance: An Introduction

1.1 Introduction

As the most severe financial crisis since the Great Depression of the 1930s, the global financial crisis of 2008 and the resultant Great Recession stretching onwards throughout the beginning of the following decade should serve as a stark reminder of the significant integration and inter-dependence of capitalist nation-states and corporations (Shonfield 1965; Offe 1975). This inter-dependent relationship runs much deeper than simple accounting terms regarding capital accumulation and distribution and carries with it consequences reaching far into nations' social, cultural, political and environmental well-beings; in essence the social and the economic spheres of market-based societies are effectively inseparable (as earlier surmised by Polanyi 1944). Although corporations serve as the engine of economic activity of which capitalist societies are dependent their full reach and impact are often underestimated until they begin to falter.

The consequences of such faltering are myriad. The recent spike in corporate bankruptcies, for example, highlights the fleeting nature of contemporary employment and revives the concerns of related socio-economic hardships (e.g. Schaeffer 2002; Ellison 2005). Take Nortel Networks Corporation for example: a 114 year-old technology corporation which developed into the flagship of Canadian business with a one-time market capitalization

of \$385 billion CDN to its bitter demise in 2009 with a market capitalization of \$65 million CDN. Although Nortel maintained operations throughout the world the scale of its collapse is reflected by the termination of over 20,000 employment positions within its Canadian operations alone. To add insult to injury, Nortel had progressively under-funded its pension plan leaving countless retired and recently terminated employees in a state of financial purgatory—a responsibility which would then be shifted to the welfare state. With no intention of undermining the consequences of the collapse of Nortel one can extrapolate the scope and scale of such consequences when corporate bankruptcies strike in single-industry towns (Bradbury 1979), a common enough setting across Canada.

Such socio-economic hardships appear to accumulate when the perspective is enlarged from individual corporations or single-industry towns to the scale of entire nation-states. The deficit budgets pursued by nation-states in order to manage the impact of the financial crisis across their respective populaces while preventing any further economic calamities, especially those brought on by the failure of corporations which have been deemed ‘too big to fail’, will be shouldered for years, if not decades, to come. The Organization for Economic Co-operation and Development (OECD) has already warned of rising youth unemployment throughout all member nations attributable to the financial crisis (Scarpetta et al. 2010) thereby fuelling popular commentary regarding the potential beginnings of new ‘lost generation’ cohorts as seen in Japan during the latter years of the twentieth century (Marsh 2009; Grant 2010).

Arising in parallel to the socio-economic hardships are the associated environmental and cultural consequences. From an environmental perspective, refer to the Alberta oil sands developments to witness the tension highlighted by the financial crisis: the Provincial and the Federal governments are encouraged to find a balance between mitigating any further environmental deterioration due to the oil sands development while promoting such

development as it has proven to be the economic engine of Western Canada and, by extension through equalization payments, Eastern Canada—a precarious balance even before you add the dual international demands of reduced greenhouse gas emissions and increased economic activity. From a cultural perspective, refer to the Vancouver Olympics 2010: the event is a cultural and sporting extravaganza whose timely completion and efficient operation relies in large part on corporate sponsorship funds. These current Olympic Games had the misfortune of being staged during a time when corporate purse-strings were being progressively tightened either by necessity or by a desire to not appear opulent in a world entering a new period of austerity. As international attention was turned to Vancouver the financial gap could not be permitted to jeopardize the successful staging of the Olympic Games, resultantly the city's inhabitants are left shouldering a larger associated debt than originally forecasted.

These above examples are clearly not exhaustive but should serve to demonstrate the intricate relationship formed between society and corporations which has become characteristic of capitalist nation-states. The precise characteristics of such intricate relationships are not homogeneous across all social groupings as evidenced by the fact that the consequences of the financial crisis are global in reach but are decidedly not uniform. The financial collapses of Iceland and Greece clearly contrast with the relatively limited impacts seen in Canada and Australia. From the perspective of individual industry classes, the prosperity of the Japanese automotive sector and the Canadian banking sector contrast with the utter collapse of their respective American counterparts. Although the globalizing economy was forecasted to usher the end of geography and the irrelevance of the nation-state (O'Brien 1992; Ohmae 1995) the heterogeneous distribution of the impacts of the global financial crisis serves as a significant rebuttal to such fantasies. Yet that most nation-states have in fact been impacted to some degree by the global financial crisis does serve to highlight the internationalization of the nation-state (Glassman 1999) by which nation-states

seek to balance a precarious degree of integration within the global economy while attempting to remain at least semi-autonomous from the powers flowing within.

The relevance of nation-states and their associated influence on corporate forms and functions has long been of interest to comparative corporate governance scholars, and especially so since La Porta, Lopez-de-Silanes, Shleifer, and Vishny's (1997; 1998; 1999) seminal maps of corporate governance. The recent global financial crisis has rekindled an interest in corporate governance within academic, economic, practitioner, and regulatory settings while at the same time highlighting the incompleteness of our current understanding of such matters. Regardless of the debate surrounding the proximate causes of the global financial crisis, be it exotic financial products, over-heated localized and financialized housing markets, lax regulatory agencies, or a systemic misallocation of resources, the ultimate cause should be little contested—the global financial crisis and resultant socio-economic hardships experienced around the world are due to a systemic failure of corporate governance. Even though corporations have been vilified as the source of such economic malaise (Porter and Kramer 2011) it would appear that they, as organizations of economic activity, will retain a place of distinction in capitalist social structures as competing organizational forms once forecasted to replace the corporation, such as leveraged private equity (Jensen 1989), have proven to be just as, if not more so, complicit. Given the consequential prominence of corporations, the project at hand as we move forward must surely be to develop a better understanding of how the variety of corporate forms and functions present throughout the world develops and how these varying forms and functions relate to a broader social setting—in other words, how corporations, as the central actors within the contemporary socio-economic setting, are governed.

1.2 Theoretical foundations

Throughout the remainder of this thesis I will strive to accomplish two principal goals: the first is to present the case as to what I perceive to be the principal shortcomings of contemporary leading corporate governance research and practice and the second is to present a novel research agenda which aggregates and builds from our current stock of corporate governance knowledge while overcoming these specific shortcomings. In essence, I will argue that contemporary corporate governance research is predominantly directed by the corporate governance industry (e.g. Rose 2007) and thereby overwhelmingly internalizes a normative economic-legal institutional perspective of the concept of corporate governance. Such a conceptualization severely underestimates the real-world importance of corporate governance and negates significant compounding events, actors, and scales which do not clearly fit within the structural economic-legal institutional framework. In contrast, I understand corporate governance to be much richer and to consist of a series of exercises in decision-making which determine the continuing forms and functions of corporations. As a series of exercises in decision-making, corporate governance benefits from being understood in relation to the environmental contexts within which the decision-making processes are embedded as well as in relation to the network of agents involved, both directly and indirectly, in the decision-making process itself (e.g. Simon 1956). In a globalized economic setting, both the agents and the environmental contexts of decision-making readily transcend multiple social, cultural, and geo-political boundaries—resultantly, the research agenda I present herein is one predicated on the geography of governance.

Framing corporate governance as a series of exercises in decision-making evokes the notion of communities of practice which arose from an interest in organizational structure and innovation (e.g. Brown and Duguid 1991; Wenger 1999; Amin and Cohendet 1999). Communities of practice are a conceptualization of ‘learning by doing’ and “[...] are seen as

the principal mechanism through which tacit knowledge relating to new practices is produced and spread” (Gertler 2001, p.18). The original conceptualizations of communities of practice retain a certain degree of geographical boundedness which prioritizes intra-corporation engagement; although technological innovations in transportation and communication have served to enlarge the boundaries of engagement within a community of practice, thereby allowing such communities to expand beyond the structure of a corporation, they nonetheless carry a cost of reduced contextuality and hence are perceived to weaken the community’s shared repertoire (Wenger 1999). Yet Amin (2002) has suggested that geographical proximity is perhaps over-valued within the communities of practice school of thought and needs to be qualified in light of the notion of relational proximity thereby allowing for a multiscalar approach to the concept. Seeking a middle ground, Coe and Bunnell (2003) have introduced the notion of constellations of communities of practice wherein geographic proximity remains important to the formation of such learning structures and cultures but does not serve as an impediment to the interactions and interchanges between them, particularly so when one considers the movement of knowledgeable individuals.

Contrary to such previous work, however, I employ the concept of communities of practice not toward an investigation of innovation within a corporation’s or an industry cluster’s complement of products and practices but rather toward an investigation of the evolving concept of corporate governance in general given the term’s rather vague origins and continuous state of evolution (Veasy 1993). Resultantly, the emphasis is placed predominantly on relational proximity rather than geographical proximity even though a strong regional component exists, as is discussed below—being so, I will continue to use the term ‘communities of practice’ rather than Coe and Bunnell’s (2003) ‘constellations of communities of practice’.

A corporate governance community of practice is any group of actors who address issues of corporate governance; these actors need not interact with each other in a physical sense in order to constitute a community of practice but rather may give rise to such a community by interacting with each other epistemologically through competing or collaborating conceptualizations of ‘appropriate’ corporate governance. These actors effectively establish the discourse within which the variety of corporate governance paradigms evolves. A community of practice necessarily retains those actors which form the core legal constituency of corporate governance, namely shareholders, managers, and the board of directors, yet may also include any number of additional actors who maintain an interest in the concept, such as legislators and regulators, financial intermediary industry participants, social and business group activists, and scholars. Naturally not all participants will agree with all perspectives proposed but it is important to note that all such perspectives are important in shaping the discourse within which the paradigms of appropriate corporate forms and functions evolve—censure and approval can both serve as legitimizing forces (Suchman 1995). It should be noted that as this broad contingent of actors includes both what could be considered traditional corporate governance professionals and non-professionals I refrain from employing the concept of ‘epistemic communities’ (Haas 1992) in favour of the broadened concept of communities of practice discussed above.

There is a strong regional component to communities of practice. A corporate governance community of practice is necessarily underpinned by a regional foundation of legal and regulatory institutional frameworks given the strong judicial character inherent to corporate governance. Layered on top of these regional distributions of legal institutional frameworks are the networks of the various actors who knowingly, and perhaps even unknowingly, participate in shaping the corporate governance discourse. In turn, agents and their environmental context are not independent of each other but are rather linked through a

series of interactions (Clark and Tracey 2004). Agents and places co-evolve thereby generating varying developmental trajectories across space as each region is an ‘evolving bundle of attributes’ arising from natural endowments and previous human activity (Essletzbichler and Rigby 2007; Maskell and Malmberg 2007). In essence, “the current state of affairs cannot be derived from current conditions only, since the current state of affairs has emerged from and has been constrained by previous states of affairs” (Boschma and Frenken 2006, p. 280). The importance of path-dependence, however, must be qualified: path-dependence may influence the spectrum of developmental trajectories available to a given set of agents within a particular environment however precise developments are contingent upon the agency of contemporary economic agents (Glückler 2007). Path dependence does not preclude agents from breaking with past trajectories as economic evolution, driven by competitive selection and creative destruction (Schumpeter 1942), is akin to biological evolution (Gould 2002) in which both may be incremental or discontinuous in the manner of ‘punctuated equilibrium’, a model which has gained favour across both the natural and social sciences alike (e.g. Boulding 1991; Roe 1996; Gould 2007).

Agents’ decision-making is neither uniform nor necessarily rational given the limitations and complications of individual human psychology yet these same agents are partially constrained by the institutions within which they are embedded at various scales. A growing body of work supports the deviation from the neo-classical rational and utility-maximizing economic agent and presents an alternate perspective based on agents’ cognitive limitations and respective environmental influence (e.g. Kahneman and Tversky 1979; Clark et al. 2006). Understanding these two components of corporate governance requires quite different approaches. The environmental component of decision-making may be understood from a regional perspective. Institutional forces are present at all scales of investigation ranging from the individual to the global; however particular scales may prove to be more

influential than others depending upon the objective of the investigation (Scott 2001). Within corporate governance, the nation-state is typically employed as the preferred explanatory scale yet recent research has questioned such pre-eminence as, in some cases, heterogeneous sub-national forces play a greater role in explaining regional corporate governance trends than do supposedly more homogeneous national forces (Wójcik 2002). The role of the researcher interested in understanding the environmental component of decision-making is first to determine the most appropriate regional scale of investigation and subsequently to map the context-determining forces while keeping in mind that institutional forces may interact with each other within and across geographical and temporal scales (Gertler 2010). The agency component of decision-making can only be understood from a more relational approach whose strength lies in uncovering details which may prove more elusive to regionally standardized approaches.

In sum a corporate governance community of practice generates a regional information environment wherein the evolving discourse of corporate governance is operationalized. In order to better understand contemporary corporate governance we must start by identifying the various corporate governance communities of practice at play within any landscape under investigation followed thereafter by identifying and analyzing the series of intra- and inter-community interactions. The geography of governance gives rise to a networked distribution of various environmental contexts and actors—to understand the network is to understand corporate governance.

Importantly, this approach to corporate governance should not be read as yet another contribution arising from the varieties-of-capitalism school of thought (see Hall and Soskice 2001). As discussed in far greater detail in Chapter Two below, previous dominant theories as to the regional determinants of models of corporate governance, such as the legal origins theories (La Porta et al. 1997), the political economic theories (Roe 2006), and the Functional

and Structural Finance theory (Merton and Bodie 2005) along with the closely related Adaptive Markets Hypothesis (Lo 2004; 2005), have all purposefully or inadvertently engaged with the varieties-of-capitalism literature by assuming *a priori* the deterministic role of national institutional frameworks in efforts to explain the heterogeneous international distribution of models of corporate governance. Such an assumption, as I will demonstrate, proves to be their greatest weakness. The study of corporate governance, as I will demonstrate throughout this thesis, is best approached with no *a priori* presumptions as to the scalar configuration of network interactions (e.g. Bunnell and Coe 2001).

Perhaps more substantial to my theoretical foundation is not the fact that this thesis is not a contribution fitting within the legacy of the varieties-of-capitalism literature but rather the fact that I perceive capitalism in the singular. Doing so need not imply uniformity and permanence as a singular capitalism is still rife with geographical and historical dynamism, refer to the heterogeneous distribution of the consequences of the recent financial crisis as discussed above. In this sense, I subscribe, and hence my theoretical foundation stems from, the school of thought of variegated capitalism presented by Peck and Theodore (2007) and more recently refined by Dixon (2011). The supposed divisiveness and distinctiveness inherent to the varieties-of-capitalism perspective premised on national institutional frameworks is countered by variegated capitalism's concern with multiscalarity wherein any observed heterogeneities in economic landscapes are explained by the interdependence and connectedness of institutional frameworks across political-economic spaces from the local to the global. Institutional forces, as arising from social agency, are present at all geographical scales (Scott 2001) yet to prioritize one scale above all others necessarily leads to empirical blind-spots as the influence of institutional forces on corporate and regional economic development arises from the interactions between such forces at multiple scales as well as from the interactions of these forces with individual and organizational agency (Gertler

2001). Certainly, heterogeneities abound throughout capitalist nation states yet to assume that such heterogeneities lead to forms of nation-state exceptionalism curtails any meaningful research into the consequences of such heterogeneities upon the variety of economic actors and institutions operating within the multiscalar landscape that is internationalized (e.g. Glassman 1999) financial capitalism (Neal 1993; Clark and Hebb 2004).

This thesis, I believe, is a step in the right direction for those seeking a corporate governance research agenda not beholden to the varieties-of-capitalism ideology by which it serves as a timely response to Dixon`s (2011) recent counsel that:

[...] if a variegated-capitalism approach is serious about getting back to capitalism in the singular, where there are no pretentious hopes that a softer more solidaristic form of capitalism is possible indefinitely, then the approach must engage the varieties-of-capitalism approach at its theoretical core: the firm. (p.206).

My approach to corporate governance originates and builds from the corporate entity. It is a bottom-up approach which values the influence of institutional frameworks and contemporary agency, as well as the associated interdependencies and interactions between these two, in shaping corporate forms and functions. Rather than assume the deterministic priority of national institutional frameworks based solely on the occurrence that a corporation is located within the boundaries of a given nation state my approach seeks to identify the institutional frameworks within which a corporation may be embedded based on decisions made by the corporation as well as by those stakeholders who may be perceived as agents within the corporate decision making process. By directing my research agenda toward the four attributes of (1) agency, as espoused by both individuals and organizations; (2) institutions and their evolution; (3) the importance of geography (i.e. multiscalarity); and (4) methodological pluralism (as will be discussed in greater detail below), my resultant thesis

could perhaps be read as an early operationalization of Gertler's (2010) reconstituted institutional economic geography.

Within, I apply my approach to the Canadian landscape not because my research agenda is required to originate from a nation-state institutional framework as the predominant varieties-of-capitalism infused corporate governance research agendas are but rather because I desire to engage previous such research agendas in efforts to highlight their empirical shortcomings—as such I will engage them on their chosen field of national models of corporate governance. Clearly, my research agenda applies equally well to other national models, such as the U.S.A., a model with which the Canadian model is assumed to share many similarities (Mittoo 2006) (although incorrectly so as will be demonstrated in Chapter Three), and the Australian model, a model which shares a similar colonial history and economic development as that of Canada (Laxer 1985). This approach applies equally well to supra-national settings wherein corporate activities readily transcend national borders, such as the European Union. Most importantly, however, is the reality that my research agenda is a bottom-up approach which places prominence upon institutional frameworks and contemporary agency as activated within a series of exercises in decision-making and remains applicable at all scales regardless of geo-political boundaries, ranging from the singular corporation to the global corporate population.

1.3 Methodology and Structure

This thesis is grounded in a rich economic geography framework and draws support from an original empirical investigation, one which should be of interest in its own right. In an effort to more clearly delineate the importance of a positive corporate governance research agenda I provide an in-depth analysis of the Canadian model of corporate governance. Canada provides a unique research opportunity to those interested in corporate governance which is

often over-looked. Firstly, Canada is among the cadre of Anglo-American economies of which international norms are said to increasingly resemble (e.g. Hansmann and Kraakman 2001) thereby rendering any findings within the Canadian context likely to be applicable to a broader audience. Secondly, Canada's financial markets are mature and sophisticated (Mittoo 2006) and the country's banking sector is one increasingly portrayed as worthy of being emulated elsewhere in the world (Ratnovski and Huang 2009). Thirdly, Canada retains an interesting mixture of the three principal elements previously thought to be deterministic in models of corporate governance: i) With regard to legal origins theories popularized by La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1997) in which a nation's legal heritage determines its model of corporate governance, Canada is a bi-jural nation thereby providing insights to both common and civil law-based models; ii) With regard to political economic theories popularized by Roe (2006) in which a nation's polity (past and present) determines its model of corporate governance, Canada is a loose confederation of 13 nearly sovereign provinces and territories each with a unique culture, history, and geography thereby providing a fertile comparative political economic landscape; and iii) With regard to corporate ownership theories popularized by Bebchuk and Hamdani (2009) in which the absence/presence of controlling shareholders determines the model of corporate governance, Canada retains nearly equal proportions of corporations with and without controlling shareholders. Ultimately, however, it is Canada's distinct social, cultural, and geo-political multi-jurisdictionality which establishes it as a natural laboratory for comparative research.

To date, much of the corporate governance research falls along a methodological spectrum ranging from the purely quantitative approaches to the purely qualitative approaches with the majority residing at one end or the other. The quantitative approaches predominantly subscribe to the perspective within which corporate governance is framed as a series of economic and legal institutions operating between shareholders, management, and

the board of directors with the express concern of sustaining shareholder value (Shleifer and Vishny 1997). Such an approach to corporate governance accentuates the concept's measurability hence facilitating quantitative analyses. Although the quantitative approach purports a certain degree of objectivity there is little consensus among practitioners regarding research processes and outcomes; compare the work of Gompers, Ishii and Metrick (2003); Cremers and Nair (2005); Brown and Caylor (2006); and Bebchuk, Cohen and Ferrell (2009) who all attempt to identify and index markers of 'good' corporate governance among the larger U.S.A. corporations yet all apply different quantitative approaches which produce different research outcomes. This should not be read as an overt criticism of quantitative approaches in general but should serve to highlight both the principal strength and weakness of such approaches: quantitative approaches provide the ability to analyze broad scale settings of corporate governance, such as entire industry classes or even national economies, yet they often fail to recognize or account for any differences within these settings. In essence, quantitative methodologies are a top-down approach seeking system-wide applicability wherein any sub-system heterogeneities are often stylized in efforts to maximize statistical significance.

In contrast, qualitative approaches typically apply a more relational perspective to analyses of corporate governance desiring to focus precisely on the differences within particular settings (e.g. Yeung 2003). Again, such approaches are not uniform as practitioners seldom agree on best-practice approaches: whereas some scholars may extol the value of close dialogue interviewing techniques (Clark 1998) others warn of the jeopardy produced by the power relations inherent to interviewing techniques in general (Mullings 1999). Generally, qualitative approaches pay great attention to detail and process and their greatest strength must necessarily be their high degree of precision whereas their greatest weakness is perhaps their limited ability to extrapolate findings beyond the precise object of study. In

essence, qualitative methodologies can be characterized as a bottom-up approach which highlights sub-system heterogeneities while incrementally building system-wide understandings.

At their extremes, the quantitative and qualitative approaches are both critical in accomplishing one half of the research agenda presented herein, respectively. The more quantitative and system-wide perspectives are instrumental in delineating the environmental context within which corporate decision-making processes occur whereas the more qualitative and relational perspectives are instrumental in elucidating the agency of those involved in the decision-making processes. As such, I aim to place my research agenda squarely in the middle of the methodological spectrum described above—an approach which will combine both quantitative and qualitative analyses of entire systems and their constituent parts.

By claiming such a methodological middle ground this research will necessarily attract the criticism of devout members of both the quantitative and qualitative camps; however I am not the first to do so. Within the corporate governance research community select few scholars stand out as having adopted such a mixed methodological approach. Taylor, one of the founders of the sub-discipline of industrial geography (see Taylor 1985) has developed a unique approach to understanding corporate structures and organizations based in large part on the environments within which they are located and operate (e.g. Taylor and Thrift 1982; McDermott and Taylor 1982). This approach has enriched the economic geographer's toolbox and has allowed scholars across the social sciences to open the corporation, which was previously often presented as a black-box, to further analysis and understanding (Taylor and Asheim 2001). Wójcik has also employed and strengthened a similar approach. Wójcik's (2002; 2003; 2006) combination of system-wide quantitative data mixed with qualitative inferences and attention to historical detail has spurred the recognition

that national landscapes of corporate governance are often the products of heterogeneous sub-national components as opposed to uniform and standardized models as is often portrayed by the rather more quantitatively-focused scholars (such as Gompers et al. 2003). Likewise, Aguilera and Jackson (2003), and similarly Bhagat, Bolton, and Romano (2008), have recently broken from the rigid economic and legal institutional perspective of corporate governance to extol the concept's relational nature and hence necessity for methodological pluralism.

The multi-faceted methodology I employ which relies on system-wide empirical data, specific qualitative analyses, an acknowledgment of the importance of history, and a certain degree of inference holds great promise of providing a positive understanding of any system under investigation. As this thesis seeks to introduce a novel research agenda which will facilitate our understanding of contemporary corporate governance just such a methodology which eschews the normative should be well-suited to the task. For over two decades the broader corporate governance landscape has been directed by normative research, perhaps in large part due to the commercial interests involved as will be discussed in Chapter Two below, yet these normative studies have failed to construct any real-world predictive value (Daines et al. 2010)—a new approach is called for.

This multi-faceted methodology is not an *ad hoc* approach in light of my interest in the Canadian model of corporate governance but rather it is a pragmatic approach (Johnson and Onwuegbuzie 2006) born from the complexity of the broader contemporary internationalized political-economic-social setting within which the concept of corporate governance is embedded. The diversity of structural and cultural components evidenced by the conceptualization of corporate governance as a series of exercises in decision-making operating across increasingly multijurisdictional and multiscalar settings necessitates a mixed

methodology approach—an approach which allows for a certain degree of both positivism and interpretivism/constructivism (Morgan 2007; Denscombe 2008).

My research methods are embedded in the rich history of methodological pluralism which the discipline of economic geography is increasingly embracing—a pluralism which has substantially enriched the discipline as a whole yet which few economic geographers have appeared willing to trumpet until only recently (Tickell et al. 2007). Yet, such methodological pluralism as evidenced at the broad scale of the discipline of economic geography is seldom transferred to the scale of individual analytical approaches within the discipline, apart from the few notable scholars mentioned above. Within, I seek to engage this methodological pluralism within my systematic analytical approach as directed by my motivational driver which has been most clearly expressed by Clark (2007, p. 187): “One of the distinctive features of economic geography as practised by geographers is its commitment to understanding the world as lived—an empirical project—rather than the world as theorized”. It is my firm belief that a mixed methods approach is best-suited to operationalize just such a perspective.

Although more detailed methodology accountings are provided with each empirical analysis in the following chapters it is important to note that the empirical elements of this thesis stem from two original databases. The first database concerns a variety of corporate variables and serves as the foundation for the analyses in three of the following empirical research chapters. This database was constructed by amalgamating information pertaining to corporations’ geographical distributions, legal jurisdictionalities, a variety of econometric variables, industry classifications, listing stock exchanges, and board of director compositions from such sources as the annual Toronto Stock Exchange Factbooks and the Canadian Securities Administrators’ (CSA) System for Electronic Document Analysis and Retrieval (SEDAR) and System for Electronic Disclosure by Insiders (SEDI). The second database

concerns all Canadian shareholder resolutions from 2000 to 2009 (inclusively) and serves as the foundation for the analysis in the remaining empirical research chapter. This database was constructed by amalgamating information concerning Canadian shareholder resolutions provided by the Shareholder Association for Research and Education (SHARE) and associated corporate variables drawn from the CSA's SEDAR and SEDI databases (Appendix 1 & Appendix 2). Although the majority of the data were publicly available, my research is the first to aggregate these data into structured databases and provide a systematic analysis—the degree of effort involved in the construction of these two databases represents one of the largest single tasks undertaken throughout this thesis.

It should also be noted here before we proceed any further that a research methodology predicated on system-wide empirical data, specific qualitative analyses, an acknowledgment of the importance of history, and a certain degree of inference necessarily leaves room for my subjectivity. Research is always shaped by the researcher, regardless of the methodologies employed, yet herein I aim to replace the false veneer of objectivity with a more stable foundation of acknowledged subjectivity. Throughout the remaining chapters I have strived to identify areas wherein my subjectivity may have played a consequential role in the outcomes—I do so not to cast doubt upon any research findings but rather to inform any subsequent research and discussion (e.g. Appendix 3).

The remainder of this thesis subsequently applies this research agenda to the Canadian model of corporate governance and follows the requirements set forth by the Examination Regulations of the University of Oxford wherein the four empirical research chapters presented below correspond to four research papers which have either been published or have been submitted to be considered for publication within peer-reviewed academic journals. Preceding the four empirical research chapters, however, is **Chapter Two** wherein I provide a literature review. This review is truly interdisciplinary and covers the

four leading schools of thought concerning the determinants of regional models of corporate governance, notably the legal origins theories (La Porta et al. 1997), the political economic theories (Roe 2006), the Functional and Structural Finance theory (Merton and Bodie 2005) along with the closely related Adaptive Markets Hypothesis (Lo 2004; 2005), and ultimately the geography of finance school of thought (Clark and Wójcik 2007). Following, I identify particular strengths and weaknesses of each school of thought in efforts to launch a relatively robust research agenda predicated on the geography of governance.

In **Chapter Three**, I investigate the influence of sub-national regulatory multi-jurisdictionality on Canadian corporate geography. This analysis scrutinizes the implicit assumption common to most previous comparative corporate governance research which typically presents national models of corporate governance as uniform (e.g. La Porta *et al.* 1998; Stulz 2005). Uniformity across sub-national jurisdictional boundaries appears to occur in settings rife with regulatory arbitrage, such as in the case of the U.S.A. (Cary 1974; Winter 1977), yet should not necessarily be considered the norm across all nations as demonstrated by the sub-nationally heterogeneous German model of corporate governance (Wójcik 2002). I provide a brief overview of Canada's history, economic development, and legal landscapes in parallel with a survey of the choices made by contemporary Canadian corporations concerning their jurisdictions of incorporation and headquarters. Together, these research avenues expose the region's loose system of federalism and heavy dependence on natural resources and allow me to demonstrate the significantly multi-jurisdictional nature of the Canadian model of corporate governance. These findings provide a clearer understanding of the context within which the Canadian corporate governance decision-making processes unfold. This research has resulted in the publication *Gray, T.R. 2010. A corporate geography of Canada: insights into a multi-jurisdictional model of corporate governance. Growth and Change 41(4): 467-494.*

Having clarified the contextual foundations of the corporate governance decision-making process I turn in **Chapter Four** to identifying some of the more significant actors involved in the process. To this end I provide a survey of all shareholder resolutions filed with Canadian corporations from 2000 to 2009 inclusively. Such a survey proved remarkably informative regarding the U.S.A. setting as analyzed by Graves, Rehbein, and Waddock (2001) yet the associated methodology has remained relatively under-utilized ever since. Within, I modify the methodology somewhat so as to draw insights concerning not only the content of the shareholder resolutions but also concerning those shareholders who file said resolutions as well as the corporations which are targeted by said resolutions. Over a ten year study period from 2000 to 2009, a total of 878 shareholder resolutions have been filed with Canadian corporations. Notably, I show that although shareholders engage corporate managements in 25 distinct topics relating to corporate environmental, social, and/or governance performance the overall Canadian model of corporate governance remains significantly provincialized as the distribution of shareholder resolutions, and the implicit knowledge and influence contained therein, remains clearly regionalized. Resultantly, this research avenue serves to highlight the composition and proceedings of the Canadian corporate governance communities of practice and has resulted in the publication *Gray, T.R. 2011. Mapping a corporate governance exchange: a survey of Canadian shareholder resolutions 2000-2009. Journal of Sustainable Finance & Investment 1(1): 30-43.*

Although the survey of shareholder resolutions effectively clarifies the public component of the corporate governance decision-making process, it does little to clarify the private component beyond simply determining that such a component exists, and substantially so. Given the limited nature of the public component as identified in Chapter Four the private component becomes ever more interesting. In **Chapter Five** I survey the landscape of interlocked directorates as a means of knowledge transfer by which information

and influence can be channelled between specific actors. Whereas it was demonstrated in Chapter Three that corporations prefer to remain incorporated and headquartered in the same provincial/territorial jurisdiction due to concerns of access to markets and resources the abundance of trans-jurisdictional interlocked directorates established by Canadian corporations effectively demonstrates that the respective corporate governance decision-making processes are not equally jurisdictionally-bound. Interlocked directorates are well-suited as channels for private influence, as earlier theorized by Useem (1984) and empirically verified by O'Hagan and Green (2002a), and the combination of the wealth of such channels in the Canadian setting with the limited nature of public influence by means of shareholder resolutions generates a setting in which varying corporations are exposed to different forces thereby potentially leading to greater divergence in forms and functions. This research has resulted in the publication *Gray, T.R. 2011. Channels of convergence: investor engagement and interlocked directorates. Environment and Planning A (accepted & forthcoming).*

I continue this vein of research into channels of knowledge and influence transfer by surveying the landscape of Canadian corporate cross listings. Cross listings occur when corporations listed on Canada's Toronto Stock Exchange (TSX) are also listed on an additional foreign exchange(s) and are increasingly common within the progressively internationalized and financialized global economy. In **Chapter Six**, I demonstrate that although cross listing is an economy-wide phenomenon in Canada from financial, industrial and geographical perspectives, it is important to note that there is great variety within the scope and scale of each provincial network thereby generating substantial intra-national heterogeneity. Each provincial community of practice displays a distinct pattern in the proportional number, the foreign market destinations, and the financial and industrial weighting of their cross listings, and this combined with the distinct economic, regulatory, social, and cultural foundations of each provincial community of practice creates a situation

where cross listing may actually be reinforcing sub-national regional divergence rather than convergence towards a nationally harmonized model of corporate governance. This research is currently under review for publication with *Regional Studies*.

In **Chapter Seven** I discuss how my analysis of the Canadian model of corporate governance provides insights into contemporary systems of corporate governance within an economically internationalized world while serving as an example of the novel corporate governance research agenda I set out to present. The Canadian model exhibits a strong foundation of jurisdictionally-bound legal, political, and economic institutional settings which are overlaid by a heterogeneous network of inter-jurisdictional market transactions and flows of private and public information. This model displays both the forces of path-dependent-fuelled divergence and market-oriented convergence. It is not my aim within this thesis to forecast paths of either convergence or divergence within the Canadian model of corporate governance but rather to display the reality that there is no nationally uniform model of which to speak, but rather a series of sub-national and regionally heterogeneous models which are in a perpetual balance of intra- and inter-jurisdictional divergent and convergent forces—a perspective which is well suited to conclude this thesis.

1.4 Contributions and Limitations

For all the academic and professional interest in the subject, principles of good corporate governance which can stand the test of history and geography remain elusive. Even so, this thesis is not concerned with identifying such principles. In fact at the heart of this thesis stands the argument that corporate governance is not a set of characteristics to be measured, modelled, and packaged as prescriptive principles but rather it is a series of exercises in decision-making across space and time rife with idiosyncrasies which, with sufficient research, remains within the bounds of our understanding yet just outside our ability to

forecast with much certainty. In this vein I set out to present a novel corporate governance research agenda—one which eschews the normative in favour of the positive. It is a research agenda which focuses on the two pillars of decision-making, namely the agents involved in the decision-making process and the environment (both geographical and temporal) within which the decision-making process occurs. In a globalized economic setting, both the agents and the environmental contexts of decision-making readily transcend multiple social, cultural, and geo-political boundaries—resultantly, the research agenda I present herein is one predicated on the geography of governance. This is a research agenda which I validate by applying it to the Canadian setting and which remains applicable to all scales ranging from the individual corporation to the global corporate population.

At a relatively more refined scale, this thesis provides the first systemic investigation of the Canadian model of corporate governance. The Canadian model has long been assumed to be an extension of the U.S.A. model (e.g. Mittoo 2006); however my research should draw attention to the reality that there is indeed a distinct Canadian model and it remains so in its pronounced multi-jurisdictional character. My research presented throughout this thesis serves to significantly question the status quo and provide a foundation for an enhanced understanding of the Canadian model of corporate governance.

Although I present a novel research agenda within this thesis by no means do I pretend to be able to address all the issues which I raise in deserving detail. Notably, this work to date has remained predominantly focused on exploring the environmental contexts of decision-making processes as well as the networks of contemporary agency with less attention paid to any specific cases of individual agency. I must qualify here that agency-related case studies are an integral component to better understanding corporate governance; maps of environmental context may provide the groundwork for understanding the developmental trajectories available to the respective agents but cannot foretell if, when, and

how any said agents will break from such trajectories. Both the case studies and the supporting maps of environmental context are required to produce a cohesive and applicable understanding of corporate governance yet I do contend that there exists a natural progression toward constructing such an understanding. To this end, I briefly address isolated cases of individual agency throughout the following chapters yet leave the preponderance of this task to future research.

Whereas many corporate governance books have been written predominantly for the financial audience, the research presented within this thesis is intended for a broader readership as it also informs upon law and governance, the theory of the firm, and regional economic development. From a practical vantage point, and although the perspective presented herein may assist directors, shareholders, and managers in better understanding that of which they are a part of, this thesis also provides a launching point for stakeholders of all stripes to better understand that with which market-based societies remain inextricably intertwined: the corporation. Ultimately, however, and with its origin as an academic pursuit, this thesis hopefully instigates a new wave of research in corporate governance and, having drawn upon numerous disciplines, across the social sciences in general.

The following represents my best efforts to introduce a fresh perspective to a topic which is gaining ever-more widespread attention while simultaneously being pigeon-holed by normative and increasingly goal-oriented research intertwined with commercial interests. Corporate governance is substantially more than simple efforts to maximize overall corporate financial performance and shareholder returns—it is a series of decision-making processes which influences all aspects of corporations and, by extension, society. The complexity of the process is not to be rationalized and stylized by modelling but rather acknowledged, internalized, and understood.

Chapter Two

Survey of the Literature

2.1 Introduction

Given the current state of the global political economy I accept at face value that our current understanding of corporate governance, both in practical and in academic terms, is severely underdeveloped. Our current understanding, I believe, suffers from two principal shortcomings. From an academic perspective, it is increasingly apparent that the leading theories of the regional determinants of systems of corporate governance came of age when the potential consequentiality of economic globalization and the internationalization of nation-states could be ignored as all three leading theories continue to treat any landscape under investigation as a closed system void of any interactions and interchanges. From a practical perspective, it is increasingly apparent that the concept of corporate governance is being defined and operationalized along the narrowly-focused lines of the commercial interests of the corporate governance industry. These two realities combine to ensure that both the practical and academic understandings and the associated operationalization of the concept of corporate governance remain underdeveloped with consequences, as we have recently witnessed, stretching far beyond simple academic and practical boundaries.

2.1.1 Academic Shortcomings

As an ambiguous concept having only been labelled in the mid-1970s (Veasy 1993), corporate governance has experienced a substantial degree of interest among legal, economic, and financial scholars; witness the emergence and growth of the widely-popular journal *Corporate Governance: An International Review* or any number of special issue volumes concerning corporate governance originating from distinguished academic journals (e.g. *Review of Finance* 12 (1), 2008). Yet for all the interest in the topic it would appear that the vast majority of corporate governance research is built from one of three principal theoretical foundations of the regional determinants of corporate governance. The first, and perhaps leading contender, is the legal origins theory popularized by La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1997) which maintains that founding legal frameworks, notably common law or civil law, are the principal determinants of a regional landscape of corporate governance. The second, and relatively more recent contender, is the political economic theory championed by Roe (2006) which maintains that a region's history of political decisions is more deterministic in establishing a respective landscape of corporate governance than is the region's legal origin. The third is an attempt to reconcile neo-classical economic ideals with behavioural economic realities allowing for a divergence of form but a convergence of function and is perhaps best exemplified by Merton and Bodie's (2005) Functional and Structural Finance (FSF) model as well as Lo's (2004; 2005) Adaptive Markets Hypothesis.

Comparative corporate governance surged in popularity with the advent of the governance maps produced by La Porta et al. (1997; 1998; 1999). These maps were constructed primarily based on a correlation between national legal origins, either common or civil law, and contemporary corporate governance landscapes. Based on the flurry of academic attention attributed to the legal origins theories since their emergence (see also

Beck et al. 2003; Glaeser and Shleifer 2002) one would be forgiven for assuming that the legal origins theories were based on causality rather than simple correlation. Certainly, the influence of the legal origins theories should not be underestimated as they have been internalized within the operations of international governance agencies such as the World Bank, the International Monetary Fund, and the Organization for Economic Co-operation and Development.

Although a variety of legal origins theories have been proposed, they all share a similar foundation which has been well summarized by Roe (2006):

[...] the original creation of legal systems centuries ago created legal and decision-making structures that continue today to facilitate or impede market outcomes. The civil law—by relying on codes, narrow judicial intervention, high regulation, and market directives instead of market solutions—impedes financial markets. The common law—by relying on adaptive judges, wide judicial discretion, light regulation, and private contracting—facilitates financial markets. (p.465)

In essence the corporate governance research agenda based on legal origins theories maintains that we can best understand contemporary corporate governance by investigating the legal framework, including its history and development, within which it is embedded. It goes almost unquestioned that the nation-state remains the paramount unit of analysis with regards to legal frameworks (e.g. Hopt et al. 1998; Stulz 2005).

Critics of legal origins theories do not necessarily disregard the importance of legal institutions but rather note that their deterministic value is greatly exaggerated. The supposed pre-eminence of legal frameworks is based upon a correlation between a dichotomy of legal origins and contemporary corporate governance metrics and does little to account for any nested or dependent non-legal variables which may affect this correlation. As questions within the legal origins theories increase so does support for competing political economic theories. Again, political economic theories are far from being uniform yet they do all share a

similar premise; namely, civil and common law systems provide tools for the support, protection, and development of markets although the actual outcomes depend upon the willingness of the polity to employ them, and subsequently the methods by which they are employed. As Roe (2006) has clearly demonstrated, much of the correlation touted by proponents of legal origins theories can be explained by underlying political economic developments—in this case the statistical significance of legal origins is more so an artefact rather than a deterministic variable.

If legal systems provide the tools and the polity employs the tools then neither the legal system nor the polity can operate without the other. Clearly then, legal origins and political economic developments are entangled and efforts to decipher the deterministic value of one over the other with regards to shaping contemporary corporate governance landscapes are, I believe, suspicious. The two families of theories share a strong commonality in that they both emphasize the explanatory power of path-dependence by which the decisions made in one period of time alter the landscape of available decisions to be made in subsequent periods of time (Arrow 1962; Kirzner 1973). Whether it is by centuries-old legal origins or relatively more recent political economic developments such as the advent and repercussions of the World Wars, both families of theories claim that contemporary regional market trajectories have been determined by historically entrenched institutions and decision-making processes. These theories leave very little room for any influence by contemporary agents upon corresponding market settings even though other scholars have argued that economic activity is an open system and path-dependent trajectories are tempered by both the directed and non-directed agency of contemporary economic actors (Sayer 1992; Glückler 2007). The importance placed on either legal origins or political economy within this debate obfuscates the influence of a multitude of additional variables in shaping contemporary market settings.

In response to such short-comings, scholars have advanced alternative perspectives which appear to be gaining in popularity. Notably, Merton and Bodie's (2006) Functional and Structural Finance (FSF) model and Lo's (2004; 2005) Adaptive Markets Hypothesis (AMH) both seek to reconcile the importance of path-dependence and the power of contemporary agency in shaping regional market settings. Both models could be described as a form of goal-oriented path-dependence. The FSF model and the AMH accept that neo-institutional and behavioural economic theories are instrumental in understanding the development of, and resultant differences between, regional markets yet maintain that such development occurs towards the prescribed goals of neo-classical economic theory. In short, regional market structures are variable and flexible and are influenced by the agency of those participating but market functions are universal to all regional settings and conform to neo-classical economic theory. From this perspective, the regional divergence of form is less consequential than the corresponding convergence in function.

This school of thought attempts to address the short-comings of the legal origins and political economic theories which prioritize path-dependent developments at the expense of contemporary agency, yet may over-compensate by prioritizing future developments at the expense of contemporary agency. The FSF model and the AMH both emphasize a supposed continuum of functional convergence towards neo-classical economic prescriptions in which contemporary agency is of limited consequence as it applies only to structural elements of market settings. Whereas the legal origins and political economic theories maintain that contemporary market settings can be understood based on an analysis of historic developments the FSF model and AMH maintain rather that this can be achieved only when the settings are understood in relation to normative neo-classical economic objectives.

Although each school of thought bears its own strengths and weaknesses, all three share a common over-arching shortcoming which significantly undermines their

applicability—each school of thought has presented a framework which treats the regional market setting under investigation as a closed system. Whether it is legal origins or political economic developments or localized behaviour and institutions in relation to normative neo-classical economic objectives, each school of thought addresses the market setting under investigation as an object within a vacuum. These theories are not so naive as to present the market under investigation as isolated from all other markets as they naturally expect some degree of inflows and outflows of trade within a globalizing economy yet they do seem to infer that any associated inflows and outflows of market-shaping influences, whether attached to such trade or not, are sufficiently inconsequential so as to be ignored. Although we may speak of the internationalization of nation-states (Glassman 1999) it appears that the leading theories of comparative corporate governance remain preoccupied with endogenous regional forces. Resultantly, none of these schools of thought provides an acceptable framework in their own right for the investigation of contemporary market settings.

2.1.2 Practical Shortcomings

Such shortcomings are clearly not reserved for the academic community as not only is the study of corporate governance incomplete but so is the practice, as recent global political economic events have made abundantly clear. Until relatively recently, and particularly within Anglo-American markets, issues of corporate governance rested predominantly with corporate managers given the traditional agency problems inherent to dispersed ownership and the resultant hurdles of collective action (Berle and Means 1932; Jensen and Meckling 1976; Coffee 1991). Yet as political economic settings have evolved and as we progress from a managerial capitalism towards a financial capitalism (Clark and Hebb 2004) such obstacles are becoming increasingly irrelevant. Power within financial capitalism is progressively aggregating within the hands of institutional investors thereby rekindling an interest in the rights and responsibilities of shareholders. It is now widely accepted that institutional

investors are the drivers of financial markets (Clark 2000; Davis and Steil 2001). With such large pools of capital and a necessity to diversify, following Markowitz's (1952) modern portfolio theory based on the analysis of risks and returns of individual equities within wider portfolios (Campbell and Viceira 2002), institutional investors have come to be 'universal owners' by which they own entire cross-sections of economies (Hawley and Williams 2000; 2005).

Given the significant responsibilities of institutional investors and their exposure to a diversity of industrial, national, and international financial settings it is of little surprise that their relationships with individual corporations are typically intermediated by additional financial service providers. With such clout, the financial intermediation industry does not rest in the shadow of the institutional investors which it evolved to serve but rather has blossomed to become a leading industry within the global economy replete with its own language, behaviours, and norms. The financial intermediation industry translates the real economy into a financial economy consumable by institutional investors thereby effectively directing global flows of finance (Clark and Wójcik 2007).

As a sub-sector within this intermediation industry, the corporate governance industry, populated by analysts, advisors, rating firms, and proxy voting services, arose to service the market for corporate governance as generated by an increasing demand by institutional investors (Rose 2007). Individual industry participants are operational within Anglo-American, European, and Asian markets, with certain participants being increasingly active across all markets. Given its reach and the fact that its principal clients, the institutional investors, serve as the "building blocks of the world's capital markets" (Sparkes 2002, p.4), the corporate governance industry maintains sufficient policy influence so as to act as a "voluntary corporate regulator" (Rose 2007, p.889). In essence, the corporate

governance industry is the predominant component of a community of practice (Amin and Cohendet 1999; Wenger 1999) which is defining the concept of corporate governance.

Within the corporate governance industry, the concept of corporate governance is often framed as a series of economic and legal institutions operating between shareholders, management, and the board of directors with the express concern of sustaining shareholder value (Shleifer and Vishny 1997). The identification of three distinct groups of actors linked together by distinct economic and legal interactions provides a high degree of measurability to the concept of corporate governance. This measurability facilitates economic modelling and the construction of aggregate metrics and hence corporate governance indices. To date, the corporate governance industry has relied primarily on such indices and aggregate metrics to offer a high degree of comparability while reducing monitoring costs thereby complying with the portfolio investment practices of their targeted client base.

The corporate governance industry came to prominence following academic efforts which documented a correlation between particular corporate governance metrics and corporate financial performance. The academic community has devoted much energy to constructing such an aggregate metric capable of identifying best-practice corporate governance. Scholars have predominantly focused on Anglo-American markets with increasing attention paid to the German and Japanese markets and a fledgling interest in emerging markets. The Gompers, Ishii, and Metrick (2003) corporate governance aggregate metric (G-score), based on U.S.A. data, is often credited with spurring the development of governance indices although it is increasingly coming under review. Bebchuk, Cohen, and Ferrell (2009) have successfully rationalized the G-score from 24 metrics to six metrics focused on corporate management entrenchment, suggesting that only select few corporate governance metrics are significant in determining corporate financial performance.

Although many of these initial aggregate metrics have been constructed from a legal origins perspective, as discussed above, there is a growing practical interest in a competing perspective which places corporate ownership structures, namely dispersed versus concentrated ownership, ahead of legal origins as deterministic of corporate governance structures (Bebchuk and Hamdani 2009). The novelty of corporate governance aggregate metrics built from a perspective of corporate ownership structures is that such metrics are no longer confined by national boundaries and hold the promise of becoming global in scope and applicability—a deep-seated aspiration shared by many within the corporate governance industry (Cornelius 2005).

In contrast to these efforts to construct aggregate metrics, however, a growing body of research questions the value of such metrics in general. Cremers and Nair (2005) have demonstrated that corporate governance mechanisms not reflected in the aggregate metrics significantly affect the correlation between the aggregate metrics and corporate performance. Furthermore, Brown and Caylor (2006) demonstrate that the correlation between aggregate metrics and corporate performance varies depending on the choice of performance measures employed. Similar concerns have been reported for Japanese corporate governance (Bauer et al. 2008a), for German corporate governance (Bassen et al. 2008), and for the case of emerging markets (Black et al. 2006). Of notable concern is the occasional negative correlation identified between individual components of aggregate metrics and certain performance indicators, such as compliance with the German Corporate Governance Code and Tobin's Q for the 100 largest German corporations (Bassen et al. 2008). In sum, Bhagat, Bolton, and Romano (2008) warn that the concept and practice of corporate governance may not be conducive to such reductionist metrics as corporate governance is more so idiosyncratic and less so standardized.

Such concerns, however, appear to gain little traction within the corporate governance industry. Rose's (2007) seminal contribution toward understanding the corporate governance industry highlights three significant apprehensions with its contemporary structure and culture. First, a clear conflict of interest exists when corporate governance analysts and rating firms also serve as corporate governance advisors. Second, many analysts and advisors are imposing corporate governance structures upon corporations for which little or no empirical evidence exists. Third, the industry has a strong penchant for a one-size-fits-all approach to 'good' corporate governance and resultantly prevents boards and managements from innovating within their idiosyncratic conditions.

In addition to these three principal concerns Rose (2007) also addresses the occurrence of 'methodology churn' by which service providers continuously alter rating and analytical methodologies, often without sufficient empirical support, in order to increase product demand. Resultantly, critics of the corporate governance industry argue that the standards and metrics are "based heavily upon clichés and myths, rather than on genuine research" (Sonnenfeld 2004, p.108). Further related to methodology churn is the fact that service providers within the corporate governance industry do not only churn their methodologies in order to differentiate their products from earlier versions but they also do so in order to differentiate their products from those of other service providers. The entire industry is premised on the belief that there is a universally measurable standard of good corporate governance. Theoretically, continuous modelling by all service providers should converge toward this universal standard, however, for reasons of sustaining a competitive advantage each service provider must ensure that such does not occur. Supporting these conjectural concerns, and building on limited previous research (e.g. Koehn and Ueng 2005; Bhagat et al. 2008), Daines, Gow, and Larcker (2010) provide the first broad-scale empirical analysis of the performance claims of the corporate governance industry. The study analyzed

the correlation between the corporate governance ratings from four of the larger service providers for 6,827 U.S.A.-based corporations and five performance metrics to conclude that corporate governance ratings are of limited, and in most cases no, predictive value.

The importance of understanding corporate governance, given the intricate relationship between society and corporations, cannot be overestimated. As an ambiguous concept corporate governance is currently defined by communities of practice consisting of stakeholders across academic, political, social and economic landscapes. These communities of practice, however, are increasingly dominated by the corporate governance industry as the industry's continued existence is reflexively dependent upon this developing discourse. That the corporate governance industry does not present a unified understanding of corporate governance has serious consequences given the industry's heavy influence among the communities of practice yet should not be surprising given each industry participant's desire to establish a competitive advantage by means of product differentiation. At issue is not an explicit criticism of the corporate governance industry, as it has simply developed to meet a market demand, but rather a criticism of the increasing prominence of the industry's conceptualization throughout the corporate governance communities of practice. It is questionable if the industry's conceptualizations are actually predicated on any empirical evidence or simply reflect market myths (Sonnenfeld 2004) as an analysis of the industry's predictive abilities finds that they are not as they claim (Daines et al. 2010). The spread of the industry's conceptualization is less so motivated by a wider recognition of its appropriateness and more so motivated by the industry's own commercial interests in defining and framing the concept. The industry, due to its size and prominent position as a service provider to universal owner institutional investors, has effectively become an additional corporate regulatory body with resultant consequences for corporate development and economic evolution (Rose 2007).

In essence, the industry has propagated a conceptualization of corporate governance based exclusively on the interactions of stylized corporations operating within identifiable economic and legal institutions in which space is a separate entity enlisted as a categorical variable to demarcate regional differences. Ultimately, the industry's aggregate metrics are less so models of real-world corporate governance but rather models of financial shareholder value. Such a conceptualization severely underestimates the real-world importance of corporate governance and negates significant compounding events and actors which do not clearly fit within the structural economic-legal institutional framework. In a time when corporate governance is a central theme among academic, practitioner, and legislative settings, a more complete understanding of corporate governance is sorely lacking.

2.1.3 The Problem

Clearly, academic interest in corporate governance is constrained wherein space, notably the unit of the nation-state, is often employed in order to compartmentalize observable differences in corporate governance yet few studies have subsequently employed the concepts of space and place to assist the understanding of such differences. Furthermore, the more normative studies go so far as to disregard space and place altogether as the truths being pursued are, by necessity of the ontological foundation employed, supposedly universally applicable. The disregard of space and place to date is rather intriguing as corporate governance is at the heart of economic activity and all such activity is embedded in space and place whether real or virtual (see Wójcik 2007 for a discussion of the real and virtual spaces of stock exchanges). Resultantly, there is a precise geography to economic activity, as outlined in far greater detail by Clark, Feldman, and Gertler (2000) and as belatedly acknowledged by economists themselves, such as Krugman's (1991) *New Economic Geography*; consequently there is a geography to corporate governance.

Furthermore, the practice of corporate governance, as directed by the corporate governance industry, is also constrained wherein actors and events which do not fit within the economic-legal structural institutionalist perspective are stylized into oblivion in efforts to increase the industry's products' quantifiability and measurability, hence enhancing comparability. Unfortunately, the shortcomings within the academic sphere of corporate governance are not offset by the strengths of the practical sphere, nor vice-versa, but rather both the academic and practical shortcomings combine to produce a glaringly incomplete understanding of contemporary corporate governance.

2.2 Establishing a New Research Agenda

Establishing a corporate governance research agenda, which is effectively the ultimate goal of this thesis, presents a particular pre-requisite: namely, that I first provide a conceptualization of the corporation—the investigation of how a corporation is governed can only be undertaken subsequent to clarifying what is being governed. Theories of the firm abound and there is little reason to expect a consensus emerging any time soon as the debates concerning the operation, the form, and the function of the corporation have remained heated since the beginning of the twentieth century. Herein I will strive to present a generalized and utilitarian understanding of the corporation which will serve as a foundation for continued research.

Classical and Neo-classical economists have long sought to understand and model the organization of the corporation. Seminal contributions by Knight (1921) presented the firm as organized for the distribution and dilution of risks and those by Coase (1937) presented the firm as organized for the reduction of transaction costs. These two founding theories need not be read as discrepant as Demsetz (1988) has argued that a central pillar of both theories is the firm as organized to reduce the costs involved in producing, maintaining, and using

knowledge. Following, theories of the firm continued to proliferate with little consensus as Machlup (1967) had identified over 20 distinct theories of the firm. Given the continuing absence of a widely accepted theory of the firm, economists themselves have questioned the validity of their models as “[m]ost models of the firm are extremely rudimentary, capable only of portraying hypothetical firms that bear little relation to the complex organizations we see in the world.” (Hart 1989, p.1757).

The absence of a widely-agreed upon theory of the firm is not characteristic solely of the discipline of economics as no other academic discipline has yet managed to construct and distribute such an understanding. Even within the discipline of economic geography, a discipline which has prided itself on its ability to combine understandings of economic activity and the contextual details of space and place, a widely-accepted theory of the firm has yet to arise as many contenders to date continue to treat the corporation more so as a black-boxed irreducible unit of analysis within larger theories of economic activity and less so as an actor to be studied in its own right (Taylor and Asheim 2001). I accept, therefore, that there is currently no holistic theory of the firm upon which to establish a corporate governance research agenda.

Yet although there is little reason to expect a consensual understanding of the corporation to materialize any time soon there is an emerging degree of consensus across the social sciences regarding particular characteristics of the corporation. It is increasingly accepted that the corporation is less of a uniform and irreducible entity and more so a complex and problematic object (Thrift and Olds 1996; Schoenberger 1997; Yeung 1998a). In essence, the corporation is not a rational and cohesive decision-making organization but rather one in which internal power relations are highly contested (Halford and Savage 1997). Unlike the neo-classical theories of the corporation, the more socialized perspectives contend that the corporation is not driven by common purpose and strategy (Schoenberger 1998;

McGrath-Champ 1999; Thrift 2000). Instead, the actual driving force of the corporation arises from the compromise of competing logics and aspirations rather than rational singularity (O'Neill and Gibson-Graham 1999; O'Neill 2001). Such competing logics and aspirations are anchored in individual agency and environmental constraints and are thus time specific thereby generating the conceptualization of the corporation as a temporary coalition (Taylor 1999). In essence, the corporation is not a uniform entity but is rather constituted and operationalized through collective agency (Clegg 1989).

In sum, the corporation is perceived not as a replicable, rational, singular and profit-maximizing entity but rather as a temporary socio-spatial aggregation of various economic actors replete with competing logics and perspectives. Each actor is embedded in its own series of social relations and institutions which are both temporally and spatially constrained. Competing logics and perspectives, in turn, are subject to individual agency while at the same time constrained by environmental context. These understandings do not produce an aggregate theory of the firm upon which to base normative strategies but are sufficient to provide a foundation upon which to construct a more positive corporate governance research agenda. Within this framework, it is easy to understand that the forms and functions of corporations are relatively flexible. This flexibility engenders the potential for the convergence or divergence of corporate forms and functions across space and time and hence lies at the heart of corporate governance.

2.2.1 The Geography of Finance: Bridging the Gap

Having addressed the basic characteristics of a corporation I can now return to the discussion of the theories of regional determinants of corporate governance. As discussed above, the legal origins theories, political economic theories, the Functional and Structural Finance model, and the Adaptive Markets Hypothesis have long been perceived as the predominant theories explaining regional systems of corporate governance yet are all equally inadequate in

doing so in an economically globalized and financialized world. A more recent theory has emerged which carries with it the potential to bridge this particular short-coming. This school of thought has been most clearly enunciated by economic geographers although it draws on, and remains applicable to, nearly all of the social sciences. Here I am referring to the geography of finance (Clark and Wójcik 2007). The theory is increasingly being presented as the 'financial thesis' (Monk 2009) in efforts to showcase its broader appeal; herein, however, I will continue to refer to it as the geography of finance so as to render explicit the perspective, one which I share, of the continued importance of geography in a globalizing world. The geography of finance takes seriously the rise of financial capitalism and claims that understanding contemporary political economic developments and settings and any divergence or convergence therein firstly entails identifying how these settings engage with global finance (Clark et al. 2009). It recognizes the convergent power of global finance however does not recognize the supposedly inevitable consequences of such for regional market settings; instead, it perceives all market-based actors as being embedded within the pricing mechanism of global finance while simultaneously embedded in regionally-specific histories and geographies which act as filters to this latter (Clark and Wójcik 2007).

Global finance is premised on the flow of money from one region to another and the nature of these particular flows is what is important in understanding the consequences for regional actors embedded within. Of the many characteristics of money perhaps none are more important than the reality that money is owned (Clark 2005). Regardless of the global flow of money, individual sums are ultimately tied to specific owners which are embedded within their own geography and history and carry with them their respective perspectives of accountability. Resultantly, flows of money challenge the institutions, norms, and practices to some degree wherever and whenever they are inserted (Blackburn 2002; Dixon and Monk 2009). Finance is not neutral and all characteristics of those actors on the receiving end of a

flow of money will be priced in relation to the characteristics of those actors from whom the flows of money originate.

In essence, the geography of finance does not supplant the legal origins theories or the political economic theories but rather places them within a larger framework. Similar to the FSF model and the AMH, the geography of finance also accounts for neo-institutional and behavioural economic realities yet differs by not prescribing any normative neo-classical economic goals to their outcomes. Whereas the previously discussed schools of thought conceptualized any regional market setting under investigation as a closed system the geography of finance approach internalizes the fact that finance can challenge the autonomy of such supposedly closed systems (Clark and Hebb 2004). As Hebb and Wójcik (2005) have demonstrated within their framework of the institutional investor value chain, individual institutional investors, those being the foundations of contemporary financial capitalism (Clark 2000; Hawley and Williams 2000; Davis and Steil 2001), located in one jurisdiction can significantly alter the regulatory and institutional landscapes of other jurisdictions simply by altering the characteristics of their flows of money. In their research, Hebb and Wójcik (2005) document how the California Public Employees' Retirement System's (CalPERS) decision to not invest in corporations located within certain foreign jurisdictions demonstrating trends of poor shareholder protection, emerging market nation-states in this case, served as a catalyst for the reform of the associated regulations and institutions. Yet the altering influence of finance is not exclusive to emerging markets as Bauer, Braun, and Clark (2008b) have demonstrated that global financial pressures are leading some larger German corporations to become more shareholder-oriented and less stakeholder-oriented, a characteristic for which the German model of corporate governance is traditionally known (Lazonick and O'Sullivan 2000).

Although the geography of finance research agenda revolves around the power of global finance it does not make any normative claims as to actual convergence. Rather, the geography of finance is a positive research platform which seeks to address the importance of local characteristics as well as the interconnections of localities in understanding contemporary market settings—it is simultaneously a bottom-up approach which recognizes the deterministic value of local geographies and histories and a top-down approach which recognizes the actual and the potential consequences of the globalization of finance.

The homogenizing potential of global finance, however, must be qualified. To date, it would appear that any convergence of national models of corporate governance has been occurring in terms of function but less so in terms of form (Gilson 2001; Bauer et al. 2008b). In essence it would appear that we are witnessing the global spread of shareholder prominence which has traditionally been characteristic of few markets other than those of the U.K. and the U.S.A. (Lazonick and O’Sullivan 2000). At first glance, the spreading motivation of maximizing shareholder value would appear to conform to the FSF model and the AMH in that the functional objectives are uniform across regions and supposedly predictable along neo-classical economic theory while the actual forms of the structural elements required to achieve such objectives remain flexible. Such a reading of global finance, however, is overly simplistic and presumptuous.

It is precisely the dictum of maximizing shareholder value which introduces the potential for greater heterogeneity in both corporate form and function within and across regional economies. The term shareholder is herein used to identify any actor or group of actors to which the ownership of flows of money can be attributed and by extension any concerns of related accountability. Much of the economic literature has long treated shareholders as a rather uniform group of autonomous, rational, and fully-informed actors thereby transforming them into a black-box which serves to anchor the efficient market

hypothesis (Fama 1970), yet a growing body of literature has cast significant suspicion upon such neo-classical assumptions.

Kahneman and Tversky (1979), in their seminal contributions which helped launch the sub-discipline of behavioural finance, demonstrate how financial actors' decision-making abilities are dependent upon the context within which their decisions are occurring: in terms of generalized trends, they discuss how financial actors are increasingly risk-seeking under a context of potential gain yet surprisingly risk-averse under a context of potential loss. Shiller (2000) has further demonstrated that individual financial actors often fall prey to herd behaviour in that the decision-making abilities of even the most rational and analytical actors can be influenced by the behaviour of others regardless of how irrational it may appear as long as a sufficient number of other actors display the behaviour in question—reference the DOT.COM bubble as an example. Clark, Caerlewy-Smith, and Marshall (2006) have approached the phenomenon of behavioural finance from the perspective of the decision-making abilities of purported financial experts and have demonstrated that the decision-making abilities of pension fund trustees are not distinguishable from those of undergraduate university students in that both groups of actors rely predominantly on heuristics as opposed to a more rational, analytical, and objective approach (from a neo-classical economic perspective) when faced with financial decision-making scenarios. These three examples certainly do not provide a compendium of the behavioural finance literature but should suffice to expose the fallacies of neo-classical economic assumptions of the rationality and autonomy of shareholders.

If we open the black-box of corporate governance known as 'the shareholders' then we also open the dictum of maximizing shareholder value for discussion. If we no longer perceive shareholders as being rational, autonomous and fully-informed economic actors then what exactly are shareholder values and how can they be maximized?

The population of shareholders operating within the globalized financial world is far from homogeneous but can be broadly separated into two camps: the individual and the institutional shareholders. Clearly, individual shareholders are prone to heterogeneity as each is beholden to their own perspectives and values. Proponents of the efficient market hypothesis, however, may argue that any heterogeneity within the sub-population of individual shareholders is inconsequential given the market dominance of institutional shareholders which are supposedly beholden to a uniform standard of rationality by means of fiduciary duty. Yet, as Ryan and Schneider (2002) have clearly delineated, the legal, social, economic, and political antecedents of the wide variety of institutional shareholders leads to great heterogeneity among their respective decision-making abilities, investment horizons, and proclivity towards either active or passive management styles.

The heterogeneity among institutional shareholders is evident when we consider even only a few different classes of such shareholders. Perhaps the most important class are the pension funds, and particularly those which provide defined benefits (Clark 2000). Such shareholders have fuelled the growth of Anglo-American markets throughout the latter half of the twentieth century and are increasingly shaping markets world-wide (Dixon 2008). Even within this class homogeneity is hard to find as public pension funds are highly politicized vehicles (Impavido 2002) whereas private pension funds, typically sponsored by an employer corporation, are often used as assets within the competitive landscape or viewed as accounting legacies and liabilities to sustained competitive advantage (Monk 2008). Clearly, these different types of pension funds will internalize varying values as well as strategies concerned with maximizing such values.

The secondary importance of pension funds is that they rely heavily upon financial intermediaries to perform their bidding. Increasingly these funds have been relying on hedge funds and private equity funds which provide interesting examples of institutional

shareholders as they are typically regulated differently than most institutional shareholders thereby allowing for far less transparency and are increasingly active in the markets for corporate control and corporate governance (Kahan and Rock 2007). These funds typically hold entrenched ideals as to the proper form and function of individual corporations and retain sufficient financial clout so as to ensure that their ideals are implemented. Each fund's perspectives of value and related corporate form and function are considered a competitive advantage within the world of financial intermediation and are likely to be distinct from those of other funds.

Also included in this sector of institutional shareholders are sovereign wealth funds—a clear combination of financial interests and political motivation. Take for example the Norwegian Government Pension Fund-Global which aggregates the royalties from the country's vast oil and gas resources and invests world-wide. As of November 2004 the fund has an explicit ethical mandate which is established by a government-appointed committee and allows for the negative screening of corporations regardless of jurisdiction (Gjessing and Syse 2007). The fund removed Wal-Mart Stores Inc. in 2006 due to the potential for serious or systemic human rights violations and Rio Tinto Ltd. in 2008 due to severe environmental damages, to name but a few examples. Many other corporations have been removed from the fund's investment universe due to concerns over weapons and militarization, health, and social justice. Clearly, the fund's values are being exported across national boundaries and influencing the global competitive landscape. Although the importance of this individual fund should not be underestimated it must be understood in relation to the increasing importance of sovereign wealth funds originating from the Middle East and Asia—the potential heterogeneity of values is clear.

Further contributing to the heterogeneity within the institutional shareholders are those shareholders which subscribe to socially-responsible mandates. Although there exists a

variety of such mandates the shared foundation is one in which investment decision-making occurs with respect to the social and environmental, and not only (nor in some cases primarily) to the financial, impacts of the proposed investments (Kinder 2005). Such investment strategies are quickly evolving as international organizations are arising to promote their related benefits. A leading such organization is the United Nations Principles of Responsible Investment (UN PRI) whose signatories (which include 718 asset owners, investment managers, and professional service providers as of early 2010) hail from over 40 different nation-states and control over \$18 trillion USD. Combining with this sub-population are not only the institutional shareholders who become special interest activists (Graves et al. 2001; Rehbein et al. 2004) but also the formerly non-financialized special interests activist groups which become shareholders in order to gain greater leverage over corporate development (O'Rourke 2003). Given the subjective nature of social and environmental values, the potential heterogeneity of values within this sub-population of institutional shareholders requires little explanation.

In connection with the reality that all institutional investors maintain distinct social, political, economic, and cultural values which may influence their decision-making abilities and outcomes is the reality that institutional investors are increasingly capable of overcoming collective action problems due largely to their increasing market presence and decreasing information technology barriers (Gordon 2008). Traditional argument holds that institutional investors are not expected to engage corporate managements in efforts to influence respective corporate forms or functions as they would shoulder the full costs of such behaviours while only recovering a portion of the gains (Jensen and Meckling 1976; Coffee 1991). Yet the increasing importance attributed to intangible assets in a competitive corporate landscape (Lev 2001), including both social and environmental, is changing the associated landscape of risks which institutional investors must navigate thereby leading to the claim that institutional

investor corporate engagement is in many cases less so a matter of choice and more so a matter of necessity (Pozen 1994; Clark and Hebb 2005). Naturally, not all institutional shareholders are equally engaged and active in the market for corporate governance but the reality is that not all need to be in order to influence the discourse within which all corporations, shareholders, regulators, and political actors are operating—the consequences of which are significant (Hebb 2008).

In sum, the geography of finance school of thought maintains that regional market settings are shaped by a combination of local social, political, economic, and legal variables interacting with flows of finance which themselves are embedded in extra-local combinations of social, political, economic, and legal variables. The flows of finance are accountable to actual owners, be they individuals or institutional groupings. The greatest potential weakness of this perspective comes not from the theory itself but rather from the often-held assumption that the owners of the flows of finance behave in rational, efficient, and fully-informed manners predictable by neo-classical economic theory thereby resulting in a global convergence of market settings driven by global finance. The geography of finance school of thought makes no mention of expected behaviours and decision-making abilities of shareholders but rather states that whatever these behaviours and abilities may be they are exported along with the flows of finance to which they are attached.

2.2.2 The Geography of Governance: A Research Agenda

The strength and applicability of a new research agenda comes not from discarding the wealth of knowledge previously accumulated under various schools of thought and later attempting to install a new school of thought but rather from its ability to place the previously accumulated knowledge within a different context and to subsequently build from it. With this in mind, the corporate governance research agenda proposed herein does not seek to rebuff and replace the legal origins, political economic, FSF/AMH, or even the geography of

finance schools of thought but rather to integrate their respective strengths and applicability and establish an agenda for future research.

Any corporate decision-making process occurs within a series of social, political, economic, and legal settings which conform to predominant institutional and jurisdictional boundaries. To date, the legal origins school of thought has been instrumental in enriching our understanding of the global variety of legal institutions and settings within which corporations are operating. In parallel, the political economic school of thought has been equally instrumental in enriching our understanding of the variety of political and economic settings while the social sciences in general have done the same regarding a variety of social and cultural landscapes. Yet all these schools of thought have yet to fully explain any inter-jurisdictional interaction and influence among the global distribution of such settings—a task for which the geography of finance school of thought is particularly well suited.

In essence, our current stock of knowledge, with respect to corporate governance, permits us a well-developed understanding of the decision-making context within particular jurisdictions, typically at the level of nation-states, as well as an understanding as to how these jurisdictions may be connected by means of flows of finance, which need not be considered neutral in a traditional neo-classical economic sense. With extant maps of legal origins and political economic settings, the task at hand is to map the interactions between and within jurisdictions including the actors involved in such interactions and the influences portrayed. In short, there is a geography of corporate governance and in an era of economic globalization this geography is bound to be, in most cases, multi-jurisdictional—with flows of finance come flows of governance. Such an approach to corporate governance research is firmly rooted in a positive rather than a normative epistemological foundation. Consequently, research must proceed in an iterative yet unassuming manner. At its heart, this research

agenda maintains that corporate governance is a context-specific and idiosyncratic process to be investigated but seldom modelled.

The geography of corporate governance is apparent when corporate governance is understood as an exercise in decision-making. Accepting this perspective entails that corporate governance is not a singular concept but rather an aggregate concept composed of two principal components. The first consists of the context within which the decision-making process occurs, in other words the environmental (historical and geographical) component, and the second consists of the actors involved in the decision-making process itself, in other words the agents. As Simon (1956) contended over half a century ago, the analysis of human behaviour, including decision-making, must account for both the cognitive limits of agents and the structure of the environments within which they are embedded. This research agenda will be developed and validated throughout the remainder of this thesis.

Chapter Three

A Corporate Geography of Canada

3.1 Introduction

In order to understand decision-making we must first identify the landscape of environmental contexts within which the decision-making processes are embedded. In the case of corporate governance, decision-making is predominantly constrained by the environmental context of regulatory frameworks which arise from an interaction of legal origins (La Porta et al. 1997; 1998; 1999) and political-economic developments (Roe 2006). To date, corporate governance scholars have focused predominantly on the models of the U.S.A., U.K., Japan, and Germany (Hopt et al. 1998) and research is increasingly discussing models of corporate governance in emerging markets (Lins 2003; Klapper and Love 2004). Apart from cursory overviews within multi-national analyses, the Canadian model of corporate governance, however, is seldom discussed. This is surprising given Canada's sophisticated financial markets (Mittoo 2006), its well established position in global trade (e.g. Innis 1956), its resilient banking sector thought to be worthy of being emulated in the face of the global financial crisis of 2008 (Ratnovski and Huang 2009), and its general characteristics belonging to the cadre of Anglo-American markets of which international standards are thought to increasingly resemble. It is often assumed that the Canadian model of corporate governance is an extension of the U.S.A. model, however the limited research carried out to date casts suspicion on this assumption.

The U.S.A. model of corporate governance can be understood as arising from an inter-state competitive market in corporate law under broad reaching federal oversight (Roe 2005). Given the lucrative market for incorporations, including associated fees and legal services, states compete against each other in a supply-side market of corporate law (Romano 1985). The competition appears to be predominantly contested between states seeking to retain their in-state incorporations and the State of Delaware which is determined to attract all out-of-state incorporations. More than 50 percent of all public corporations are incorporated in Delaware from which nearly 20 percent of the state's revenues arise. New York is the second preferred destination for incorporation with approximately five percent of all public corporations (Daines 2001). The U.S.A. market for corporate law is divided between those who view competition as leading to lower standards of shareholder protection and increasing managerial power (Cary 1974; Subramanian 2004) and those who view competition as leading to improved shareholder protections (Winter 1977; Romano 1993; Daines 2001).

In contrast, Canadian corporate law has evolved in a political landscape devoid of any significant inter-jurisdictional competition (Cumming and MacIntosh 2000; 2002). Furthermore, Canadian corporate ownership differs from the widely accepted U.S.A. model of diffused ownership (Berle and Means 1932) and is characterized by the presence of significant controlling shareholders and pyramidal business groups (Morck and Yeung 2006; Valsan 2010). A rich history of comparative research regarding interlocked corporate directorates in Canada and the U.S.A. demonstrates a stark divergence in the development of these national knowledge transfer networks (see notably Green 1983; O'Hagan and Green 2002a, b; 2004) thereby providing further evidence of disparities between these two national models of corporate governance.

Additionally, Canada's political economy presents a unique case for corporate governance. According to Harold Innis' seminal work on the country's economic

development since the original European settlers, Canada has developed as a resource hinterland supplying staples to other nations and relying on these markets for capital and technological inflows (Innis 1930; 1933; 1954; 1956). Interestingly, Canada's rising income levels and post-war consumption did not end the economic reliance on resource exports, as expected under traditional dependency theory, thereby leading contemporary Canada to demonstrate social relations of advanced capitalism within economic structures of dependency (Drache 1982; 1983); a political economic situation which has been labelled 'mature dependency' (Hammer and Gartrell 1986). Furthermore, the significantly concentrated power of the economic elite, the small size of the middle-level investing class, and the large proportion of productive resources which are owned extra-nationally have rendered the relationship between corporate power and social structure in Canada atypical among industrialized societies (Porter 1965, Clement 1975).

In this chapter, I supplement the above literature with an analysis of the corporate geography of Canada. I maintain that the economy is a complex system which is both spatially distributed and embedded (Martin and Sunley 2007) and seek to account for Canada's rather unique political economic development and territorial heterogeneity. Resultantly, I draw four principal conclusions contributing to the understanding of the Canadian model of corporate governance:

1. There is in fact a Canadian model of corporate governance distinct from the U.S.A. model.
2. The Canadian model is distinctive for its pronounced multi-jurisdictional character arising from the Canadian model of federalism.
3. There is no evidence of inter-jurisdictional regulatory arbitrage leading to convergence toward a single national model of corporate governance.

4. The lack of regulatory arbitrage is potentially leading to provincial regulatory lock-in and associated managerial entrenchment.

The remainder of this chapter is presented in five sections. Section two provides an overview of the Canadian model of federalism. Section three provides a discussion of the corporate regulatory frameworks in Canada with attention paid to the separation of federal and provincial powers and the potential for regulatory arbitrage. Section four provides an original analysis of the corporate geography of Canada from which arises the distinctive Canadian model of corporate governance. Section five discusses the implications of this multi-jurisdictional model of corporate governance and section six concludes with an eye to future research.

3.2 Canadian Federalism

Canada was originally formed as a federation of four provinces under the British North America Act of 1867. The federation was adopted as the national framework in order to both recognize and maintain regional differences (Richard 2005) which arose from the cultural differences of the varying resource-dependent colonies, and subsequently provinces (Innis 1930). The federation has since grown to include ten provinces and three territories (see Map 1). Canada is the third oldest federation in the world, after the U.S.A. and Switzerland (Watts 1999) and is home to 33.3 million inhabitants (as of December 31st, 2008) spread across a land area of 9,984,670 km² (Statistics Canada 2009a; 2005).

Federal powers and responsibilities apply to all Canadians while each provincial government remains sovereign within its own territory (Van Loon and Whittington 1987). The British North America Act of 1867, which was repatriated as the Canada Act 1982, provides for significant federal government authority. This authority, however, has significantly eroded over the last few decades. Following WWII, the federal government

assumed a position of leadership in financing social provision throughout Canada, yet in the mid-1970s the federal government began to focus increasingly on eliminating the national deficit and therefore was forced to limit fiscal transfers to the provinces. From this period onwards the vast majority of social programs were increasingly administered in a series of shared-cost arrangements with individual provinces thereby eroding the federal government's position of leadership (Boismenu and Graefe 2004). Federal goodwill was further undermined as each province sought to highlight their differences within the federation thereby requiring unique federal-provincial arrangements (Brock 2008).

Although some claim the federal government is employing a unilateral approach in its mission to regain leadership (Hobson and St.-Hilaire 2000), most observers appear to agree that the approach is more so one of collaborative federalism (Inwood 2000; Cameron and Simeon 2002). Under the heading of collaborative federalism, the federal government is expected to govern not from a federal-provincial hierarchy but rather to embrace provincial differences and seek solutions within a partnership framework. Furthermore, provincial governments are expected to collaborate among themselves on initiatives in which the federal government remains absent (Cameron and Simeon 2002). In essence, national policies are formed by a series of federal-province and province-province arrangements as economic developments and the resultant political responses have led to a de-centralization of the state (Magnusson and Walker 1988).

Within this asymmetric federalism provinces have the option of participating in federal programs or of determining for themselves how to administer resources provided by the federal government, as was the case in Quebec's decision to not participate in the nationwide Canadian Pension Plan but instead to develop the Quebec Pension Plan (Richard 2005). This asymmetry is not enshrined within the constitution but has been established by successive negotiations and compromises among the federal and provincial political regimes.

The result is a division of powers which on the one hand has been admired as having “the virtue of being flexible, and readily adaptable to changing circumstances” (Leo 2006, p.487), and on the other hand as being ‘chaotic’ (Norrie et al. 1986).

Adding to the tension is the fact that Canada is one of only fifteen bijural countries in the world (Richard 2005). The Province of Quebec, originally French Canada, has diligently guarded its culture, language, and civil law heritage, so much so that it has officially been recognized as a nation within a nation (Hansard 2006). Resultantly, “official legal culture is neither French nor English, neither civil law nor common law; instead, it is all of these together, with all the ambiguity that such complexity entails” (Richard 2005 p.23, drawing on L’Heureux-Dubé 2002).

From the beginning Canadian governance has been problematized by a desire to establish national policies while respecting significant regional differences, claiming “[t]hat diversity necessarily imports inefficiency is nothing to the point: the Canadian priority is nation-building, not efficiency” (Hurlburt 1987, p.391). Canada’s low population density has led to significant economic regionalization and contemporary governance is further problematized by a growing desire for deeper federalism in which national policies not only recognize regional differences in terms of varying provincial settings but also increasingly recognize community differences (Leo and Enns 2009).

Canadian federalism and its inherent tensions raise significant issues for efficient and harmonized policies regarding nearly all aspects of national and regional governance. These tensions in jurisdictional authority in addition to a low population density divided along cultural, economic and geographic lines and a wealth of natural resources has led to a distinctive business environment (Innis 1956; Taylor and Baskerville 1994).

3.3 Corporate Regulatory Frameworks

3.3.1 Corporate Law

Firms seeking to incorporate in Canada have the choice of fourteen jurisdictions within which to do so, namely the federal and the thirteen provincial and territorial jurisdictions. The degree to which this resembles a competitive market for corporate law remains little researched. Daniels (1991) argues that the creation of the Federal Canada Business Corporations Act in 1975 and the resultant adoption of similar statutes by the majority of the provinces is evidence of a fledgling competitive market. Yet, Cumming and MacIntosh (2000) have empirically demonstrated that a competitive market in corporate law is significantly limited. On the demand-side, corporations did demonstrate law-shopping behaviour between five of the fourteen jurisdictions, however economic activity levels of individual provinces were a more significant determinant in the choice of incorporation. Additionally, there was no statistical support for a supply-side based competition in corporate law. In a further review of re-incorporations within Canada after 1975, Cumming and MacIntosh (2002) determined that inter-provincial re-incorporations were driven more so by concerns of transaction costs of carrying on a business whereas federal re-incorporations did demonstrate a degree of law-shopping.

Similar characteristics of the market for corporate law in Canada are identified by both Daniels (1991) and Cumming and MacIntosh (2000; 2002), although in the case of the former the characteristics are perceived as being minor hurdles to be overcome by market participants desiring to establish a competitive market whereas in the latter the characteristics are perceived as significant limitations to the development of a competitive market. First, the federal incorporation fee was traditionally the most expensive at \$500 but has recently been reduced to \$250; therefore no jurisdiction is dependent on incorporation revenues. Second, no

province has yet established a unique corporate jurisprudence. Given the scarcity of provincial court rulings on corporate law, provincial courts regard other provincial rulings as precedents thereby diluting any distinct provincial body of corporate law. Furthermore, the Supreme Court of Canada is the highest court of appeal and its rulings apply to all provinces; however the Supreme Court does not typically address corporate issues as its docket remains full of constitutional queries.

Although the market for corporate law may be limited, it is important to note that federal and provincial corporate laws are not identical. A review of the individual Corporations Acts which I carried out in May 2009 concerning board composition, arguably a preeminent factor in corporate governance (Gompers et al. 2003; Bebchuk et al. 2009), revealed the following:

- All jurisdictions require a minimum of three directors, except Nova Scotia with a requirement of at least one director.
- The Federal, Newfoundland, Ontario, Manitoba, Saskatchewan, and Alberta jurisdictions require that at least 25 percent of directors be resident Canadians. The other jurisdictions have no residency provisions.
- The Federal, Newfoundland, Manitoba, Saskatchewan, Alberta, and the three territorial jurisdictions require that at least two directors be independent. Ontario requires that at least one third of directors be independent. The remaining jurisdictions have no provisions for independent director requirements.
- Quebec and Nova Scotia require that directors own shares of the corporation they serve whereas the remaining jurisdictions do not.

Both Daniels (19991) and Cumming and MacIntosh (2000; 2002) agree that the introduction of the federal Canada Business Corporations Act in 1975 served to encourage

the provinces to adopt similar statutes at risk of losing incorporation business; however, since 1975 the federal act has remained relatively neglected whereas many of the provincial acts have undergone more significant amendments thereby giving rise to the differences mentioned above. The federal government is therefore at the trailing edge of any supply-side competition for corporate law regardless of how limited this competition may be.

3.3.2 Securities Regulations

Securities regulations are a significant force shaping corporate form and function in Canada especially as securities regulations have become significantly intertwined with corporate law (Moyer 1997). Securities regulations fall entirely within provincial jurisdiction and there is currently no constitutional remit for a federal presence.

There are thirteen securities regulators participating in the oversight of capital markets in Canada. Each securities regulator is created by provincial legislation and all are distinct from each other in their approaches to regulation and policy formation. Notably, the regulators fall along the spectrum stretching from principles-based regulations, anchored by British Columbia, to rules-based regulations, anchored by Ontario (Ford 2008). Furthermore, some provincial regulators are self-funded and independent commissions while others are embedded within larger governmental departments.

The benefits and costs of such a system have been a point of contention between the provinces and the federal government for decades with the most recent Expert Panel on Securities Regulations in Canada commissioned by the Federal Department of Finance recommending the creation of a single national regulator, concluding that:

[...] the current structure fundamentally misallocates resources, causing securities regulation to be less efficient and effective. Resources must be devoted to keep 13 separate securities regulators operating in Canada. This is inefficient since each jurisdiction dedicates a different level of resources to securities regulation, which causes the intensity of policy

development, supervision, and enforcement activities to vary across Canada. (Hockin Report 2009, p.40)

The thirteen regulators are often perceived as introducing inefficiencies for both issuers and investors alike (Anand and Klein 2005). Additionally, the International Monetary Fund continues to push for a single regulator citing the presence of thirteen sub-national regulators as an impediment to efficiency in Canadian markets (IMF 2008). That the debate has continued for so long is evidence that it is less concerned with market efficiency and more concerned with the politics of federalism (Jordan 2008).

Although the passport system, in which each issuer is appointed to one particular provincial securities commission as a principal regulator, is a step towards greater harmonization it in fact does very little to overcome the multi-jurisdictional nature of the Canadian securities regulatory landscape from the perspective of individual corporations. Currently, the passport system only includes the review of prospectus filings and exemption requests whereas all other aspects remain under the jurisdiction of separate provincial commissions. Provincial commissions are unlikely to voluntarily harmonize additional regulations as to do so would be perceived as a divestiture of constitutional authority. Currently, each commission gains jurisdiction over corporate affairs when a non-trivial number of shares are owned within the province regardless of the corporation's jurisdiction of incorporation. As such, securities regulations in all thirteen provincial jurisdictions, and the differences therein, are liable to play a significant role in determining corporate form and function.

3.3.3 Context-Specific Regulations

Although corporate and securities laws form the cornerstone of the regulatory frameworks determining corporate form, additional regulatory domains play a significant role in determining corporate function. Although not addressed in full detail in this thesis, numerous

other pertinent regulatory frameworks remain within provincial jurisdictions, such as: labour rights (Bruce 1989); minimum wage legislation (Baker et al. 1999); governance of tertiary education institutions (which provide an educated labour force and product innovation) (Jones 2002); and environmental regulations (which effectively determine natural resource development) (Harrison 1996; Cameron and Simeon 2002).

Furthermore, all corporations pay standardized federal taxes as well as individually-determined provincial taxes. In 2009, provincial corporate income taxes ranged from a low of 10 percent in Alberta to a high of 16 percent in Nova Scotia and Prince Edward Island in addition to a federal general corporate income tax rate of 38 percent which decreases to 19 percent after abatements, deductions and reductions (KPMG 2009a). Provincial personal income tax rates range from a low of 5.06 percent in British Columbia to a high of 16 percent in Quebec, in conjunction with a federal rate of 15 percent (rates based on lowest taxable income brackets) (KPMG 2009b). Such tax codes may be a significant determinant in corporate strategy as a corporation which carries on business in multiple jurisdictions as one corporate entity must allocate taxable income according to a formula based on distribution of sales and payroll among provinces whereas a corporation which carries out business in multiple jurisdictions through separate registered subsidiaries is not required to allocate taxable income (Mintz and Smart 2004).

It is expected that the inter-provincial variations in regulatory frameworks will be a factor in determining the location of corporate operations. Geographers have long been interested in the distribution of corporate operations (e.g. Amin and Thrift 1992; Harrison et al. 1996; Markusen 1996). Although tensions remain as to the cause and effects of different distribution patterns (compare Porter 2000 with Martin and Sunley 2003), few would disagree that corporate location is an integral component of competitive strategy.

As corporations increasingly make use of subsidiaries, temporary partnerships, spot-market supply chains and out-sourcing, corporate location becomes an increasingly fluid concept. As such, I employ the location of corporate headquarters as a proxy for corporate location in the following analysis of the corporate geography of Canada. This methodology rests on two critical assumptions: 1) The headquarters operates as the hub of corporate decision-making recalling that corporate governance is effectively an exercise in decision-making; and 2) The headquarters will be strategically located to generate a competitive advantage, following the long-established understanding that Canadian corporate influence is concentrated in its headquarters' location (Semple and Green 1983). Following, it is understood that the regulatory frameworks of the jurisdiction within which the headquarters are located entails greater consequence for corporate form and function than do the regulatory frameworks of other jurisdictions where the corporation carries on business.

3.3.4 Regulatory Arbitrage

The regulatory landscape over which the boundaries of corporate form and function are determined is built on a separation of powers between the provincial and federal governments. Although the federal government is present in most regulatory settings it remains secondary to its provincial counterparts. When analyzing the Canadian model of corporate governance it is important to recognize the nation as a mosaic of sub-national regulatory frameworks and not as a harmonized entity. This system of loose federalism creates a fertile landscape for regulatory arbitrage (Noam 1982).

Analyses of regulatory arbitrage are often undertaken with an eye to the distribution of multi-national corporations (Dicken 1992; Yeung 1998b) however the explanatory models are equally applicable to multi-jurisdictional settings in which corporations have the freedom to operate across jurisdictional boundaries but in which regulatory frameworks are constrained by these same boundaries, even if those jurisdictions happen to be at a sub-

national level. Within these multi-jurisdictional settings, corporations are expected to distribute their operations based first on access to markets and resources and second on the applicable rules of operation (Dicken 1992).

Understandably, the heterogeneous distribution of population centers in Canada is of little concern for corporations focused predominantly on export markets yet may be of significant importance for access to domestic markets. The most attractive domestic markets are in jurisdictions with high population and income levels (Table 1). Nearly 86 percent of the Canadian population resides in the provinces of Ontario (38.8%), Quebec (23.3%), British Columbia (13.2%), and Alberta (10.8%). These four provinces also have some of the highest median annual family incomes thereby making them some of the most attractive domestic markets in Canada. Only Yukon and the North West Territories report higher median annual family incomes, however, as these two territories also report two of the lowest populations, they are unlikely to be perceived as significant domestic markets.

Jurisdiction	Population (in thousands)	Median Family Income (\$ CDN)
British Columbia	4,381.6	62,600
Alberta	3,585.1	78,400
Saskatchewan	1,016.0	60,500
Manitoba	1,208.0	58,700
Ontario	12,929.0	66,600
Quebec	7,750.5	59,000
New Brunswick	747.3	54,000
Nova Scotia	938.3	56,400
Prince Edward Island	139.8	56,100
Newfoundland and Labrador	507.9	50,500
Yukon	33.1	76,000
North West Territories	43.3	88,800
Nunavut	31.4	54,300
Canada (total)	33,311.4	63,600

Table 1: Provincial distribution of population (as of 2008) and median family income (as of 2006) (Statistics Canada 2009a, b).

An equally heterogeneous distribution of natural resources can also be identified across the provinces. The distribution of natural resources can be demonstrated by the distribution of resource-dependent communities. Based on census data from 2001, there are nearly 2,000 resource-dependent communities across Canada (defined as a community in which a minimum of 30 percent of employment income is derived from resource extraction activities). Forestry-reliant communities are more common in British Columbia, northern Ontario, Quebec, and New Brunswick; Energy-reliant communities are concentrated in Alberta; Agriculture-reliant communities are concentrated in Saskatchewan, Manitoba, and Quebec; Fishery-reliant communities are concentrated in New Brunswick, Nova-Scotia, Prince Edward Island, and Newfoundland and Labrador. Mining-reliant communities are more equally distributed across all provinces due to the significant variety of minerals available across Canada (Natural Resources Canada 2001).

The heterogeneous distribution of natural resources and domestic markets across the country, the case of provincial sovereignty in the majority of relevant regulatory frameworks, and the reality of multi-jurisdictional corporate operations create a scenario conducive to regulatory arbitrage. Following, I provide an overview of the corporate geography of Canada with particular attention placed on jurisdictions of incorporation and the locations of corporate headquarters in order to analyze to what degree corporations capitalize on this potential for regulatory arbitrage.

3.4 A Corporate Geography of Canada

The Toronto Stock Exchange (TSX), based in Ontario, is Canada's principal exchange for publicly-traded corporations. In 2008 there were a total of 1,568 listed issuers for a combined market capitalization of \$1,282.253 billion (all figures in \$CDN). Information pertaining to the respective jurisdictions of incorporation and headquarters was retrieved from individual

corporate disclosure filings accessible through the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR). Desiring to focus solely on the Canadian model of corporate governance all foreign incorporated firms were removed. Exchange-traded funds and unit trusts were also removed as were all commercial banks as these are chartered and regulated under a different set of regulations than all other corporations. A similar paring of the data was conducted by Daines (2001) and Subramanian (2004) in their empirical investigations of the market for corporate law in the U.S.A. The remaining sample of corporations included in the analysis of the corporate geography of Canada contained 1,008 publicly traded corporations with a combined market capitalization of \$943.35 billion.

Corporations were categorized as operating in the sectors of Forestry; Mining; Oil and Gas; Finance, and all remaining corporations were gathered under the heading of Products and Services. Identification of industrial sectors was undertaken using the North American Industry Classification System 2007 (NAICS 2007). The dependence on natural resources appears to be a continuing characteristic of Canadian corporations as resource dependent corporations represent 46.2 percent of incorporations and account for 43.2 percent of market capitalization (Table 2).

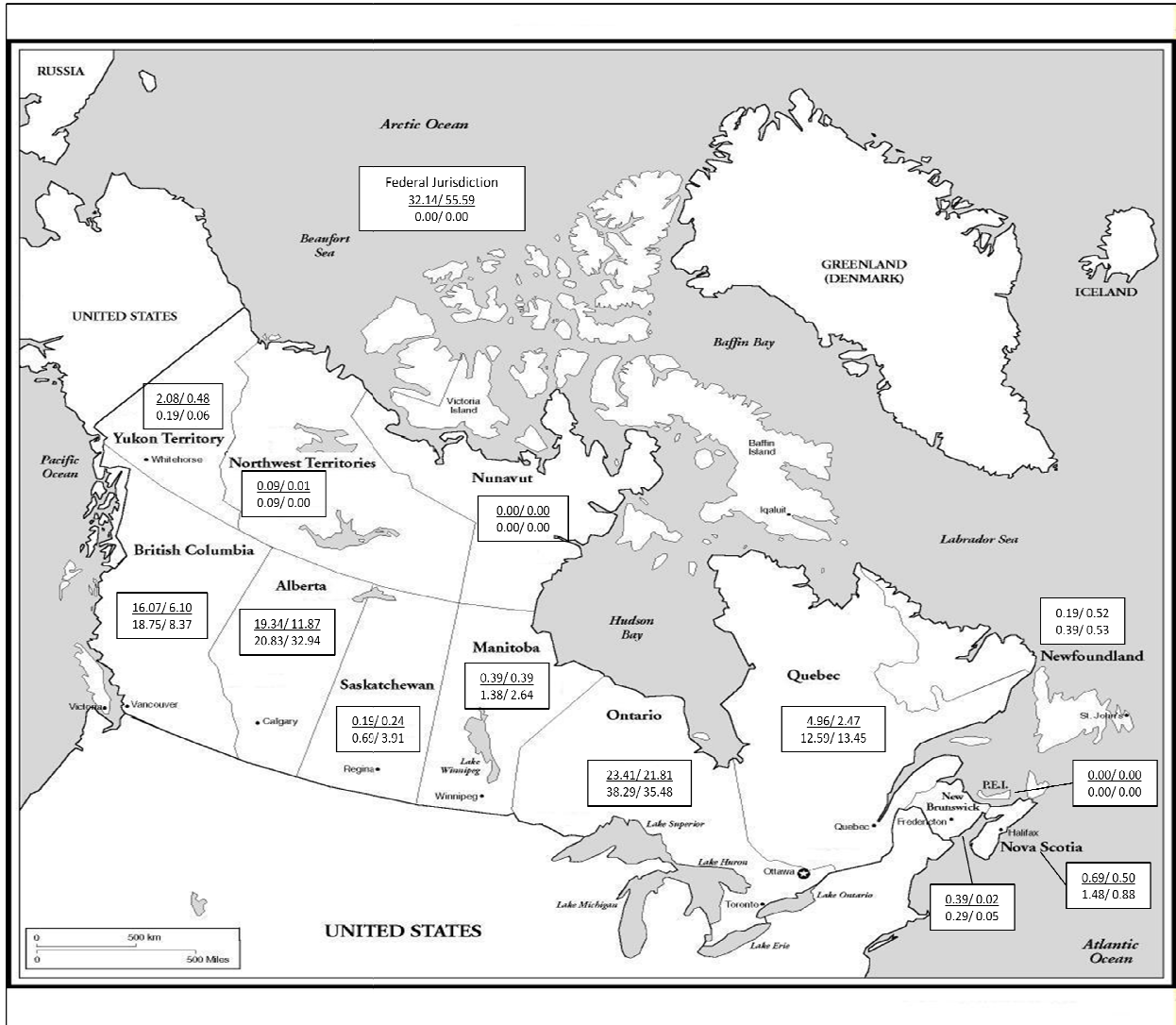
	% of Corporations (n=1,008)	% of Market Capitalization (n=\$943.35 billion)
Forestry	1.6	0.5
Mining	30.5	19.4
Oil and Gas	14.2	23.3
Finance	4.8	7.6
Products and Services	48.9	49.2

Table 2: Industry-sector categorization of Canadian publicly-traded corporations as of 2008.

There is a heterogeneous distribution of incorporations across the fourteen jurisdictions (Map 1). The federal jurisdiction is home to 32.14 percent of all incorporations followed by Ontario, Alberta, British Columbia, and Quebec, with all other jurisdictions

reporting less than 4 percent of incorporations. Interestingly, the federal jurisdiction accounts for 32 percent of incorporations but 55 percent of incorporated market capitalization whereas British Columbia accounts for 16 percent of incorporations but only 6 percent of incorporated market capitalization and Alberta accounts for 19 percent of incorporations but only 11 percent of incorporated market capitalization. This discrepancy between the number of incorporations and market capitalization witnessed in British Columbia and Alberta may be explained by the fact that these two provinces were, until recently, the hub of publicly-traded venture capital in Canada. The Canadian Venture Exchange was formed in 1999 by the merger of the Vancouver Stock Exchange (British Columbia) and the Alberta Stock Exchange. In 2002, the Canadian Venture Exchange was purchased by the TSX Group and rebranded as the Toronto Stock Exchange-Venture (TSX-V). As such, there were strong institutional forces present in British Columbia and Alberta to encourage firms to seek venture capital in public markets thereby generating an increasing number of incorporations of smaller capitalization firms. The discrepancy in the number of incorporations at the federal level and the represented market capitalization can perhaps be explained by a trend for larger multi-market-oriented corporations to incorporate at the federal level to facilitate trade, as discussed above.

The distribution of headquarters follows a similarly heterogeneous distribution with the notable difference that corporations incorporated at the federal jurisdiction must subsequently select a provincial jurisdiction for their headquarters (Map 1). Corporations are also permitted to locate their headquarters in a foreign jurisdiction, which nearly 5 percent chose to do (representing 1.69% of market capitalization). Ontario is the preferred jurisdiction for headquarters followed by Alberta, British Columbia, and Quebec with all other provincial jurisdictions reporting less than two percent of headquarters.



Map 1: Distribution of incorporations and headquarters of publicly-traded corporations in Canada. The top row of numbers represents the percentage of incorporations within each particular jurisdiction followed by the respective percentage of market capitalization. The bottom row of numbers represents the percentage of headquarters located in each jurisdiction followed by the respective percentage of market capitalization. Total number of incorporations is 1,008 and total market capitalization is \$943.35 billion. Original underlain map sourced from: Cartographic Research Lab, University of Alabama (2009).

The heterogeneous distribution of jurisdictions of incorporations and headquarters can be further explored based on industry categories (Table 3). Forestry corporations are predominantly incorporated at the federal level followed by British Columbia with most headquarters located in British Columbia. Additionally, Forestry corporations are the most likely to locate their headquarters in a foreign jurisdiction. Mining corporations are more

equally distributed between British Columbia and Ontario whereas Oil and Gas corporations are predominantly incorporated and headquartered in Alberta. Finance corporations clearly prefer incorporating and locating in Ontario whereas Products and Services corporations prefer incorporating at the federal jurisdiction followed by Ontario and Alberta with the majority of headquarters spread across these same two provincial jurisdictions.

Jurisdiction	Forestry (n=16)	Mining (n=307)	Oil and Gas (n=143)	Finance (n=49)	Products & Services (n=493)
British Columbia	25.00/43.75	34.53/37.46	4.20/4.20	6.12/6.12	8.72/8.37
Alberta	0.00/0.00	4.89/3.58	74.83/87.41	12.24/10.20	13.59/32.94
Saskatchewan	0.00/0.00	0.33/1.63	0.00/0.00	0.00/0.00	0.20/3.91
Manitoba	6.25/6.25	0.00/0.00	0.00/0.00	0.00/2.04	0.61/2.64
Ontario	6.25/18.75	22.48/40.39	4.20/4.20	51.02/69.39	27.38/35.48
Quebec	12.50/31.25	4.23/6.19	0.00/2.80	2.04/4.08	6.90/13.45
New Brunswick	0.00/0.00	0.65/0.33	0.00/0.00	0.00/0.00	0.41/0.05
Nova Scotia	0.00/0.00	0.65/1.30	0.00/0.70	0.00/2.04	1.01/0.88
Prince Edward Island	0.00/0.00	0.00/0.00	0.00/0.00	0.00/0.00	0.00/0.00
Newfoundland	0.00/0.00	0.33/0.33	0.00/0.00	0.00/2.04	0.20/0.53
Yukon	0.00/0.00	4.56/0.33	1.40/0.00	0.00/0.00	1.01/0.06
North West Territories	0.00/0.00	0.33/0.00	0.00/0.00	0.00/0.00	0.00/0.00
Nunavut	0.00/0.00	0.00/0.00	0.00/0.00	0.00/0.00	0.00/0.00
Canada (Federal)	50.00/0.00	27.04/0.00	15.38/0.00	28.57/0.00	39.96/0.00
Foreign	0.00/0.00	0.00/8.47	0.00/0.70	0.00/4.08	0.00/4.26

Table 3: Distribution of incorporations/headquarters (%) across all jurisdictions based on industry categories.

Although the distributions of corporations between jurisdictions of incorporation and of headquarters are not identical they do suggest that many corporations prefer to be incorporated and headquartered in the same jurisdiction and thereby operate in what can be called a uni-jurisdictional regulatory environment. Following, corporations which incorporate and locate their headquarters in two Canadian jurisdictions must operate within a bi-jurisdictional regulatory environment and corporations which locate their headquarters in a foreign jurisdiction operate in an international regulatory environment (Table 4).

Distribution of Corporations Among Regulatory Frameworks (%)			
Jurisdiction	Uni-Jurisdictional	Bi-Jurisdictional	International
Canada	0.00	95.99	4.01
British Columbia	79.01	13.58	7.41
Alberta	87.18	9.23	3.59
Saskatchewan	100.00	0.00	0.00
Manitoba	100.00	0.00	0.00
Ontario	88.56	8.47	2.97
Quebec	98.00	2.00	0.00
New Brunswick	25.00	50.00	25.00
Nova Scotia	71.43	28.57	0.00
Prince Edward Island	0.00	0.00	0.00
Newfoundland	100.00	0.00	0.00
Yukon	9.52	47.62	42.86
North West Territories	0.00	0.00	100.00
Nunavut	0.00	0.00	0.00
Total	56.75	38.29	4.96

Table 4: Distribution of Canadian corporations which operate in a uni-, bi-, and international jurisdictional setting, using the jurisdiction of incorporation as a starting point followed by jurisdiction of headquarters (n=1,008).

A clear majority of Canadian corporations (>56%) prefer to operate in a uni-jurisdictional regulatory environment. Although corporations can incorporate at the federal level there is no manner in which they can be headquartered at a federal level, therefore federal incorporation necessarily leads to bi- or international-jurisdictional regulatory environments. If federal incorporations are removed from the sample, thereby reducing the sample population to 684 provincially incorporated entities, the proportion of uni-jurisdictional corporations increases to nearly 84 percent. Resultantly, 87.5 percent of Forestry; 75 percent of Mining; 92.5 percent of Oil and Gas; 88.5 percent of Finance; and 85.8 percent of Products and Services remaining corporations prefer uni-jurisdictional regulatory frameworks.

It is interesting that a clear majority of corporations operate in a uni-jurisdictional regulatory environment when the Canadian regulatory landscape itself is so conducive to

regulatory arbitrage. For example an Oil and Gas corporation is free to incorporate in Nova Scotia and yet base their headquarters in Alberta thereby maintaining a strategic asset with regards to its access to resources yet potentially benefitting from regulatory arbitrage with regards to corporate law. In fact, Daniels (1991) has encouraged provinces to increasingly compete with each other in the market for corporate law and Cumming and MacIntosh (2000) find the limited market for corporate law relatively surprising given that some provinces could gain much from such competition. Of great interest is the fact that there are no legal or operational limits on regulatory arbitrage or a competitive market in corporate law yet these do not materialize. The findings suggest that the benefits of local favouritism appear to outweigh the potential gains of regulatory arbitrage.

Contemporary capitalism has been characterised by an interdependence between corporations and nation-states (Shonfield 1965; Offe 1975). Furthermore, geographers have stressed the importance of the firm-territory nexus (Dicken and Malmberg 2001) and most attention has been devoted to the nation-state in a globalized economy (Yeung 1998c; Glassman 1999) or localized clusters with international connections (Gertler 2003; Bathelt et al. 2004; Maskell et al. 2006). The corporate geography of Canada demonstrates that the territory of greatest importance in the Canadian firm-territory nexus of contemporary capitalism is the provincial jurisdiction.

Concerns over access to resources and markets are the most significant determinants in this firm-territory nexus. Canada's large land mass and high degrees of biological and geological diversity have provided the country with a wealth of natural resources albeit also with a geographically heterogeneous distribution of distinctive resources. This heterogeneous distribution played a significant role in determining provincial boundaries as cultural differences of resource-dependent regions were taken into account during the creation of the

Canadian federation (Innis 1956). The consequences of such remain pertinent in the contemporary corporate geography of Canada.

Oil and Gas corporations incorporate and base their headquarters predominantly in Alberta whereas Mining corporations incorporate and base their headquarters predominantly in British Columbia and Ontario. Forestry corporations demonstrate a slightly different pattern as they base their headquarters predominantly in British Columbia yet half of them incorporate at the federal level. This may be due to the reality that British Columbia is known for its abundance of high quality wood sources but other provinces, notably Ontario, Quebec, and New Brunswick are known for having high volumes of wood sources yet of a lower quality. As such, corporations incorporate at a federal level in order to be perceived as a Canadian corporation and thereby not stimulate any inter-provincial turf-wars when operating in multiple jurisdictions but in turn base their headquarters in the most lucrative jurisdiction. This strategy may also be beneficial in terms of allocation of income for corporate and personal tax purposes as well as with an eye towards international markets.

Federal incorporation is less common in the other resource dependent sectors and nearly 65 percent of federal incorporations operate in the Finance and Products and Services categories. This distribution supports the notion that a federal incorporation is perceived as a strategic asset by those operating in competitive and highly substitutable markets, both domestic and international. Unlike resource-dependent corporations which provide the foundational elements of the real economy and are therefore more likely to compete on issues of quality and price-points, Finance and Products and Services corporations are increasingly competing on the basis of intangible assets (Lev 2001).

For those oriented towards international markets a federal incorporation is believed to provide a guarantee of certain easily recognized standards, somewhat similar to the case of

public corporations cross-listing in the U.S.A. in an attempt to bond good corporate governance standards (e.g. Siegel 2005). Federal incorporation may also be an asset for domestically oriented corporations. Most federally-incorporated firms, being in the Finance and Products and Services categories, are seeking access to markets and there are four predominant provincial markets in Canada. A corporation wishing to compete in all four markets may benefit from recognition as a Canadian corporation thereby potentially avoiding any inter-provincial turf-wars as provinces are adamant about retaining their differentiating characteristics.

Although the vast majority of corporations are based in Ontario, British Columbia, Alberta, and Quebec it is important to note that corporations do in fact incorporate and base their headquarters in the other provinces as well, there just happens to be fewer of them. Further supporting the finding that the provincial jurisdictions are preeminent in the firm-territory nexus of corporate Canada is the fact that the few corporations which do incorporate in the other provinces also prefer to base their headquarters in the same provinces. As such, the corporate governance models of Ontario, British Columbia, Alberta, and Quebec may be perceived as the most important in constructing the Canadian model of corporate governance but attention must also be paid to the other provincial models when seeking to develop a complete understanding.

Contrary to popular assumptions, the Canadian model of corporate governance is distinct from the U.S.A. model. Whereas sub-national forces within the U.S.A. model are aggregated and assimilated by overarching federal regulatory bodies and a competitive market in corporate law, Canada's asymmetric and loose federal structure and lack of a competitive market in corporate law in fact accentuates sub-national differences and regulatory divergence. The Canadian model is distinctive, therefore, in that it is not one individual model but rather a collection of thirteen models predicated on provincial

sovereignty and a heterogeneous distribution of population centers and natural resources therein.

3.5 Implications

The Canadian model of asymmetric federalism in which provincial governments hold considerable authority gives rise to a political landscape ripe for regulatory arbitrage. Regulatory arbitrage can be expected to lead to convergence toward a national regulatory model, following either a race to the top or to the bottom as has been the case in the U.S.A. Yet regulatory arbitrage and convergence toward a single regulatory model does not appear to be the case in Canada. Instead, Canadian corporations are significantly intertwined with particular provinces thereby leading to distinctive provincial regulatory frameworks with minimal motivation for national convergence.

Following Innis' model of the economic development of Canada since the earliest European colonies, local favouritism within provinces should perhaps not be surprising as provincial origins were determined based in large part on the distribution of natural resources. Provincial prosperity, and by extension national prosperity, have ever since been tied to resource production. Each province is a unique set of attributes differing from all other provinces and as such each provincial economy has evolved along correspondingly unique trajectories (e.g. Essletzbichler and Rigby 2007). As most provinces are particularly endowed with one, and at times a few, classes of resources it is understandable that they have generated regulatory frameworks which best suit the development of their specific resource potential.

Ever since the founding of Canada, an increasing number of corporations have arisen to develop said resources. Initially, provinces created regulatory frameworks conducive to their distinctive resource development needs and played a significant role in developing

resources through the extension of crown corporations. Over time, and with the push towards greater market liberalization, provinces became less and less directly involved in resource development and instead opted to collect taxes and royalties from private sector resource development.

As such, provinces have become ever more intertwined with corporations to the point at which it appears that the Canadian model of corporate governance is one based on provincial regulatory lock-in: a negative path-dependency arising from their techno-industrial legacy and entrenched political-economic interests (Boschma and Lambooy 1999). Provincial regulatory frameworks are distinctive not because of a competitive market for corporate law but because each province has shaped its regulatory frameworks to be conducive to the corporate development of different resources and markets.

This lock-in has significant implications for corporate governance beyond the fact that the Canadian model of corporate governance is actually an aggregation of thirteen distinct models. Regulatory lock-in should also be perceived as a form of managerial entrenchment. Given that provincial governments are inextricably intertwined with the corporations operating within their jurisdiction, the balance between shareholders and management is often tipped in favour of the latter, who reside within provincial boundaries, over the former, who are potentially more internationally distributed. A recent example of this can be found in the 2009 bailout of General Motors Canada in which the federal government would only provide emergency funding contingent on funding being provided by the Ontario provincial government (Ontario is the heart of the Canadian automotive industry) with the resulting bailout favouring Ontario-based employment at the expense of nationally (and internationally) distributed securities holders.

Corporate governance scholars have been increasingly concerned with issues of managerial entrenchment ever since Berle and Means' (1932) seminal work concerning the vastly diluted power of shareholders. Typically, managerial entrenchment has been identified by the presence of poison pills, board structures and shareholder rights, that is, by particular legal provisions within corporate form (e.g. LaPorta et al. 1999; Gompers et al. 2003; Bebchuk et al. 2009). Among such analyses, Canada has been deemed to have good corporate governance. Such comparative corporate governance studies, however, miss the occasions of managerial entrenchment which arise not out of legal provisions but out of operational circumstances such as regulatory lock-in.

In sum, the Canadian provinces' original and continuing dependence on heterogeneously distributed natural resources and the resultant distribution of population centers is having a lasting impact on the Canadian model of corporate governance. The provinces' reliance on corporations to develop their respective natural resources and service their markets has driven them into a situation in which each provincial regulatory landscape is locked-in with the complement of corporations operating within their respective jurisdictions. In turn, corporate managements benefit from political protection surpassing that which may be prescribed by law.

3.6 Conclusion

In this chapter I have addressed the environmental context of the Canadian model of corporate governance. The Canadian model has long been overlooked and simply assumed to be an extension of the U.S.A. model. Based on an analysis of the corporate geography of Canada I have shown that there is in fact a unique Canadian model of corporate governance and it is distinctive for its pronounced multi-jurisdictional character arising from Canada's system of asymmetric federalism. Although Canadian federalism, in which the majority of

the power rests within the provinces, is ripe for regulatory arbitrage the corporate geography of Canada is determined not by a competitive supply-side market in corporate law, as it is in the U.S.A., but rather by a demand-side necessity for access to resources and markets. The rather unique Canadian model of corporate governance can be better understood within the context of the nation's historical economic development, that is from an evolutionary economic geography perspective (Boschma and Frenken 2006; Boschma and Martin 2007).

Over seven decades ago, Harold Innis explained the economic development of Canada along the lines of a staples theory. Since the earliest European settlements, Canada has developed as a natural resource supplier to international markets. This early dependence on natural resources had significant consequences for the development of the country. As the natural resources were heterogeneously distributed across the land different population centers arose to harvest different resources and each center developed its own resource-dependent culture. These culturally-distinct resource-dependent regions were formalized as provinces with the proclamation of the British North America Act of 1867 which gave rise to the Canadian federation. Over time, and particularly during the period following WWII, the federal powers were divested towards the provinces and each has increasingly sought to demonstrate their differentiating characteristics within the federation. Contemporary Canadian politics are now governed more so by a desire to retain inter-provincial differences and autonomy and less so by concerns of political efficiency (Hurlburt 1987), as is evident in the case of securities regulations (Jordan 2008).

Both the U.S.A. and Canada are advanced capitalist federations yet display distinct models of corporate governance due in large part to the latter's lack of a competitive market in corporate law and continued economic dependence on natural resource development—two characteristics which are not witnessed in the U.S.A. In the U.S.A., the State of Delaware, recognizing significant potential economic gains, made attracting incorporations a political

priority thereby stimulating a competitive market in corporate law (Cary 1974). In Canada, it appears the provinces instead focused primarily on the development of natural resources for economic gain and discounted the value of business incorporations thereby leading to a significantly limited supply-side market in corporate law (Cumming and MacIntosh 2000). Resultantly, corporations arose to compete in resource development and incorporated and located their headquarters in the jurisdictions within which access to the necessary resources could be guaranteed with little attention paid to provincial corporate laws.

In 1975, the federal government provided an additional jurisdiction for incorporation under the Canada Business Corporation Act (CBCA). Provincial corporate laws were quickly amended to reflect novel statutes within the CBCA thereby demonstrating a temporary degree of competition in corporate law (Daniels 1991) which faltered quickly thereafter (Cumming and MacIntosh 2002). Although the provincial amendments erased many of the legal advantages of the CBCA over its provincial counterparts, federal incorporation attracted sufficient interest to remain viable. Federal incorporation appears to appeal primarily as an intangible asset for non-resource dependent corporations operating in multiple domestic and international markets and less so as an alternative to provincial corporate laws. As such, the corporate geography of Canada has been determined more so by corporate concerns over access to resources and markets and less so by supply-side competition in corporate laws and associated regulatory frameworks.

Resultantly, the path-dependent forces of Canadian economic development have led to a divergence of sub-national models of corporate governance. Continued resource-dependence has led to a situation in which provincial regulatory frameworks have effectively been locked-in by corporate interests. As corporate interests are provincially distinct due to the heterogeneous distribution of natural resources and markets therein this provincial lock-in leads to further inter-provincial divergence as well as an informal degree of managerial

entrenchment. Combined, these path-dependent consequences have rendered the Canadian model of corporate governance distinctive in its multi-jurisdictional nature.

These findings serve to demonstrate the provincialized character of the environmental context of the Canadian model of corporate governance and should serve as a starting point for all future research into the Canadian model of corporate governance. Although these findings do not complete our understanding of the corporate governance communities of practice active in the Canadian landscape they do serve to delineate the regional foundation of such communities—in essence the Canadian model of corporate governance is built from the interactions of provincially established communities of practice. In order to better understand these communities we must now turn to the identities and distributions of the actors involved in the process.

Chapter Four

Mapping a Corporate Governance Exchange

4.1 Introduction

As discussed in Chapter Two, understanding the decision-making processes which constitute corporate governance is important as they determine continuing corporate forms and functions. Although often portrayed as stable cornerstones of contemporary economic activity, corporations are neither uniform nor constant in form or function as they are continuously exposed to selective forces in an evolving economic landscape (Schumpeter 1942; Boschma and Lambooy 1999). The importance of these forces in shaping corporate form and function becomes all the more apparent when the corporation itself is perceived not as a rational, singular entity but rather as a temporary coalition (Taylor 1999; 2004). Recall that the corporation is a complex and problematic object (Thrift and Olds 1996; Schoenberger 1997) in which power relations are highly contested (Halford and Savage 1997). Resultantly, the corporation is not driven by common purpose but rather by the compromise of competing logics and aspirations (Schoenberger 1998; O'Neill and Gibson-Graham 1999), a compromise which has been referred to as collective agency (Clegg 1989). Mapping the forces at play in shaping corporate form and function goes beyond simply informing stakeholder management theory and is of equal importance to understanding the identity,

distribution, and concerns of those actors who compose the associated corporate governance communities of practice.

Of particular interest are the forces shaping corporate form and function which do not fall within the realm of compromise, in other words the competing logics which are fiercely entrenched. Such forces are concerned with the most contentious issues and, by extension, the most potentially consequential for corporate development. Those seeking to influence corporate development can make recourse to the three broad actions of dialogue, publicity, and filing shareholder resolutions (Sparkes 2002). Filing shareholder resolutions is often reserved as an action of last resort as this requires a significant degree of commitment and preparation and often leads to entrenched positions (Prevost and Rao 2000). Resultantly, the most contentious logics regarding corporate form and function can be mapped by means of surveying the landscape of shareholder resolutions, an analytical tool pioneered by Graves, Rehbein and Waddock (2001) which to date has remained relatively under-utilized.

Developments in contemporary capital markets have led to a situation in which shareholder resolutions have the potential to be reflective of the broader corporate-social relationship. Firstly, the growth of socially responsible/ethical investment by which shareholders select investment portfolios based on moral values with only secondary regard to financial performance has introduced new concerns to capital markets which previously would have been addressed in non-capital market avenues (Sparkes 1995). Additionally, the recognition by non-governmental organizations (NGO) that ultimate corporate control rests within share-ownership has led many NGOs to purchase corporations' shares for the sole purpose of gaining greater access to corporate directors and managers in attempts to advance their special-interest agendas (O'Rourke 2003).

Furthermore, and perhaps even more consequential, has been the rise of universal owner institutional investors (Hawley and Williams 2000). The immense quantity of capital controlled by these institutional investors, often held in indexed investment strategies (Campbell and Viceira 2002), not only generates the power necessary to engage corporate management in decision-making but also denies them the ability to divest from poorly performing corporations without incurring significant financial loss (Coffee 1991; Romano 1993; Monks 2001). Such an illiquid state of investment has led many universal owners to be 'reluctant activists' (Pozen 1994). Finally, the increasing importance of intangible assets in establishing competitive differentiation (Lev 2001; Clark and Salo 2008) and hence the recognition of a correlation between corporate environmental, social, and governance performance with financial performance (Orlitzky et al. 2003; Derwall et al. 2005), has led institutional investors to become increasingly concerned with corporate decision-making with regards to such issues regardless of any altruistic motivation (Clark and Hebb 2005).

Essentially, any aspect of the corporate-social relationship can legitimately be addressed by means of shareholder resolutions and there are sufficient market actors capable of filing any such resolutions if so desired. In this sense, the landscape of shareholder resolutions can effectively be considered a public corporate governance exchange by which competing logics are presented and defended. The exchange differs from the more widely discussed market for corporate control (Manne 1965) in that participants in the former seek to merely influence aspects of corporate form and function whereas participants in the latter seek to determine corporate form and function in their entirety. As an exchange, the landscape of shareholder resolutions is underpinned by jurisdictionally-bound legal codes and economic, social, and political institutions as well as performed by a heterogeneous distribution of participants (Callon 1998).

Being embedded within globalizing financial markets, the corporate governance exchange is underpinned by a particular geography. Financial flows readily cross geopolitical boundaries but nonetheless remain accountable to the shareholders from whom they originate (Clark and Wójcik 2007). Herein, I do not maintain the posture that shareholders are rational, uniform, and fully-informed financial actors but rather that they are economic agents prone to the constraints, irrationality (from a neo-classical economic perspective), and heuristic-dependence of human psychology and social behaviour (e.g. Kahneman and Tversky, 1979; Clark et al. 2006), as discussed in Chapter Two. Resultantly, understanding the geography of the public corporate governance exchange can assist in understanding the values, norms, and cultures influencing the competing logics concerning appropriate corporate form and function.

The explanatory value provided by the analysis of a corporate governance exchange and its geographical underpinnings toward further understanding regional corporate development and the associated corporate-social relationships can clearly be demonstrated within the context of Canada given the nation's sophisticated financial markets (Mittoo 2006), its loose system of federalism in which provincial jurisdictions retain a significant degree of sovereignty, and its distinctly regionalized political economies, as discussed in Chapter Three. Although this is the first investigation of the Canadian corporate governance exchange, previous research has identified certain trends within the Canadian setting as well as within other national exchanges which establish certain research expectations. First, from Clark and Hebb's (2005) contribution concerning the evolution of financial capitalism, corporate governance exchanges are expected to be dominated by large institutional investors and notably those which are public. Second, from Graves, Rehbein, and Waddock's (2001) and Clark, Salo, and Hebb's (2008) analyses of the U.S.A. landscape of shareholder resolutions, shareholders are expected to engage with a myriad of corporate environmental,

social, and governance-related issues as well as target the larger and more visible corporations. Third, and finally, from the analysis of Canadian corporate geography presented above in Chapter Three, the Canadian public corporate governance exchange is expected to be one within which the majority of interactions occur intra-provincially thereby resembling the significantly provincialized Canadian model of corporate governance.

In this chapter I survey all shareholder resolutions filed with Canadian corporations from 2000 to 2009 inclusively and draw four principal conclusions:

1. Two of Canada's distinguishing characteristics, namely its multi-jurisdictional model of corporate governance and the preponderance of block-holdings within Canadian corporate ownership (MacIntosh 1996; Gadhoum 2005; Attig 2007; Valsan 2010), consequently serve to significantly limit the Canadian public corporate governance exchange—an exchange within which only 59 distinct shareholders targeted only 96 distinct corporations throughout the ten year study period.
2. There is a tendency for large Canadian institutional shareholders to refrain from engaging in the public corporate governance exchange thereby shrouding the behaviour of some of the most potentially influential flows of finance in Canada from public observation.
3. Although the Canadian corporate governance exchange is populated with corporate environmental, social, and governance-related concerns the latter clearly dominate the discourse while environmental and social concerns receive only limited and punctuated attention.
4. In juxtaposition to the provincialized Canadian model of corporate governance, the majority of shareholder resolutions are inter-jurisdictional. The public corporate governance exchange is dominated by shareholders within the Province of Quebec; this is significant as the Québécois society has been recognized by the Government of

Canada as a distinct nation within Canada given its particular historical and cultural context (Hansard 2006).

Following, section two provides a brief overview of the Canadian public corporate governance exchange including a discussion of relevant facets of corporate law and ownership structures. Section three identifies the data pertaining to all shareholder resolutions filed with Canadian corporations from 2000 to 2009 inclusively. This data is subsequently analyzed in section four with particular attention paid to the three components of the resolution filers, the content, and the target corporations. Section five concludes with a discussion of the implications of these findings for the Canadian corporate governance exchange.

4.2 The Canadian Corporate Governance Exchange

The public corporate governance exchange arises from a community of practice (Wenger 1999; Amin and Cohendet 1999) which collectively shapes the discourse within which evolving paradigms of appropriate corporate form and function are defined and refined. A corporate governance exchange, similar to a market, is underpinned by jurisdictionally-bound legal codes and economic, social, and political institutions as well as performed by a heterogeneous distribution of participants (Callon 1998). Resultantly, understanding a corporate governance exchange requires that we first identify the scale of institutional frameworks which proves the most instrumental in supporting the exchange and subsequently identify the participants and their related concerns and perspectives which are presented and defended within the exchange. By doing so we are better suited to understand the contemporary diversity of corporate forms and functions within a given economy as well as the discourse within which these forms and functions are evolving.

The landscape of shareholder resolutions presents us with one such corporate governance exchange. As discussed above, shareholder resolutions represent the more contentious perspectives of appropriate corporate form and function meaning that this particular corporate governance exchange is at the leading edge of corporate evolution. Naturally, not all participants will agree upon the validity of varying perspectives yet the mere inclusion of these perspectives within the exchange is of material importance as their presence effectively influences the discourse within which paradigms of perceived appropriate corporate forms and functions are evolving; through censure or majority approval all perspectives presented within the exchange influence the developmental trajectories of those involved. As such, the processes and participants of shareholder resolutions are more consequential than simply the outcome of the shareholder resolution. In juxtaposition to the few previous analyses of shareholder resolutions, typically those based in the U.S.A. (Graves et al. 2001; Clark et al. 2008), this current analysis is not concerned with the voting outcome of the shareholder resolutions but rather with the characteristics of those participants filing resolutions, those participants targeted by the resolutions, and the content of the various resolutions as these three components will inform us of the structure and culture of a corporate governance exchange.

Prior to analyzing the Canadian corporate governance exchange we must first identify the applicable institutional scale which supports the exchange. Shareholder resolutions are built from two principal pillars: 1) the corporate laws by which resolutions must conform to the policies of the jurisdiction within which the corporation is incorporated; and 2) corporate ownership by which resolutions can only be filed/voted by individuals or institutions who own shares of the corporation receiving the resolution.

First, with regards to the corporate legal landscape, and as discussed in Chapter Three, Canada is more so a provincially-differentiated mosaic and less so a nationally-harmonized

setting. Canada is a federation of ten provinces and three territories within which the provincial and territorial jurisdictions retain a significant degree of sovereignty (Van Loon and Whittington 1987). Canadian corporations have the choice of incorporating in 14 distinct jurisdictions, namely under the federal or one of the thirteen provincial or territorial acts. Incorporation within any one of these jurisdictions allows a corporation to carry-on business across the nation and to present itself as a Canadian corporation yet the acts are all relatively distinct (Daniels, 1991; Cumming and MacIntosh 2000; 2002). All 14 jurisdictions allow for the submission of shareholder resolutions although the details of such processes do vary between jurisdictions (Bozec et al. 2008) resulting in the fact that the jurisdictions of incorporation do play an important role in establishing the Canadian corporate governance exchange.

Further compounding this multi-jurisdictional setting is the reality that corporations are free to establish headquarters in a jurisdiction other than their jurisdiction of incorporation, and necessarily so in the case of federal incorporation as there is no geographical federal jurisdiction in which to locate headquarters. This is important as Canadian corporate power resides primarily within headquarters regardless of the over-all distribution of the corporation (Semple and Green 1983). Each provincial jurisdiction is, in almost all cases, responsible for regulating corporate operations and related activities within its boundaries with minimal remit for a federal presence (Taylor and Baskerville 1994). The combination of loose federalism, the nation's continued dependence on natural resources which are provincially bound (e.g. Innis 1956), and a limited market in corporate law (Daniels 1991; Cumming and MacIntosh 2000; 2002) has generated a landscape conducive to regulatory arbitrage. Yet the analysis of the distribution of incorporations and headquarters' locations presented in Chapter Three has demonstrated that corporations do not appear to capitalize on such arbitrage opportunities but rather remain predominantly incorporated and

headquartered within one particular provincial/territorial jurisdiction based on access to resources and markets. Whereas regulatory arbitrage could potentially lead to a harmonization of corporate law as occurred in the U.S.A., whether it be a race to the bottom (Cary 1974) or a race to the top (Winter 1977), the lack of such arbitrage within the Canadian setting results in an entrenched multi-jurisdictional corporate legal landscape.

Second, the concentrated landscape of corporate ownership, typically along family lines, is often held as a defining characteristic of Canadian corporate governance (Daniels and MacIntosh 1991). In fact, family-based corporate ownership has been considered by some to be so prevalent and detrimental to long-term corporate value so as to constitute a ‘Canadian disease’ (Morck et al. 2002) whereas others question if such ownership structures do actually bear a negative performance impact within the idiosyncratic Canadian setting (Ben-Amar and André 2006). Analyses of corporate ownership based on data from the 1990s document an overwhelming occurrence of concentrated ownership by which approximately 60 percent of corporations exhibit ownership stakes of 20 percent or larger (Gadhoun 2005; Attig 2007; Bozec and Laurin 2008). A more recent analysis highlights a trend toward more dispersed ownership, although still relatively concentrated when compared to Anglo-American economies as the share of corporations exhibiting ownership stakes of 20 percent or more had dropped to 41 percent by 2007 (Valsan 2010). Important to note, however, is that ownership concentrations are not uniform across the nation as Eastern Canada, consisting of Quebec and the four Atlantic provinces, reports the highest concentrations of ownership whereas Ontario, Alberta, and British Columbia report the lowest (Valsan 2010).

In sum, the Canadian corporate governance exchange is built upon a sub-national multi-jurisdictional institutional logic. As such, provincial jurisdictions are important in understanding the Canadian public corporate governance exchange.

4.3 Accessing Shareholder Resolutions, 2000-2009

All shareholder resolutions filed with Canadian corporations from 2000 to 2009 (inclusively) were gathered from the Shareholder Association for Research and Education (SHARE) on-line database and verified for completeness against the Canadian Securities Administrators' (CSA) on-line System for Electronic Document Analysis and Retrieval (SEDAR). A total of 878 shareholder resolutions have been filed with Canadian corporations from 2000 to 2009 (Figure 1). These resolutions originate from 59 distinct filers and target 96 distinct corporations. Additional information pertaining to each target corporation was obtained from corporate filings maintained by the CSA in their on-line System for Electronic Disclosure by Insiders (SEDI) and SEDAR.

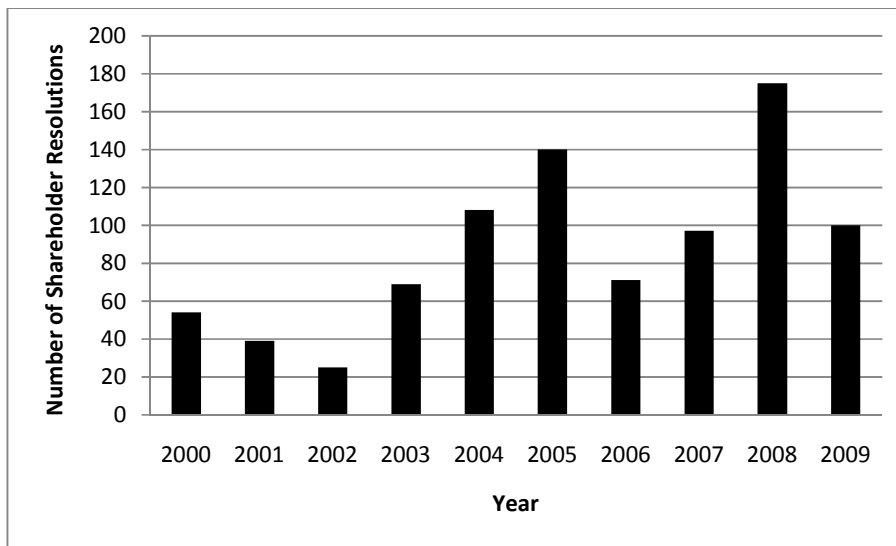


Figure 1: Number of Canadian shareholder resolutions filed with TSX-listed corporations from 2000 to 2009.

With regard to content, each resolution is categorized as being relevant to corporate environmental, social, or governance performance, or any combination of these three facets. Environmental resolutions are those which address such issues as climate change, water and air quality, and exposure to environmental risks. Social resolutions are those which address such issues as corporate philanthropy, ethical conduct of executives and directors, and

stakeholder concerns. Governance resolutions are those which address the economic and legal institutions traditionally perceived as instrumental to corporate form, including such issues as board composition, executive compensation, financial auditing practices, and share structure (e.g. Shleifer and Vishny 1997). A sample of resolutions which effectively straddle the environmental, social, and governance categories are recognized as combination resolutions. The classification of all 878 shareholder resolutions was conducted by means of discourse analysis; it is understood that my subjectivity cannot be eliminated from this analysis however it should have minimal consequence given the broad nature of the above categories (see Appendix 3).

The shareholders who filed resolutions have been categorized as being either individual or institutional. The more private nature of individual shareholders precludes any further sub-categorizations whereas the more public nature of institutional shareholders does allow for such. As all institutional shareholders are motivated by a combination of social, economic, and political antecedents (Ryan and Schneider 2002) each of the reported institutional shareholders within this sample was sub-categorized based on their predominant and self-reported motivational drivers:

1. Financial: This category represents institutional investors who adhere to a profit-maximizing logic predicated on traditional neo-classical financial performance metrics.
2. Labour: This category represents institutional investments managed on behalf of, or by, labour unions and other related groups.
3. Faith-Based: This category represents institutional investments managed on behalf of, or by, faith-based organizations.
4. ESG-Retail: This category represents institutional investors who adhere to a profit-maximizing logic predicated on the belief that corporate financial performance is

significantly correlated with corporate environmental, social, and governance performance.

5. ESG-Mission: This category represents institutional investors who use their capital as leverage to instigate change in financial and corporate markets and may, or may not, be concerned with their financial return on investment.

4.4 Interpreting Shareholder Resolutions, 2000-2009

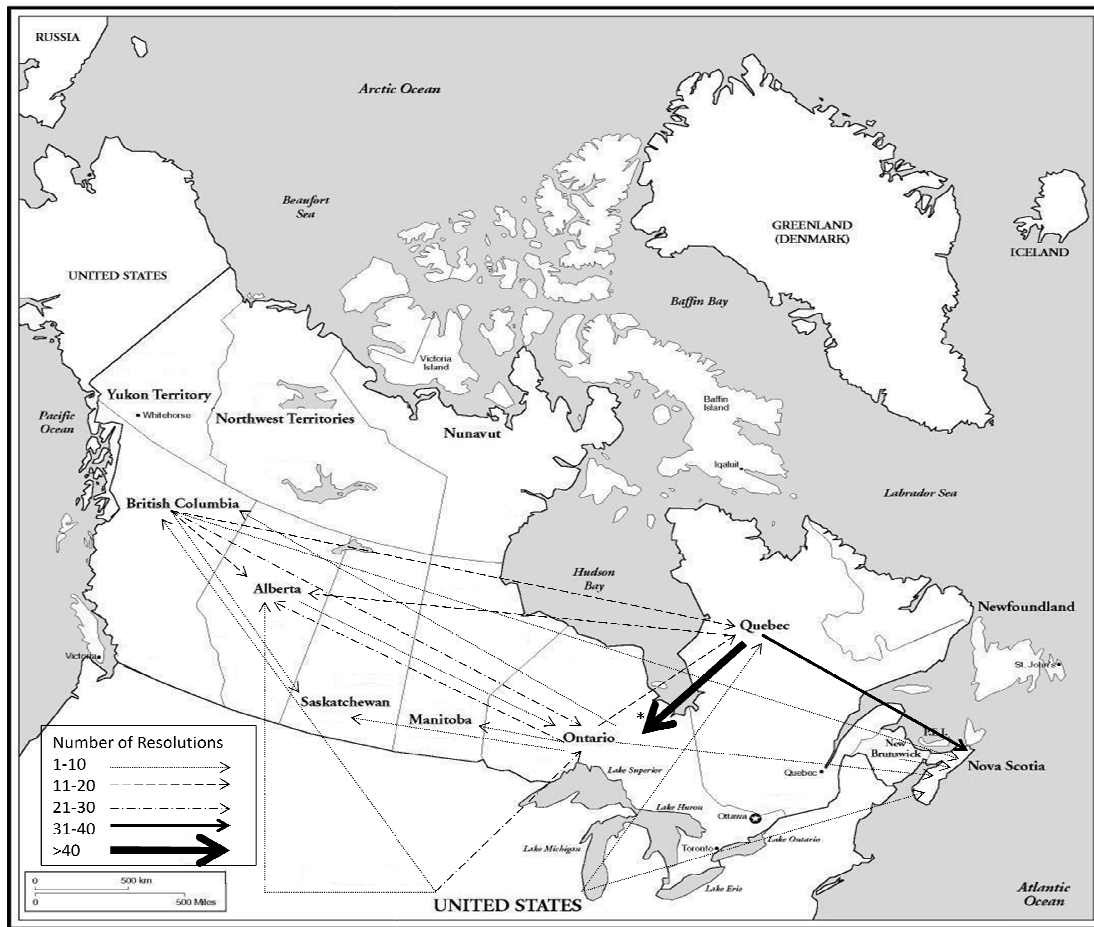
4.4.1 Filers

There is a striking degree of concentration among shareholders filing resolutions as only 59 distinct shareholders are responsible for all 878 resolutions. Over the ten year study period there were 26 distinct individual shareholders responsible for 28.6 percent of all resolutions and 33 distinct institutional shareholders responsible for 71.5 percent of all resolutions.

Given the multi-jurisdictional foundation of corporate Canada, the geographic distribution of shareholder resolutions is of significant interest and consequence. Shareholder resolutions filed by individuals were not included in this analysis due to a lack of corresponding geographic data thereby leaving the analysis with a sample of 627 resolutions filed by institutional shareholders. Three such shareholders, responsible for six resolutions, were subsequently removed from this analysis due to inconsistencies regarding corresponding geographic data. In sum, the analysis of the geographic distribution of shareholder resolutions includes all resolutions filed by 30 distinct institutional shareholders which amounts to 621 resolutions (70.7 percent of all resolutions filed over the ten year study period).

Although intra-jurisdictional shareholder resolutions can be understood to be relatively more efficient in monitoring costs as both the monitor and the monitored share the same legal and regulatory foundations, Canadian institutional shareholders demonstrate a willingness to shoulder any potential legal inefficiencies and increased monitoring costs

associated with inter-jurisdictional resolutions as 55.2 percent of the institutional shareholder resolutions qualify as such. The heterogeneous distribution of inter-provincial institutional shareholder resolutions gives rise to a truly multi-jurisdictional corporate governance exchange (Map 2).



Map 2: Distribution of inter-jurisdictional resolutions filed by institutional shareholders from 2000 to 2009. Original underlain map sourced from: Cartographic Research Lab, University of Alabama (2009). (* The Quebec to Ontario arrow represents 122 shareholder resolutions.)

Institutional shareholders from Quebec are responsible for the greatest volume of inter-jurisdictional shareholder resolutions with over 50.4 percent of all such resolutions flowing from Quebec to corporations headquartered in Ontario, Nova Scotia, and Alberta.

Although responsible for a lesser volume of such resolutions, institutional shareholders based in Ontario and British Columbia file resolutions with a far wider geographic distribution. Interestingly, corporations headquartered in Alberta appear to be favoured recipients of inter-jurisdictional institutional shareholder resolutions but institutional shareholders based in Alberta do not appear to be prominent filers of such resolutions, thereby rendering Alberta a net importer of institutional shareholder influence. Of further interest is the fact that institutional shareholders based in the U.S.A. engage corporations headquartered in five Canadian jurisdictions and are responsible for approximately 11.7 percent of all such inter-jurisdictional resolutions.

Throughout the ten year study period, there were more labour-related institutional shareholders participating in this exchange than any other institutional sub-category even though labour-related entities were not present until 2002 (Figure 2). In aggregate, however, there were more distinct individual shareholders than any institutional shareholder sub-category active within this exchange. The relatively recent increase in participation within the corporate governance exchange by means of shareholder resolutions suggests that more shareholders are recognizing the rights and responsibilities of share-ownership and hold stronger opinions pertaining to appropriate corporate form and function and that there is perhaps a growing divergence between these opinions and the actual form and function of contemporary Canadian corporations. The detailed content of such opinions is analyzed in the following section.

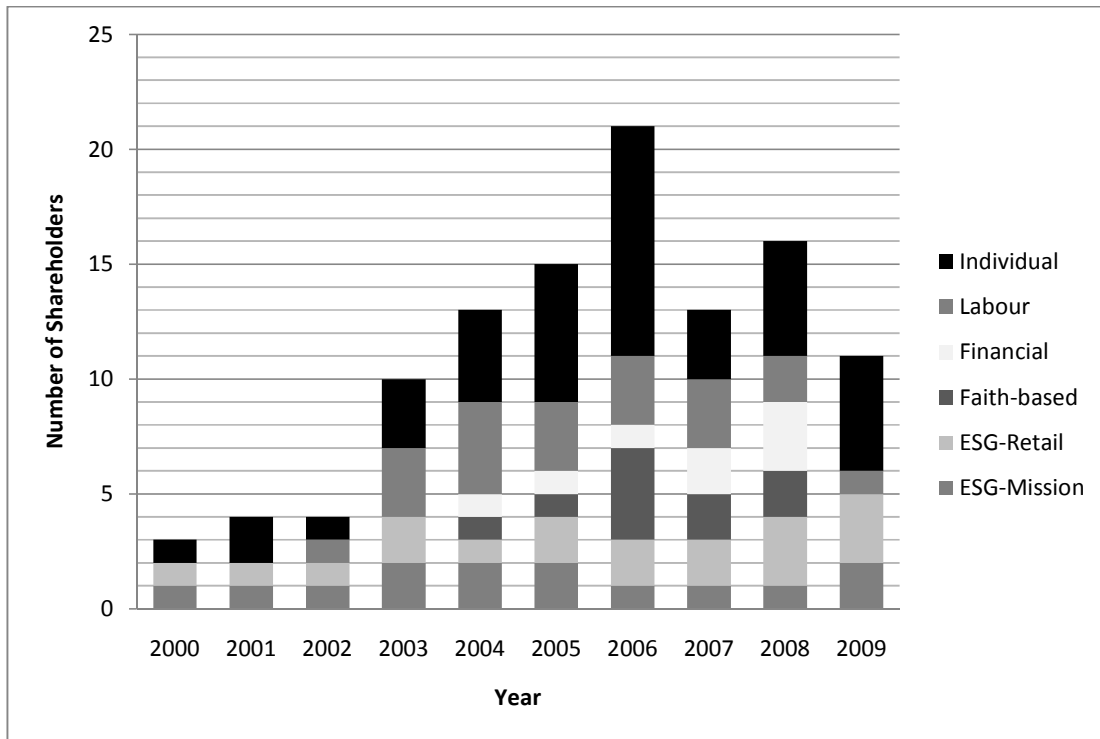


Figure 2: Classification of shareholders filing resolutions with TSX-listed corporations from 2000 to 2009.

Interestingly, the most prolific sub-category was also the least prominent, that being the ESG-Mission shareholders which retained four distinct institutional shareholders responsible for 395 (45.0 percent) resolutions combined. Throughout the study period, the relative numbers of resolutions filed per shareholder within each of the six shareholder categories remained relatively constant with the exception of the ESG-Mission shareholders (Figure 3).

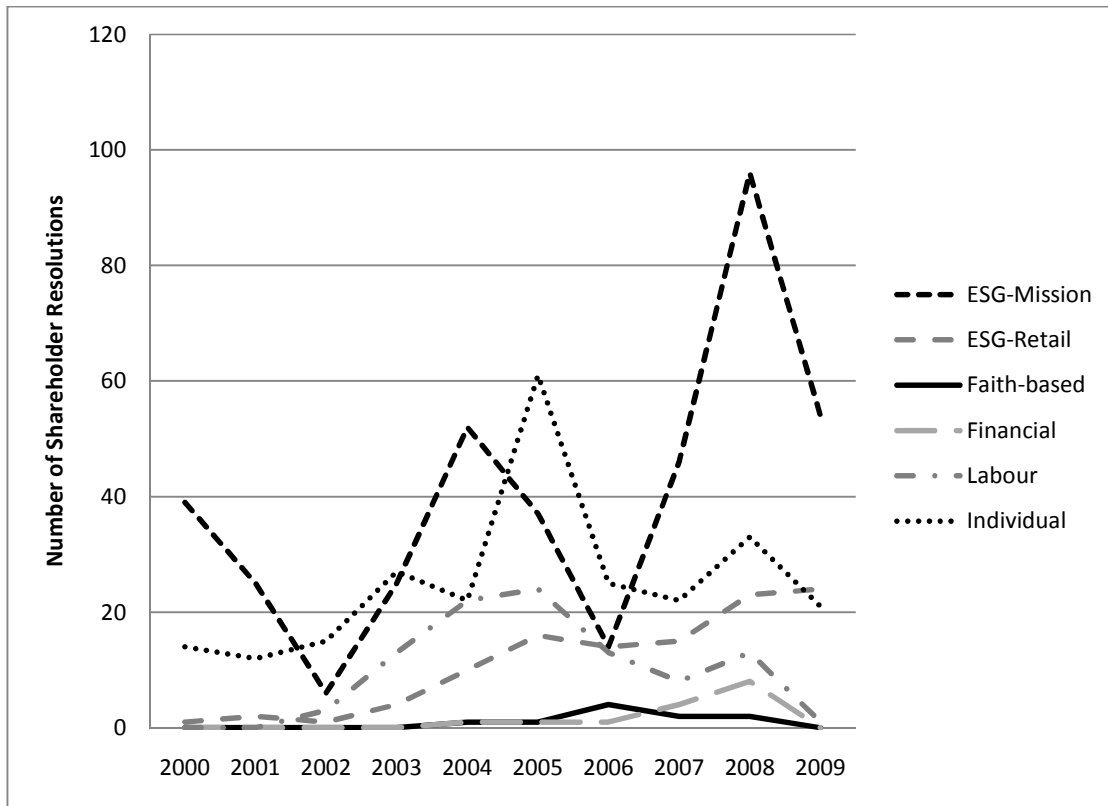


Figure 3: Number of resolutions filed with TSX-listed corporations from 2000 to 2009 aggregated by shareholder categories.

The significant increase in ESG-Mission shareholder resolutions post-2006 is attributable to the behaviour of one particular institutional shareholder: *Mouvement d'Éducation et de Défense des Actionnaires* (MEDAC) (formerly known as *l'Association de Protection des Épargnants et Investisseurs du Québec* (APEIQ) prior to 2005). MEDAC is a Quebec-based entity founded in 1995 as a forum for minority shareholders concerned with issues of corporate governance firstly in Quebec and secondarily across Canada. In 2005, MEDAC formally adopted a more active role in Canadian capital markets in its pursuit for improved shareholder democracy. This turning-point is responsible for the significant increase in the number of shareholder resolutions filed by ESG-Mission shareholders since 2006.

Of note, MEDAC is responsible for 44.4 percent of all resolutions filed with Canadian corporations from 2000 to 2009. MEDAC appears to retain great depth but a relatively limited scope to its monitoring behaviour as it has filed 390 distinct resolutions over ten years spread across only 13 distinct corporations. Within these targeted corporations, MEDAC demonstrates a clear preference for monitoring financial corporations: only five target corporations, responsible for 12.6 percent of all MEDAC's resolutions, were non-financial corporations. MEDAC's monitoring is clearly focused on corporate culture in Quebec as seven of the 13 corporations they target maintain their headquarters in Quebec and receive 58.2 percent of all of MEDAC's resolutions.

MEDAC is clearly the most prolific shareholder in terms of filing but is relatively closely followed by another: Robert Verdun, who is an individual shareholder responsible for 19.8 percent of all resolutions. Robert Verdun has gained a reputation as being Canada's preeminent 'gadfly' investor (Daw 2005). Although much information has remained private given his status as an individual shareholder Robert Verdun does demonstrate a clear preference toward monitoring financial corporations as he has filed shareholder resolutions with only nine distinct corporations throughout the study period and all but one of these targets have been financial corporations.

Combined, MEDAC and Robert Verdun are responsible for well over half of all shareholder resolutions. From an initial sample of 59 distinct shareholders, these two shareholders could be considered Canada's most entrenched corporate monitors and the fourteen additional shareholders who filed resolutions in more than one year could be considered Canada's more contentious corporate monitors whereas the remaining 43 shareholders who filed resolutions during only one year could be considered issue/target-specific monitors. Precisely what these shareholders are concerned with is discussed below.

4.4.2 Resolution Content

All shareholder resolutions can be categorized as pertaining to corporate environmental, social, or governance performance, or any combination of these three. The proportion of each resolution category has remained relatively stable over the ten year study period (Figure 4). Clearly, issues of governance are the principal concern within the Canadian exchange although concerns with corporate environmental and social performance do show an upward trend, however minimal.

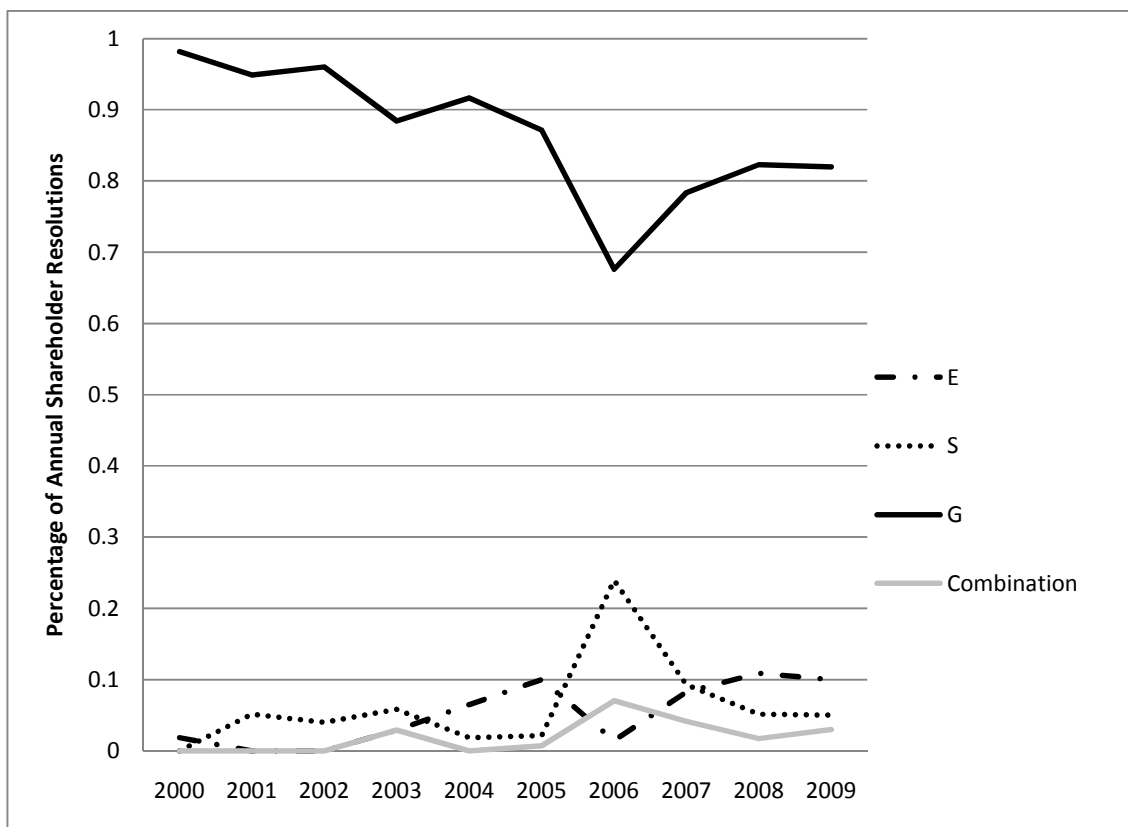


Figure 4: Trends in shareholder resolution content from 2000 to 2009.

Aggregated over the ten year study period, nearly 85 percent of shareholder resolutions were concerned with issues of governance (Table 5). Content analysis of the resolutions reveals that the form and function of the board of directors is the most significant

concern of Canadian shareholders. This is closely followed by concerns regarding executive compensation, enhanced disclosure, and enhanced shareholder rights and responsibilities. Combined, these four governance sub-categories account for nearly 69 percent of all shareholder resolutions. Shareholder resolutions regarding environmental performance are the second most prominent category but trail far behind at slightly over 7 percent of all resolutions. Within this category, however, climate change, both the perceived causes and consequences, are clearly shareholders' prominent environmental concerns. Social resolutions follow thereafter and represent almost 6 percent of all resolutions. Within this category, shareholders' interests are spread more evenly across a host of concerns. Ultimately, resolutions dealing with a combination of environmental, social, and governance issues are the least prominent.

Resolution Category	Content Analysis	Percentage (n=878)
Environment	Climate change	4.21%
	Environmental risk disclosure	1.82%
	Prescriptive environmental stewardship	0.57%
	Renewable Energy	0.46%
Total		7.06%
Social	Establish a code of ethics	1.03%
	Disclosure of genetic modification	0.23%
	Extractive Industries Transparency Initiative (EITI)	0.34%
	Employee safety	1.25%
	Human rights	1.25%
	Philanthropy	0.80%
	Stakeholder engagement	0.68%
	Supply chain-oriented	0.34%
Total		5.92%
Governance	Articles of incorporation	0.46%
	Auditor services	2.96%
	Board form and function	20.73%
	Customer-oriented	1.48%
	Enhanced disclosure	16.17%
	Employee-oriented	1.82%
	Executive compensation	18.34%
	Executive composition	1.71%
	Financial transactions	4.78%
	Establishment of governance standards	0.91%
	Shareholder rights and responsibilities	13.55%
	Tax havens	2.05%
Total		84.97%
Combination	Combination	2.05%
Total		2.05%

Table 5: Content analysis of all shareholder resolutions from 2000 to 2009 where all resolutions are first categorized as pertaining to environmental, social, or governance performance, or any combination of these three, and subsequently aggregated along major themes.

Shareholder resolutions serve to draw attention to a particular issue. In some cases these issues were framed in relational terms, by which the resolution pertained to a shareholder-specific perception of appropriateness, and in other cases these issues were framed within national or international codes of practice, such as suggesting a corporation adopt the principles articulated in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Given the prevalence of codes of best practice regarding corporate social, environmental, and governance performance, it is perhaps surprising that 94.8 percent of all shareholder resolutions during this study period were framed in relational terms by which the shareholders presented their perspectives of appropriate corporate form and function without making reference to any such codes of practice. This is not to say that shareholder perceptions were not influenced by any such codes, however if they were it was not sufficient to warrant explicit reference within the resolutions.

The contents of the shareholder resolutions are not only important for each respective target corporation but also with regards to the broader discourse of Canadian corporate governance. Once a resolution is filed it has effectively shaped the public corporate governance exchange by informing the discourse with regards to the more contentious perspectives of appropriate corporate forms and functions; whether the resolution receives sufficient vote support to surpass legally mandated thresholds is of less importance as shareholder resolutions are typically non-binding. One particular outcome which is of significant interest, however, is the case of shareholder resolutions which are withdrawn prior to a vote. As the most common cause of withdrawal is the receipt of a signal from corporate management demonstrating a willingness to negotiate (O'Rourke 2003), withdrawn proposals represent the leading edge of corporate evolution within this exchange. During this study period, 46 shareholder resolutions were either omitted, not voted, or otherwise removed from

the exchange due to structural or legal concerns. Of the remaining 832 resolutions, 21.8 percent were withdrawn. Withdrawn resolutions included those concerning corporate environmental and social performance although the clear majority (62.4%) were concerned with issues of governance.

4.4.3 Target Corporations

Only 96 distinct corporations have been targeted across the 878 shareholder resolutions filed between 2000 and 2009. The number of distinct corporations targeted each year ranged from a low of three during 2003 to a high of 26 during 2009. Although the sample of target corporations is limited some trends in characteristics of those being targeted are evident.

Canadian corporations are categorized by the CSA on a six-tiered scale according to their asset valuations with the lowest tier valued at under five million dollars and the highest tier valued at over one billion dollars (all figures are \$CDN). Canadian shareholders predominantly target the largest corporations as 90.4 percent of all target corporations were categorized within the highest asset value tier and 6.4 percent were categorized in the second highest asset value tier thereby leaving 3.2 percent among the tiers ranging from under five million dollars up to five hundred million dollars. The preference for targeting higher valued corporations is perhaps due to: 1) Shareholders prefer to file resolutions with more visible corporations (Rehbein et al. 2004; Clark et al. 2008) and higher value corporations are typically more visible (e.g. attracting more financial analysts); and 2) Large institutional shareholders have demonstrated a preference for high-valued corporations (Ferreira and Matos 2008) and it is precisely large institutional shareholders who are encouraged to monitor corporate management (Black 1992; Clark and Hebb 2005).

Of the 96 corporations which received shareholder resolutions over this period, exactly half were targeted during only one year thereby suggesting that they were selected

due to an issue-specific grievance which was either remedied or of short-term interest. Of the remaining 48 corporations which were targeted during multiple years only five were targeted each and every year. These five corporations were the Toronto-Dominion Bank, the Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the National Bank of Canada, and the Royal Bank of Canada. The Bank of Montreal, an equally important financial institution, would be included in this list however it did not receive any shareholder resolutions during 2003.

There is little reason to suspect an aggregate geographical trend to the selection of target corporations. As demonstrated in Map 2, target corporation headquarters are spread across seven provincial jurisdictions with 91.6 percent of them located in the four provincial jurisdictions of Ontario (43.7%), Quebec (19.8%), Alberta (17.7%), and British-Columbia (10.4%). This distribution of target corporation headquarters reflects the distribution of all Canadian corporation headquarters as Chapter Three demonstrated that 90.5 percent of all headquarters are located in these same provincial jurisdictions (based on 2008 data). As demonstrated by the actions of MEDAC, individual shareholders may demonstrate a geographical preference when selecting target corporations, however such preferences appear to be diluted across the entire population of shareholders who file resolutions.

4.5 Discussion

The analysis of the content of the shareholder resolutions reveals that traditional issues of corporate governance performance, such as share structure, board composition, and executive compensation remain the principal concerns within the Canadian public corporate governance exchange. Of interest is the fact that concerns with corporate social and environmental performance are increasingly entering the discourse however retain a relatively minor presence. Furthermore, participants prefer to address environmental, social, and governance

concerns independently of each other even though there is a growing international acknowledgment of the correlation between long-term financial performance and integrated corporate environmental, social, and governance (ESG) performance (Orlitzky et al. 2003; Derwall et al. 2005). This perceived correlation lies at the heart of the responsible investment ideology championed by the United Nations Principles of Responsible Investment (UN PRI). This ideology could be expected to lead shareholders to be less issue-specific and more concerned with holistic perspectives of corporate performance thereby integrating environmental, social, and governance concerns into single shareholder resolutions. Although numerous Canadian shareholders are signatories to the UN PRI, these same appear to remain issue-specific as resolutions which address a combination of ESG performance aspects represent less than two percent of all resolutions.

Not only are Canadian shareholders remaining issue-specific but they are also predominantly proposing individualistic and idiosyncratic solutions to their concerns: nearly all shareholder resolutions are framed in relational terms thereby avoiding any explicit reference to national or international codes of best practice. This reality is material to the public corporate governance exchange as it demonstrates the multitude of values and perspectives informing the discourse within which the paradigms of appropriate corporate form and function evolve. Heavy reliance upon national and international codes of best practice, which is not the case in the Canadian exchange, would potentially lead to greater standardization and uniformity among the perspectives influencing the corporate governance discourse and hence potentially lead to greater uniformity in corporate forms and functions across regions. The relational character of Canadian shareholder resolutions, in contrast, stands to reinforce any heterogeneity within the public corporate governance exchange.

Regarding the participants within the public exchange the above analysis allows me to discuss trends in both the populations of shareholders filing the resolutions and of the

corporations receiving the resolutions. The population of targeted corporations follows trends identified in previous research with regards to the U.S.A. setting (Rehbein et al. 2004; Clark et al. 2008). Similarly, it is Canada's largest and more visible corporations which are regularly targeted by shareholder resolutions. The number of corporations receiving shareholder resolutions is intriguingly limited: in 2008, for example, there were approximately 1,485 TSX-listed entities susceptible to shareholder resolutions yet only 38 were targeted. Owing to the fact that some corporations were targeted in successive years, only 96 distinct corporations were targeted throughout the ten year study period. The majority of corporations were targeted during a single year however Canada's five largest banks deserve mention as being the only corporations to receive shareholder resolutions every year thereby identifying them as keystone members within the community of practice.

Canadian banks are regulated differently than all other corporations. Whereas corporations can incorporate under the federal or any of the provincial/territorial jurisdictions, banks are incorporated under the Bank Act of the federal jurisdiction. Among other issues, this act serves to limit the number of chartered banks operating in Canada as well as their merger and acquisition developments. Furthermore banks and other financial institutions are also regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI), a federal governmental agency not reflected in other areas of industry. Although the increased regulations faced by the Canadian banking sector may at times be cumbersome they have ensured that the sector remains one of the most robust in the world during times of global financial crisis (Ratnovski and Huang 2009). A side-effect of such regulation, however, is that the few large Canadian banks have effectively become the gate-keepers of Canadian capital markets.

This fact may explain why it is only the large banks which receive shareholder resolutions each year whereas most corporations are targeted during only one year. In

essence, shareholders may be monitoring these banks for two principal reasons: 1) these banks are among the largest TSX-listed corporations in Canada in terms of market capitalization and therefore attract a higher degree of shareholder monitoring commensurate with the shareholders' potentially higher degree of risk exposure; and 2) particular shareholders may be targeting these large banks as flagships of the broader TSX community, in other words changes implemented within these corporations are expected to trickle-down to others thereby monitoring and engaging these financial institutions represents the greatest 'return on investment' for those shareholders seeking to influence Canadian corporate development.

Trends within the population of shareholders who monitor and engage corporations to the extent of filing shareholder resolutions demonstrate yet another degree by which the Canadian public corporate governance exchange is limited. The population of shareholders who filed resolutions from 2000 to 2009 is sufficiently limited so as to be termed anaemic as only 59 distinct shareholders are represented within. Even more surprising is the fact that two shareholders, MEDAC and Robert Verdun, are responsible for over 63 percent of all resolutions thereby also identifying them as keystone members of the community of practice. Yet this reality lends a temporary nature to the Canadian exchange as both shareholders, and more so Robert Verdun as he is an individual shareholder whereas MEDAC is a shareholder organization, will one day exit the exchange with no clear successor yet having presented themselves.

In conjunction with the population of shareholders present within this sample, the population of shareholders which are not active in this exchange is also of great interest. Canada retains some of the world's largest public institutional shareholders, notably: the Canada Pension Plan Investment Board (CPP IB); the Caisse de Dépôt et Placements de Quebec (Caisse); the Ontario Teachers' Pension Plan (OTPP); the Ontario Municipal

Employees Retirement System (OMERS); the Alberta Investment Management Corporation (AIMco); and the British Columbia Investment Management Corporation (bcIMC) which each controlled at least \$50 billion CDN by 2009. Research has demonstrated that it is precisely these shareholders who should be active corporate monitors given their long-term investment horizons and increasingly volatile risk landscape in internationalized markets (Clark and Hebb 2005) yet these Canadian shareholders were not active in the public corporate governance exchange.

Their absence from the landscape of shareholder resolutions is consequential for two principal reasons. First, it is precisely resolutions filed or supported by such large institutional shareholders which promote the greatest degree of responsiveness within targeted corporations (Gillan and Starks 2000; Ertimur et al. 2010). Their absence from the public exchange thereby tilts the balance of power within the broader community of practice which supports this exchange. Second, their absence in light of the contention by previous research that Canadian institutional shareholders are typically active in issues of corporate governance (MacIntosh 1996) gives rise to the possible existence of a private exchange which shadows the Canadian public corporate governance exchange. As a private exchange would serve to remove key participants and perspectives from the criticism and due diligence of the broader community of practice its precise state of existence is significant for Canadian corporate development and is deserving of future research. Given the apparently private nature of such, future research would be best served by adopting a more qualitative approach based on participatory observations and/or elite interviewing techniques so as to best parse the finer details of participants' idiosyncratic approaches from the relatively market-wide trends highlighted by the survey methodology applied within this chapter.

Although the Canadian public corporate governance exchange is limited with regards to the number of distinct shareholders filing resolutions and the number of distinct

corporations receiving such resolutions it is nonetheless active across the nation and displays a stark multi-jurisdictional character. In Chapter Three I demonstrated that Canadian corporations prefer to remain incorporated and headquartered within the legal framework of one provincial jurisdiction based on access to markets and resources yet the majority of shareholder resolutions are inter-jurisdictional meaning that the majority of targeted corporations receive resolutions embedded in legal, social, political, regulatory and cultural settings other than the settings within which they choose to be established.

If the landscape of inter-jurisdictional shareholder resolutions was even remotely uniform then one could expect a convergence of corporate form and function across all 13 provincial and territorial jurisdictions driven by shareholder pressure. This is not the case. Quebec-based shareholders clearly dominate the inter-jurisdictional shareholder resolution landscape in terms of volume yet only engage corporations in three other provinces. Alberta-based corporations receive a significant flow of inter-jurisdictional shareholder resolutions yet Alberta-based shareholders seldom file such resolutions. Furthermore, there are four jurisdictions which retain corporate headquarters yet did not receive a single resolution throughout the study period as well as six jurisdictions from which no single shareholder resolution originated. Clearly, there is evidence of sub-national clustering of flows of finance and associated perspectives of appropriate corporate form and function.

The fact that the Canadian public corporate governance exchange is distinctly multi-jurisdictional is consequential both for Canadian corporate development and for broader international settings. Global flows of finance are often portrayed as convergent forces thereby leading certain commentators to proclaim the end of geography's significant role in shaping economic landscapes (O'Brien 1992; Ohmae 1995). Yet, as finance flows across geo-political boundaries it carries with it certain values, norms, and perspectives as to what constitutes appropriate corporate forms and functions. Such values, norms, and perspectives

originate and are continuously shaped by the geographies and histories within which the owners of the financial flows are embedded (Clark and Wójcik 2007).

The Canadian setting demonstrates that the flows of finance and associated values do not necessarily represent a homogenizing force based upon a compromise of all interested parties as the relationships between different jurisdictions are not always balanced thereby leading to a more heterogeneous exchange. The multi-jurisdictional nature of the exchange does not imply a convergence across all jurisdictions and may even lead to further regional divergence as certain jurisdictions actively engage some but not others thereby potentially leading to jurisdictional clustering. Furthermore, a preference for framing resolutions in relational terms, as such is the case in the Canadian public corporate governance exchange, accentuates the consequential roles of shareholder values and perspectives in introducing diversity to the public exchange. It is rather presumptuous, therefore, to claim that flows of finance necessarily fuel convergent trends as the precise complement and distribution of actors and perspectives involved in such flows will determine the ultimate degree of convergence—and such complements and distributions are not homogeneous within and between all jurisdictions.

In closing, I have presented a landscape of shareholder resolutions as a public corporate governance exchange which arises from a community of practice within which paradigms of appropriate corporate forms and functions are continuously evolving. I have applied this novel perspective to the Canadian setting to demonstrate both the distinctly multi-jurisdictional character of the public exchange as well as the limited nature of the public exchange which, by extension, is potentially shadowed by a private exchange. These findings are consequential for the Canadian setting in that they serve to question the potential of the public corporate governance exchange to serve as a democratic corporate oversight mechanism as well as for broader international settings in that the multitude of relational

perspectives and values internalized within the public exchange serve to question the commonly assumed convergent properties of inter-jurisdictional flows of finance.

Chapter Five

Channels of Convergence: Investor Engagement and Interlocked Directorates

5.1 Introduction

It is little disputed that the spread of financial capitalism has led to significant integration and interdependence of national economies (Perraton et al. 1997). It is within this setting, since the 1970s, that corporations have gained their “present, more general economic significance as an extra-national network of inter- and intra-firm linkages spreading rapidly over the globe” (Taylor and Thrift 1982, i). A well-rehearsed question arising from such global integration is whether or not national economies are converging upon similar structural and cultural foundations (North 1994). As some have presented the case of complete market-driven convergence (Hansmann and Kraakman 2001) others have presented path-dependence as an insurmountable obstacle (Bebchuk and Roe 1999). Seminal contributions by La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1997; 1998; 1999) initiated a rich comparative corporate governance research agenda surrounding this question and effectively emphasized the path-dependent divergence of national models, a finding they continue to observe a decade later (La Porta et al. 2008). In their seminal work on the geography of finance, Clark and Wójcik (2007) demonstrate that although capital may circulate relatively unimpeded on a global scale, a fact often employed to support arguments of complete convergence, it originates and operates in different context-specific economic geographies, a reality which

maintains the consequentiality of path-dependence. Although the convergence versus divergence debate is rich with empirical and theoretical research, little effort has yet been expended to identify specific channels by which convergent market forces interact with divergent path-dependent forces to establish national models of corporate governance.

A recent review of empirical research concerning the convergence/divergence of national economies within globalized markets has concluded that the bulk of the evidence supports the notion that history, which is noted to be intertwined with geography, matters in contemporary economic development (Nunn 2009). A wealth of research has further documented that convergent trends are witnessed in national models of corporate governance but that idiosyncratic national characteristics remain the prominent explanatory variable [see Stulz (2005), Khanna et al. (2006) and Doidge et al. (2007) for a global perspective; Aggarwal et al. (2010) for a global perspective with an Anglo-American focus; Wójcik (2006), Bauer et al. (2008b) and Renders et al. (2010) for a European perspective; Salacuse (2003) for a North Atlantic perspective; and Jacoby (2007) for an Asian perspective]. Resultantly, it is increasingly accepted that economic globalization is leading neither to complete convergence or entrenched divergence but rather to a combination of both in which we are witnessing convergence at a functional level but not necessarily at a formal level (Gilson 2001). Economic models, such as Lo's (2005) Adaptive Markets Hypothesis and Merton and Bodie's (2005) Functional and Structural Finance are increasingly recognizing such a balance of power by allowing for a variety of institutional structures as determined by context-dependent factors to develop while seeking to attain economically efficient ideals. Such broad-level models account for the interaction of global market forces and localized regulatory forces and often present the former as being a relatively uniform near-omnipresent force with little mention as to how such interaction may actually materialize.

Interactions between market and regulatory forces are continuous and unbounded within a setting of economic globalization yet to assume a homogeneous distribution of market forces and corresponding causes and consequences belies the fact that market forces are built on a heterogeneous distribution of social institutions (Callon 1998). Few scholars have explicitly identified and modeled channels by which specific market forces penetrate geo-political boundaries to interact with extra-local regulatory frameworks, with the notable exception of Hebb and Wójcik's (2005) institutional investor value chain. This channel is predicated on the market dominance of institutional investors (Clark 2000; Hawley and Williams 2000) and their resultant exposure to a global distribution and diversity of risks and hence their increasing proclivity for becoming engaged shareowners (Clark and Hebb 2005). Through engagement, institutional investors effectively export their values and beliefs (Gillan and Starks 2003). The resultant institutional investor value chain is operational at multiple scales and can influence the development of individual corporations as well as the development of entire national regulatory frameworks (Hebb and Wójcik 2005; Jacoby 2007).

Hebb and Wójcik's (2005) institutional investor value chain accounts for the introduction of extra-local market forces to national economies yet stops short of describing any subsequent distribution and diffusion of such forces within said economies. In this chapter I propose an addition to Hebb and Wójcik's (2005) channel in order to account for the intra-jurisdictional distribution of extra-jurisdictional market forces. The appended channel is herein referred to as the institutional investor/interlocked directorate pipeline. The pipeline draws its market influence from institutional investor corporate engagement and proceeds to distribute this market force by means of a network of interlocked directorates originating from the engaged corporations and flowing to a second tier of corporations across a national economy. O'Hagan and Green (2002a; 2004) have empirically supported the

theory of interlocked directorates as a mechanism for knowledge transfer, as earlier theorized by Useem (1984). In essence, the institutional investor/interlocked directorate pipeline is a distribution mechanism connecting elite internationalized financial institutions to subsequent tiers of corporations by means of targeted engagement initiatives and interlocked directorates.

The proposed pipeline is premised on the notion that access to knowledge is of significant importance in establishing and maintaining a competitive advantage (Drucker 1993) and, as explained by Bathelt's (2007) buzz-and-pipelines multiplier model, "the combination of local interaction or buzz with interaction through translocal linkages or pipelines creates a dynamic process of knowledge creation" (p. 1290). Pipelines require purposeful investment and monitoring in order to remain viable and productive and are instrumental in feeding innovative growth, promoting market development, and resisting negative lock-in (Bathelt et al. 2004). The importance of pipelines is more readily demonstrated when the corporation itself is perceived less so as an atomistic and rational economic entity and more so as a connected and temporary coalition (Taylor 1999; 2004).

The potential for market forces to influence a national model of corporate governance will primarily depend upon the distribution of pipelines throughout the economy in question. Within this chapter I analyze the distribution of the institutional investor/interlocked directorate pipelines across Canada. The distribution is interesting given its potential to link regionally distinct communities of practice both within and without the country. As a starting point I focus on institutional investor engagement with the S&P/TSX 60 index corporations as these corporations represent nearly 73% of the market capitalization of the Toronto Stock Exchange (TSX) (S&P 2009) and as such are often considered to be the preferred investment recipients of large institutional investors (Ferreira and Matos 2008). The pipelines are subsequently constructed by means of interlocked directorates between these corporations and a second tier of corporations which are not members of the S&P/TSX 60 index. As I will

demonstrate, these pipelines effectively transcend all geo-political and industrial boundaries across Canada thereby providing for significant exposure of any information/knowledge originally relayed by institutional investors to the S&P/TSX 60 index corporations.

At this point a significant limitation of the study should be identified: this chapter is an investigation of the distribution of market force pipelines which originate from the engagement activities of internationalized institutional investors (both foreign and domestic) and a select group of publicly-traded corporations and makes no judgment upon the quantity or quality of any information/knowledge distributed within, an important task left to future research. Furthermore, this chapter does not provide an analysis of any specific institutional investor engagement activities but rather accepts that internationalized institutional investors in general do retain idiosyncratic perspectives of appropriate models of corporate governance and do in fact engage corporations to render such perspectives actionable (e.g. Ryan and Schneider 2002; Gillan and Starks 2003; Jacoby 2007; Hebb 2008).

The remainder of this chapter is presented in four sections. Section two develops the theoretical foundation of this proposed global market force pipeline and section three presents a corresponding empirical investigation based on an analysis of Canadian interlocked directorates. Section four concludes with a discussion of the divergent regulatory forces and convergent market forces operating in the Canadian setting and the implications for a broader geography of finance.

5.2 Establishing a Pipeline

Although the universe of institutional investors is quite diverse of primary concern are the institutional investors with sufficiently large pools of capital so as to own entire cross sections of various national economies thereby earning the label of universal owners (Hawley and Williams 2000; 2005). Due to their size and typically modern portfolio theory-based

investment strategies (Campbell and Viceira 2002), universal owners are exposed to systemic and non-systemic economic risks at both the national and global scales while effectively being denied the ability of exit. Resultantly, such investors are increasingly turning to voice when concerned with equity performance (Clark and Hebb 2005; Hebb 2008) and often attempt to export their perspective of ‘good’ governance in efforts to standardize their investment universe regardless of national boundaries (e.g. Jacoby 2007). In essence, universal owners represent a market force promoting the evolution of an internationalized and standardized investment universe from the perspective of financial risk management.

The ability of universal owners to effectively instil change across national economies and individual corporations has been identified as a significant market force and explained as the institutional investor value chain (Hebb and Wójcik 2005). As each universal owner is driven towards engagement by an idiosyncratic combination of legal, economic, political and social antecedents (Ryan and Schneider 2002) institutional investor value chains should consequently be perceived as relational market forces thereby placing emphasis on specialized, or tacit, knowledge. Given that all engagement activities require an investment of financial and personnel resources, an individual institutional investor is likely to only engage a relatively limited population of corporations. As such, institutional investor value chains provide for significant knowledge transfer between the internationalized financial elite and a limited sub-set of the global corporate population. Of great interest is the potential diffusion of such knowledge beyond the initial groups of engaged corporations: a diffusion I propose herein as being possible by means of interlocked directorates.

The board of directors is recognized as one of the most important governance structures within the contemporary public corporation (Fama and Jensen 1983; Williamson 1983; Baysinger and Butler 1985) and can be understood as a market solution to the dilemma of agency problems inherent to the organizational nature of the corporation (Hermalin and

Weisbach 2003). The presence of interlocked directorates across publicly traded corporations has long been a concern within corporate governance. Theories explaining the rationale for interlocked directorates appear to have evolved into the categories of management control theory (Mace 1971), class hegemony theory (Sonquist and Koenig 1975), resource dependence theory (Pfeffer and Salancik 1979), financial control theory (Mintz and Schwartz 1985), and knowledge transfer theory (Useem 1984); in other words the “rationale has moved from interlocks as a controlling mechanism to interlocks as a transfer mechanism” (O’Hagan and Green 2004, p. 129).

Given the importance of knowledge within a global economy increasingly reliant on intangible assets (Lev 2001), support for a theory of interlocked directorates as a network of knowledge transfer has grown (Haunschild and Beckman 1998; Carpenter and Westphal 2001; O’Hagan and Green 2002a). In essence, the theory recognizes two broad categories of knowledge: the explicit and the tacit. Explicit knowledge is characterized by its open availability and rapid diffusion whereas tacit knowledge is characterized by its limited degree of accessibility (Nonaka and Takeuchi 1995). Although both categories are important to corporate development, tacit knowledge forms the cornerstone of competitive differentiation (Drucker 1993; Storper and Venables 2004). Tacit knowledge is primarily a construct of geographical proximity but remains open to extra-local inflows and outflows (Gertler 2003; Gertler and Levitte 2005). Such extra-local flows of knowledge have been described as ‘global pipelines’ (Owen-Smith and Powell 2004). Although the term was originally coined within an international perspective it should be understood that pipelines are not required to cross national borders in order to transfer tacit knowledge. The principal component of the theory holds that geographically-bound tacit knowledge can be shared between two localized nodes by means of a knowledge pipeline. Henceforth I refrain from employing the ‘global’ epithet in acknowledgment of the fact that knowledge can be transferred at multiple scales.

The notion of transferring tacit knowledge implies a spatial component yet few researchers have included a geographical perspective within analyses of interlocked directorate networks. Green and Semple (1981) and Green (1983) were the first to do so and remained focused on Canadian and U.S.A. corporations (a research agenda continued by O'Hagan and Green 2002 a, b; 2004). Following, and at a global level, international interlocked directorates have been studied as evidence of a developing transnational business community. Based on a sample of 176 corporations from 1976 to 1996 across eight countries and regions Carroll and Fennema (2002) document that nearly 75% of all interlocks are intra-national and the preponderance of inter-national interlocks are occurring in the North-Atlantic area with a slight increase in absolute numbers over the study period occurring entirely within the European region. Australia, Japan, South Korea, and Brazil were effectively isolated from this developing trans-national business community. In a reply, however, Kentor and Yong (2004) expanded the international sample to include all Fortune Global 500 corporations in a study period from 1983 to 1998 and concluded that there was in fact a more significant trans-national business community than Carroll and Fennema (2002) had described. Yet Kentor and Yong (2004), as in Carroll and Fennema (2002), document that the great majority of trans-national interlocked directorates were established among European nations and the U.S.A., thereby leaving many nations, such as Canada and Australia, with predominantly nationally-based networks.

Previous analyses of such networks have focused predominantly on intra-network knowledge transfer with little attention paid to any extra-network inflows of knowledge. The identification of an international knowledge network and correspondingly isolated nations presumes that any nation isolated from the network is also isolated from the knowledge circulating within. Yet, if interlocked directorates are perceived as knowledge pipelines within a network then it is reasonable to assume that other pipelines can introduce knowledge

to these networks and subsequently link supposedly isolated networks. As discussed above, the institutional investor value chains are precisely one such pipeline capable of introducing knowledge to a diversity of networks.

The institutional investor value chain's principal strength rests with the introduction of knowledge and its principal weakness rests with the limited distribution of knowledge thereafter whereas the interlocked directorate network's principal strength and weakness are the reverse. By combining these two streams of research I herein propose the institutional investor/interlocked directorate pipeline. In aggregate, the pipeline has the potential to track both the introduction and diffusion of knowledge. Naturally, the conveyed knowledge could be continuously transferred by means of successive interlocks with progressively removed tiers of corporate directors. Within this chapter, however, it is assumed that any knowledge successively transferred beyond the second tier of directors would be increasingly diluted; resultantly, the proposed pipeline is held to be composed primarily of the channels linking universal owners to a first tier of directors and interlocked directorates linking these to a second tier of directors.

5.3 Canadian Pipelines

Of concern within this chapter is the question as to whether the network of institutional investor/interlocked directorate pipelines within Canada provides a trans-jurisdictional channel for knowledge transfer across the nation's multi-jurisdictional model of corporate governance. Recent comparative work by Green and O'Hagan (2002a; 2004) has established a benchmark understanding of the distribution of interlocked directorates within Canada. Following from the understanding that Canadian corporate power is concentrated in the headquarters' location (Semple and Green 1983), O'Hagan and Green (2002a) have conducted a city-based analysis to determine that Canadian interlocking is significantly

concentrated in the four cities of Toronto (Province of Ontario), Montreal (Quebec), Calgary (Alberta), and Vancouver (British Columbia) with 85% of interlocked directorates across 250 corporations occurring within these cities as of 1996. In contrast, interlocked directorates across 500 U.S.A. corporations were significantly more diversified as of 1996: New York City being the most important but with the 20 top cities accounting for less than 70% of all interlocks. O'Hagan and Green (2002a) further conclude that the knowledge threshold (the distance of interlocks formed in order to access tacit knowledge centers) of the U.S.A. is dispersed across a few sub-national regions whereas that of Canada is nationally diffuse.

5.3.1 Methods and Results

Of interest to the institutional investor/interlocked directorate pipeline is the distribution of internationalized institutional investor influence among the Canadian corporate landscape. Following from their preference for corporations with relatively large capitalizations (Ferreira and Matos 2008) and their associated portfolio indexing strategies (Campbell and Viceira 2002), large institutional investors (both domestic and foreign) seeking exposure to the Canadian market are likely to own equities of the Standard and Poor's/Toronto Stock Exchange 60 (S&P/TSX 60) index which aggregates the 60 largest capitalized Canadian corporations. Combined, these 60 corporations represent approximately 73% of the TSX market capitalization (S&P 2009). These same corporations also represent the Canadian population of the S&P Global 1200 index. In this case, the proposed pipelines originate with institutional investors and link to S&P/TSX 60 index corporations by means of engagement and subsequently to a second tier of corporations by means of interlocked directorates. Within this analysis, the points of origin of all interlocked directorates are the S&P/TSX 60 index corporations' headquarters.

Drawing a sample from the TSX population does present a particular selection bias: namely, private firms and firms with significant government involvement are excluded. This

bias is rather a necessity created by the structure of the pipelines I am discussing: the proposed pipelines originate with the potential occurrences of institutional investor corporate engagement and are extended by occurrences of interlocked directorates, both of which are prevalent more so among publicly-traded corporations than among private or government-related firms. I do not intend to obfuscate the reality that TSX-listed corporations and their associated directors may be significantly linked with other non-publicly-traded firms but rather that such linkages may fall within the remit of different knowledge transfer pipelines than the institutional investor/interlocked directorate pipeline presented herein.

The TSX Factbook 2008 identifies all 1,569 publicly-traded entities on the TSX up to December 31st, 2008. Desiring to focus on the distribution of the proposed pipelines within Canada I removed all foreign-incorporated entities as well as all exchange-traded funds to construct a sample of 1,403 Canadian publicly-traded corporations. Based on listing codes of the North America Industry Classification System 2007 (NAICS 2007) I classified all corporations as belonging to the broad categories of Finance, Forestry and Paper, Mining and Extractives, Oil and Gas, and all remaining corporations under the heading of Products and Services.

Using the S&P-published list I identified the constituent corporations of the S&P/TSX 60 index as of December 31st, 2008. I subsequently verified the corporate filings held within the on-line System for Electronic Document Analysis and Retrieval (SEDAR), which is maintained by the Canadian Securities Administrators (CSA), in order to identify the directors of each of the 60 constituent corporations. I subsequently made recourse of the on-line System for Electronic Disclosure by Insiders (SEDI) (also maintained by the CSA) to identify all other corporations with which the directors of the S&P/TSX 60 index corporations were interlocked.

The S&P/TSX 60 index corporations (index corporations) provide for 723 directorate positions which were filled by 585 distinct directors thereby resulting in 138 interlocked directorates within this corporate sub-population. These directors engaged in 749 subsequent interlocks with other TSX-listed corporations not included in the S&P/TSX 60 index. In aggregate, the initial sample of 60 index corporations leads to interlocked directorates with an additional 288 non-index TSX-listed corporations for a combined interlocked network of 348 TSX-listed corporations.

As of December 31st, 2008, the TSX listed 1,403 Canadian corporations with headquarters across all ten provinces and three territories except the province of Prince Edward Island and the Territory of Nunavut. The S&P/TSX 60 index corporations are drawn from this population with reported headquarters across all provinces except Manitoba, New Brunswick, and Prince Edward Island, and the three territories. The 723 index corporation directorates were not uniformly distributed among the remaining seven provinces as 92.8 percent of the index corporation directorates were located in the four provinces of Ontario (36.24%), Alberta (31.81%), Quebec (18.67%), and British Columbia (6.08%); following thereafter were Saskatchewan (3.6%), Nova Scotia (1.94%), and ultimately Newfoundland (1.66%).

O'Hagan and Green (2004) established that the threshold network within the Canadian corporate network is truly national. As such the 749 interlocks originating from the index corporations can effectively insert into any of the nine provincial jurisdictions which retain TSX-listed corporate headquarters. Although there is a strong landscape of institutional forces promoting intra-jurisdictional lock-in, as presented earlier in Chapter Three, a majority (51.8%) of interlocked directorates occur inter-jurisdictionally. These inter-provincial pipelines can be formed with origins and insertions in either of the two respective provinces and still contribute to the generation of the same inter-provincial pipeline. These inter-

provincial pipelines ranged in density from one to 87 interlocked directorates; as such they can all be reasonably categorized within a quartile-based pipeline density hierarchy ranging from one to 100 interlocked directorates. The Ontario-Alberta and the Ontario-Quebec pipelines form a first level of interlocks followed by Ontario-British Columbia in the second level and Alberta-Quebec in the third level with all other inter-provincial pipelines composing the less dense fourth level (Fig. 5). Interestingly, Alberta is the only province to establish interlocks with all other provinces in which corporate headquarters are located.

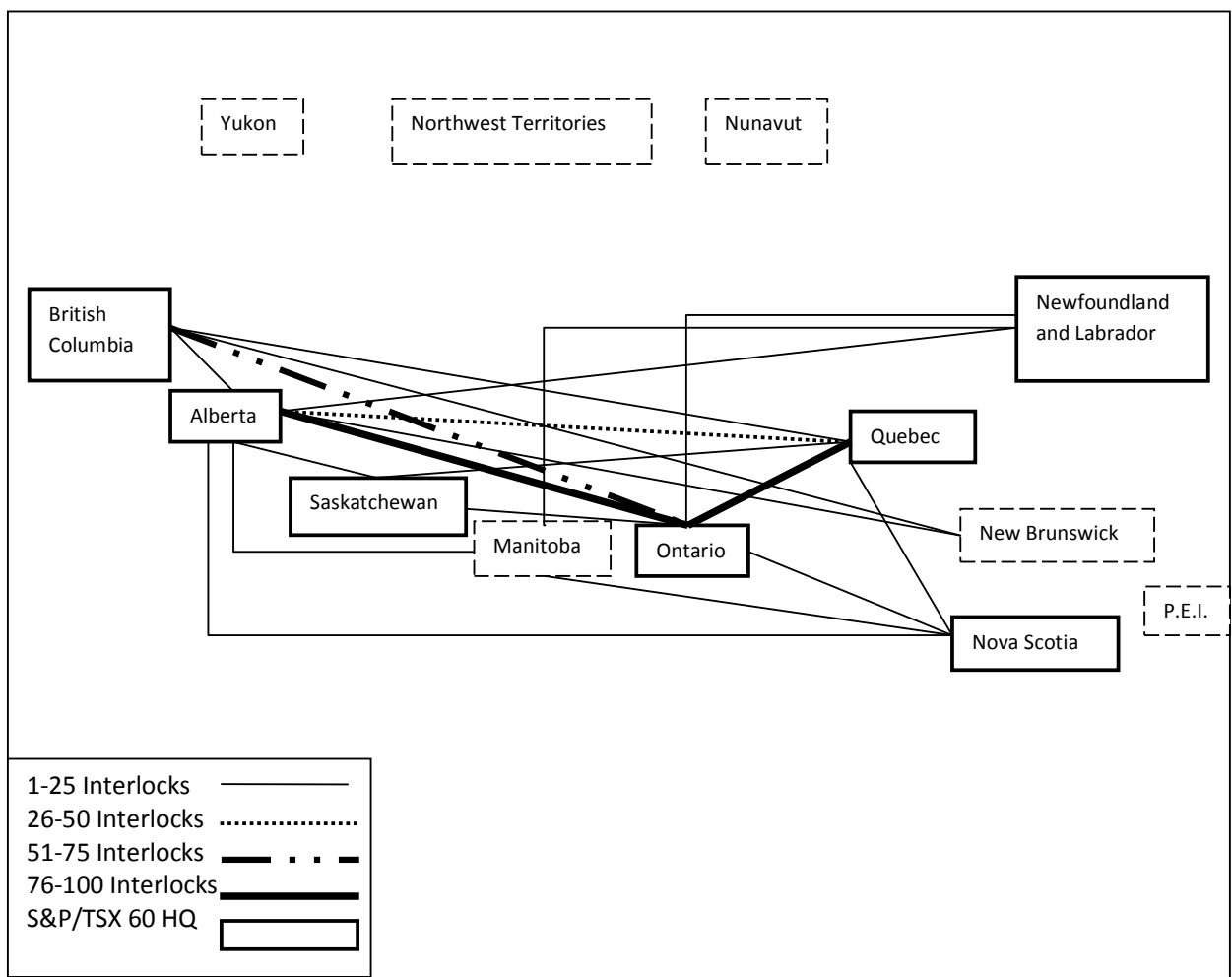


Figure 5: Distribution of Canadian inter-provincial interlocked directorates originating from S&P/TSX 60 Index corporations and inserting to other TSX-listed Canadian corporations.

Assuming that all corporations retain an average of 12 directorates, as has been calculated for the index corporations within this study (mean of 12.05, sd= 2.5), one can calculate the expected number of interlocks each province should receive given the number of directorates based within its jurisdiction. There is a significant pattern within the distribution of interlock insertions among the provinces ($\chi^2_{11}=128.05$, $p<0.000$). In particular, Quebec and Alberta receive more interlocks than expected and British Columbia and Ontario receive fewer interlocks than expected.

A similar analysis can be conducted regarding the distribution of distinct interlocked corporations instead of interlocked directorates. The distribution of interlocked corporations need not necessarily follow the distribution of interlocked directorates as certain corporations may retain one or multiple interlocked directorates yet still be considered interlocked. Again, a significant pattern emerges within the distribution of interlocked corporations ($\chi^2_{11}=46.43$, $p<0.000$). In this case, and in contrast to the distribution of interlocked directorates, the number of distinct Quebec corporations receiving interlocks is as expected given the number of corporations headquartered within the province. Similar to the case of interlocked directorates, more Alberta corporations receive interlocks than expected and British Columbia and Ontario corporations receive fewer interlocks than expected. The significance of these distributions is discussed below.

Turning to the industrial distribution, the 1,403 TSX-listed Canadian corporations were categorized into five broad-level industry categories (Finance, Products and Services, Mining, Oil and Gas, and Forestry and Paper) and the 60 index corporations were drawn from all of these categories excluding Forestry and Paper. On average, Finance corporations retain more directorates than all other industry categories and resultantly engage in more interlocks than all other industry categories (Table 6). In relative terms, however, the distribution of

interlocks per directorate is approximately constant, slightly more than one interlock per directorate, across all industry categories.

Industry	Mean # of directorates	Mean # of interlocks	Mean Ratio of Interlocks/Directorates
Finance	15.25 (sd=1.03)	15.25 (sd=3.11)	1.01 (sd=0.24)
Products and Services	11.89 (sd=2.62)	12.19 (sd=6.67)	1.02 (sd=0.47)
Oil and Gas	11.07 (sd=1.64)	12.00 (sd=6.95)	1.10 (sd=0.64)
Mining	11.36 (sd=2.20)	11.72 (sd=5.48)	1.02 (sd=0.44)

Table 6: Industry category distribution of S&P/TSX 60 Index directorates and interlocks.

When grouped by industry category, the index corporations interlocked with non-index corporations across all industry categories including Forestry and Paper corporations which were not represented among the index corporations. Although index corporations from each of the four industry categories within the index sample are interlocked with extra-index corporations across all five industry categories there appears to remain an intra-industry bias. Index corporations across all industry categories except Finance formed more intra-industry interlocks compared to inter-industry interlocks. Finance corporations formed most interlocks with Products and Services corporations, followed thereafter with other Finance corporations. In sum, and although 45.5% of interlocks do occur across industry categories, there is a significant intra-industry bias to interlocks originating from the S&P/TSX 60 index corporations ($\chi^2_9=256.59$, $p<0.000$).

5.3.2 Implications

The multijurisdictional character of the Canadian model of corporate governance provides an effective setting for examining the interaction of regulatory and market forces within the context of divergent or convergent economic development in a globalizing world. In Chapter Three I discussed the strong provincialization of the Canadian model, suggestive of sub-national divergent economic development. This previous chapter, however, clearly focused on the regulatory component of the Canadian model thereby rendering this current chapter a welcome contribution. In general this chapter has determined that although there are strong

provincialized regulatory forces acting upon the Canadian model of corporate governance there also exists a nation-wide network of institutional investor/interlocked directorate pipelines operating throughout and across all provinces thereby introducing potentially significant cosmopolitan market forces to the Canadian model of corporate governance. The market forces in question are the knowledge and influence of internationalized institutional investors as transmitted to a select group of Canadian corporations, those composing the S&P/TSX 60 index, by means of engagement activities and subsequently transmitted to a second tier of corporations by means of interlocked directorates.

The central component of these pipelines are the select few corporations composing the S&P/TSX 60 index as these corporations are the leaders of the Canadian economy and, arguably, the most likely to be regularly engaged by internationalized institutional investors, both domestic and foreign. The S&P/TSX 60 index corporations are headquartered in only seven provinces and represent four broad industry categories in contrast to the wider TSX population with headquarters in nine provinces and two territories operating across five industry categories. As such it would have been reasonable to expect an institutional investor/interlocked directorate pipeline distribution with similar geographical and industry category-based limitations, which, interestingly, did not materialize. The actual distribution of the pipelines connects all nine provinces and all five industry categories. In essence, any knowledge and influence provided by internationalized institutional investors to even a select group of 60 Canadian corporations has the potential to be distributed across all provinces housing corporate headquarters and across all broad-level industry categories after only one degree of separation within the network of institutional investor/interlocked directorate pipelines.

Although the network extends across nine provinces it is clearly dominated by the four provinces of Ontario, Alberta, British Columbia, and Quebec. This is not particularly

surprising as these four provinces account for the vast majority of corporate activity across Canada as discussed in Chapter Three. Ontario and Alberta further differentiate themselves by being the only two provinces which maintain more intra-provincial interlocks than inter-provincial interlocks. In this case, it appears that only the corporate sectors of Alberta and Ontario have developed sufficiently to be more significant, in terms of knowledge transfer, than all other provincial jurisdictions combined.

In previous research, O'Hagan and Green (2002a; 2004) identified Toronto as the most important city for interlock density followed by Montreal, Vancouver, and Calgary. Although this current analysis differs namely in that it employs a provincial perspective as opposed to a city perspective the findings herein can contribute to the previous research. From 1976 to 1996 Toronto maintained its position as the most important city in the Canadian interlocked directorate network whereas Montreal's centrality diminished over time so as to join Vancouver and Calgary as true second tier cities (O'Hagan and Green 2004) with 85% of all interlocked directorates across 250 Canadian corporations occurring in these four cities (O'Hagan and Green 2002a). Each of these four cities is the largest urban region within its respective province. What is clear in 2008 is that the interlock network remains predicated on the same four provinces (urban regions), which account for 87% of all observed interlocks. Furthermore, Ontario (Toronto) remains as the central region of the network followed by Alberta (Calgary), British Columbia (Vancouver), and Quebec (Montreal). All first and second level pipelines, which represent the highest densities of interlocks, link to Ontario. Yet Ontario's centrality may be encroached upon by Alberta's rising centrality: whereas Quebec (Montreal) was reported as slipping in centrality from 1976 to 1996, it would appear that Alberta (Calgary) may be increasing in centrality up to 2008. Within this current analysis, Alberta matched Ontario for importance in intra-provincial interlocks and may have surpassed Ontario in terms of inter-provincial interlocks as Alberta

was the only province to establish interlocks with all other provincial jurisdictions (Ontario did not interlock with New Brunswick). This may be explained by the fact that: 1) Alberta has developed to be the second most preferred provincial destination for incorporations and headquarter locations (after Ontario) thereby creating a deeper pool of qualified Alberta-based directors; and 2) Alberta's relatively faster paced economic development, predicated on oil and gas resources, has rendered its directorates desirable interlock targets.

The prominence of Alberta and Ontario within the institutional investor/interlocked directorate pipeline network raises the possibility that they serve as a filter for any knowledge transferred from internationalized institutional investors to the remaining seven other jurisdictions composing the network. If this is the case, the significantly provincialized Canadian model of corporate governance may not be driven to converge upon internationalized standards but rather upon the standards of these two leading provincial jurisdictions. The ultimate degree of convergence of the Canadian model of corporate governance toward international standards would in large part be dependent upon the degree of convergence of these two provincial jurisdictions toward international standards.

In sum, the distribution of institutional investor/interlocked directorate pipelines across Canada is not uniform however it does link all nine provincial jurisdictions which house corporate headquarters and all five broad-level industry categories. Of particular interest is the fact that the distribution of institutional investor/interlocked directorate pipelines effectively generates a nation-wide network based on only one degree of separation: all provinces and all industry categories can be linked to internationalized institutional investors by means of first-degree interlocked directorates with the constituent corporations of the S&P/TSX 60 index. The principal consequence of these findings is that the provincialized regulatory model of Canadian corporate governance is intertwined with a

national distribution of cosmopolitan market forces, the results of which must surely be a continuous balancing act between sub-national divergence and national convergence.

5.4 Conclusion

National models of corporate governance are dynamic, hence the debate concerning their convergence or divergence within a globalized economy. As corporate governance itself can be perceived as a relational science and less so as an explicit facet of corporate activity to be quantified and modelled (Bhagat et al. 2008) it is difficult to demonstrate either definitive convergence or entrenched divergence. As such, many observers are finding middle ground in the notion that economic globalization is leading to functional but not necessarily formal convergence of corporate governance (Gilson 2001). From this perspective, the diversity of national models is the product of idiosyncratic balances between nationally-bound regulatory forces and globally circulating market forces. To this date, channels by which these two categories of forces could interact have seldom been explicitly identified and discussed, apart from Hebb and Wójcik's (2005) institutional investment value chains. In this chapter I have proposed an addition to this channel which effectively explains the potential interaction of national and sub-national regulatory forces and corporate activity with internationalized market forces: the institutional investor/interlocked directorate pipeline.

Hebb and Wójcik's (2005) institutional investment value chain is predicated on the market dominance of institutional investors (Clark 2000; Hawley and Williams 2000) and their resultant exposure to a global distribution and diversity of risks and hence their increasing proclivity for becoming engaged shareowners (Clark and Hebb 2005). In essence, the institutional investment value chain is perhaps one of the most important market force mechanisms operating in contemporary financial markets as it "links the demands of institutional investors with increased unified global standards of corporate, social, and

environmental behaviour and the heightened transparency necessary to benchmark the outcomes of such behaviour” (Hebb and Wójcik 2005, p.1957). The true scope of the value chain’s ability to act as a channel of convergence is perhaps underestimated when viewed in isolation as the breadth and depth of its target base is limited by the significant degree of resources required for successful engagement activities (Hebb 2008). Yet although the target base may be limited the impacts of institutional investment corporate engagement need not be: as corporations are temporary coalitions (Taylor 1999; 2004), and as explained by the institutional investor/interlocked directorate pipeline presented in this chapter, any market forces, knowledge, or influence transferred by internationalized institutional investors to engaged corporations has the potential to ripple outward to other non-engaged corporations by means of a network of interlocked directorates. This pipeline has the potential to transfer global market forces, such as institutional investor demands for improved shareholder protection, to a larger audience than initially intended—the implications of which are consequential for the debate concerning the convergence versus divergence of national models of corporate governance.

The actual degree to which any such market forces will interact with jurisdictionally-bound regulatory forces is determined by the precise distribution of the pipelines. An analysis of the distribution of these pipelines across the Canadian model of corporate governance has demonstrated that such pipelines can effectively transcend multiple jurisdictional and industrial barriers. In fact, the interlocked directorates originating from 60 large cap Canadian corporations located across seven provinces and operating across four industry categories were sufficient to form a network of 348 corporations spread across all nine provinces housing corporate headquarters and all five broad-level industry categories operating in Canada. In essence, the distribution of institutional investor/interlocked directorate pipelines across Canada has the potential to transfer geographically- and industry-based knowledge to a

sufficiently broad distribution of recipients so as to transform the tacit knowledge originally conveyed by institutional investors to only 60 corporations into explicit knowledge accessible across the nation.

Although I have remained predominantly concerned with the structural distribution of the proposed pipelines within this chapter, a contemporary example of their importance is evidenced by the growing number of Canadian corporations which are adopting ‘say on pay’ provisions in the aftermath of the 2008 financial crisis and resultant global recession. The analysis of all shareholder resolutions filed with Canadian corporations from 2000 to 2009 which I presented above in Chapter Four reveals that shareholders have been substantially concerned with executive compensation yet finds no evidence of any direct say on pay-based resolutions. During the financial crisis, however, a chorus of national and international corporate monitors and institutional investors demanded greater engagement and participation in establishing executive compensation packages. Through targeted engagement initiatives, activist institutional investors were successful in reforming the say on pay practices of Canada’s five largest banks (see Hebb et al. 2010 for an example of such engagement). Following, shareholders have now filed resolutions with a handful of other Canadian financial corporations seeking similar reforms.

Even though some of these resolutions remain to be voted in the upcoming annual general meetings, and although only a handful of financial corporations have been directly engaged with regards to say on pay reforms, there are 47 Canadian corporations across all industry classes which have now adopted such reforms (at the end of 2010). Although it required two years of engagement efforts by institutional investors during a time of substantial public anger towards corporate managements for the first five financial corporations to adopt say on pay measures it would appear that an additional 40 or so corporations did so voluntarily thereafter. Perhaps most interesting in this case, however, is

the fact that of the 40 corporations which have now voluntarily adopted say on pay reforms all but three are directly linked to the original five banks which were engaged to do so by means of institutional investor/interlocked directorate pipelines. Clearly this anecdotal example is not proof of causation yet it would appear that there is sufficient correlation to warrant future research.

The distribution of institutional investor/interlocked directorate pipelines does not guarantee convergence but rather provides a trans-jurisdictional network by which market forces can interact with intra-jurisdictional regulatory forces to shape models of corporate governance. In this case any convergence is likely to first occur at a functional level by which corporations included in the pipeline network are exposed to similar forces promoting convergence of corporate governance cultures; any formal convergence would occur in a secondary manner (e.g. Gilson 2001). Furthermore, it would be presumptuous to assume that any such convergence would inherently be toward international standards. As evidenced in Canada, the network of institutional investor/interlocked directorate pipelines is not uniform thereby resulting in a sub-national jurisdictional hierarchy. In this case internationalized market forces which may initially promote convergence towards global standards are first filtered by first-tier network members, Ontario and Alberta in the Canadian example, before diffusing towards other network members. As such the pipelines may be capable of introducing certain market forces to jurisdictions previously considered to be isolated from these same forces yet the consequences of which should not be assumed to be uniform across all jurisdictions.

A common theme arising in corporate governance studies is the investigation of national models converging upon global, and predominantly Anglo-American (e.g. Hansmann and Kraakman 2001), standards yet this current research should serve to accentuate the reality that global market forces need not necessarily lead to global

convergence. The principal finding of this research serves to suggest that market forces vary in consequence within national economies depending in large part upon the channels by which they are introduced. More important than the mere existence of a market force in influencing the convergence of multi-jurisdictional models of corporate governance, it would seem, is the manner in which said market force is introduced and distributed within and between jurisdictions.

Chapter Six

Channels of Divergence: Cross Listings and Regionalism

6.1 Introduction

Research such as that by Ohmae (1995) and O'Brien (1992) wherein economic financialization and globalization serve to herald the 'end of geography' by which sub-national and national regional development is supposedly converging upon a few supra-national models can be considered the pinnacle of financial determinism which has drawn the ire of many economic geographers (e.g. Yeung 1998c; Lovering 2001; Scott and Storper 2007). Well before such work emerged, however, Martin (1989) had already provided an analysis of the U.K. economy and the substantial geographical inequalities resulting from London's centrality within the nation's financial system (as well as its proclivity towards institutional shareholders) to draw attention to the fact that national financial systems themselves often reproduce and reinforce uneven sub-national regional development even though such systems are promoted as capable of developing a nationally-inclusive paradigm of 'popular capitalism' or 'shareholder capitalism' (see also Martin 1999). Following in this vein Clark and Wójcik's (2007) geography of finance recognizes the convergent potential of global finance however does not recognize the supposedly inevitable consequences of such for regional market settings; instead, the research agenda perceives all market-based actors as being embedded within the pricing mechanism of global finance while simultaneously

embedded in regionally-specific histories and geographies which act as filters to this latter. As such, broad-scale financial determinism should not be perceived as a universal governing paradigm but rather as a convenient top-down ideology employed by those seeking a framework which allows them to speak of the global while remaining unencumbered by the details of the underlying geographies—yet it is precisely such geographies which rest at the heart of regional development.

Only with the advent of global maps of nationally-bound economic and legal institutions in the late 1990s did corporate governance scholars and practitioners begin accounting for the regional nature of corporate governance (La Porta et al. 1997; 1998; 1999). To this date, the vast majority of comparative corporate governance research is predicated upon contrasting various supposedly endogenously-determined national models of corporate governance with little attention paid to how such models may interact with, and influence, each other (e.g. Hopt et al. 1998; Stulz 2005). Yet within an increasingly financialized and internationalized global economy there are various channels by which actors embedded within one particular model of corporate governance influence facets of other regionally distinct models, such as institutional investor value chains (Hebb and Wójcik 2005) and institutional investor/interlocked directorate pipelines as presented in Chapter Five. Importantly, regional models of corporate governance need not necessarily be delineated at the scale of the nation-state as it is increasingly clear upon further investigation that certain supposedly harmonious national models of corporate governance, such as those of Germany (Wójcik 2002) and Canada (as presented above in Chapter Three) are constructed rather from the interactions and interchanges of dominant sub-national models.

All economic landscapes are dynamic and evolve over time although not necessarily in a goal-directed manner (Boschma and Lambooy 1999). Resultantly the discourse established within each regional model of corporate governance is integral to the

development of the respective corporate landscapes as Wójcik (2009, p.1510) similarly noted in relation to the geography of stock markets in that “stock market actors and institutions do not just have to be somewhere, but where they are in relation to other actors and institutions has an effect on their behaviour and performance”. Although regional models of corporate governance are relatively distinct there are certain actors within each regional model who participate within other distinct regional models thereby representing potential channels of knowledge transfer. In this chapter I present the case that occurrences of corporate cross listings are one important such channel. Corporate cross listings have grown to become an integral component of corporate governance and regional economic development yet nearly all research initiatives to date, regardless of the cross listing behaviour being investigated, have proceeded with a nation-state scale of analysis in that the push or pull motivation of cross listing is supposedly associated with one particular national set of economic characteristics [see Karolyi (1998; 2006) and Ferris, Kim, and Noronha (2009) for a review of the cross listing literature]. As such, Wójcik and Burger’s (2010) recent analysis of corporations from Brazil, Russia, India, and China cross listing to New York, London, and Luxembourg is particularly noteworthy as it is the first to apply a sub-national scale of analysis to the phenomenon of cross listing. Following from Martin’s (1989; 1999) earlier work, it is precisely this sub-national scale which should be of great interest to any discussion of cross listings and regional economic development within a financialized economy.

Cross listings are of particular interest to regional development as they act as channels of knowledge and influence transfer between two distinct regional models of corporate governance and, following from Bathelt’s (2007) buzz-and-pipelines multiplier model, “the combination of local interaction or buzz with interaction through translocal linkages or pipelines creates a dynamic process of knowledge creation” (p. 1290). In this sense, formal and informal codes of best practice operationalized by participants in one regional model can

be imported by trans-regional members to another regional model just as easily as poor practices learned through experience by participants in one region can be side-stepped by participants in another region. This reality does not necessarily paint a rosy picture of global convergence of corporate governance standards and practices by means of an inter-regional race to the top but rather draws attention to the fact that such inter-regional channels are important factors to consider when investigating any regional economic system. Ultimately, any level of convergence or divergence between (in)formally linked regions is dependent upon the quantity and quality of knowledge and influence flowing through the channels as well as how said knowledge and influence is received, perceived, valued, and operationalized.

Following is a characterization of the patterns of corporate cross listings and a discussion as to the significance and consequences of such occurrences for regional models of corporate governance: as a demonstration of such, this chapter proceeds by means of an analysis of the pattern of cross listings by Canadian corporations based on an original data source (Appendix 4). This case should be of wide interest as: (1) Canada is fully integrated with fellow economies of the Anglo-American cadre of markets which have long drawn the attention of international scholars and practitioners; (2) Similar to the case of the U.K. wherein Martin (1989) originally drew attention to the role of the London-centric U.K. financial system as a source of uneven sub-national regional development, Canada's financial system is increasingly centralized in Toronto (Semple and Green 1983) with uneven development and clustering throughout the country (e.g. Baldwin et al. 2007; Bramwell et al. 2007); (3) Canadian corporations are able to cross-list directly on U.S.A. exchanges without the use of American Depositary Receipts (ADRs) thereby simplifying the process and ensuring that shares of Canadian cross listed corporations are actually owned within the foreign markets as they are, at a minimum, purchased by passive index institutional

shareholders; and (4) the Canadian model of corporate governance is not nationally harmonious but rather is composed of distinct sub-national regional models each predicated on legal frameworks of provincial near-sovereignty, as discussed above in Chapter Three. Notably, it will be demonstrated that there is both a regional and an industrial bias among Canadian cross listed corporations which leaves the potential for even greater divergence among the Canadian provincial models of corporate governance.

The remainder of this chapter is presented in four sections. Section Two presents the theoretical framework underpinning the regional models of corporate governance and how such models are connected by means of cross listed corporations acting as trans-regional channels. Section Three provides an analysis of the geographical and industrial distribution of such channels in the Canadian setting while Section Four discusses the implications of such. Section Five concludes by placing the Canadian-based findings within a broader international scope.

6.2 Cross Listings and Corporate Governance

A legacy of cross listing research, one which has been explicitly summarized by Karolyi (1998; 2006) and Ferris, Kim, and Noronha (2009), presents cross listings as motivated by a series of intertwined factors ranging across such topics as: financial gains; liquidity; increased shareholder base; visibility; marketing motivations; and technical issues. Each motivational driver has gained traction and spurred any number of empirical investigations which all typically rely on the effects of cross listing on share price as the predominant indicator of merit (e.g. Foerster and Karolyi 1993) although it is questionable if there is any statistical test capable of differentiating the deterministic value of all such non-nested variables (Reese and Weisbach 2002). More recently, and as originally presented in the seminal contributions of Coffee (1999; 2002) and Stulz (1999), cross listing is being perceived more holistically as a

form of legal bonding by which corporations from a nation with legal and regulatory structures perceived as weak by domestic and foreign capital markets can cross list on an exchange in a nation with stricter legal and regulatory structures in efforts to commit themselves to stronger structures and cultures of corporate governance (see also Gilson 2001; Hansmann and Kraakman 2001; Goergen and Renneboog 2008). Yet for all its elegance, the bonding hypothesis has drawn criticism: Licht (2003) explains how most exchanges have developed dual reporting structures for domestic and foreign listings while internalizing a *de facto* hands-off enforcement approach to foreign listings. Resultantly, cross listed corporations gain the veneer of improved corporate governance while avoiding the development of any such regulations and cultures in their home markets by appeasing domestic legislators and regulators by means of their perceived, yet supposedly non-materializing, improvements.

More importantly, however, there is a case to be made for cross listings being undertaken not in order to improve or deflect corporate governance standards but rather to actually tip the balance of power within corporate governance: the shareholder dilution which necessarily results from the action of cross listing is perhaps a desired result by a management seeking greater freedom within the balance of the traditional agency dilemma. Dilutive share offerings have long been recognized as a mechanism employed by managers and controlling shareholders to extract additional private benefits (Johnson et al. 2000) and although cross listings and domestic dilutive share offerings may differ in form they are remarkably similar in function. Necessarily, the choice to cross list and resultant shareholder dilution will vary depending upon each corporation's ownership structure.

It has long been postulated, and more recently empirically verified (Doidge et al. 2009) that in corporations with high levels of private benefits, whether potential or accrued, controlling shareholders are unlikely to support cross listing, and particularly so if the

destination exchange is within the U.S.A. Strict disclosure requirements are considered one of the most significant impediments to cross listings (Karolyi 1998). Yet, these studies typically proceed from a perspective of corporations in countries with poor corporate governance standards cross listing to Anglo-American markets with substantially improved such standards. In such cases, controlling shareholders have much to lose. Although the theory has been empirically verified it would be presumptuous to assume that it is also universally applicable, particularly so in cases when corporations with controlling shareholders based in a country with strong corporate governance standards contemplate cross listing to another country with similarly elevated standards, say a Canadian corporation cross listing to the U.S.A., U.K., or German markets for example. In such a case, controlling shareholders are not likely to face any novel or substantial regulatory scrutiny in the additional exchange than what they already face in their home markets. Resultantly, where corporations with controlling shareholders cross list, the issue is not of shareholder dilution but rather of minority shareholder dilution. In essence, the cross listing of corporations with controlling shareholders from markets with strong corporate governance standards to additional markets with similarly strong corporate governance standards may in fact be undertaken to actually gain additional private benefits.

Canadian corporations retain substantial degrees of block-holder and family-controlled ownership structures, so much so that family-based controlling shareholdings have been referred to as the 'Canadian disease' (Morck et al. 2002). Analyses of Canadian corporate ownership document occurrences of significant concentrated ownership by which approximately 60 percent of corporations exhibit ownership stakes of 20 percent or larger (Gadhoun 2005; Attig 2007; Bozec and Laurin 2008), although a more recent analysis does suggest that the average proportion of corporations with ownership stakes of 20 percent or more has declined to 41 percent, although with substantial regional variation (Valsan 2010).

As demonstrated below, Canadian corporations are still active in cross listing regardless of such controlling ownership stakes; the result of which must surely be a significant dilution of minority shareholders. Such an outcome, however, is not surprising within the Canadian corporate landscape as such controlling ownership stakes have long ago created a Canadian agency dilemma wherein the interests of management are not pitted against the interests of the shareholders, following from Berle and Means' (1932) traditional standpoint, but rather the interests of management and those of the controlling shareholders are pitted against the interests of the minority shareholders (MacIntosh 1996). The analysis of all Canadian shareholder resolutions from 2000 to 2009 (inclusively) presented above in Chapter Four determined that only minority shareholders (excluding larger public institutional shareholders regardless of ownership stake) engaged corporate managements by such public means, a finding which lends support to MacIntosh's (1996) earlier perspective.

The dilution of minority shareholders could understandably carry the parallel consequence of also diluting corporate monitoring and engagement initiatives by said minority shareholders due to increased agency costs (Shleifer and Vishny 1986). A reduction of such monitoring and engagement activities results in a situation wherein corporate management and allied controlling shareholders are nearing full corporate control except for the presence of regulators, analysts, media agents, and other such financial intermediary participants within the regional markets wherein the corporation is listed. As corporate headquarters remain the centers of control (Semple and Green 1983) understanding how these are connected to the various distinct regional models is essential in understanding the resultant corporate forms and functions—hence the importance of understanding cross listings as channels linking corporations to various regional governance environments.

Similarly, and amidst the ongoing debate as to the motivations and financial consequences of cross listing, there does appear to be a certain degree of consensus

supporting the fact that cross listing improves a corporation's information environment (Baker et al. 2002; Lang et al. 2003). This enhanced information environment arises from increased corporate disclosure and interactions with analysts, other financial intermediaries, and, often times, financial media (Baker et al. 2002; Doidge et al. 2004; Wójcik and Burger 2010). Furthermore, the decision, and subsequent process, to cross list is typically mediated by the financial intermediation industry. This industry, consisting of competing exchange markets, investment banks and associated legal service providers has evolved to the point of creating a subsidiary business out of cross listing beyond the initial benefits experienced by the cross listing firms and associated shareholders themselves. In essence, when a corporation cross lists it exposes itself to more than a singular agreement with a foreign exchange and rather enters into a series of reciprocal interactions and interchanges with a diverse and regionally specific market—a relationship far more implicit than that alluded to within the legal bonding theories presented above which focus solely on established national legal and economic institutional frameworks. The relationship is particularly context-specific as “[f]inancial markets are themselves structured networks of social relations, interactions and dependencies—they are communities of actors and agents with shared interests, values and rules of behaviour, trust, cooperation and competition” (Martin 1999, p.11). Most importantly, however, it is this inter-regional and inter-community integration inherent to the act of cross listing which is potentially material to the respective regional economic developments yet which risks being overlooked and stylized into obscurity when analyses of cross listings proceed from an *a priori* scale of nation state supremacy with regards to models of corporate governance, as has most often been the case to date.

It is critical for any discussion of information environments to acknowledge that information is both implicit and explicit. Explicit information is often framed as being openly accessible and devoid of geographical distinction whereas implicit information is typically

considered to be geographically distinct and only accessible by means of co-location (Gertler 2003). Resultantly most regional models of corporate governance will share a similar foundation of explicit knowledge whereas each will be distinctive in their complement of implicit knowledge which has been garnered through experience and innovation. Although such implicit knowledge is typically geographically bound it is also transferrable by means of knowledge pipelines (Bathelt et al. 2004; Maskell and Malmberg 2007). Knowledge pipelines, or channels, are bridges between two regionally distinct models which permit both the direct and indirect sharing of implicit knowledge. Corporate cross listings which link two or more regional models of corporate governance represent just such a channel. Given the idiosyncrasies of each regional model, a region's complement of cross listed corporations, accounting for market status, industrial sector, and targeted foreign exchange(s), will influence the evolution of the region's information environment and hence the region's economic development which need not necessarily be harmonized at a national scale. The evolution of regional models of corporate governance will be influenced by the networks formed between local corporate headquarters and additional extra-local models by means of channels such as cross listings—hence the importance of understanding the geography of cross listings.

6.3 Identifying Cross Listed Canadian Corporations

The Canadian economy is particularly well suited to a discussion of the importance of a sub-national scale within the analysis of cross listing behaviour. As briefly mentioned above, the Canadian setting is of great interest for three principal reasons. First, Canada belongs to the cadre of Anglo-American markets which have long drawn the interest of corporate governance and regional economic development scholars. Although Wójcik and Burger (2010) have addressed the importance of a sub-national scale within cross listing investigations they did so in reference to the B.R.I.C. emerging markets (Brazil, Russia,

India, and China) thereby exposing their observations to the unwarranted criticism and deflection of 'emerging market exceptionalism' (e.g. Allen 2005). The addition of a sub-national analysis of an Anglo-American market to Wójcik and Burger's (2010) work should draw further attention to, and perhaps deflect certain criticism from, the importance of the geography of cross listing.

Second, through provisions such as the *Multijurisdictional Disclosure System* (MJDS), Canadian and American corporations can list on each nation's exchanges with minimal additional disclosure requirements thereby facilitating, and perhaps even encouraging, cross listings. The MJDS was established in 1991 in recognition of the two nations' similar, although not identical, economic and financial markets (Mittoo 1996). Resultantly, Canadian corporations can cross list directly to a U.S.A. exchange without the use of American Depositary Receipts (ADRs) thereby fully integrating within the U.S.A. corporate governance communities of practice (most other foreign corporations cross listing on U.S.A. exchanges must first make use of ADRs by which the cross listed corporations' shares are held and traded by local financial intermediaries instead of the corporations being directly listed themselves). The MJDS must surely be a welcomed agreement by those American and Canadian corporations wishing to cross list on each nation's exchanges in efforts to dilute their minority shareholder population or even to simply take advantage of a diluted minority shareholder population as a side benefit of cross listing as corporations cross listed under the MJDS rubric necessarily experience shareholder dilution as their shares are purchased, at a minimum, by passive index institutional shareholders in each regional market. Resultantly, the Canadian landscape is expected to provide a relatively large sample of cross listed corporations to be investigated. Additionally, and although it is easiest for Canadian corporations to cross list on U.S.A. exchanges, there are no barriers preventing them from cross listing within other national exchanges as well.

Third, and finally, the Canadian model of corporate governance is significantly provincialized thereby demonstrating the importance of understanding not only the occurrences of cross listings but also the distribution of such. As presented in Chapter Three, the regulatory and legal framework of Canadian corporate governance is distinctly provincial and corporations prefer to remain incorporated and headquartered within one provincial jurisdiction out of concern over access to markets and resources thereby negating any significant regulatory arbitrage and development of an associated market in corporate law. Yet although the regulatory environment is confined and differentiated at a provincial level, numerous actors and institutions transcend the sub-national geo-political boundaries thereby effectively linking the provincially distinct models, as discussed in Chapters Four and Five. Most consequential is the reality that nearly all Canadian publicly-traded corporations are listed on the Toronto Stock Exchange (TSX) which is based in Toronto, Ontario. Resultantly, all Canadian corporations regardless of their chosen jurisdiction of headquarters and incorporation will share, to a degree, a similar explicit corporate governance knowledge-base by virtue of all being linked to the Ontario model of corporate governance by means of their TSX listing. As this knowledge is equally available to all publicly-listed corporations, of greater concern to the evolution of the provincial models of corporate governance are the distributions of specific channels which link each provincial model to other distinctive models—such as international cross listings.

Herein lays the significance of occurrences of corporate cross listings to the Canadian model of corporate governance regardless of the absolute number of such occurrences. I have demonstrated that the Canadian model of corporate governance is composed of a series of interacting provincially-based communities of practice which each seek to influence and direct their evolving discourses as to appropriate corporate forms and functions. A single cross listed corporation represents a channel by which influence and knowledge held within a

foreign jurisdiction is potentially imported to one such provincial model. Although the immediate consequences of such an occurrence may not be obvious, the imported influence and knowledge represents an additional selective force within the longer-term evolution of the provincial corporate governance discourse. The consequences of corporate cross listings for the Canadian model of corporate governance can only be truly appreciated in relation to the distribution of cross listings across the sub-national provincial and territorial models of corporate governance rather than in relation to the absolute number of such cross listings.

As of December 31st, 2008, the TSX retained a total of 1,568 listed issuers for a combined market capitalization of \$1,282.253 billion (all figures in \$CDN). Removing all foreign incorporated entities, exchange traded funds, and other such financial vehicles from this initial population results in a sub-population of 1,008 publicly-traded Canadian corporations which are the focus of this current investigation.

The jurisdictions of incorporation and headquarters as well as the market capitalization, industry classification, and foreign exchanges upon which they are listed (if any) of all 1,008 corporations have been identified by means of the TSX Fact Book 2008 and the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR). All corporations have been classified as belonging to the broad categories of Finance (4.9%), Mining (30.5%), Oil and Gas (14.2%), Forestry and Paper (1.6%), and Products and Services (48.9%) according to the North American Industry Classifications System 2007 (NAICS 2007). This classification system follows that set forth in all three previous empirical chapters.

In terms of cross listing, this investigation focuses solely on occurrences wherein a Canadian corporation listed on the TSX is also listed on a foreign exchange. This approach does not consider occurrences of cross listing by means of over-the-counter (OTC)

intermediaries as such forms entail distinctly different regulatory oversight and corporate interactions. A total of 169 (16.8%) TSX-listed Canadian corporations were cross listed as of December 31st, 2008. Interestingly, 160 of these were cross listed within only one additional exchange while nine were cross listed within two additional foreign exchanges. All cross listings were directed towards the U.S.A. (80.1%), the United Kingdom (U.K.) (10.2%), Germany (7.3%), Australia (1.1%), and Hong Kong (0.5%).

The headquarters of Canadian corporations are distributed among all the Canadian provinces except for Prince Edward Island and the Territory of Nunavut, and 50 corporations retain headquarters outside of Canadian jurisdictions. Of these 50 extra-jurisdictional Canadian corporations 17 are cross listed on the TSX and an additional foreign exchange (12 in U.S.A., three in U.K., two in Australia). The headquarters' locations are important in discussing the distribution of cross listing within the Canadian model of corporate governance as Semple and Green (1983) have determined that Canadian corporate power remains within the headquarters' location regardless of each corporation's overall distribution and operations. Although the TSX is the principal listing market for Canadian corporations and remains based in Toronto, Ontario, the individual corporations listed on this exchange are free to maintain their headquarters in any jurisdiction. Resultantly, any cross listed Canadian corporate headquarters is linked to Ontario by means of its TSX listing as well as to one or more foreign jurisdictions by means of its foreign market listing.

Of the provinces which retain corporate headquarters all are home to at least one cross listed corporation except for New Brunswick, Newfoundland and Labrador, and the Northwest Territories (Figure 6). Clearly, Ontario and British Columbia retain the most cross listed corporations followed by Alberta and Quebec while cross listed corporations in the remaining provinces are rather more of an oddity. There is a significant heterogeneity in cross listing occurrences between the provinces ($\chi^2_9=36.57$, $p<0.000$); notably, British Columbia-

based corporations are more likely to cross list than expected under a normal distribution whereas Quebec-based corporations are less likely to do so.

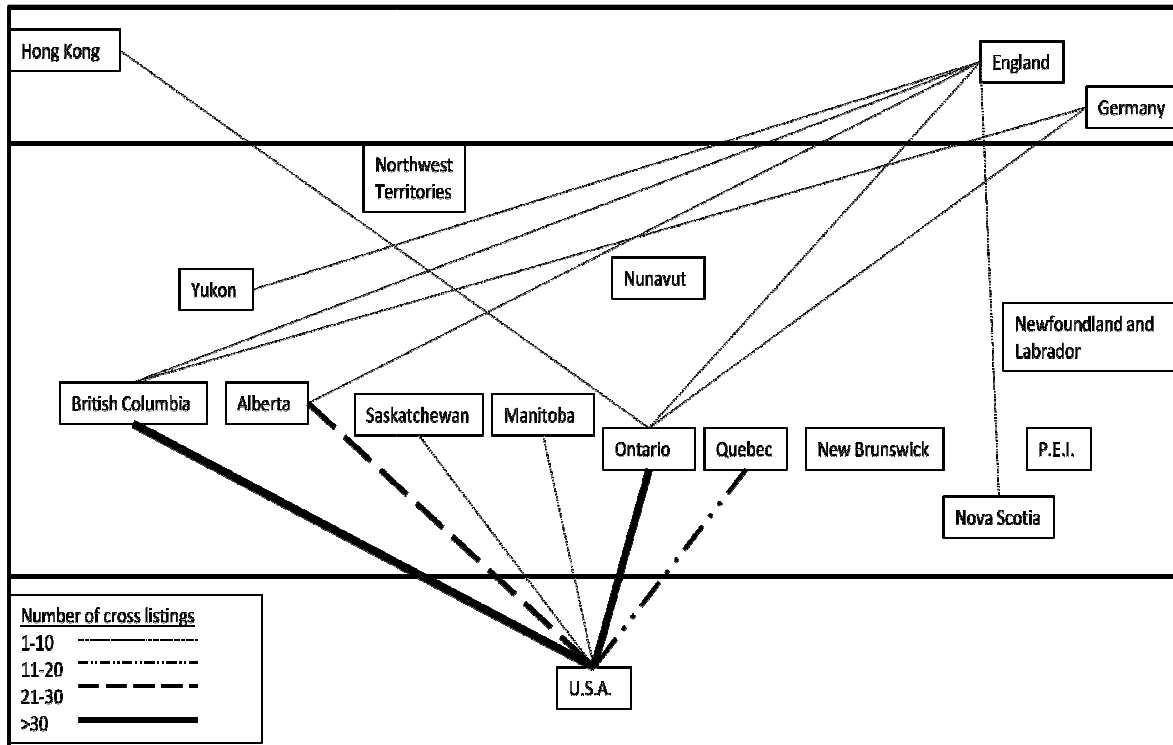


Figure 6: The provincial distribution of Canadian cross listing origins and destinations based on headquarters' location. There were 1,008 publicly-traded corporations as of December 31st, 2008 and 169 of these are cross listed.

Further contributing to the heterogeneity of cross listings is the distribution of the destination markets. The U.S.A. is the preferred destination yet even so not all provinces with cross listed corporations are linked to the U.S.A.; for example, Saskatchewan and Manitoba are only linked to the U.S.A. while Yukon and Nova Scotia are only linked to the U.K. Interestingly, all occurrences of cross listing with Australia, of which there are two, are undertaken by Canadian corporations headquartered in foreign jurisdictions. Additionally, slightly more than seven percent of all cross listed corporations insert into Germany yet these

only originate from Ontario and British Columbia. Resultantly, each province retains its own distinct network of cross listings.

From an industry class perspective, perhaps the most interesting observation is that no single Forestry and Paper corporation has decided to cross list whereas corporations from all other industry categories do cross list. Mining corporations are the most prone to cross list as a full 25 percent choose to do so whereas approximately only 10 percent of Finance, Oil and Gas, and Products and Services corporations choose to cross list. Similarly, the tendency to cross list appears to be significantly linked with market capitalization ($\chi^2_5=70.22$, $p<0.000$). The CSA categorizes all corporations on a six-tier scale ranging from under five million dollars to over one billion dollars. Notably, corporations within the highest value category appear to be more prone to be cross listed than those corporations in any other category. This is not to say that lower market capitalized corporations do not cross list, as corporations from all CSA market capitalization categories are in fact cross listed, but rather that they do not appear to do so significantly outside of a normal expected distribution.

6.4 Discussion

There are three principal trends among Canadian cross listed corporations, those being financial, industrial, and geographical. From a financial perspective, there is a clear link between higher market capitalized corporations and cross listing. This is not surprising as a long held principal reason for cross listing is the ability to broaden the corporation's shareholder base and access new investment capital. Yet although higher market capitalized corporations are more prone to be cross listed than other lower capitalized corporations the fact that corporations from all market capitalization categories are cross listed lends credence to the non-financial theories of cross listing, such as those dealing with legal, regulatory, corporate governance, and market access concerns. The conclusion to be drawn from these

findings is that cross listings are an economy-wide phenomenon regardless of motivational drivers.

From an industrial perspective two developments stand out. The first is that no single Forestry and Paper corporation is cross listed; this is surprising given the high capital requirements of this industry as well as the multi-market structure of their competitive landscape. These two factors, following from the predominant theories of cross listing motivational drivers (see Pagano et al. 2002), as well as the number of Canadian Forestry and Paper corporations generated an expectation of far more cross listings. As a hypothesis requiring further research it is plausible that there exists a political barrier to cross listing in this industry category. As Canada's national economy has developed from the export of natural resources the Forestry and Paper industry has long been intertwined with significant political involvement to the point of lock-in. Events such as market price declines and pine beetle (*Dendroctonus ponderosae*) infestations which ruin entire swaths of productive forests have typically led to government subsidization for fear of mass lay-offs and hence substantially rising unemployment levels given the importance of this industry to the Canadian economy. Such subsidies have resulted in a series of decades-long free trade-related legal disputes between Canada and the U.S.A. (Carmody 2006). Resultantly, it is possible that Canadian Forestry and Paper corporations avoid cross listing in efforts to minimize current and future legal repercussions.

The second significant finding from an industrial perspective is the strong bias exhibited by Mining corporations to cross list. The prevalence of cross listing among Mining corporations is in line with previous findings by Foerster and Karolyi (1993) and Pagano, Roell, and Zechner (2002) who conclude that mining corporations are more integrated in world markets due to their significant capital requirements and multi-market export horizons. Although Mining corporations are the most prone to cross list, Finance, Oil and Gas, and

Products and Services corporations also cross list as expected under a normal distribution. This leads to the conclusion that cross-listing is nearly an economy-wide phenomenon from an industrial perspective.

That cross listing is an economy wide phenomenon from both financial and industrial perspectives is important to consider when investigating the geographical distribution of Canadian cross listed corporations. As mentioned above, Canadian corporations are headquartered in all Canadian provinces except for Prince Edward Island and the Territory of Nunavut meaning that cross listings could potentially originate from any of these provinces. Yet the distribution of corporate headquarters is not homogeneous. Notably, nearly 90 percent of all corporate headquarters, as well as those of nearly all larger market capitalized corporations, are located in the four provinces of Ontario, Alberta, Quebec, and British Columbia. Furthermore, these same four provinces retain corporate headquarters across all five industrial categories whereas the remaining provinces typically specialize in one or two such categories depending upon their particular complement of natural resources and demographic markets. Having determined that cross listings are an economy-wide phenomenon from a financial and industrial perspective means that cross listings can in fact be expected to originate from all provinces regardless of the heterogeneous distribution of corporate headquarters across Canada.

As demonstrated in Figure 6, cross listings do originate from all provinces which retain corporate headquarters with the exception of New Brunswick, Newfoundland and Labrador, and the Northwest Territories. The two most notable provinces for cross listing are British Columbia and Quebec although for opposite reasons: British Columbia is home to far more cross listed corporations than expected under a normal distribution while Quebec is home to far less. The case of British Columbia is perhaps explained by the preponderance of Mining corporations headquartered within the province, as slightly more than 37 percent of

all Mining corporations are so located and, recall, Mining corporations have a positive bias towards cross listing.

The case of Quebec is rather more intriguing and is perhaps explained by a certain degree of corporate entrenchment and provincial lock-in. Given its relatively unique history and culture, the Québécois society has been officially recognized as a nation within the nation of Canada (Hansard 2006). Quebec has long promoted its separation from the confederation of Canada and has gone to great lengths to differentiate and protect their provincial culture and economy. For example, Quebec is the only province which did not participate in the Canada Pension Plan opting instead to launch its own parallel Quebec Pension Plan while directing a certain level of investment from said plan to local business development ventures (Richard 2005). As another example, the National Bank of Canada, one of the nation's largest financial institutions, originated as a Quebec-based corporation and retains a by-law by which the C.E.O. must be francophone first and foremost; one could argue that this creates a situation by which the talent pool for such a position is potentially constrained by a precedence of cultural sensitivities over economic efficiency. In essence corporations headquartered in Quebec are potentially less inclined to cross list out of concern for cultural sensitivities and perhaps political interference than are corporations headquartered in other Canadian provinces, in short another case of provincial lock-in.

The geographical distribution of cross listed corporations is important given the provincial nature of the Canadian model of corporate governance. Recall that the Canadian model is composed of relatively distinct provincial models which are asymmetrically linked by means of market actors and interactions. Each cross listed corporation imports knowledge to its distinct provincial model before potentially distributing it to other such models. How this knowledge is assimilated and operationalized will determine the consequences of said cross listing on the Canadian model of corporate governance. The two most important

provincial models in terms of absolute cross listing activity are Ontario and British Columbia, interestingly these same two provincial jurisdictions maintain opposite positions on the spectrum of corporate governance regulations. Ontario adheres to a predominantly rules-based regulatory framework whereas British Columbia adheres to a principles-based framework, and all other provinces fall somewhere in the middle (Ford 2008).

The principles-based framework has the benefit of retaining a significant degree of flexibility for market participants to best design structures and cultures which comply with the principles while remaining actionable whereas the rules-based framework has the benefit of providing for precise application. On the other hand, principles-based regulations can at times be more costly for smaller corporations which do not have the internal ability to design compliance structures whereas the rules-based regulations can only address conditions already known or anticipated by legislators (Li and Broshko 2006). The principles-based framework presents a situation within which any imported knowledge is more likely to be explicitly displayed and shared as the flexibility inherent to the system allows for more rapid changes to corporate structures and cultures and variety is expected. In contrast, the rules-based framework presents a situation within which any imported knowledge will either lead to an entire system overhaul and be explicitly displayed or will remain tacit and be implicitly operationalized if at all.

Just as important as the provincial origins of the cross listed corporations are the jurisdictions to which the corporations are cross listed. Clearly the U.S.A. is the preferred cross listing market followed by the U.K. and Germany. The preference for cross listing in the U.S.A. is undoubtedly institutionalized within the MJDS which removes numerous regulatory hurdles to cross listing between these two nations. Two defining characteristics of the U.S.A. model of corporate governance must surely be their rules-based regulatory framework (Li and Broshko 2006) and their perspective of shareholder primacy over

stakeholder concerns (Lazonick and O’Sullivan, 2000). These two characteristics are liable to be most consequential for the British Columbia model given its high rate of cross listing and principles-based regulatory framework. In this sense, British Columbian corporations are afforded a high degree of flexibility within their corporate governance structures and cultures which could potentially lead to innovative developments; however such flexibility and innovation is not quite as welcomed within the U.S.A. rules-based model. Resultantly, the high degree of flexibility within the British Columbia model in combination with the preponderance of cross listings to the U.S.A. may lead less towards innovative corporate governance structures and cultures and more towards the wholesale importation of U.S.A.-derived cultures and structures.

Although the vast majority of cross listings insert within the U.S.A. market it may be presumptuous to forecast the convergence of the provincialized Canadian model of corporate governance to that of the U.S.A. Notably, cross listings inserting to Germany present an opportunity to dilute any such U.S.A.-centric convergence. Although cross listings inserting to Germany represent a relatively slim minority of the sample population (7.3 percent of all cross listings), they remain of consequence in light of the German model’s long standing perspective of stakeholder primacy over shareholder primacy—a characteristic which has long been considered in contradiction to the U.S.A. model (Lazonick and O’Sullivan 2000). These established channels between certain Canadian provincial models and the German stakeholder-oriented model of corporate governance, although limited, may be sufficient to retain a bulwark degree of intra-national heterogeneity. Further research involving time-scaled changes in cross listing distributions would be beneficial in elucidating such conjectures.

In sum, nearly each Canadian provincial model of corporate governance is networked with various other foreign models by means of corporate cross listings. Although cross listing

is an economy-wide phenomenon in Canada from financial, industrial and geographical perspectives, it is important to note that there is great variety within the scope and scale of each provincial network thereby generating substantial intra-national heterogeneity. Each provincial model displays a distinct pattern in the proportional number, the foreign market destinations, and the financial and industrial weighting of their cross listings, and this combined with the distinct economic, regulatory, social, and cultural foundations of each provincial setting creates a situation wherein cross listing may actually be reinforcing sub-national regional divergence rather than convergence towards a nationally harmonized model of corporate governance.

6.5 Conclusion

Occurrences of corporate cross listings are channels linking regionally distinct models of corporate governance. Resultantly, analyses of the distribution of cross listings are valuable contributions to the on-going debate of divergence versus convergence of regional models of corporate governance throughout the world. Even so, this current chapter is one of the first research efforts to apply a sub-national scale to the analysis of the distribution of cross listings (see also Wójcik and Burger 2010).

The importance of understanding the geography of cross listings is clear when one considers the dilutive consequences for minority shareholder rights and responsibilities and hence a related decrease in shareholder monitoring and engagement associated with cross listing in general, whether purposeful or incidental. Resultantly, the power of corporate managers and controlling shareholders is increasingly balanced (or supported) by their interactions with the contingent of regulators, financial intermediaries, and media agents wherein they are listed. The evolution of a regional model of corporate governance will necessarily be influenced by the network formed between its local corporate headquarters and

the channels formed with extra-local corporate governance communities of practice—cross listings are one such important channel.

Although previous research has documented the affinity of Canadian corporations to cross list in U.S.A. markets no previous study has discussed how this affinity is heterogeneously distributed across the various Canadian provincial models of corporate governance. The consequences of such are significant given each province's unique model of corporate governance built upon distinct social, political, regulatory, and economic institutional frameworks. For example, the consequences of cross listing in the U.S.A. stand to be different in the British Columbia principles-based model of corporate governance than they do in the Ontario rules-based model. Furthermore, not all provincial models are connected to the same foreign jurisdictions by means of cross listings thereby accentuating the heterogeneity of practices, values, and beliefs potentially being imported to the different provincial models. Although cross listings have been thought to contribute to a global convergence of corporate governance structures thereby drawing attention to the simple existence of international cross listings, the analysis of the Canadian multi-jurisdictional setting has demonstrated that the actual sub-national distribution of cross listings from industrial, financial, and geographical perspectives is far more consequential for the development of models of corporate governance. Furthermore, and given the dilution of Canadian minority shareholders which results regardless of the actual cross listing motivations at play, the analysis of cross listing distributions contributes toward understanding the degree of extra-local knowledge and influence the various sub-national corporate governance models are exposed to.

Although this research has focused on the Canadian setting, it contributes to the fledgling sub-national cross listing research agenda introduced by Wójcik and Burger (2010). To date this research agenda has demonstrated the consequentiality of cross listings at a sub-

national scale for regional economic development within the markets of Brazil, Russia, India, China, and now Canada—a complement of nation states which spans the spectrum from emerging markets to Anglo-American markets. Resultantly, the geography of cross listing is deserving of further attention. Of great interest is the global network of interconnected sub-national regions by means of cross listings, as identifying this network would provide great insight into the direction of convergence/divergence within the global economic landscape. As an example of the importance of this network, take the case of Canada I presented above, although Canada is often assumed to be highly integrated with the U.S.A. market, the sub-national-scaled analysis of the distribution of cross listings demonstrates rather that certain provincial markets are highly integrated with the U.S.A. market whereas certain other provincial markets are substantially more integrated with Central European markets—the consequences of such are perhaps that the *stylized* model of Canadian corporate governance is significantly harmonized and integrated with that of the U.S.A. whereas the *real-world* model is rather more of a heterogeneous and internationally-influenced mosaic.

It is a perpetual fantasy that a regional economic setting exists and can be investigated in isolation from all other such regional settings. Much of the comparative corporate governance research to date has internalized such a facade by repeatedly contrasting one national model to another without discussion as to how the models may actually be interacting with, and thereby influencing, each other. Yet reading such interactions as necessarily leading to global convergence is presumptuous as they are tempered by the agency of contemporary economic actors who often deviate from neo-classical perspectives of rationality (e.g. Kahneman and Tversky 1979; Glückler 2007). Resultantly, any regional model of corporate governance can only truly be understood in light of its distribution of inter-regional channels of knowledge and influence transfer—and cross listings, as in the

cases of shareholder resolutions and interlocked directorates presented in the previous chapters, are important such channels.

Chapter Seven

Conclusion

7.1 Introduction

In previous corporate governance research, and particularly within the few studies which deemed it worthy of any attention, the Canadian model of corporate governance has typically been portrayed as a nationally harmonious and stable landscape closely related in form and function to that of its southern neighbour, the U.S.A. Wherein any differences were noticeable it was often assumed that the Canadian model was progressively evolving to more closely resemble the U.S.A. model it was considered, from both a positive and a normative perspective, to be emulating (e.g. Daniels 1991). Yet the empirical investigations I have presented throughout the previous four chapters portray a Canadian model of corporate governance which stands in stark contrast to such earlier representations and leads me to draw three significant conclusions pertaining to the Canadian model of corporate governance:

1. There is no single harmonious national model but rather a mosaic of thirteen distinct provincial and territorial models which interact to give rise to the Canadian model.
2. The provincial and territorial models do not interact equally thereby giving rise to a hub-and-spoke hierarchy within the Canadian mosaic.
3. The provincialized model operates within a temporary balance of parochial and cosmopolitan forces which is perpetually evolving.

It should be noted that the conclusions I have drawn are not the product of an altered real-world landscape which has drastically evolved in unforeseen directions since previous analyses but rather they are the product of the application of a novel corporate governance research agenda and associated methodology. This novel research agenda eschews the normative and rather stylized economic-legal institutional approach which has gained favour among practitioners over the last two decades and rather perceives corporate governance as a series of exercises in decision-making, including both the environmental contexts within which the decision-making processes are embedded and the networks of agents involved in the decision-making processes themselves. Drawing from insights gained through the analysis of the Canadian model of corporate governance, I am able to present the utility of this research agenda while shedding light upon the reality that:

1. In our contemporary globalized and financialized economic setting, the environmental contexts and networks of agency invoked by the decision-making processes that form corporate governance readily transcend multiple social, cultural, and geo-political boundaries—resultantly, the research agenda at hand is one predicated on the geography of governance.
2. The practice of corporate governance unfolds in an arena of interacting communities of practice. Each community of practice develops an idiosyncratic discourse regarding appropriate corporate forms and functions (through both collaborative and antagonistic interactions) and membership to such communities are not necessarily mutually exclusive meaning that corporate governance, as an object of practice and study, is neither isolatable nor immutable.
3. As a series of exercises in decision-making, corporate governance is best understood as a relational concept whose study and practice is time and place dependent thereby

casting suspicion upon any normative models and principles which have arisen in the wake of the growing influence of the corporate governance industry.

7.2 Findings and Broader Implications

By claiming that the Canadian model of corporate governance is distinctively provincialized I do not intend to imply that each provincial setting exists and operates in isolation of all other such provincial models but rather that the predominant institutional frameworks within which decision-making processes are embedded and constrained are established at a provincial level. This reality arises from the nation's rich and oftentimes confrontational political economic heritage wherein provincial interests have long been defended at a cost to national harmony (Richard 2005). As discussed in Chapter Three, although the Canadian confederation arises from the cooperation of all provinces and territories each province and territory nonetheless remains nearly sovereign within their geo-political boundaries—nowhere are the consequences of this setting more obvious than in the existence of thirteen distinct and independent provincial and territorial securities administrators who cooperate to manage the nation's capital markets yet are reluctant to relinquish any authority to an actual national regulatory body.

Such institutional frameworks may represent the predominant constraints overarching the environmental contexts of decision-making yet still only form one half of the actual decision-making process. The other half, namely the agency of contemporary actors, presents a different case. As demonstrated in Chapters Four, Five, and Six, the Canadian model of corporate governance displays a significant network of inter-provincial and inter-national interactions. Notably, the analysis of shareholder resolutions highlights what appears to be a preference by Canadian shareholders to engage corporations embedded within a provincial jurisdiction other than the one they themselves are embedded within—given the rights and

responsibilities of shareownership, this preference represents a significant inter-jurisdictional flow of power. Additionally, corporate directors themselves share in this interprovincial network by means of interlocked directorates wherein a nation-wide knowledge threshold is established within only one degree of separation (see also O'Hagan and Green 2004). This same national network of interlocked directorates also serves to link the Canadian model of corporate governance to internationalized financial interests—whereas an internationalized foreign institutional shareholder may only engage a few Canadian corporations, following from Hebb and Wójcik's (2005) institutional investor value chain, any knowledge conveyed through such engagement can resultantly be diffused nation-wide given the substantially integrated network of interlocked directorates. A similar international bend is also displayed by the cross-listing preferences of Canadian corporations. Occurrences of cross listing are quite common among Canadian corporations and originate from nearly all provinces and territories.

In sum, the provincialized regulatory component of the Canadian model of corporate governance is overlaid by a relatively more networked and integrated agential component. Essentially, the Canadian model of corporate governance displays equal parts parochialism and cosmopolitanism and should certainly not be read as an isolated and harmonious national model.

Yet the Canadian model is far more complex than simply being in a perpetual power struggle between parochial and cosmopolitan forces. Along with the distribution of provincial interests throughout the model come certain power relations—most of which are not homogeneously represented and distributed. Notably, corporate activity is not homogeneously distributed across all provinces and territories. Recall that a significant majority of all Canadian corporations are incorporated and headquartered in the provinces of Ontario, Alberta, British Columbia, and Quebec. There remain corporations in all other

provinces and territories, although far fewer, except for Prince Edward Island and Nunavut wherein no single publicly-traded corporation is either incorporated or headquartered. From this perspective alone we can witness that the provincialized Canadian model is dominated by the interests of these four provincial models yet it is rather presumptuous to assume that these four share similar interests and objectives for Canadian markets in general.

By introducing an analysis of shareholder resolutions to this discussion we can see that Quebec interests are perhaps over-represented within the network as Quebec-based shareholders are clearly the most prolific filers of resolutions and eagerly file such resolutions with corporations incorporated and headquartered outside of Quebec. This stands in stark contrast to Alberta which is a net importer of shareholder resolutions as Alberta-based shareholders seem to be the most reluctant across Canada to file any such resolutions. This heterogeneous distribution of shareholder resolutions is material to the national model of corporate governance as shareholders have exhibited a preference for framing issues in idiosyncratic terms rather than in any regional, national, or international codes of best practice formats.

Additionally, by introducing an analysis of interlocked directorates to this discussion we can see that the network of interlocked directorates is indeed nationally diffuse yet is also nonetheless anchored by corporations in Alberta and Ontario. As I have presented occurrences of interlocked directorates as a mechanism of knowledge transfer between Canadian corporations linked to internationalized financial actors and other Canadian corporations not so linked the primacy of Alberta and Ontario within this network becomes rather consequential. In essence, Alberta- and Ontario-based directors serve as filters of internationalized knowledge before diffusing it to other directors across the nation in all other provinces and territories, if at all. The primacy of Alberta and Ontario provides directors based within these jurisdictions a certain degree of informational power over all other

directors. This is not to attribute an all encompassing degree of supremacy to Alberta- and Ontario-based directors in all matters related to corporate governance but rather to identify them as the most closely-linked and in-tune to the cosmopolitan forces of internationalized finance.

Moreover, by introducing a final analysis of cross listing behaviour to this discussion we can see that the distribution of cross listed corporations is indeed nationally diffuse yet far from homogeneous across the provinces. Although most provinces retain cross listed corporations and although the four provinces of Ontario, Alberta, British Columbia, and Quebec all retain numerous cross listed corporations, the map of Canadian cross listed corporations is unquestionably dominated by Ontario and British Columbia. Yet even these two provinces present different complements of foreign exchanges within which the cross listed corporations insert. As I have presented occurrences of cross listing as mechanisms to import knowledge and behaviours, this heterogeneous distribution of cross listed corporations across the Canadian provincialized landscape presents yet another occasion wherein heterogeneity may be introduced to the Canadian network of corporate governance communities of practice.

In the end, there is an initial hierarchy to the Canadian provincialized model wherein the interests of the Ontario, Alberta, British Columbia, and Quebec provincial models supersede those of all other provincial and territorial models. Yet the power dynamic within this central hub of four provinces is perpetually shifting depending upon the perspective employed. In essence, however, it would appear that the Quebec model promotes parochialism and provincial differentiation at a national level while the Ontario and British Columbia models are increasingly turning to internationalized forces and promoting a degree of cosmopolitanism across the nation while the Alberta model differs still in that it appears

rather neutral in that it relishes its parochial nature while evolving along with cosmopolitan market forces yet never apparently seeking to direct such evolution.

As it stands, the Canadian model of corporate governance is in a perpetual struggle between parochial and cosmopolitan forces directed by the shifting interests of the Ontario, British Columbia, Alberta, and Quebec provincial models. This very balance, however, is temporary in nature. Recall that I started this thesis with a call for a novel corporate governance research agenda which would emphasize the positive while eschewing any normative statements, forecasts, and principles. As such, this understanding of the Canadian model I have presented is one predicated on the environmental contexts within which the decision-making processes are embedded as well as the contemporary agents involved in such processes. Although there is a great heritage to the environmental contexts presented in previous chapters it is impossible to deny that these same contexts are open to change at the hands of contemporary and future political, economic, and social agents. As examples of such possible changes, take the recent discussions regarding the formation of a national securities regulator, or the continuous rumblings of Quebec separatism, or the quiet mumblings of the aggregation of the four Maritime Provinces into one sub-national political union, or even the more recent news regarding to intended merger of the TMX Group Inc. (operator of the Toronto Stock Exchange) and London Stock Exchange Group plc (operator of the London Stock Exchange) to form the world's largest listing venue with approximately \$5.8 trillion CDN in market capitalization—any such developments would have serious consequences for the Canadian model of corporate governance, and hence would require additional research.

Although the evolution of the environmental contexts of the decision-making processes certainly attributes a temporal character to the understanding of the Canadian model of corporate governance it is perhaps reasonable to state that the evolution of the agential components of the decision-making processes are even more unpredictable, fast-

paced and, by extension, consequential. The stables of actors participating in the corporate governance communities of practice from which the Canadian model arises are perpetually welcoming new members while bidding others farewell. As the complement of constituents throughout all engaged communities of practice changes so does the communities' agency. As examples of such possible change take the case of MEDAC and Robert Verdun: (1) MEDAC is an activist shareholder organization seeking to promote the parochial forces within Quebec and other provinces when necessary yet only adopted such an activist agenda in 2005, prior to this date the Quebec and Canadian communities of practice were not influenced by this powerful and directed presence; and (2) Robert Verdun is the second most prolific filer of shareholder resolutions and has become a serious force in Canadian capital markets (Daw 2005) yet, and please forgive my ominous tone, his reign must one day come to an end.

As a further example, consider Canada's largest public institutional shareholders whose absences from the public corporate governance exchange established by the landscape of shareholder resolutions were quite notable. As Hawley and Williams (2000) have acutely observed, such institutional shareholders have sufficient market presence and risk management agendas to serve as a bulwark of democracy within capital markets—currently, however, their preference for private proceedings undermines such a proposition within Canadian markets. Yet it is difficult to imagine that these institutional shareholders will be able to maintain such quiet and private approaches to shareholder engagement given their public and politicized structures and cultures; their adoption of a more public approach to shareholder responsibilities and engagement would certainly punctuate the equilibrium currently established among the wide variety of corporate governance communities of practice involved in the Canadian landscape.

In sum, the Canadian model of corporate governance is one predicated on the interactions of distinct provincial communities of practice in a time-sensitive setting. Resultantly, the Canadian model of corporate governance is distinctive in its multi-jurisdictionality. This provincialized model stands in stark contrast to the depictions presented in previous comparative research and leads me to opine that the Canadian model is clearly not a simple extension of the federalist U.S.A. model as has often been assumed (e.g. Mittoo 2006).

These above observations should carry significant consequences for two principal groups of actors, namely the corporate governance industry and scholars interested in issues and consequences of corporate governance. With regards to the corporate governance industry, this investigation raises further doubts as to their real world applicability and appropriateness. Although others have questioned the predictive abilities of the corporate governance industry (Daines et al. 2010) as well as the scientific rigour of their methodologies and resultant recommendations and principles (Sonnenfeld 2004) no one has yet questioned whether or not the industry even had an accurate grasp upon the systems they were attempting to manage. Any corporate governance industry participant operating from a stylized understanding of the Canadian model is blatantly ignoring the idiosyncrasies and heterogeneities that give rise to the Canadian model at risk to their own accuracy and applicability. Clearly a stylized understanding of the Canadian model facilitates the propagation of industry products and services yet this current investigation should give pause to such stylization as the findings presented herein document the significant heterogeneities within the Canadian model—heterogeneities which may be hidden by stylized modelling but which remain in the real-world theatre of operations nonetheless.

My concern with regards to the corporate governance industry goes beyond a singular interest in the Canadian model of corporate governance. If applying my research agenda to

the Canadian setting effectively up-ended decades-old assumptions and normative frameworks then how many other national models would also undergo a similar upheaval once positively investigated in their own right? My concern is that the corporate governance industry, as Rose (2007, p.889) ominously remarked, has become a “voluntary corporate regulator” stretching across the globe, yet there is little reason to believe that the bulk of the participants within this industry are operating from a real-world, positive understanding of the systems they are attempting to manage—although their models may be hypothetical, the consequences of their actions are real. Although the corporate governance industry may be driven by commercial interests it has nonetheless evolved to become a significant global political economic force with consequences reaching far beyond the boundaries of the financial world and into our collective social, environmental, and cultural lifestyles. The interdependencies between corporations and market-based societies have been well documented and broadly acknowledged (e.g. Polanyi 1944; Shonfield 1965; Offe 1975) yet perhaps it is time to recognize the corporate governance industry’s role as a mediator of such interdependencies given its ever-more prominent position in the world of finance.

With regards to the scholarly interest in corporate governance, this research should serve to foster the development of a novel research agenda. At the heart of my thesis stands the argument that corporate governance is not a singular concept associating legal and economic institutions to shareholder value but rather an aggregate conceptualization of decision-making processes relating the environmental contexts such processes are embedded within and the agents involved in such processes to the evolving corporate forms and functions. In essence this conceptualization draws attention to the substantial variety of both the institutional frameworks and the networks of agency which constitute the series of exercises in decision-making which is corporate governance. In a globalized economic setting, both the agents and the environmental contexts of decision-making readily transcend

multiple social, cultural, and geo-political boundaries—resultantly, the research agenda I have presented herein is one predicated on the geography of governance.

Although I have taken issue with the relatively more normative and quantitative research approaches employed within the corporate governance industry, my current work should not be read as an indictment of their quality nor applicability. Rather, the issue at hand is that these previous research approaches have been overly constrained and short-sighted thereby presenting only a partial understanding of corporate governance while claiming to be able to model corporate governance in its entirety as if the concept were an isolatable and immutable closed system. This criticism is one which is applicable to most all quantitative approaches as the associated methodologies allow for broad-scale analysis and applicability however require that any sub-system heterogeneities either be stylized or omitted as statistical outliers. Yet, as demonstrated throughout the previous chapters, it is precisely the interactions of such sub-system heterogeneities which construct the system-wide model being investigated—the stylization of any real-world heterogeneities forces one’s investigation to migrate from the empirical to the hypothetical. In contrast, the positive research agenda of the geography of governance relies on system-wide empirical data, specific qualitative analyses, an acknowledgment of the importance of history, and a certain degree of inference.

Rather than outright discount the value of any knowledge gained by such previous research efforts, I have strived to place it within a broadened context and, by extension, a broadened research agenda. Clearly, the research agenda I have presented throughout the previous chapters draws upon the traditionally predominant theories of regional determinants of corporate governance, namely the legal origins (La Porta et al. 1997), the political economic (Roe 2006), and the institutional/behavioural economics (Merton and Bodie 2005; Lo 2004; 2005) theories, yet my research agenda has not attributed supremacy to any one particular set of variables nor scale. Instead, I have sought to combine the deterministic value

of all such variables while introducing the consequential facets of space, place, and time. Furthermore, I have strived to account for what I perceived as the most significant shortcoming of these previous research agendas, namely that all three research agendas treat any corporate governance landscape under investigation as a closed system thereby attributing full deterministic value to regionally endogenous forces while completely discounting, if not outright ignoring, the potential deterministic value of any exogenous forces. To this end, the research agenda of the geography of governance more closely resembles that of the geography of finance (Clark and Wójcik 2007) in that both acknowledge the importance and potential consequence of multi-jurisdictional interactions and interchanges, yet the geography of governance is predicated upon networks and flows of agency regardless if such agency is linked to any direct flows of money.

Resultantly, it is my hope that the re-conceptualization of corporate governance and the associated research methodology I have provided throughout this thesis are sufficient to establish a research agenda capable of stretching beyond the boundaries of legal and economic scholars who have traditionally laid claim to the concept of corporate governance and to more openly welcome contributions from disciplines across the social sciences.

7.3 Principal Contributions and Avenues of Future Research

Understanding corporate governance from an academic, practical, legislative, or social perspective has never been more important given the increasingly internationalized and financialized global economy and the recent recessionary stressors coursing throughout. The global financial crisis of 2008 and resultant recession stretching onwards throughout the following decade painfully evidence what Polanyi (1944) opined over seven decades earlier: in market-based economies, the economic and the social are inseparable—today, markets are

made and broken on the backs of publicly-traded corporations and understanding how such corporations are governed has been the goal of this research effort.

To this end, I believe, my research has made three principal contributions. First, I have reconceptualized corporate governance. With the advent of the corporate governance industry, the concept of corporate governance has been increasingly constrained and isolated within the boundaries established by legal and economic scholars and certain associated commercial interests. Resultantly, conceptualizations of corporate governance have been increasingly narrowed and stylized so as to accentuate their quantitative and financial nature. Yet such models are not models of corporate governance but rather models of financial shareholder value—as attempts to understand corporate governance they are not necessarily incorrect but they are certainly incomplete. From this perspective I have broadened the concept of corporate governance to include its real-world richness which arises from its contextuality. Corporate governance is much more than a simple gathering of economic and legal institutional frameworks in relation to shareholder value—it is a series of exercises in decision-making which determine the continuing forms and functions of that which contemporary society is inextricably intertwined: the corporation.

Second, I have provided an associated research agenda which goes a long way to constructing a better understanding of corporate governance as I have reconceptualized it. As corporate governance is a series of exercises in decision-making, and following from Simon's (1956) seminal contributions regarding the psychology of decision-making, corporate governance can only be understood in relation to the environmental context within which the decision-making processes are embedded as well as in relation to the agency of the actors involved in the decision-making process itself. In a globalized economic setting, both the agents and the environmental contexts of decision-making readily transcend multiple social, cultural, and geo-political boundaries—resultantly, the research agenda I have presented

herein is one predicated on the geography of governance. My research agenda takes seriously the roles of institutions, individual agency, and organizational agency, as well as the interactions between these three, in influencing the development of corporate forms and functions while employing a rich methodological pluralism within a multiscalar empirical framework. In short, my geography of governance research agenda could be considered an operationalization of Gertler's (2010) reconstituted institutional economic geography. Resultantly, it remains applicable to all scales within which corporate entities are present, ranging from the individual corporation to the global corporate population.

Third, I have applied my research agenda to the Canadian setting in efforts to provide a better understanding of the Canadian model of corporate governance while demonstrating the utility of my research agenda as well as how it is differentiated from previous corporate governance research paradigms typically predicated upon a varieties-of-capitalism ideology. As mentioned in the opening chapters of this thesis, Canada provides a unique research opportunity to those interested in corporate governance which has long been over-looked. My work has been the first to systematically produce an understanding of the Canadian model of corporate governance. Resultantly, my research results have contradicted many of the long-held assumptions regarding the Canadian model of corporate governance and have set the foundation for a new wave of research to further our collective understanding of the Canadian model.

In light of these three principal contributions, much work remains toward further understanding the Canadian model of corporate governance and advancing the positive research agenda of the geography of governance. In general, the four empirical investigations I have presented throughout this thesis are well suited to serve as benchmark studies for follow-up, time-scaled investigations. As my research agenda is positive in nature it necessarily acknowledges and embraces the evolving nature of the settings and networks

under investigation: I hold no pretence as to having definitively delineated the Canadian model of corporate governance, however I do believe that I have provided an understanding of the model to which future investigations can be compared so as to better understand the consequences of perpetually evolving political, economic, social, cultural, and environmental settings upon the practice and study of corporate governance.

One avenue of such time-scaled research which has the potential to be particularly insightful, given contemporary global affairs, involves the analysis of the landscape of Canadian shareholder resolutions throughout and succeeding the financial crisis and resultant recession of 2008 and onwards. As shareholder resolutions are only filed during annual general meetings they are effectively informed by the preceding year's events: resultantly, my analysis of all Canadian shareholder resolutions from 2000 to 2009 effectively documents the structure and culture of this corporate governance exchange for the decade preceding the financial crisis of 2008. A study of shareholder resolutions from 2009 onward would provide much insight into the consequences of a global financial crisis and recession upon the structure and culture of the Canadian corporate governance exchange.

Another area which is of great interest and in need of additional research effort, or so I believe, is the Canadian private corporate governance exchange. Notably, my research into the Canadian public corporate governance exchange by means of my analysis of the landscape of shareholder resolutions effectively documented the existence of a private exchange within which the nation's largest public institutional shareholders are participating yet stopped short of actually investigating this particular private exchange. Our collective understanding of Canadian corporate governance would be well served by an analysis of the actions and perspectives of public institutional shareholders in the private exchange as such actors are instrumental in supporting and shaping Canadian capital markets.

A further area of study which holds the potential to pay significant research dividends is the changing distribution of cross listings over time. In particular, the changing complement of foreign exchanges to which Canadian corporations cross list would be instrumental in deciphering whether occurrences of cross listings should be read as a convergent or divergent market force. I have presented the case wherein the sub-national distribution of cross listings holds the potential to introduce divergent market forces within the Canadian model of corporate governance: the actual materialization of this potential will depend upon the long-term sub-national distribution of cross listings as well as the distribution of extra-national markets they link to. As I presented in Chapter Six, the complement of corporations cross listing to Germany currently represents a bulwark of heterogeneity withstanding the potentially homogenizing forces being imported by the vast majority of corporations cross listed to the U.S.A.—whether or not the U.S.A. remains hegemonic among cross listing destinations will be consequential for the development of the provincialized model of Canadian corporate governance.

Perhaps more substantially, I have presented a research agenda predicated on the environmental context within which decision-making processes are embedded and the agency of the actors involved in such processes yet to date I have focused predominantly upon the environmental contexts as well as networks of contemporary agency without delving into any specific cases of individual agency. My work is suited to serve as a foundation capable of supporting any number of real-world case studies of actors and institutions participating in Canadian corporate governance. As I mentioned in the opening pages of this thesis, such case studies are an instrumental component of our understanding of the Canadian model of corporate governance yet need to be understood within a framework of the environmental contexts and networks of agency at play within the Canadian setting—having now provided

just such an understanding it is time to turn to more relational case studies of members of the Canadian corporate governance communities of practice.

From a broader perspective, I have provided a novel research agenda which has effectively up-ended many of the long held assumptions of the Canadian model of corporate governance. This work should suffice to demonstrate the importance of the geography of governance. Resultantly, I believe that this research agenda should be applied to the models of corporate governance of any and all other nation-states and sub- and supra-national communities of practice. In an increasingly internationalized and financialized global economy, understanding the geography of governance will become increasingly important for academics, practitioners, legislators, and society-at-large wishing to better understand the world within which they live.

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Appendix1: Information contained within the two principal databases

Database #1: Corporate Overview

- Corporation name
- Corporation TSX-listing symbol
- Industrial classification based on North American Industry Classification System 2007
- Market capitalization \$CDN
- Jurisdiction of headquarters
- Jurisdiction of incorporation
- Jurisdiction of principal regulator
- Listing exchanges
- Directors
 - Corporations involved in interlocks (if any)
 - Industrial classification based on North American Industry Classification System 2007
 - Market capitalization \$CDN
 - Jurisdiction of headquarters
 - Jurisdiction of incorporation
 - Jurisdiction of principal regulator
 - Listing exchanges
 - Directors

Database #2: Shareholder Resolutions

- Year of resolution (2000-2009)
- Filing shareholder
 - Shareholder classification (institutional/individual)
 - Shareholder typology (Financial, ESG-Retail, ESG-Mission, Labour, Faith-Based)
 - Shareholder location (Province)
- Target corporation
 - Industrial classification based on North American Industry Classification System 2007
 - Market capitalization \$CDN
 - Jurisdiction of headquarters
 - Jurisdiction of incorporation
 - Jurisdiction of principal regulator
- Content of resolution
 - Format (informative/prescriptive)
 - Environmental/Social/Governance/Combination
 - Scale of 'codes of best practice' (relational/industrial/national/international)

Appendix 2: Jurisdictions of headquarters and incorporations of all Canadian TSX-listed corporations analyzed throughout the thesis

TSX Symbol	Corporation	HQ	Incorporated
ONE	01 Communique Laboratory Inc.	Ontario	Ontario
TWT	20-20 Technologies Inc.	Quebec	Quebec
FBS	5Banc Split Inc.	Ontario	Ontario
VNP	5N Plus Inc.	Quebec	Federal
AW	A&W Revenue Royalties Income Fund	BC	BC
AAH	Aastra Technologies Limited	Ontario	Federal
AAB	Aberdeen International Inc.	Ontario	Ontario
SCO	Aberdeen SCOTS Trust	Ontario	Ontario
AXB	AbitibiBowater Canada Inc.	Quebec	Federal
ABT	Absolute Software Corporation	BC	BC
ADA	Acadian Mining Corporation	NS	Federal
ADN	Acadian Timber Income Fund	Ontario	Ontario
ACD	Accord Financial Corp.	Ontario	Ontario
ACE	ACE Aviation Holdings Inc.	Quebec	Federal
AEU	ACTIVEnergy Income Fund	Ontario	Ontario
AFU	Acuity Focused Total Return Trust	Ontario	Ontario
AIG	Acuity Growth & Income Trust	Ontario	Ontario
ASF	Acuity Small Cap Corporation	Ontario	Ontario
ADS	Adaltis Inc.	Quebec	Federal
AUA	Adanac Molybdenum Corporation	BC	BC
AXC	Addax Petroleum Corporation	Geneva	Federal
ATQ	Adeptron Technologies Corporation	Ontario	Alberta
DRX	ADF Group Inc.	Quebec	Federal
AHX	Adherex Technologies Inc.	Ontario	Federal
ADJ	Adjustable Rate MBS Trust	Ontario	Ontario
AAL	ADS Inc.	Quebec	Federal
AVN	Advantage Energy Income Fund	Alberta	Alberta
PFR	Advantage Preferred Share Trust	Ontario	Ontario
ADX	Advantex Marketing International Inc.	Ontario	Ontario
ARE	Aecon Group Inc.	Ontario	Federal
AQL	Aeroquest International Limited	Ontario	Ontario
AEZ	Aeterna Zentaris Inc.	Quebec	Federal
ARL	Africo Resources Ltd.	BC	Federal
AFN	Ag Growth Income Fund	Manitoba	Ontario
AGF	AGF Management Limited	Ontario	Ontario
AFP	AGF Master Limited Partnership	Ontario	Ontario
AEM	Agnico-Eagle Mines Ltd.	Ontario	Ontario
AGU	Agrium Inc.	Alberta	Federal
ADC	AIC Diversified Canada Split Corp.	Alberta	Alberta
ASC	AIC Global Financial Split Corp.	Ontario	Ontario

ANS	Ainsworth Lumber Co. Ltd.	BC	BC
AC	Air Canada	Quebec	Federal
BOS	Airboss of America Corp.	Ontario	Ontario
IQ	AirIQ Inc.	Ontario	Federal
AKL	Akela Pharma Inc.	USA	Federal
AKT	Akita Drilling Ltd.	Alberta	Alberta
AGI	Alamos Gold Inc.	Ontario	BC
AD	Alaris Royalty Corp.	Alberta	Federal
AF	AlarmForce Industries Inc.	Ontario	Federal
ACN	Alberta Clipper Energy Inc.	Alberta	Alberta
AXR	Alexco Resource Corp.	BC	BC
AMC	Alexis Minerals Corporation	Ontario	Ontario
ALC	Algoma Central Corporation	Ontario	Federal
APF	Algonquin Power Income Fund	Ontario	Ontario
ATD	Alimentation Couche-Tard Inc.	Quebec	Quebec
ABK	Allbank Split Corp.	Ontario	Ontario
ALB	Allbank Split Corp. II	Ontario	Ontario
VRS	Allen-Vanguard Corporation	Ontario	Ontario
AP	Allied Properties Real Estate Investment	Ontario	Ontario
NPC	Allon Therapeutics Inc.	BC	Federal
AMM	Almaden Minerals Ltd.	BC	BC
ALA	AltaGas Income Trust	Alberta	Federal
AUI	AltaGas Utility Group Inc.	Alberta	Federal
NRG	Alter NRG Corp.	Alberta	Alberta
ALS	Altius Minerals Corporation	NL	Alberta
AIF	Altus Group Income Fund	Ontario	Ontario
AI	Amalgamated Income Limited Partnership	Alberta	BC
AMB	Ambrilia Biopharma Inc.	Quebec	Federal
BZA	American Bonanza Gold Corp.	BC	BC
ARG	Amerigo Resources Ltd.	BC	BC
ACC	Amica Mature Lifestyles Inc.	BC	Federal
IAC	Amisco Industries Ltd.	Quebec	Quebec
AMF	Amorfix Life Sciences Ltd.	Ontario	Federal
ANX	Anaconda Mining Inc.	Ontario	Ontario
ANO	Anatolia Minerals Development Limited	USA	Yukon
AXL	Anderson Energy Ltd.	Alberta	Alberta
ADW	Andrew Peller Limited	Ontario	Federal
ANP	Angiotech Pharmaceuticals Inc.	BC	BC
NGL	Angle Energy Inc.	Alberta	Alberta
AEN	Antrim Energy Inc.	Alberta	Alberta
AVM	Anvil Mining Limited	Australia	NWT
APG	Apollo Gold Corporation	USA	Yukon
AQA	Aquila Resources Inc.	Ontario	Ontario
AQI	Aquiline Resources Inc.	Ontario	Ontario

ABO	Arbor Memorial Services Inc.	Ontario	Ontario
AET	ARC Energy Trust	Alberta	Alberta
ARX	ARC Resources Ltd.	Alberta	Alberta
AG	Arctic Glacier Income Fund	Manitoba	Alberta
AHD	Arehada Mining Limited	Ontario	Ontario
GSY	Argosy Energy Inc.	Alberta	Alberta
APV	ARISE Technologies Corporation	Ontario	Federal
AZ	Armistice Resources Corp.	Ontario	Federal
ARF	Armtec Infrastructure Income Fund	Ontario	Ontario
AEI	Arsenal Energy Inc.	Alberta	Alberta
ARA	ART Advanced Research Technologies Inc.	Quebec	Federal
AX	Artis Real Estate Investment Trust	Manitoba	Manitoba
ASR	Aspen Group Resources Corporation	Alberta	Yukon
ACM	Astral Media Inc.	Ontario	Federal
ACO	Atco Ltd.	Alberta	Alberta
API	Athabasca Potash Inc.	Saskatchewan	Saskatchewan
ATG	Atlanta Gold Inc.	Ontario	Ontario
ATP	Atlantic Power Corporation	USA	Ontario
AIQ	Atlantis Systems Corp.	Ontario	Ontario
ATN	Atna Resources Ltd.	USA	BC
ATB	Atrium Innovations Inc.	Quebec	Federal
ATA	ATS Automation Tooling Systems Inc.	Ontario	Ontario
XAU	AuEX Ventures Inc.	BC	BC
AZC	Augusta Resource Corporation	BC	Federal
ORA	Aura Minerals Inc.	BC	Federal
ARZ	Aurizon Mines Ltd.	BC	BC
AXU	Aurora Energy Resources Inc.	NL	NL
ACQ	AutoCanada Income Fund	Alberta	Alberta
AM	Automodular Corporation	Ontario	Ontario
AVL	Avalon Ventures Ltd. (Avalon Rare Metals)	Ontario	BC
AVP	Avcorp Industries inc.	BC	Federal
AVF	Avenir Diversified Income Trust	Alberta	Alberta
AXX	AXIA NetMedia Corporation	Alberta	Alberta
AZZ	AZCAR Technologies Incorporated	Ontario	Ontario
AZD	Azure Dynamics Corporation	Michigan, USA	Alberta
BXN	B Split II Corp.	Ontario	Ontario
BTO	B2Gold Corp.	BC	BC
BAD	Badger Income Fund	Alberta	Alberta
BIM	Baffinland Iron Mines Corporation	Ontario	Ontario
BAJ	Baja Mining Corp.	BC	BC
BLD	Ballard Power Systems Inc.	BC	Federal
BNB	BAM Investments Corp.	Ontario	Ontario
BNA	BAM Split Corp.	Ontario	Ontario
BMO	Bank of Montreal	Quebec	Federal

BNS	Bank of Nova Scotia	NS	Federal
BNK	Bankers Petroleum Limited	Alberta	BC
BAA	Banro Corporation	Ontario	Federal
CDS	Barrick Energy Inc.	Alberta	Alberta
ABX	Barrick Gold Corporation	Ontario	Ontario
HCX	Barrick Gold Inc.	Ontario	Ontario
BIF	Bayshore Floating Rate Senior Loan Fund	Ontario	Ontario
BTE	Baytex Energy Trust	Alberta	Alberta
BCE	BCE Inc.	Quebec	Federal
BEK	Becker Milk Company Ltd.	Ontario	Ontario
BA	Bell Aliant Regional Communications Inc Fnd	NS	Ontario
BLU	BELLUS Health Inc.	Quebec	Federal
BLZ	Belzberg Technologies Inc.	Ontario	Ontario
BNG	Bengal Energy Ltd.	Alberta	Alberta
BEV	Bennett Environmental Inc.	Ontario	Federal
BCI	Benvest New Look Income Fund	Quebec	Ontario
BEN	Berens Energy Ltd.	Alberta	Alberta
BES	Bestar Inc.	Quebec	Quebec
BFC	BFI Canada Ltd.	Ontario	Ontario
BIG	Big 8 Split Inc.	Ontario	Ontario
BBO	Big Bank Big Oil Split Corp.	Ontario	Ontario
BR	Big Rock Brewery Income Trust	Alberta	Alberta
MS	BioMS Medical Corp	Alberta	Alberta
BNC	Bioniche Life Sciences Inc.	Ontario	Federal
BSY	BioSyntech, Inc.	Quebec	Federal
BQE	BioteQ Environmental Technologies Inc.	BC	BC
BVF	Biovail Corporation	Ontario	Federal
BMD	Birch Mountain Resources Ltd.	Alberta	Alberta
BIR	Birchcliff Energy Limited	Alberta	Alberta
BDT	Bird Construction Income Fund	Ontario	Ontario
BDI	Black Diamond Income Fund	Alberta	Alberta
BWT	Black Watch Energy Services Trust	Alberta	Alberta
BN	Blue Note Mining Inc.	Quebec	Federal
BMT	BMONT Split Corp.	Ontario	Ontario
GBT	BMTC Group Inc.	Quebec	Quebec
BKX	BNK Petroleum Inc.	Alberta	BC
SBA	BNS Capital Trust	Ontario	Ontario
BSC	BNS Split Corp. II	Ontario	Ontario
BEI	Boardwalk Real Estate Investment Trust	Alberta	Alberta
BBD	Bombardier Inc.	Quebec	Federal
BNP	Bonavista Energy Trust	Alberta	Alberta
BT	Bonnett's Energy Services Trust	Alberta	Alberta
BNE	Bonterra Oil & Gas Limited	Alberta	Federal
BLX	Boralex Inc.	Quebec	Federal

BPT	Boralex Power Income Fund	Quebec	Quebec
BPF	Boston Pizza Royalties Income Fund	BC	BC
BVX	Bow Valley Energy Ltd.	Alberta	Alberta
BYD	Boyd Group Income Fund	Manitoba	Manitoba
BPP	BPO Properties Ltd.	Ontario	Federal
BMR	Bradmer Pharmaceuticals inc.	Ontario	Ontario
BH	Brainhunter Inc.	Ontario	Ontario
BBL	Brampton Brick Limited	Ontario	Ontario
BSI	Brascan SoundVest Diversified Income Fund	Ontario	Ontario
BSF	Brascan SoundVest Focused Business Trust	Ontario	Ontario
BSD	Brascan SoundVest Rising Distribution Split	Ontario	Ontario
BST	Brascan SoundVest Total Return Fund	Ontario	Ontario
BDY	Brazilian Diamonds Limited	BC	BC
BCD	BRC DiamondCore Ltd.	Ontario	Federal
WAV	Breaker Energy Ltd.	Alberta	Alberta
BWR	Breakwater Resources Ltd.	Ontario	Federal
BRB	Brick Brewing Co. Ltd.	Ontario	Ontario
BRK	Brick Group Income Fund	Alberta	Alberta
BWC	Bridgewater Systems Corporation	Ontario	Federal
AOG	Brompton Advantaged Oil & Gas Income Fund	Ontario	Ontario
AV	Brompton Advantaged VIP Income Fund	Ontario	Ontario
BE	Brompton Equity Split Corp.	Ontario	Ontario
LCS	Brompton Lifeco Split Corp.	Ontario	Ontario
OGF	Brompton Oil & Gas Income Fund	Ontario	Ontario
SBC	Brompton Split Banc Corp.	Ontario	Ontario
VIP	Brompton VIP Income Fund	Ontario	Ontario
BCF	Bronco Energy Ltd.	Alberta	Alberta
BAM	Brookfield Asset Management Inc.	Ontario	Ontario
BRN	Brookfield Investments Corporation	Ontario	Federal
BPO	Brookfield Properties Corporation	Ontario	Federal
BRE	Brookfield Real Estate Services Fund	Ontario	Ontario
BUC	Bucking Horse Energy Inc.	BC	BC
BUI	Buhler Industries Inc.	Manitoba	Federal
BRT	Burntsand Inc.	Ontario	Federal
BDB	Business Development Bank of Canada	Ontario	Ontario
RF	C.A. Bancorp Canadian Realty Finance Corp.	Ontario	Ontario
BKP	C.A. Bancorp Inc.	Ontario	Alberta
CAE	CAE Inc.	Quebec	Federal
CDR	Caldera Resources Inc.	Quebec	Quebec
CWL	Caldwell Partners International Inc.	Ontario	Ontario
CAL	Caledonia Mining Corporation	Ontario	Federal
CFW	Calfrac Well Services Ltd.	Alberta	Alberta
CTY	Calian Technologies Ltd.	Ontario	Federal
GNE	Call Genie Inc.	Ontario	Alberta

CWT	Calloway Real Estate Investment Trust	Ontario	Alberta
CVI	Calvalley Petroleum Inc.	Alberta	Federal
CCO	Camco Corporation	Saskatchewan	Federal
CCI	Canaccord Capital Inc.	BC	BC
CBY	Canada Bread Company Limited	Ontario	Ontario
CL	Canada Life Financial Corporation	Ontario	Federal
CAR	Canadian Apartment Properties Real Estate	Ontario	Ontario
CEU	Canadian Energy Services L.P.	Alberta	Ontario
CFS	CANADIAN Financials & Utilities Split Corp.	Ontario	Ontario
CGI	Canadian General Investments Ltd.	Ontario	Ontario
CGH	Canadian Gold Hunter Corp.	BC	Federal
CHL	Canadian Helicopters Income Fund	Quebec	Quebec
KHD	Canadian Hydro Developers, Inc.	Alberta	Alberta
CM	Canadian Imperial Bank of Commerce	Ontario	Federal
CAI	Canadian Income Management Inc.	Alberta	Alberta
CNM	Canadian Income Management Trust	Alberta	Alberta
LFE	Canadian Life Companies Split Corp.	Ontario	Ontario
CNR	Canadian National Railway Company	Quebec	Federal
CNQ	Canadian Natural Resources Limited	Alberta	Alberta
COS	Canadian Oil Sands Trust	Alberta	Alberta
CP	Canadian Pacific Railway Limited	Alberta	Federal
REF	Canadian Real Estate Investment Trust	Ontario	Ontario
RTU	Canadian Resources Income Trust	Ontario	Ontario
CZZ	Canadian Royalties Inc.	Quebec	Federal
XSR	Canadian Satellite Radio Holdings Inc.	Ontario	Ontario
SNG	Canadian Superior Energy Inc.	Alberta	Alberta
CTC	Canadian Tire Corporation Ltd.	Ontario	Ontario
CU	Canadian Utilities Limited	Alberta	Federal
CWB	Canadian Western Bank	Alberta	Federal
CDW	Canadian Wireless Trust	Ontario	Ontario
CWF	Canadian World Fund Limited	Ontario	Ontario
CZN	Canadian Zinc Corporation	BC	BC
CAM	Canam Manac Group Inc.	Quebec	Quebec
CCM	Canarc Resource Corp.	BC	BC
KCR	Cancor Mines Inc.	Quebec	Federal
CAX	Candax Energy Inc.	Ontario	Ontario
DNT	Candente Resource Corp.	BC	BC
CUS	Canexus Income Fund	Alberta	Alberta
CFP	Canfor Corporation	BC	BC
CFX	Canfor Pulp Income Fund	BC	Ontario
CNJ	Cangene Corporation	Manitoba	Ontario
ICE	Canlan Ice Sports Corp.	BC	BC
CWX	CanWel Building Materials Income Fund	BC	Ontario
CGS	CanWest Global Communications Corp.	Manitoba	Federal

FRC	Canyon Services Group Inc.	Alberta	Alberta
CGQ	Capital Gains Income STREAMS Corporation	Ontario	Ontario
CS	Capstone Mining Corp.	BC	BC
CDU	Cardero Resource Corp.	BC	BC
COM	Cardiome Pharma Corp.	BC	Federal
CFN	Carfinco Income Fund	Alberta	Ontario
CJT	Cargojet Income Fund	Ontario	Ontario
CGJ	Carlisle Goldfields Limited	Ontario	Ontario
CMH	Carmanah Technologies Corporation	BC	Alberta
CPN	Carpathian Gold Inc.	Ontario	Federal
CAS	Cascades Inc.	Quebec	Quebec
CSF	Cash Store Financial Services Inc.	Alberta	Ontario
CEK	Caspian Energy Inc.	Alberta	Ontario
CTL	Catalyst Paper Corporation	BC	Federal
CET	Cathedral Energy Services Income Trust	Alberta	Alberta
CAZ	Caza Oil & Gas, Inc.	USA, Texas	BC
CCL	CCL Industries Inc.	Ontario	Federal
CRL	CCR Technologies Ltd.	Alberta	Alberta
CFT	CE Franklin Ltd.	Alberta	Alberta
CLS	Celestica Inc.	Ontario	Ontario
CLT	Celtic Exploration Ltd.	Alberta	Alberta
CCT	Centenario Copper Corporation	Ontario	BC
CG	Centerra Gold Inc.	Ontario	Federal
CEF	Central Fund of Canada Limited	Alberta	Alberta
GTU	Central Gold-Trust	Ontario	Ontario
CSM	Central Sun Mining Inc.	Ontario	Federal
CRP	Ceres Global Ag Corp.	Ontario	Ontario
CIC	Certicom Corp.	Ontario	Federal
GIB	CGI Group Inc.	Quebec	Quebec
CHD	Chariot Resources Limited	Ontario	BC
PFD	Charterhouse Preferred Share Index Corp.	Ontario	Ontario
CSH	Chartwell Seniors Housing Real Estate Inv	Ontario	Ontario
CWH	Chartwell Technology Inc.	Alberta	Alberta
CTU	Chateau Inc.	Quebec	Federal
CHE	Chemtrade Logistics Income Fund	Ontario	Ontario
CHW	Chesswood Income Fund	Ontario	Ontario
CUQ	Churchill Corporation	Alberta	Alberta
CIX	CI Financial Income Fund	Ontario	Ontario
CIP	CI Master Limited Partnership	Ontario	Ontario
CNH	Cinch Energy Corp.	Alberta	Alberta
CGX	Cineplex Galaxy Income Fund	Ontario	Ontario
CRW	Cinram International Income Fund	Ontario	Federal
DND	Cipher Pharmaceuticals Inc.	Ontario	Ontario
CTO	Circa Enterprise Inc.	Alberta	Alberta

CTD	Citadel Diversified Investment Trust	Alberta	Ontario
CHF	Citadel HYTES Fund	Alberta	Alberta
CPF	Citadel Premium Income Fund	Alberta	Alberta
SDL	Citadel S-1 Income Fund Trust	Alberta	Alberta
CRT	Citadel SMaRT Fund Trust	Alberta	Alberta
CSR	Citadel Stable S-1 Income Fund	Alberta	Alberta
CXC	CIX Split Corp.	Ontario	Ontario
CVG	Clairvest Group Inc.	Ontario	Ontario
DIF	Clarrington Diversified Income + Growth Fund	Quebec	Ontario
CKI	Clarke Inc.	NS	Federal
CRJ	Claude Resources Inc.	Saskatchewan	Federal
CEW	Claymore Equal Weight Banc & Lifeco	Ontario	Ontario
CLR	Clearwater Seafoods Income Fund	NS	Ontario
CMK	Cline Mining Corporation	Ontario	BC
LNK	ClubLink Corporation	Ontario	Ontario
CLC	CML Healthcare Inc.	Ontario	Ontario
CMP	CMP Gold Trust	Ontario	Ontario
CCJ	Coalcorp Mining Inc.	Colombia	BC
CWA	Coast Wholesale Appliances Income Fund	BC	BC
COA	Coastal Contacts Inc.	BC	Federal
CCA	Cogeco Cable Inc.	Quebec	Federal
CGO	Cogeco Inc.	Quebec	Quebec
CLB	Colabor Income Fund	Quebec	Quebec
CSI	Colossus Minerals Inc.	Ontario	Ontario
CDV	COM DEV International Ltd.	Ontario	Federal
CMF	Comaplex Minerals Corp.	Alberta	Alberta
CUF	Cominar Real Estate Investment Trust	Quebec	Quebec
XCM	Commerce Split Corp.	Ontario	Ontario
CSA	Commercial Solutions Inc.	Alberta	Alberta
CMZ	COMPASS Income Fund	Ontario	Ontario
CMT	Compton Petroleum Corporation	Alberta	Alberta
CMG	Computer Modelling Group Ltd.	Alberta	Alberta
CJB	ConjuChem Biotechnologies Inc.	Quebec	Federal
CLL	Connacher Oil and Gas Limited	Alberta	Alberta
CCQ	Connor, Clark & Lunn Conservative Income	Ontario	Ontario
CCK	Connor, Clark & Lunn Conservative Income II	Ontario	Ontario
GFT	Connor, Clark & Lunn Global Financials II	Ontario	Ontario
CCP	Connor, Clark & Lunn PRINTS Trust	Ontario	Ontario
RRB	Connor, Clark & Lunn Real Return Income	Ontario	Ontario
RPQ	Connor, Clark & Lunn ROC Pref Corp.	Ontario	Ontario
CXA	Consolidated HCI Holdings Corporation	Ontario	Federal
CMC	Consolidated Mercantile Incorporated	Ontario	Ontario
CLM	Consolidated Thompson Iron Mines Ltd.	Ontario	Federal
CSU	Constellation Software Inc.	Ontario	Ontario

CWI	Consumers' Waterheater Income Fund	Ontario	Ontario
CZQ	Continental Precious Minerals Inc.	Ontario	Ontario
CSS	Contrans Income Fund	Ontario	Ontario
CNV	Convertible & Yield Advantage Trust	Ontario	Ontario
COB	CoolBrands International Inc.	Ontario	Ontario
CCS	Co-Operators General Insurance Company	Ontario	Federal
CBB	Copernican British Banks Fund	Ontario	Ontario
CIR	Copernican International Financial Split Corp.	Ontario	Ontario
CPM	Copernican International Premium Dividend Fund	Ontario	Ontario
CBK	Copernican World Banks Income & Growth Trust	Ontario	Ontario
CBW	Copernican World Banks Split Inc.	Ontario	Ontario
CIW	Copernican World Financial Infrastructure Inc.	Ontario	Ontario
CUX	Copper Mesa Mining Corporation	USA, Colorado	BC
CUM	Copper Mountain Mining Corporation	BC	BC
CDL	Corby Distilleries Limited	Ontario	Federal
CDD	Core Canadian Dividend Trust	Ontario	Ontario
CRE	Corel Corporation	Ontario	Federal
CYY	Coretec Inc.	Ontario	Ontario
COP	Coro Mining Corp.	BC	BC
CRG	Corona Gold Corporation	Ontario	Ontario
CDH	Corridor Resources Inc.	NS	Alberta
CTQ	Corriente Resources Inc.	BC	BC
CJR	Corus Entertainment Inc.	Ontario	Federal
KOS	Cossette Communication Group Inc.	Quebec	Quebec
BCB	Cott Corporation	Ontario	Federal
CXS	Counsel Corporation	Ontario	Ontario
COF	Coventree Inc.	Ontario	Ontario
COX	Coxe Commodity Strategy Fund	Ontario	Ontario
HCH	CP HOLDERS	Ontario	Ontario
CWG	Craig Wireless Systems Ltd.	Manitoba	Ontario
CPG	Crescent Point Energy Trust	Alberta	Alberta
CR	Crew Energy Inc.	Alberta	Alberta
CRU	Crew Gold Corporation	UK	Yukon
CTA	Crocotta Energy Inc.	Alberta	Alberta
CRR	Crombie Real Estate Investment Trust	NS	Ontario
CRN	Cross Lake Minerals Ltd.	BC	BC
CXX	Crosshair Exploration & Mining Corp.	BC	BC
CML	Crowflight Minerals Inc.	Ontario	Ontario
MYT	Crown Hill Fund	Ontario	Ontario
CXY	CryptoLogic Exchange Corp.	Ontario	Ontario
KRY	Crystallex International Corporation	Ontario	Federal
CIU	CU Inc.	Alberta	Federal
CVT	CVTech Group Inc.	Quebec	Federal
CX	CYBERplex Inc.	Ontario	Ontario

CYM	Cymat Technologies Ltd.	Ontario	Ontario
CYB	Cymbria Corporation	Ontario	Ontario
DSA	DALSA Corporation	Ontario	Ontario
DL	Danier Leather Inc.	Ontario	Ontario
DGI	Data Group Income Fund	Ontario	Ontario
DAV	Davie Yards Inc.	Quebec	Federal
DHF	Davis + Henderson Income Fund	Ontario	Ontario
DFE	Day4 Energy Inc.	BC	Federal
DAY	Daylight Resources Trust	Alberta	Alberta
HYB	DDJ High Yield Fund	Ontario	Ontario
DD	DDS Wireless International Inc.	BC	BC
DKI	Deans Knight Income and Growth Fund	Ontario	Ontario
DWL	Deepwell Energy Services Trust	Alberta	Alberta
DEJ	Dejour Enterprises Ltd.	BC	Ontario
DEE	Delphi Energy Corporation	Alberta	Alberta
DUR	Delta Uranium Inc.	Ontario	Ontario
DML	Denison Mines Corp.	Ontario	Ontario
DSG	Descartes Systems Group Inc.	Ontario	Ontario
DSC	Destiny Resource Services Corp.	Alberta	Alberta
DGC	Detour Gold Corporation	Ontario	Federal
DHX	DHX Media Ltd.	NS	Federal
CUR	DiagnoCure Inc.	Quebec	Quebec
DFI	Diamond Fields International Ltd.	BC	BC
DZR	Diaz Resources Ltd.	Alberta	Alberta
DCI	DirectCash Income Fund	Alberta	Alberta
DA	Discovery Air Inc.	NWT	Federal
GD	Distinction Group Inc.	Quebec	Quebec
DPS	Diversified Preferred Share Trust	Ontario	Ontario
PEQ	Diversified Private Equity Corp.	Alberta	Alberta
DGD	diversiGlobal Dividend Value Fund	Ontario	Ontario
DTN	diversiTrust Energy Income Fund	Ontario	Ontario
DTP	diversiTrust Income + Fund	Ontario	Ontario
DTF	diversiTrust Income Fund	Ontario	Ontario
DTS	diversiTrust Stable Income Fund	Ontario	Ontario
DYI	diversiYield Income Fund	Ontario	Ontario
DVT	Divestco Inc.	Alberta	Alberta
DFN	Dividend 15 Split Corp.	Ontario	Ontario
DF	Dividend 15 Split Corp. II	Ontario	Ontario
DGS	Dividend Growth Split Corp.	Ontario	Ontario
DOM	Dominion Citrus Income Fund	Ontario	Ontario
DMN	Dominion Citrus Limited	Ontario	Ontario
UFX	Domtar (Canada) Paper Inc.	Quebec	Federal
DII	Dorel Industries Inc.	Quebec	Quebec
DVI	Dover Industries Limited	Ontario	Federal

DPF	DPF India Opportunities Fund	Ontario	Ontario
DWI	DragonWave Inc.	Ontario	Federal
DPI	Drive Products Income Fund	Ontario	Ontario
DM	Duluth Metals Limited	Ontario	Ontario
DC	Dundee Corporation	Ontario	Ontario
DPM	Dundee Precious Metals Inc.	Ontario	Federal
D	Dundee Real Estate Investment Trust	Ontario	Ontario
DW	Dundee Wealth Inc.	Ontario	Ontario
DNG	Dynacor Gold Mines Inc.	Quebec	Quebec
DMM	Dynasty Metals & Mining Inc.	BC	Yukon
DNK	Dynetek Industries Ltd.	Alberta	Alberta
EF	EarthFirst Canada Inc.	BC	Federal
ELR	Eastern Platinum Limited	BC	BC
ER	Eastmain Resources Inc.	Ontario	Ontario
EH	easyhome Ltd.	Alberta	Alberta
EVT	Economic Investment Trust Limited	Ontario	Federal
ECU	ECU Silver Mining Inc.	Quebec	Quebec
EFH	EGI Financial Holdings Inc.	Ontario	Ontario
ELF	E-L Financial Corporation Ltd.	Ontario	Ontario
ELD	Eldorado Gold Corporation	BC	Federal
EFL	Electrovaya Inc.	Ontario	Ontario
EBR	Ember Resources Inc.	Alberta	Alberta
EMA	Emera Incorporated	NS	NS
EMP	Empire Company Ltd.	NS	NS
ENB	Enbridge Inc.	Alberta	Federal
ENF	Enbridge Income Fund	Alberta	Alberta
ECA	EnCana Corporation	Alberta	Federal
EDR	Endeavour Silver Corp.	BC	BC
ECH	Enerchem International Inc.	Alberta	Alberta
EFX	Enerflex Systems Income Fund	Alberta	Alberta
ENM	Energem Resources Inc.	South Africa	BC
EFR	Energy Fuels Inc.	Ontario	Ontario
EPF	Energy Plus Income Trust	Alberta	Alberta
SIF	Energy Savings Income Fund	Ontario	Ontario
EN	Energy Split Corp. II Inc.	Ontario	Quebec
ES	Energy Split Corp. Inc.	Ontario	Quebec
ERF	Enerplus Resources Fund	Alberta	Alberta
EIT	EnerVest Diversified Income Trust	Alberta	Alberta
EOS	Enervest Energy & Oil Sands Total Return Trust	Alberta	Alberta
ESL	Enghouse Systems Limited	Ontario	Ontario
EG	EnGlobe Corp.	Ontario	Federal
ESI	Ensign Energy Services Inc.	Alberta	Alberta
E	Enterprise Oilfield Group Inc.	Alberta	Alberta
ENT	Enterra Energy Trust	Alberta	Alberta

ETG	Entree Gold Inc.	BC	BC
ECG	Envoy Capital Group Inc.	Ontario	Ontario
EPP	EPCOR Power Equity Ltd.	Alberta	Alberta
EP	EPCOR Power L.P.	Alberta	Ontario
EPS	Epsilon Energy Ltd.	Ontario	Alberta
EQW	Equal Weight Plus Fund	Alberta	Alberta
EQN	Equinox Minerals Limited	Australia	Federal
ETC	Equitable Group Inc.	Ontario	Ontario
ERD	Erdene Resource Development Corp	Ontario	Federal
ESY	ESI Entertainment Systems Inc.	BC	BC
ESP	Espial Group Inc.	Ontario	Federal
ESN	Essential Energy Services Trust	Alberta	Alberta
EET	Etruscan Resources Incorporated	NS	NS
EGU	European Goldfields Limited	Yukon	Yukon
EPD	European Premium Dividend Fund	Ontario	Ontario
EIS	Eveready Income Fund	Alberta	Alberta
ET	Evertz Technologies Limited	Ontario	Federal
EE	Exall Energy Corporation	Alberta	Alberta
EXI	Excel India Trust	Ontario	Ontario
EXN	Excellon Resources Inc.	Ontario	BC
EIF	Exchange Industrial Income Fund	Manitoba	Manitoba
XTC	EXCO Technologies Ltd.	Ontario	Ontario
EXF	EXFO Electro-Optical Engineering Inc.	Quebec	Quebec
EXE	Extencicare Real Estate Investment Trust	Ontario	Ontario
FEL	Fairborne Energy Limited	Alberta	Alberta
FGX	Faircourt Gold Income Corp.	Ontario	Ontario
FIG	Faircourt Income & Growth Split	Ontario	Ontario
FCS	Faircourt Split Trust	Ontario	Ontario
FFH	Fairfax Financial Holdings Limited	Ontario	Federal
FDT	Fairway Diversified Income and Growth Trust	Ontario	Ontario
FEC	Fairwest Energy Corporation	Alberta	Federal
FWM	Far West Mining Limited	BC	BC
FAN	Farallon Resources Ltd.	BC	BC
FZP	Fidelity Partnership 1996	Ontario	Ontario
HIT	Fierra High Income Trust	Ontario	Ontario
FTN	Financial 15 Split Corp.	Ontario	Ontario
FFN	Financial 15 Split Corp. II	Ontario	Ontario
FPR	Financial Preferred Securities Corporation	Alberta	Alberta
STR	Financial Services Income STREAMS Corp.	Ontario	Ontario
FTT	Finning International Inc.	BC	BC
FTG	Firan Technology Group Corporation	Ontario	Federal
FC	Firm Capital Mortgage Investment Trust	Ontario	Ontario
CBU	First Asset CanBanc Split Corp.	Ontario	Ontario
DCD	First Asset Diversified Convertible Debt Fund	Ontario	Ontario

TRF	First Asset Energy & Resource Fund	Ontario	Ontario
FAI	First Asset Global Infrastructure Fund	Ontario	Ontario
IGF	First Asset Income & Growth Fund	Ontario	Ontario
EWP	First Asset Pipes & Power Income Fund	Ontario	Ontario
PGT	First Asset PowerGen Fund	Ontario	Ontario
RIT	First Asset REIT Income Fund	Ontario	Ontario
FAY	First Asset Yield Opportunity Trust	Ontario	Ontario
BDA	First Asset/Blackrock North American Dividend Achievers Trust	Ontario	Ontario
FCR	First Capital Realty Inc.	Ontario	Ontario
FR	First Majestic Silver Corp.	BC	BC
FMA	First Metals Inc.	Ontario	Federal
FNA	First National Alarmcap Income Fund	Alberta	Alberta
FN	First National Financial Income Fund	Ontario	Ontario
FNI	First Nickel Inc.	Ontario	Ontario
FPI	First Premium Income Trust	Ontario	Ontario
FM	First Quantum Minerals Ltd.	BC	BC
FHT	First Trust/Highland Capital Floating Rate	Ontario	Ontario
FHM	First Trust/Highland Capital Floating Rate II	Ontario	Ontario
FIU	First Uranium Corporation	Ontario	BC
FSV	FirstService Corporation	Ontario	Ontario
FFI	Flaherty & Crumrine Investment Grade Fixed Income Fund	Ontario	Alberta
FAC	Flaherty & Crumrine Investment Grade Pref. Fund	Ontario	Ontario
FL	Fletcher Nickel Inc.	Ontario	Ontario
FES	Flint Energy Services Ltd.	Alberta	Alberta
FNX	FNX Mining Company Inc.	Ontario	Ontario
FIF	Focused 40 Income Fund	Quebec	Ontario
FTF	Focused Global Trends Fund	Ontario	Ontario
FMI	Forbes Medi-Tech Inc.	BC	BC
FMO	Foremost Income Fund	Alberta	Alberta
FCO	Formation Capital Corporation	BC	BC
FSY	Forsys Metals Corp.	Ontario	Ontario
FCE	Fort Chicago Energy Partners L.P.	Alberta	Alberta
FCL	Fort Chicago Power Ltd.	Alberta	Federal
FTS	Fortis Inc.	NL	NL
FEI	Fortress Energy Inc.	Alberta	Alberta
FTP	Fortress Paper Ltd.	BC	BC
FT	Fortune Minerals Limited	Ontario	Ontario
FGL	Forzani Group Ltd.	Alberta	Alberta
FP	FP Newspapers Income Fund	Manitoba	Ontario
FXI	Fralex Therapeutics Inc.	Ontario	Ontario
FNV	Franco-Nevada Corporation	Ontario	Federal
FRA	Franconia Minerals Corporation	USA, Washington	Alberta
FOR	Franc-Or Resources Corp.	Ontario	Yukon
FPS	Fraser Papers Inc.	Ontario	Federal

ITF	Freegold Ventures Limited	BC	Alberta
FRU	Freehold Royalty Trust	Alberta	Alberta
FPF	Front Street Resource Performance Fund II	Ontario	Federal
FRE	Front Street Resource Performance Fund Ltd.	Ontario	Federal
FRG	Fronteer Development Group Inc.	BC	Ontario
FCC	Frontera Copper Corporation	USA, Arizona	Federal
FMD	Futuremed Healthcare Income Fund	Ontario	Ontario
GBU	Gabriel Resources Ltd.	Ontario	Yukon
GO	Galleon Energy Inc.	Alberta	Alberta
GH	Gamehost Income Fund Trust	Alberta	Alberta
GAM	Gammon Gold Inc.	Quebec	Quebec
GW	Garda World Security Corporation	Quebec	Federal
GAR	Garneau Inc.	Alberta	Alberta
YGA	Gastar Exploration Ltd.	USA, Texas	Ontario
GZM	Gaz Metro Limited Partnership	Quebec	Quebec
GGC	Genco Resources Ltd.	BC	BC
GDS	Gendis Inc.	Manitoba	Federal
GEN	GeneNews Limited	Ontario	Ontario
GDI	General Donlee Income Fund	Ontario	Ontario
GDC	Genesis Land Development Corp.	Alberta	Alberta
GWI	Genesis Worldwide Inc.	Ontario	Federal
GNV	GENIVAR Income Fund	Quebec	Quebec
GND	Gennum Corporation	Ontario	Ontario
GIX	Geologix Explorations Inc.	BC	BC
GNA	Gerdau AmeriSteel Corporation	USA, Florida	Federal
GIL	Gildan Activewear Inc.	Quebec	Federal
GIT	Gitennes Exploration Inc.	BC	Ontario
GVC	Glacier Media Inc.	BC	Federal
GIN	Glendale International Corp.	Ontario	Ontario
GLN	Glentel Inc.	BC	Federal
GLG	GLG Life Tech Corporation	BC	BC
GFV	Global 45 Split Corp.	Ontario	Ontario
AGB	Global Agribusiness Trust	Ontario	Ontario
GLA	Global Alumina Corporation	NB	NB
GBP	Global Banks Premium Income Trust	Ontario	Ontario
GPA	Global Credit Pref Corp.	Ontario	Ontario
DST	Global DiSCS Trust 2004-1	Ontario	Ontario
DG	Global Diversified Investment Grade Income Trust	Ontario	Ontario
GII	Global Diversified Investment Grade Income Trust II	Ontario	Ontario
GDP	Global Dividend Fund	Ontario	Ontario
GIP	Global Plus Income Trust	Ontario	Ontario
GBI	Global Railway Industries Ltd.	Ontario	Alberta
GSX	Global Resource Split Corp.	Ontario	Ontario
LPV	Global Strategy Master LP	Ontario	Ontario

GUR	Global Uranium Fund Inc.	Ontario	Ontario
GBA	GlobalBanc Advantaged 8 Split Corp.	Ontario	Ontario
GMI	GlobeStar Mining Corp.	Ontario	Federal
GMX	Globex Mining Enterprises Inc.	Quebec	Quebec
GRS	GLR Resources Inc.	Ontario	Federal
GS	Gluskin Sheff + Associates Inc.	Ontario	Ontario
GLV	GLV Inc.	Quebec	Federal
GMP	GMP Capital Trust	Ontario	Ontario
GRZ	Gold Reserve Inc.	USA, Washington	Yukon
G	Goldcorp Inc.	BC	Ontario
GL	Golden Peaks Resources Ltd.	BC	BC
GP	Golden Predator Mines Inc.	BC	BC
GQM	Golden Queen Mining Co. Ltd.	BC	BC
GSC	Golden Star Resources Ltd.	USA, Colorado	Federal
GXP	Goldstake Explorations Inc.	Ontario	Ontario
GDL	Goodfellow Inc.	Quebec	Federal
GSB	Government Strip Bond Trust	Ontario	Ontario
GTX	Gran Tierra Exchangeco Inc.	Alberta	Alberta
GCE	Grand Cache Coal Corporation	Alberta	Alberta
GVX	Grandview Gold Inc.	Ontario	Ontario
GBG	Great Basin Gold Ltd.	South Africa	BC
GC	Great Canadian Gaming Corp.	BC	BC
GLH	Great Lakes Hydro Income Fund	Quebec	Quebec
GPR	Great Panther Resources Limited	BC	BC
GPX	Great Plains Exploration Inc.	Alberta	Alberta
GWL	Great-West Life Assurance Company	Manitoba	Federal
GWO	Great-West Lifeco Inc.	Manitoba	Federal
GHC	Grey Horse Corporation	Ontario	Federal
GWE	Grey Wolf Exploration Inc.	Alberta	Alberta
GSL	Greystar Resources Ltd.	BC	BC
AER	Groupe Aeroplan Inc.	Quebec	Federal
GBV	Groupe Bikini Village Inc.	Quebec	Federal
GCG	Guardian Capital Group Ltd.	Ontario	Ontario
GTK	Guest-Tek Interactive Entertainment Ltd.	Alberta	Alberta
GUY	Guyana Goldfields Inc.	Ontario	Federal
GCT	GVIC Communications Corp.	BC	Federal
HR	H & R Real Estate Investment Trust	Ontario	Ontario
PAP	H. Paulin & Co. Ltd.	Ontario	Ontario
HAE	Haemacure Corporation	Quebec	Federal
HMM	Hammond Manufacturing Company Ltd.	Ontario	Ontario
HPS	Hammond Power Solutions Inc.	Ontario	Ontario
HF	Hanfeng Evergreen Inc.	Ontario	Ontario
HE	Hanwei Energy Services Inc.	BC	BC
HNC	Hard Creek Nickel Corporation	BC	BC

HWD	Hardwoods Distribution Income Fund	BC	BC
HW	Harry Winston Diamond Corporation	Ontario	Federal
HIS	Hart Stores Inc.	Quebec	Federal
HCI	Hartco Income Fund	Quebec	Ontario
HTE	Harvest Energy Trust	Alberta	Alberta
HUX	HEARx Canada Inc.	Ontario	Federal
HBP	Helix Biopharma Corp.	Ontario	Federal
HEM	Hemisphere GPS Inc.	Alberta	Alberta
HOC	Heritage Oil Corporation	Alberta	Alberta
HRX	Heroux-Devtek Inc.	Quebec	Quebec
HWO	High Arctic Energy Services Inc.	Alberta	Alberta
HDG	High Desert Gold Corporation	BC	Federal
HPF	High Income Preferred Shares Corporation	Ontario	Federal
HLF	High Liner Foods Incorporated	NS	NS
HRG	High River Gold Mines Ltd.	Ontario	Federal
HYM	High Yield & Mortgage Plus Trust	Ontario	Ontario
HPX	Highpine Oil & Gas Limited	Alberta	Alberta
HLB	Hillsborough Resources Ltd.	BC	Federal
HLR	Holloway Lodging Real Estate Investment Trust	NS	Ontario
HII	Homburg Invest Inc.	NS	Alberta
HCG	Home Capital Group Inc.	Ontario	Ontario
HEQ	Home Equity Income Trust	Ontario	Ontario
HEG	Homeland Energy Group Ltd.	Ontario	Federal
HNL	Horizon North Logistics Inc.	Alberta	Alberta
HDX	Hosted Data Transaction Solutions Inc.	Ontario	Ontario
HSB	HSBC Bank Canada	BC	Federal
HBH	HSBC Canada Asset Trust	BC	BC
HSL	HSE Integrated Ltd.	Alberta	Alberta
HBM	HudBay Minerals Inc.	Ontario	Federal
HNT	Huntingdon Real Estate Investment Trust	Manitoba	Manitoba
HSE	Husky Energy Inc.	Alberta	Alberta
HYG	Hydrogenics Corporation	Ontario	Federal
HYD	Hyduke Energy Services Inc.	Alberta	Alberta
IMG	Iamgold Corporation	Ontario	Federal
ACF	IAT Air Cargo Facilities Income Fund	BC	BC
IBG	IBI Income Fund	Ontario	Ontario
IGM	IGM Financial Inc.	Manitoba	Federal
IDL	Imaging Dynamics Company Ltd.	Alberta	Alberta
IMX	Imax Corporation	Ontario	Federal
MPX	Impax Energy Services Income Trust	Ontario	Ontario
III	Imperial Metals Corporation	BC	BC
IMO	Imperial Oil Limited	Alberta	Federal
IM	IMRIS Inc.	Manitoba	Federal
IEP	Income & Equity Index Participation Fund	Alberta	Alberta

INC	Income Financial Trust	Ontario	Ontario
STQ	Income STREAMS III Corporation	Ontario	Ontario
INI	Independent Nickel Corp.	Ontario	Ontario
IDX	INDEXPLUS Income Fund	Ontario	Ontario
IDG	Indigo Books & Music Inc.	Ontario	Ontario
IAG	Industrial-Alliance Insurance & Financial Services Inc.	Quebec	Quebec
IIC	ING Canada Inc.	Ontario	Federal
IMN	Inmet Mining Corporation	Ontario	Federal
IEF	Innergex Power Income Fund	Quebec	Quebec
INE	Innergex Renewable Energy Inc.	Quebec	Federal
INN	InnVest Real Estate Investment Trust	Ontario	Ontario
INQ	INSCAPE Corporation	Ontario	Ontario
ISN	Insignia Energy Ltd.	Alberta	Alberta
ISM	Inspiration Mining Corporation	Ontario	BC
IS	InStorage Real Estate Investment Trust	Ontario	Ontario
IAM	Integrated Asset Management Corp.	Ontario	Ontario
IPL	Inter Pipeline Fund	Alberta	Alberta
ICI	Inter-Citic Minerals Inc.	Ontario	BC
IMP	Intermap Technologies Corp.	USA, Colorado	Alberta
IDC	International Datacasting Corporation	Ontario	Federal
FIT	International Financial Income & Growth	Ontario	Ontario
IFP	International Forest Products Ltd.	BC	BC
IMZ	International Minerals Corporation	USA, Arizona	Yukon
INV	International Nickel Ventures Corporation	Ontario	Ontario
IRD	International Road Dynamics Inc.	Saskatchewan	Federal
IRC	International Royalty Corporation	USA, Colorado	Federal
ISR	International Sovereign Energy Corp.	Alberta	Alberta
IOL	InterOil Corporation	Australia	Yukon
IIP	InterRent Real Estate Investment Trust	Ontario	Ontario
ITP	Intertape Polymer Group Inc.	Quebec	Federal
IXN	Intrepid Nustar Exchange Corp.	Ontario	Federal
ICS	Intrinsyc Software International, Inc.	BC	Federal
BND	Investment Grade Trust	Ontario	Ontario
IPI	IPL Inc.	Quebec	Quebec
ISC	IROC Energy Services Corp.	Alberta	Federal
ISA	Isotechnika Inc.	Alberta	Alberta
ITX	Iteration Energy Ltd.	Alberta	Alberta
IVA	Ivaco Inc.	Quebec	Federal
IE	Ivanhoe Energy Inc.	BC	Yukon
IVN	Ivanhoe Mines Ltd.	BC	Yukon
IVW	Ivernia Inc.	Ontario	NB
JFI	Jaguar Financial Corporation	Ontario	Ontario
JAG	Jaguar Mining Inc.	USA, NH	Ontario
JAZ	Jazz Air Income Fund	Quebec	Ontario

JDU	JDS Uniphase Canada Ltd.	USA, California	Federal
PJC	Jean Coutu Group (PJC) Inc.	Quebec	Quebec
JCT	Jewett-Cameron Trading Company Ltd.	USA, Oregon	BC
JIN	Jinshan Gold Mines inc.	BC	BC
JOV	Jovian Capital Corporation	Ontario	Federal
JTV	JumpTV Inc.	Ontario	Federal
JEC	Jura Energy Corporation	Alberta	Federal
KAB	Kaboose Inc.	Ontario	Federal
KBL	K-Bro Linen Income Fund	Alberta	Alberta
KGN	Keegan Resources Inc.	BC	BC
KEG	Keg Royalties Income Fund	BC	Ontario
KTI	Kelman Tehcnologies Inc.	Alberta	Federal
KEY	Keyera Facilities Income Fund	Alberta	Alberta
KNA	Keystone North America Inc.	Ontario	Ontario
KRI	Khan Resources Inc.	Ontario	Ontario
KMP	Killam Properties Inc.	NS	Federal
KBR	Kimber Resources Inc.	BC	BC
KFS	Kingsway Financial Services Inc.	Ontario	Ontario
KSP	Kingsway Linked Return of Capital Trust	Ontario	Ontario
K	Kinross Gold Corporation	Ontario	Ontario
KGI	Kirkland Lake Gold Inc.	BC	Federal
KDX	Klondex Mines Ltd.	BC	BC
KOM	Komunik Corporation	Quebec	Federal
LMA	La Mancha Resources Inc.	Quebec	BC
LRI	Lab Research Inc.	Quebec	Federal
DDS	Labopharm Inc.	Quebec	Quebec
LIR	Labrador Iron Mines Holdings Limited	Ontario	Ontario
LIF	Labrador Iron Ore Royalty Income Fund	Ontario	Ontario
LSG	Lake Shore Gold Corp.	Ontario	Federal
LRT	Lanesborough Real Estate Investment Trust	Manitoba	Manitoba
LAM	Laramide Resources Ltd.	Ontario	Federal
LAS	Lassonde Industries Inc.	Quebec	Federal
LB	Laurentian Bank of Canada	Quebec	Federal
LMI	Legg Mason Canada Holdings Ltd.	USA, Maryland	NB
LNF	Leon's Furniture Limited	Ontario	Ontario
LBE	Liberty Mines Inc.	Alberta	Ontario
LBS	Life & Banc Split Corp.	Ontario	Ontario
LSC	Lifeco Split Corporation Inc.	Ontario	Quebec
LNR	Linamar Corporation	Ontario	Ontario
LRR	Linear Gold Corp.	NS	Federal
LRM	Linear Metals Corporation	NS	Federal
LQW	Liquidation World Inc.	Ontario	Alberta
LIQ	Liquor Stores Income Fund	Alberta	Alberta
LIV	Livingston International Income Fund	Ontario	Ontario

LMZ	LMS Medical Systems Inc.	Quebec	Federal
L	Loblaw Companies Limited	Ontario	Federal
LH	Lockerbie & Hole Inc.	Alberta	Alberta
LGI	Logibec Groupe Information Ltee	Quebec	Federal
LGT	Logistec Corporation	Quebec	Quebec
LRF	Long Reserve Life Resource Fund	Ontario	Ontario
LV	Longview Capital Partners Inc.	BC	BC
LOX	LOREX Technology Inc.	Ontario	Ontario
LW	Loring Ward International Ltd.	USA, NY	Federal
LOR	Lorus Therapeutics inc.	Ontario	Federal
LUN	Lundin Mining Corporation	Ontario	Federal
LUX	Luxell Technologies Inc.	Ontario	Ontario
XMF	M Split Corp.	Ontario	Ontario
MDA	MacDonald, Dettwiler and Associates Ltd.	BC	Federal
MKZ	Mackenzie Master Limited Partnership	Ontario	Ontario
MNF	Macquarie NexGen Global Infrastructure Corp.	Ontario	Ontario
MPT	Macquarie Power & Infrastructure Income Fund	Ontario	Ontario
MCZ	Mad Catz Interactive, Inc.	Ontario	Federal
MEG	Madacy Entertainment Income Fund	Quebec	Quebec
MPC	Madison Pacific Properties Inc.	BC	Federal
MAG	MAG Silver Corp.	BC	BC
MAL	Magellan Aerospace Corporation	Ontario	Ontario
MG	Magna International Inc.	Ontario	Ontario
MGN	Magnotta Winery Corporation	Ontario	Ontario
CBM	Mahalo Energy Ltd.	Alberta	Alberta
MEQ	Mainstreet Equity Corp.	Alberta	Alberta
MDI	Major Drilling Group International Inc.	NB	Federal
MLG	Malaga Inc.	Quebec	Quebec
MBT	Manitoba Telecom Services Inc.	Manitoba	Manitoba
MFT	Manulife Financial Capital Trust	Ontario	Ontario
MFC	Manulife Financial Corporation	Ontario	Federal
MFI	Maple Leaf Foods Inc.	Ontario	Federal
MAR	Marathon PGM Corporation	Ontario	Federal
MN	March Networks Corporation	Ontario	Federal
MPM	Markland AGF Precious Metals Corp.	Ontario	Ontario
MLX	Marsulex Inc.	Ontario	Federal
MRE	Martinrea International Inc.	Ontario	Ontario
MSY	Masters Energy Inc.	Alberta	Alberta
MTK	Matrikon Inc.	Alberta	Alberta
MVX	Mavrix Fund Management Inc.	Ontario	Ontario
MAW	Mawson Resources Limited	BC	BC
MXG	Maxim Power Corp.	Alberta	Alberta
MAX	Maximizer Software Inc.	BC	Federal
MKP	MCAN Mortgage Corporation	Ontario	Federal

MCB	McCoy Corporation	Alberta	Alberta
MHR	McGraw-Hill Ryerson Ltd.	Ontario	Ontario
MUH	MCM Split Share Corp.	Ontario	Ontario
MDZ	MDC Partners Inc.	Ontario	Federal
MDN	MDN Inc.	Quebec	Quebec
MDS	MDS Inc.	Ontario	Ontario
MCH	Mecachrome International Inc.	Quebec	Federal
MSF	MedcomSoft Inc.	Ontario	Ontario
MDF	Mediagrif Interactive Technologies Inc.	Quebec	Federal
DR	Medical Facilities Corporation	Ontario	BC
MPH	Medicure Inc.	Manitoba	Federal
MSH	MediSolution Ltd.	Quebec	Ontario
MNR	Mediterranean Resources Ltd.	BC	BC
MB	MEGA Brands Inc.	Quebec	Federal
MGA	Mega Uranium Ltd.	Ontario	Ontario
MRD	Melcor Developments Ltd.	Alberta	Alberta
MEW	Menu Foods Income Fund	Ontario	Ontario
ML	Mercator Minerals Ltd.	BC	BC
MRG	Merge Cedara Exchange Co Limited	USA, Wisconsin	Ontario
MVG	Metallic Ventures Gold Inc.	Ontario	Ontario
MET	Metalore Resources Ltd.	Ontario	Ontario
MX	Methanex Corporation	BC	Federal
MYG	MethylGene Inc.	Quebec	Quebec
MRU	Metro Inc.	Quebec	Quebec
MGX	MGM Energy Corp.	Alberta	Alberta
MIM	MI Developments Inc.	Ontario	Ontario
MBX	Microbix Biosystems Inc.	Ontario	Ontario
MBN	Middlefield Bancorp Limited	Ontario	BC
MOX	Midnight Oil Exploration Ltd.	Alberta	Alberta
MGO	Migao Corporation	Ontario	Ontario
MGI	Migenix Inc.	BC	BC
MMM	Minco Gold Corporation	BC	BC
MSV	Minco Silver Corporation	BC	BC
MFL	Minefinders Corporation Ltd.	BC	Ontario
MAI	Minera Andes Inc.	USA, Washington	Alberta
MID	MINT Income Fund	Ontario	Ontario
MT	Miranda Technologies Inc.	Quebec	Quebec
MTM	Mitec Telecom Inc.	Quebec	Federal
MKX	MKS Inc.	Ontario	Ontario
TPX	Molson Coors Canada Inc.	Ontario	Ontario
WWW	Momentum Advanced Solutions Inc.	Ontario	Ontario
ME	Moneta Porcupine Mines Inc.	Ontario	Ontario
MOG	MonoGen Inc.	USA, Illinois	Federal
MRC	Morguard Corporation	Ontario	Federal

MRT	Morguard Real Estate Investment Trust	Ontario	Ontario
MSI	Morneau Sobeco Income Fund	Ontario	Ontario
MSD	Mosaid Technologies Inc.	NB	BC
MXL	Moterey Exploration Ltd.	Alberta	Alberta
MGL	Moto Goldmines Limited	Australia	BC
MPV	Mountain Province Diamonds Inc.	Ontario	Ontario
MOY	Moydow Mines International Inc.	Ontario	Ontario
MXT	MSP Maxxum Trust	Ontario	Ontario
MTI	MTI Global Inc.	Ontario	Ontario
MTL	Mullen Group Income Fund	Alberta	Alberta
MST	Multi Select Income Trust	Ontario	Ontario
MMN	Multi-Manager Limited Partnership I	Ontario	Ontario
SPL	Mulvihill Pro-AMS RSP Split Share Corp.	Ontario	Ontario
MUN	Mundoro Capital Inc.	BC	BC
NBX	Nabors Exchangeco (Canada) Inc.	Alberta	Alberta
NAE	NAL Oil & Gas Trust	Alberta	Alberta
NA	National Bank of Canada	Quebec	Federal
NUS	Nautilus Minerals Inc.	BC	BC
NBF	NB Split Corp.	Ontario	Ontario
NNE	NEMI Northern Energy & Mining Inc.	BC	Alberta
NEM	Neo Material Technologies Inc.	Ontario	Federal
NCU	Nevada Copper Corp.	BC	BC
NVR	Nevoro Inc.	Ontario	Federal
NSU	Nevsun Resources Ltd.	BC	BC
ND	New Dawn Mining Corp.	Ontario	Federal
NFI	New Flyer Industries Inc.	Ontario	Ontario
NGD	New Gold Inc.	BC	BC
NAL	Newalta Income Fund	Alberta	Alberta
NCC	Newfoundland Capital Corp.	NS	Federal
NEW	Newgrowth Corporation	Ontario	Ontario
NMC	Newmont Mining Corporation of Canada Limited	USA, Colorado	Federal
NPF	Newport Partners Income Fund	Ontario	Ontario
NXY	Nexen Inc.	Alberta	Federal
NKO	Niko Resources Ltd.	Alberta	Alberta
NIO	NIOCAN Inc.	Quebec	Quebec
NIF	Noranda Income Fund	Ontario	Ontario
NBD	Norbord Inc.	Ontario	Federal
NRX	Norex Exploration Services Inc.	Alberta	Alberta
NII	Norsat International Inc.	BC	BC
NOM	Norsemont Mining Inc.	Ontario	BC
NT	Nortel Networks Corporation	Ontario	Federal
NTL	Nortel Networks Limited	Ontario	Federal
NOA	North American Energy Partners Inc.	Alberta	Federal
PDL	North American Palladium Ltd.	Ontario	Federal

NAC	North Atlantic Resources Ltd.	Ontario	Ontario
NWF	North West Company Fund	Manitoba	Manitoba
NB	Northbridge Financial Corporation	Ontario	Federal
NTI	Northcore Technologies Inc.	Ontario	Ontario
NDM	Northern Dynasty Minerals Ltd.	BC	BC
NFC	Northern Financial Corporation	Ontario	Ontario
NPR	Northern Property real Estate Investment Trust	Alberta	Alberta
NGX	Northgate Minerals Corporation	BC	BC
NPI	Northland Power Income Fund	Ontario	Ontario
NAU	Northland Resources Inc.	BC	BC
NAS	Northstar Aerospace, Inc.	Ontario	Ontario
NHC	Northstar Healthcare Inc.	Ontario	BC
NYF	Northwater Five-Year Market-Neutral Trust	Ontario	Ontario
NMN	Northwater Market-Neutral Trust	Ontario	Ontario
NTP	Northwater Top 75 Income Trusts PLUS	Ontario	Ontario
NCX	NOVA Chemicals Corporation	Alberta	Alberta
NSI	Nova Scotia Power Inc.	NS	NS
NDQ	Novadaq Technologies Inc.	Ontario	Federal
NG	NovaGold Resources Inc.	BC	NS
EKO	Noveko International Inc.	Quebec	Federal
NCS	NUCRYST Pharmaceuticals Corp.	USA, NJ	Alberta
NWI	Nuinsco Resources Limited	Ontario	Ontario
NVA	NuVista Energy Ltd.	Alberta	Alberta
NRI	Nuvo Research Inc.	Ontario	Ontario
NVN	Nventa Biopharmaceuticals Corporation	USA, California	BC
OGC	OceanaGold Corporation	Australia	BC
OFB	OFI Income Fund	Ontario	Ontario
OSM	Oil Sands and Energy Mega-Projects Trust	Ontario	Ontario
OSF	Oil Sands Sector Fund	Ontario	Ontario
OST	Oil Sands Split Trust	Ontario	Ontario
OIL	Oilexco Incorporated	Alberta	Alberta
OCF	OilSands Canada Corporation	Ontario	Ontario
OGE	O'Leary Global Equity Income Fund Trust	Quebec	Ontario
OGN	O'Leary Global Infrastructure Fund	Quebec	Ontario
OYM	Olympus Pacific Minerals Inc.	Ontario	Federal
ONC	Oncolytics Biotech Inc.	Alberta	Alberta
OBP	Ondine Biopharma Corporation	BC	BC
OCX	Onex Corporation	Ontario	Ontario
ONT	Ontex Resources Limited	Ontario	Ontario
OPW	Opawica Explorations Inc.	BC	BC
ONR	Open Range Energy Corp.	Alberta	Alberta
OTC	Open Text Corporation	Ontario	Ontario
OMG	OPMEDIC Group Inc.	Quebec	Quebec
OPM	Opta Minerals Inc.	Ontario	Federal

OPC	OPTI Canada Inc.	Alberta	Federal
OGD	Orbit Garant Drilling Inc.	Quebec	Federal
ORB	Orbus Pharma Inc.	Ontario	Alberta
OZN	Orezone Resources Inc.	Ontario	Federal
ORI	Organic Resource Management Inc.	Ontario	Federal
OEX	Orleans Energy Ltd.	Alberta	Alberta
OLE	Oromin Explorations Ltd.	BC	BC
ORV	Orvana Minerals Corp.	Ontario	Ontario
OSI	OSI Geospatial Inc.	Ontario	BC
OSK	Osisko Mining Corporation	Quebec	Federal
PWC	Pacific & Western Credit Corp.	Ontario	Federal
PIH	Pacific Insight Electronics Corp.	BC	BC
PFN	Pacific North West Capital Corp.	BC	BC
PNG	Pacific Northern Gas Ltd.	BC	BC
PMU	Pacific Rim Mining Corp.	BC	BC
PRE	Pacific Rubiales Energy Corp.	Ontario	BC
PLB	Paladin Labs Inc.	Quebec	Federal
PAA	Pan American Silver Corp.	BC	BC
RIG	Pantera Drilling Income Trust	Alberta	Alberta
PMT	Paramount Energy Trust	Alberta	Alberta
POU	Paramount Resources Ltd.	Alberta	Alberta
PTO	Pareto Corporation	Ontario	Ontario
PRK	Parkbridge Lifestyle Communities Inc.	Alberta	Alberta
PKI	Parkland Income Fund	Alberta	Alberta
PSI	Pason Systems Inc.	Alberta	Alberta
PTI	Patheon Inc.	Ontario	Federal
PKL	PC Gold Inc.	Ontario	Ontario
PDM	PDM Royalties Income Fund	NS	Ontario
PLG	PDX Resources Inc.	Ontario	Alberta
PAE	Peace Arch Entertainment Group Inc.	Ontario	Ontario
PES	Peak Energy Services Trust	Alberta	Alberta
PXX	Pearl Exploration and Production Ltd.	Alberta	Federal
PBC	Pebercan Inc.	Quebec	Federal
PIX	Peer 1 Network Enterprises, Inc.	BC	BC
PIF	Pembina Pipeline Income Fund	Alberta	Alberta
PGF	Pengrowth Energy Trust	Alberta	Alberta
PWT	Penn West Energy Trust	Alberta	Alberta
PGD	Peregrine Diamonds Ltd.	BC	Federal
PVC	Pet Valu Canada Inc.	Ontario	Ontario
PTQ	Petaquilla Minerals Ltd.	BC	BC
PTZ	Pethealth Inc.	Ontario	Federal
PAR	Petro Andina Resources Inc.	Alberta	Alberta
PBG	Petrobank Energy and Resources Ltd.	Alberta	Alberta
PCA	Petro-Canada	Alberta	Federal

PFC	PetroFalcon Corporation	Alberta	Alberta
PDP	Petrolifera Petroleum Limited	Alberta	Federal
PRW	Petrowest Energy Services Trust	Alberta	Alberta
PEY	Peyto Energy Trust	Alberta	Alberta
PFB	PFB Corporation	Alberta	Alberta
PHC	Phoenix Coal Inc.	USA, Kentucky	Ontario
PHX	Phoenix Tehcnology Income Fund	Alberta	Alberta
PHD	Phonetime Inc.	Ontario	Ontario
PVM	Pine Valley Mining Corporation	BC	BC
PNP	Pinetree Capital Ltd.	Ontario	Ontario
PZA	Pizza Pizza Royalty Income Fund	Ontario	Ontario
PTM	Platinum Group Metals Ltd.	BC	BC
PPN	Platmin Limited	South Africa	BC
PCC	Plutonic Power Corporation	BC	BC
PTS	Points International Ltd.	Ontario	Federal
GEO	Polaris Geothermal Inc.	Yukon	Yukon
PLS	Polaris Minerals Corporation	BC	BC
PBL	Pollard Banknote Income Fund	Manitoba	Ontario
PPK	Polyair Inter Pack Inc.	Ontario	Ontario
POM	Polymet Mining Corp.	BC	BC
POT	Potash Corporations of Saskatchewan Inc.	Saskatchewan	Federal
KCL	Potash One Inc.	BC	Federal
POW	Power Corporation of Canada	Quebec	Federal
PWF	Power Financial Corporation	Quebec	Federal
PCG	PowerComm Inc.	Alberta	Alberta
PWE	Powertech Uranium Corp.	BC	BC
MMP	Precious Metals and Mining Trust	Ontario	Ontario
PD	Precision Drilling Trust	Alberta	Alberta
PMD	PreMd Inc.	Ontario	Federal
PG	Premier Gold Mines Limited	Ontario	Ontario
PVN	Premier Value Income Trust	Ontario	Ontario
PBI	Premium Brands Income Fund	BC	BC
PIC	Premium Income Corporation	Ontario	Ontario
PMZ	Primaris Retail Real Estate Investment Trust	Ontario	Ontario
PRI	Primary Energy Recycling Corporation	Ontario	Ontario
PDV	Prime Dividend Corp.	Ontario	Ontario
PPL	Prime Rate Plus Corp.	Ontario	Ontario
EAT	Prime Restaurants Royalty Income Fund	Ontario	Ontario
PPX	Pristine Power Inc.	Alberta	Federal
QSR	Priszm Income Fund	Ontario	Ontario
PAM	Pro-AMS U.S. Trust	Ontario	Ontario
WIS	Production Enhancement Group, Inc.	USA, Texas	Alberta
PXE	ProEx Energy Ltd. (progress energy resources)	Alberta	Alberta
PFX	Profound Energy Inc.	Alberta	Alberta

PGE	Progress Energy Ltd.	Alberta	Alberta
PGX	Progress Energy Trust	Alberta	Alberta
PMY	Promax Energy Inc.	Alberta	Alberta
PLI	ProMetic Life Sciences Inc.	Quebec	Federal
PRP	ProSep Inc.	Quebec	Federal
PSX	ProspEx Resources Ltd.	Alberta	Alberta
PPA	Protective Products of America Inc.	USA, Florida	Alberta
PRX	Prottox Therapeutics Inc.	BC	BC
PRG	Pro-Vest Growth & Income Fund	Ontario	Ontario
PVE	Provident Energy Trust	Alberta	Alberta
PRT	PRT Forest Regeneration Income Fund	BC	BC
PUB	Public Storage Canadian Properties	USA, California	Ontario
PSD	Pulse Data Inc.	Alberta	Federal
PUG	Pure Diamonds Exploration Inc.	BC	Ontario
PSV	Pure Energy Services Ltd.	Alberta	Alberta
NIC	Pure Nickel Inc.	Ontario	Yukon
QLT	QLT Inc.	BC	BC
QUA	Quadra Mining Ltd.	BC	BC
QBR	Quebecor Inc.	Quebec	Quebec
IQW	Quebecor World Inc.	Quebec	Federal
QMI	Queenston Mining Inc.	Ontario	Federal
QC	Quest Capital Corp.	BC	Federal
QAR	QuestAir Technologies Inc.	BC	BC
QEC	Questerre Energy Corporation	Alberta	Alberta
RBT	R Split II Corp.	Ontario	Ontario
RBS	R Split III Corp.	Ontario	Ontario
P	Railpower Technologies Corp.	Quebec	Federal
RNK	Rainmaker Entertainment Inc.	BC	BC
RAV	Ravensource Fund	Ontario	Ontario
RYT	RBC Capital Trust	Ontario	Ontario
RC	RDM Corporation	Ontario	Federal
RBI	Red Back Mining Inc.	BC	Federal
RDV	Redcorp Ventures Ltd.	BC	Federal
RKN	Redknee Solutions Inc.	Ontario	Federal
RDL	Redline Communications Group Inc.	Ontario	Federal
RET	Reitmans (Canada) Limited	Ontario	Federal
REK	Reko International Group Inc.	Ontario	Ontario
REN	Renasant Financial Partners Ltd.	Ontario	Ontario
RIM	Research In Motion Limited	Ontario	Ontario
RS	Resin Systems Inc.	Alberta	Alberta
RBO	Resolve Business Outsourcing Income Fund	Ontario	Ontario
RBM	Response Biomedical Corp.	BC	BC
RVX	Resverlogix Corp.	Alberta	Alberta
RMM	Retrocom Mid-Market Real Estate Invest Trust	Ontario	Ontario

RVM	Revett Minerals Inc.	USA, Washington	Federal
RPI	Richards Packaging Income Fund	Ontario	Ontario
RCH	Richelieu Hardware Ltd.	Quebec	Quebec
RIC	Richmont Mines Inc.	Quebec	Quebec
RVR	Richview Resources Inc.	Ontario	Ontario
RCL	Ridley Inc.	Manitoba	Manitoba
REI	RioCan Real Estate Investment Trust	Ontario	Ontario
RBA	Ritchie Bros. Auctioneers Incorporated	BC	Federal
PRF	ROC PREF Corp.	BC	Ontario
RPA	ROC PREF II Corp.	BC	Ontario
RPB	ROC PREF III Corp.	BC	Ontario
RE	Rock Energy Inc.	Alberta	Alberta
RDI	Rockwell Diamonds Inc.	BC	BC
RME	Rocky Mountain Dealerships Inc.	Alberta	Alberta
RTT	Roctest Ltd.	Quebec	Quebec
RCI	Rogers Communications Inc.	Ontario	BC
RSI	Rogers Sugar Income Fund	BC	Ontario
RON	RONA Inc.	Quebec	Quebec
RY	Royal Bank of Canada	Quebec	Federal
RYL	Royal Host Real Estate Investment Trust	Alberta	Alberta
RLC	Royal Laser Corp.	Ontario	Alberta
RMX	Rubicon Minerals Corporation	BC	BC
RCM	RuggedCom Inc.	Ontario	Ontario
RUS	Russel Metals Inc.	Ontario	Federal
RUT	Rutter Inc.	NL	Federal
SBN	S Split Corp.	Ontario	Ontario
SAB	Sabretooth Energy Ltd.	Alberta	Alberta
SMT	Samuel Manu-Tech Inc.	Ontario	Ontario
SNN	San Anton Resource Corporation	Ontario	Federal
SVC	Sandvine Corporation	Ontario	Ontario
SAP	Saputo Inc.	Quebec	Federal
SVY	Savanna Energy Services Corp.	Alberta	Alberta
SIS	Savaria Corporation	Quebec	Alberta
SZ	Sceptre Investment Counsel Limited	Ontario	Ontario
SCI	SCITI ROCS Trust	Ontario	Ontario
STF	SCITI Total Return Trust	Ontario	Ontario
SIN	SCITI Trust	Ontario	Ontario
CIT	SCITI Trust II	Ontario	Ontario
SCR	Score Media Inc.	Ontario	Federal
SPM	Scorpio Mining Corporation	BC	Federal
SRQ	Scott's Real Estate Investment Trust	Ontario	Ontario
SEA	Seabridge Gold Inc.	Ontario	Federal
SDC	Seacliff Construction Corp.	BC	BC
SMT	SEAMARK Asset Management Ltd.	NS	Federal

SCC	Sears Canada Inc.	Ontario	Federal
SCU	Second Cup Royalty Income Fund	Ontario	Ontario
SON	Select 50 S-1 Income Trust	Ontario	Ontario
SMF	SEMAFO Inc.	Quebec	Quebec
SBS	SemBioSys Genetics Inc.	Alberta	Federal
SIT	Sentry Select Blue-Chip Income Trust	Ontario	Ontario
CHZ	Sentry Select China Fund	Ontario	Ontario
SSJ	Sentry Select Commodities Income Trust	Ontario	Ontario
SDT	Sentry Select Diversified Income Trust	Ontario	Ontario
SFG	Sentry Select Focused Growth & Income Trust	Ontario	Ontario
SGT	Sentry Select Global Index Income Trust	Ontario	Ontario
GRE	Sentry Select Global Real Estate Fund	Ontario	Ontario
GLS	Sentry Select Lazard Global Listed Infrastructure Fund	Ontario	Ontario
MGS	Sentry Select MBS Adjustable Rate Income Fund II	Ontario	Ontario
PME	Sentry Select Primary Metals Corp.	Ontario	Ontario
TSF	Sentry Select Total Strategy Fund	Ontario	Ontario
SEC	Senvest Capital Inc.	Quebec	Federal
SRC	Series S-1 Income Fund Trust	Alberta	Alberta
SFK	SFK Pulp Fund	Quebec	Quebec
SJR	Shaw Communications Inc.	Alberta	Alberta
SCL	ShawCor Ltd.	Ontario	Federal
SMG	Shermag Inc.	Quebec	Quebec
S	Sherritt International Corporation	Ontario	Ontario
SC	Shoppers Drug Mart Corporation	Ontario	Federal
SGF	Shore Gold Inc.	Saskatchewan	Federal
SIM	Sierra Minerals Inc.	Ontario	Quebec
SW	Sierra Wireless, Inc.	BC	Federal
SDF	Signature Diversified Value Trust	Ontario	Ontario
SBR	Silver Bear Resources Inc.	Ontario	Ontario
SEG	Silver Eagle Mines Inc.	Ontario	Ontario
SSO	Silver Standard Resources Inc.	BC	BC
SLW	Silver Wheaton Corp.	BC	Ontario
SVM	Silvercorp Metals Inc.	BC	BC
TRE	Sino-Forest Corporation	Ontario	Federal
SRV	SIR Royalty Income Fund	Ontario	Ontario
SI	SIRIT Inc.	Ontario	Yukon
SXT	Sixty Split Corp.	Ontario	Ontario
SKA	Skylon All Asset Trust	Ontario	Ontario
SLP	Skylon Global Capital Yield Trust	Ontario	Ontario
SPO	Skylon Global Capital Yield Trust II	Ontario	Ontario
SKG	Skylon Growth & Income Trust	Ontario	Ontario
SIA	Skylon International Advantage Yield Trust	Ontario	Ontario
SLS	SL Split Corp.	Ontario	Ontario
SMX	SMTC Manufacturing Corporation of Canada	Ontario	Ontario

SNC	SNC-Lavalin Group Inc.	Quebec	Federal
SNH	SNP Health Split Corp.I	Ontario	Ontario
SNP	SNP Split Corp.	Ontario	Ontario
SO	Softchoice Corporation	Ontario	Federal
SUM	Solium Capital Inc.	Alberta	Alberta
SOM	Somerset Entertainment Income Fund	Ontario	Ontario
SAG	South American Gold and Copper Co Ltd.	Ontario	Federal
SAC	South American Silver Corp.	BC	Federal
SWG	Southwestern Resources Corp.	BC	BC
SPT	Spectra Energy Canada Exchangeco Inc.	Alberta	Federal
SDI	Spectral Diagnostics Inc.	Ontario	Ontario
SOT	Split REIT Opportunity Trust	Ontario	Ontario
YLD	Split Yield Corporation	Ontario	Ontario
SII	Sprott Inc.	Ontario	Ontario
MLY	Sprott Molybdenum Participation Corp.	Ontario	Ontario
SCP	Sprott Resource Corp.	Ontario	Federal
SVU	Spur Ventures Inc.	BC	BC
SAS	St. Andrew Goldfields Ltd.	Ontario	Ontario
STN	Stantec Inc.	Alberta	Federal
XHM	Star Hedge Managers Corp.	Ontario	Ontario
SAM	Starcore International Mines Ltd.	BC	BC
SRU	Starfield Resources Inc.	Ontario	BC
STZ	STaRS Income Fund	Ontario	Ontario
SJ	Stella-Jones Inc.	Quebec	Federal
SSI	Sterling Shoes Income Fund	BC	BC
SRY	Stingray Copper Inc.	Ontario	Federal
HAY	Stone Agribusiness Fund Trust	Ontario	Ontario
SG	Stone Total Return Unit Trust	Ontario	Ontario
SDG	Stoneham Drilling Trust	Alberta	Alberta
SEO	Storm Exploration Inc.	Alberta	Federal
SWY	Stornoway Diamond Corporation	BC	BC
STW	STRATA Income Fund	Ontario	Ontario
SGV	StrataGold Corporation	BC	BC
RSC	Strateco Resources Inc.	Quebec	Federal
SEF	Strategic Energy Fund	Ontario	Ontario
SQP	Strongco Income Fund	Ontario	Ontario
STB	Student Transportation of America Ltd.	Ontario	Ontario
SUE	Sulliden Exploration Inc.	Quebec	Quebec
GRO	Sun Gro Horticulture Income Fund	USA, Washington	BC
SLE	Sun Life Capital Trust	Ontario	Ontario
SLF	Sun Life Financial Inc.	Ontario	Federal
SU	Suncor Energy Inc.	Alberta	Federal
SOY	SunOpta, Inc.	Ontario	Federal
SRF	Sun-Rype Products Ltd.	BC	BC

SPF	Superior Plus Income Fund	Alberta	Alberta
SXP	Supremex Income Fund	Quebec	Quebec
SAX	Suramina Resources Inc.	BC	Federal
SHR	Sure Energy Inc.	Alberta	Alberta
SPU	Sustainable Production Energy Trust	Alberta	Alberta
SWS	Swiss Water Decaffeinated Coffee Income	BC	BC
SXC	SXC Health Solutions Corp.	USA, Illinois	Yukon
SYX	Synergex Corporation	Ontario	Ontario
SXI	Synex International Inc.	BC	BC
TAH	Tahera Diamond Corporation	Ontario	Federal
TBL	Taiga Building Products Limited	BC	BC
TLM	Talisman Energy Inc.	Alberta	Federal
TNX	Tanzanian Royalty Exploration Corporation	BC	Alberta
TKO	Taseko Mines Limited	BC	BC
TO	Tax Optimized Return Oriented Securities Trust	Ontario	Ontario
TDD	TD Capital Trust	Ontario	Ontario
TDS	TD Split Inc.	Ontario	Ontario
XTD	TDb Split Corp.	Ontario	Ontario
TL	TEAL Exploration & Mining Incorporated	Ontario	Yukon
TEC	Technicoil Corporation	Alberta	Alberta
TCK	Teck Cominco Ltd.	BC	Federal
TCS	TECSYS Inc.	Quebec	Federal
TKM	Tekmira Pharmaceuticals Corporation	BC	BC
T	TELUS Corporation	BC	BC
TBC	Tembec Inc.	Quebec	Quebec
TGO	TeraGo Inc.	Ontario	Federal
TI	TerraVest Income Fund	Alberta	Alberta
TLN	Thallion Pharmaceuticals inc.	Quebec	Federal
TH	Theratechnologies Inc.	Quebec	Quebec
THD	Third Cdn General Investment Trust Ltd.	Ontario	Federal
TCM	Thompson Creek Metals Company Inc.	Ontario	BC
TRI	Thomson Reuters Corporation	Ontario	Ontario
THR	Thundermin Resources Inc.	Ontario	Ontario
TMC	Timbercreek Mortgage Investment Corporation	Ontario	Ontario
TWF	TimberWest Forest Corp.	BC	BC
TIM	Timminco Limited	Ontario	Federal
TIO	Tiomin Resources Inc.	Ontario	Federal
TLC	TLC Vision Corporation	Ontario	NB
X	TMX Group Inc.	Ontario	Ontario
TCT	Top 10 Canadian Financial Trust	Ontario	Ontario
TXT	Top 10 Split Trust Capital	Ontario	Ontario
TIH	Toromont Industries Ltd.	Ontario	Federal
TD	Toronto-Dominion Bank	Ontario	Federal
TS	Torstar Corporation	Ontario	Ontario

TOT	Total Energy Services Trust	Alberta	Alberta
TFL	Trafalgar Energy Ltd.	Alberta	Alberta
TA	TransAlta Corporation	Alberta	Federal
TRZ	Transat A.T. Inc.	Quebec	Federal
TNP	TransAtlantic Petroleum Corp.	Alberta	Alberta
TRP	TransCanada Corporation	Alberta	Federal
TCA	TransCanada PipeLines Limited	Alberta	Federal
TCL	Transcontinental Inc.	Quebec	Quebec
TIF	TransForce Inc.	Quebec	Federal
TGL	TransGlobe Energy Corporation	Alberta	Alberta
TTH	Transition Therapeutics Inc.	Ontario	Ontario
TZT	Tranzeo Wireless Technologies Inc.	BC	Federal
TML	Treasury Metals Inc.	Ontario	Ontario
TIL	Tree Island Wire Income Fund	BC	BC
TRH	Triax Diversified High-Yield Trust	Ontario	Ontario
TCW	Trican Well Service Ltd.	Alberta	Alberta
TCP	Trident Performance Corp.	Ontario	Ontario
TET	Trilogy Energy Trust	Alberta	Alberta
TMA	Trimac Income Fund	Alberta	Alberta
TDG	Trinidad Drilling Ltd.	Alberta	Alberta
TRT	Trinorth Capital Inc.	Ontario	Federal
TOG	TriStar Oil & Gas Ltd.	Alberta	Alberta
TWH	Tri-White Corporation	Ontario	Federal
TUI	True Energy Trust	Alberta	Alberta
TOS	TSO3 Inc.	Quebec	Quebec
TDR	Tudor Corporation Ltd.	Alberta	Alberta
TUN	Tundra Semiconductor Corporation	Ontario	Federal
TPS	Turbo Power Systems Inc.	UK	Yukon
TSK	TUSK Energy Corporation	Alberta	Alberta
TVA	TVA Group Inc.	Quebec	Quebec
TVI	TVI Pacific Inc.	Alberta	Alberta
TBE	Twin Butte Energy Ltd.	Alberta	Alberta
GAT	UBS Global Allocation Trust	Ontario	Ontario
UEX	UEX Corporation	BC	Federal
UNG	Union Gas Limited	Ontario	Ontario
UNS	Uni-Select Inc.	Quebec	Quebec
UNC	United Corporations Limited	Ontario	Federal
UEG	Universal Energy Group Ltd.	Ontario	Federal
UF	Uranium Focused Energy Fund	Ontario	Ontario
UUU	Uranium One Inc.	Ontario	Federal
U	Uranium Participation Corporation	Ontario	Ontario
URB	Urbana Corporation	Ontario	Ontario
URE	Ur-Energy Inc.	Ontario	Federal
UMJ	Ursa Major Minerals Inc.	Ontario	Ontario

FTU	US Financial 15 Split Corp.	Ontario	Ontario
UXE	US Gold Canadian Acquisition Corporation	Alberta	Alberta
UTC	Utility Corp.	Ontario	Ontario
UST	Utility Split Trust	Ontario	Ontario
UTS	UTS Energy Corporation	Alberta	Federal
VAA	Vaaldiam Resources Ltd.	Ontario	Federal
VAS	Vasogen Inc.	Ontario	Federal
VCM	Vecima Networks Inc.	BC	Federal
RNO	Vector Aerospace Corporation	Ontario	Federal
VLN	Velan Inc.	Quebec	Federal
VLC	Velocity Minerals Ltd.	BC	Alberta
VEM	Vena Resources Inc.	Ontario	Ontario
VEN	Ventana Gold Corp.	BC	BC
VNX	Verenex Energy Inc.	Alberta	Alberta
VET	Vermillion Energy Trust	Alberta	Alberta
VRO	Vero Energy Inc.	Alberta	Alberta
VG	VG Gold Corp.	Ontario	Ontario
VHB	Vichom Human Bionics Inc.	Quebec	Federal
NI	Victory Nickel Inc.	Ontario	Ontario
VIC	Vicwest Income Fund	Ontario	Ontario
VFF	Village Farms Income Fund	BC	BC
VGM	Virgin Metals Inc.	Ontario	Ontario
VGQ	Virginia Mines Inc.	Quebec	Federal
VGZ	Vista Gold Corp.	USA, Colorado	Yukon
VT	Viterra Inc.	Saskatchewan	Saskatchewan
VTN	Vitran Corporations Inc.	Ontario	Ontario
VTR	Volta Resources Inc.	Ontario	Ontario
WJX	Wajax Income Fund	Ontario	Federal
WFC	Wall Financial Corporation	BC	BC
WM	Wallbridge Mining Company Limited	Ontario	Ontario
WNX	Wamex Inc.	Quebec	Federal
WFI	WaterFurnace Renewable Energy Inc.	USA, Indiana	Ontario
WEW	WebTech Wireless Inc.	BC	BC
WLT	Welton Energy Corporation	Ontario	Ontario
WZL	Wenzel Downhole Tools Ltd.	Alberta	Alberta
WCS	Wescast Industries Inc.	Ontario	Ontario
WDO	Wesdome Gold Mines Ltd.	Ontario	Ontario
WXX	West 49 Inc.	Ontario	Ontario
WTL	West Energy Ltd.	Alberta	Alberta
WFT	West Fraser Timber Co. Ltd.	BC	BC
WTM	West Timmins Mining Inc.	BC	BC
WED	Westaim Corporation	Alberta	Alberta
W	Westcoast Energy Inc.	BC	Federal
WTN	Western Canadian Coal Corp.	BC	BC

WRN	Western Copper Corporation	BC	BC
WES	Western Financial Group Inc.	Alberta	Alberta
WEF	Western Forest Products Inc.	BC	Federal
WGI	Western Goldfields Inc.	Ontario	Ontario
WEQ	WesternOne Equity Income Fund Trust	BC	BC
WJA	WestJet Airlines Ltd.	Alberta	Alberta
WN	Weston, George Limited	Ontario	Federal
WPT	Westport Innovations Inc.	BC	Alberta
WTE	Westshore Terminals Income Fund	BC	BC
WXI	Wex Pharmaceuticals Inc.	BC	Federal
WG	WGI Heavy Minerals, Incorporated	USA, Idaho	BC
WRK	Whiterock Real Estate Investment Trust	Ontario	Manitoba
WIN	Wi-Lan Inc.	Ontario	Federal
WCM	Wilmington Capital Management Inc.	Ontario	Ontario
WPK	Winpak Ltd.	Manitoba	Manitoba
WIX	Winstar Resources Ltd.	Alberta	Alberta
WRX	Wireless Matrix Corporation	USA, Virginia	Federal
WFS	World Financial Split Corp.	Ontario	Ontario
WPO	World Point Terminals Inc.	Quebec	Federal
XCL	X-Cal Resources Ltd.	BC	BC
XMC	Xceed Mortgage Corporation	Ontario	Ontario
XNS	Xenos Group Inc.	Ontario	Ontario
XSC	XS Cargo Income Fund	Alberta	Alberta
FAL	Xstrata Canada Corporation	Ontario	Ontario
XDC	Xtreme Coil Drilling Corp.	Alberta	Alberta
YRI	Yamana Gold Inc.	Ontario	Federal
YTU	Years Financial Trust	Ontario	Ontario
YLO	Yellow Pages Income Fund	Quebec	Ontario
YOU	Yield Advantage Income Trust	Ontario	Ontario
YP	YIELDPLUS Income Fund	Ontario	Ontario
YM	YM BioSciences Inc.	Ontario	NS
YRB	Yorbeau Resources Inc.	Quebec	Quebec
YPG	YPG Holdings Inc.	Quebec	Federal
YNG	Yukon-Nevada Gold Corp.	BC	BC
ZAR	Zargon Energy Trust	Alberta	Alberta
ZOG	Zargon Oil & Gas Ltd.	Alberta	Alberta
ZL	Zarlink Semiconductor Inc.	Ontario	Federal
ZMR	Zaruma Resources Inc.	Ontario	Yukon
ZAZ	Zazu Metals Corporation	BC	Federal
ZCL	ZCL Composites Inc.	Alberta	Federal
ZIC	Zi Corporation	Alberta	Alberta
ZNC	Zincore Metals Inc.	BC	BC
ZPP	Zongshen PEM Power Systems Inc.	BC	BC

Appendix 3: Author's subjectivity

Within this particular investigation there were three distinct periods when my subjectivity clearly affected the research methods. First, the population of all 878 shareholder resolutions were classified as being environmental, social, governance, or a combination of these three. Although most resolutions could unquestionably be placed among these categories a few could not. In these cases, much energy was expended to understand not only the content of the resolution but also the motivation as the former necessarily influences the latter. As an example, take the resolutions which addressed issues of demographic diversity on boards: on one hand these resolutions addressed board composition and hence can be classified as governance, yet on the other hand these resolutions may also be addressing issues of affirmative action and hence could be classified as social. Upon careful review of such resolutions, I determined that the motivation was embedded in research linking demographic diversity of boards to positive corporate financial performance (e.g. Erhardt et al. 2003) and hence classified the resolutions as governance-related.

Second, a subsequent categorization of the resolutions was conducted in order to identify the predominant themes engaged by shareholders. Ultimately 25 themes were identified. In this case all themes were identified *post hoc* so as to not force resolutions into pre-determined categories which ran the risk of not being representative.

Third, and finally, the population of institutional shareholders was partitioned into five sub-categories. Again, these five sub-categories were identified *post hoc* based on the population of shareholders present within the sample. Each institutional shareholder was categorized based on their principal motivating characteristic as expressed within the public-material provided by all institutional shareholders. Although most of the institutional shareholders were concerned with financial performance many thereafter implemented constraints on their investment behaviour with respect to their motivational drivers. For example: Ethical Funds is a retail mutual fund provider who offers for-profit products to clients desiring to maximize financial return within the limits of what they consider responsible corporate form and function, as such Ethical Funds was categorized as an ESG-Retail institutional shareholder; APEIQ/MEDAC is a non-profit organization through which shareholders may combine their rights and responsibilities for the sake of executing change within the Quebec, and Canadian, economies, as such APEIQ/MEDAC was categorized as an ESG-Mission institutional shareholder.

Appendix 4: Original data pertaining to Canadian cross listings

Data pertaining to Canadian cross listed corporations were gathered from the TSX Fact Book 2008 and verified for completeness against individual corporate disclosure filings retained within the Canadian Securities Administrators' (CSA) System for Electronic Document Analysis and Retrieval (SEDAR). These two sources remain publicly-available although they are rather depositories of raw information instead of refined databases and as such have not been employed in any previous analysis of Canadian cross listings. Having parsed and refined the information, my resultant database focused on TSX-listed corporations and identified all additional domestic and foreign exchanges upon which the publicly-traded corporations may be listed. In sum, the database included an initial population of 1,008 Canadian TSX-listed corporations and identified 169 of these as being cross listed to at least one of the additional six foreign exchanges identified within the data.

This novel approach to corporate cross listings is unique in that it focuses on a population of corporations rather than on a particular destination exchange. All previous research efforts which have included a sub-population of Canadian corporations within their cross-listing sample population have proceeded by identifying a particular exchange market(s), such as the New York Stock Exchange (NYSE), and subsequently identifying any foreign corporations listed thereupon (e.g. Doidge et al. 2004). Such an approach focuses predominantly upon a destination exchange and provides little insight into the cross listing trends of a population of corporations as, in this case, it would only include Canadian corporations which cross list upon the NYSE but would be blind to the substantial population of Canadian corporations which cross list instead upon German, Australian, U.K., and Hong Kong exchanges. In short, the database employed within this current investigation is original in that it permits the first broad scale characterization of patterns of cross listings within a corporate population without being constrained by any *a priori* foreign destination exchanges.