

Investing in Tomorrow's Boardrooms

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IN BOARDROOMS ACROSS THE COUNTRY THERE IS GROWING APPETITE

for new governance ideas as well as an eagerness to embrace the latest best practices.

Recognizing the importance of research in helping directors be more effective, the Institute of Corporate Directors established the Canadian Foundation for Governance Research (CFGR) in 2009. The goal of the CFGR is to act as a catalyst for idea creation and an incubator of new knowledge, supporting young researchers across Canada as they study corporate governance questions. The foundation administers the Robert Bertram Doctoral Research Awards, providing funds to encourage fundamental research on corporate governance issues, enhance Canada's corporate governance research capacity and ensure effective dissemination of new ideas.

The CFGR is helping to develop the next generation of researchers and governance thinkers. It is fostering the development of some of our most promising students and exposing them to experienced directors through mentoring and networking. To date, through the Bertram Awards, the CFGR has provided more than \$165,000 in grants to 11 doctoral students from universities across the country. These funds allow the students to undertake research they would not normally be able to accomplish, helping them purchase data, travel to conduct interviews and present at conferences.

In March, the CFGR will release its call for research proposals for the 2014 Robert Bertram Doctoral Research Awards. Details will be available at www.cfgr.ca/research-grants/how-to-apply.php.

Research findings from the 2012 award recipients were recently released at the 3rd annual Robert Bertram Doctoral Research Awards dinner in Toronto. The findings are highlighted on the following page and the full reports are available at <http://www.cfgr.ca/research-reports/>.

GRANT RECIPIENTS WHOSE RESEARCH REPORTS WILL BE RELEASED IN FALL 2014:

Rida Elias, of Western University, who is researching CEO transition

Si Hao, of The University of British Columbia, who is researching integrated corporate reporting

Jing Lu, of University of Calgary, who is researching board interlocks

Canadian Subsidiary Governance: A Multi-Method Approach

Bassam Farah, PhD Candidate in International Business & Strategy,
Ivey Business School at Western University

Multi-national enterprises (MNEs) are increasingly dominating the global economy and their foreign subsidiaries are growing in scale and scope. This research attempts to advance corporate governance by conducting one of the first empirical and multi-method studies on MNE governance. Specifically, it investigates whether better-governed foreign subsidiar-

ies are more likely to survive than their less effectively governed counterparts. The researcher finds that foreign subsidiaries with higher parent ownership are more likely to survive, and suggests that if MNEs want to increase the viability of their foreign subsidiaries they should boost their own ownership stakes through operating either majority-owned international

joint ventures or wholly owned subsidiaries. The researcher also finds that foreign subsidiaries employing expatriates are more likely to survive than their counterparts who don't. In addition, the findings point to a greater level of survivability among subsidiaries adopting moderate risk taking, compared with those that are risk averse or take too much risk.

Negotiating the Role of Internal Audit: How Directors Situate Audit in the Governance Process

Sylvie Harbour, PhD Candidate,
Faculté des sciences de l'administration, Université Laval

The role and expectations of internal audit have evolved significantly in recent years and this research attempts to better understand how the internal audit role is constructed through interactions between the chief audit executive, senior officers and audit committee members.

The researcher finds that the role varies greatly between companies, allowing internal audit to be tailored to corporate needs. But for the process to be most effective, those needs have to be clearly defined and expressed among all parties. The researcher finds that directors have a crucial role

to play in determining the role of internal audit and protecting the independence of the function. In addition, the researcher suggests that directors must encourage an adequate alignment of internal audit with business operations and a better acceptance of the function.

A Canadian Model of Corporate Governance: Insights from Canada's Leading Legal Practitioners

Carol Liao, SJD/PhD Candidate (Joint Program),
Faculty of Law, University of Toronto and The University of British Columbia

The issue of shareholder primacy versus board primacy is a topic of great interest to directors and regulators. This timely research synthesizes interviews with

32 leading senior legal practitioners across Canada and suggests fundamental principles that are driving the development of Canadian corporate governance today.

Please see the next page for an article by the researcher that more fully describes the results of her research.