found that "As a result of foreign takeovers, more new head offices were created than lost and employment in head offices was as high after the takeovers had occurred than before."[41] Although this evidence does not cover the most recent wave of M&A activity, over a significant period that was characterized by fears of 'hollowing out' the number of head offices and head office jobs not only did not decrease but actually increased and foreign acquisitions may have even improved the situation.

Looking at another source, the annual list published by Fortune Magazine of 500 largest companies in the world, the number of Canadian companies listed nearly tripled from 5 in 1995 to 14 in 2006.[42] At fourteen, Canadian companies account for 2.8% of the listings – a slightly higher share of Canada in global GDP (2.5%). UNCTAD produces an annual list of the world's largest transnational companies which also takes into account, not only the size of the company, but the proportion of revenues and assets that are located outside of the home country. In the 2005 ranking, the most recent available, there were three Canadian companies listed – again, a slightly higher share than Canada had in global GDP suggesting that Canada is doing about as well as one might expect.

Although Canada seems to be performing reasonably well, we must recognize that this can change quickly as head offices, like other functions, are increasingly mobile. Beckstead and Brown (2006) found that over the six-year period between 1999 and 2005, more than one-third of Canadian head offices disappeared (closed down or left Canada). The only reason that there was a net increase in head offices over this period as previously noted was that even more companies began operations or moved into Canada. There was a roughly similar amount of turnover in head office employment.[43] Data for the U.S. confirms this finding. Roughly 5% of head offices relocate in a given year (which would imply roughly one-third over six years as in the Canadian case).[44]

Although Canada's performance in attracting, retaining and growing headquarters can generally be characterised as good, some countries are doing better. Using the Global 500 list as the basis and scaled by GDP to take into account the size of the economy, some countries are performing much better. The global leader is Switzerland, with an economy about one third the size of Canada, has 12 of the world's 500 largest companies. The Netherlands, France, the U.K. and South Korea all perform significantly better than does Canada.

Also, Canadian companies are not generally global companies. Although there were 14 Canadian companies among the world's 500 largest, they largely ranked toward the bottom of the list. Thus, if one were to sum up the revenues of the global 500, the share of Canadian companies would constitute far less than Canada's share of GDP. Also, as Moore and Rugmen (2003) point out, Canadian companies tend to be regional players rather than global with most of their revenues coming from within North America. Only a small number of the Canadian companies listed make a significant portion of their revenues from outside of North America.[45] It is well known that the U.S. accounts for a large share of Canadian exports; 75.9% in 2006. But this does not take into account the operations of Canadian foreign affiliates abroad which are much more geographically diversified than are exports.[46] But here too, Canadian companies do not have the global

41 Beckstead and Brown (2006)

42 Fortune Magazine, annual global list of the world's 500 largest companies.

43 "Head Office Employment in Canada, 1999 to 2005" Beckstead and Brown.

44 Strauss-Kahn and Vives (2005)

45 Karl Moore and Alan Rugman, Policy Options 2003.

46 See box of "Foreign Affiliate Trade Statistics (FTAS)"