

## 5. CONSEQUENCES FOR CANADIAN ENTERPRISES

The current trend towards global business creates a favourable environment and new opportunities for Canadian public accounting firms. These firms have good assets to take advantage of the situation, and several types of strategies exist so that they can make the most of it.

### 5.1 Opportunities

The general trend towards global business, concentration and the accompanying mergers results in an increased demand for auditing activities, notably, consolidated financial statements, and, particularly, consulting activities. This explains the considerable growth and profit in the public accounting sector over the past few years, which generally suffered less from the recession in the early 1980s than other sectors of the economy.

Insofar as European integration results in renewed interest in the EC by Canadian enterprises and in the rest of the world, including Canada, by the EC, it also creates new auditing and consulting opportunities for Canadian firms.

### 5.2 Assets of Canadian Firms

As is the case for business lawyers and globalization, the principal assets of Canadian public accounting firms are their size and work methods. Because the profession was concentrated for quite some time and because it developed on the model of British or American firms, the major firms have a strong corporate culture, well-structured work methods and a size enabling them to invest in new consulting activities such as management consulting, recruiting and computer services. These points are significant when the situation in Canada is compared with that of continental Europe (the Netherlands excepted), which is clearly lagging behind in this respect.

### 5.3 Possible Strategies

The new situation imposed two types of objectives on large firms to:

- . intensify their national and international presence to follow their clients; or
- . increase their size and means in order to invest in an increasingly widening range of consulting services.

To attain these objectives, large firms are developing various strategies. They can strengthen their position at the provincial level, hence the move by leading firms in each province to absorb smaller firms; or acquire a national and international dimension. In this respect, several options were explored:

- . establish directly in other provinces;
- . merge with firms in other provinces or countries; or
- . integrate within the networks of the "big six."

A strategy to directly establish in other provinces, attempted by firms since the late 1970s, does not seem to have brought about the anticipated results.

As is the case in Europe, integration into the networks of the "big six" is a solution with several advantages. It provides firms with both a national and international dimension, and enables the "big six" to extend their representation, principally in Ontario, to acquire a truly pan-Canadian dimension. As a result of Europe 1992 in particular, the "big six" have momentum and play a growing part on the international scene. It is therefore not surprising that they recently absorbed several large firms which until now had remained independent. This trend will most certainly continue.