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**GLOBALISATION/REGIONALISATION OF ACCOUNTING FIRMS AND THEIR
SUSTAINABILITY SERVICES**

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GLOBALISATION/REGIONALISATION OF ACCOUNTING FIRMS AND THEIR SUSTAINABILITY SERVICES

ABSTRACT

Purpose - The debate about global integration (standardisation) versus responsiveness (adaptation) has recently been supplemented with perspectives that emphasise regionalisation. And while the discussion has also been extended from manufacturing to services, there are specific sectors and emergent topics that have not yet received much attention. This paper explores how accounting firms (Big Four) and particularly their sustainability services fit in the globalisation/regionalisation/localisation spectrum, and appear to standardise or adapt in main countries in the various regions around the world.

Design/methodology/approach – Examined are the Big Four accounting firms in general, and their sustainability services in fifteen countries in five regions and globally, as presented on their respective websites.

Findings – While overall the Big Four are somewhere between globalisation and bi-regionalisation, the traditional independent member firm structure appears to prevail in service offerings, as sustainability services do not exhibit standardisation and there are hardly signs of regionalisation/globalisation. This seems to result from special characteristics of services, such as inseparability of production and consumption, and local requirements regarding sustainability.

Research limitations/applications – This exploratory study can be a starting point for further in-depth analyses into sustainability and/or services sector(s), and the way in which they figure in current realities of international business.

Practical implications – The paper gives insight into the variety of sustainability services around the world, as well as the way in which the accounting firms have dealt with global issues that also have local dimensions.

Originality/value – The paper sheds light on a topic in a sector so far unexplored in the globalisation/regionalisation debate, bringing new dimensions and perspectives to it.

Keywords – globalisation; regionalisation; standardisation-adaptation debate; big Four accounting firms; corporate social responsibility; sustainability

Paper type - Research paper

GLOBALISATION/REGIONALISATION OF ACCOUNTING FIRMS AND THEIR SUSTAINABILITY SERVICES

1. INTRODUCTION

There has been much attention to the debate on global integration versus local responsiveness, and likewise whether to standardise or adapt to local circumstances when operating abroad. In the past few years, the regional dimension has also been brought into the discussion (e.g. Rugman, 2000; Rugman and Verbeke, 2004), highlighting that multinationals are not global but regional. Initially evidence mostly originated from manufacturing, but a recent paper has extended this to services, where the orientation on home-region markets turns out to be even stronger (Rugman and Verbeke, 2008). This points at interesting areas for further research, also because specific types of services firms have not yet been covered (as the Fortune Global 500 was investigated) and there may be substantial differences in the degree to which particular services are subject to globalisation (cf. Campbell and Verbeke, 1994).

In this paper, we will explore the situation as to the Big Four accounting firms and their sustainability services. This is an interesting case because, firstly, the accounting firms themselves have, as Perera et al. (2003, p. 28) put it, been “most exposed to the forces of globalisation”, as shown in both their products and spread of establishments. Particularly global standard-setting, technological advances and the fact that they have followed large clients in their internationalisation drive have been important in this regard. Although standardisation tendencies appear to prevail, local adaptation is also relevant because national conditions and regulations still differ, as reflected in cooperation (and merger-and-acquisition activities) with local partners and in the traditional independence of member firms. Secondly, similar contradictory forces

can be seen in the area of sustainability, where there are global issues such as climate change (Kolk and Pinkse, 2008) that are subject to local solutions in view of very divergent regulatory, societal, economic and natural circumstances. Other issues are more regional or (sub)national in nature or occur in specific parts of populations across countries. Examples with varying characteristics include (cross-boundary) water pollution, soil degradation, biodiversity loss, child labour, poverty, human rights.

Particularly multinationals have been confronted with such problems and stakeholders have asked them to be transparent about corporate impacts and responses. This has led to a rapid growth of disclosure on social and environmental issues by multinationals (Kolk, 2005; KPMG, 2005). Stakeholders, however, expressed doubts about the reliability of the information, pointing at inconsistencies between words and actions ('greenwash'). In response, companies asked external parties, including most notably accounting firms, to verify the reports. Thus a niche within audit and assurance services emerged (Beets and Souther, 1999; Kolk, 2008).

Operating in relatively mature markets, accounting firms have not missed this new opportunity and acquired related expertise to address this credibility concern as they had historically done with regard to companies' financial information. This fell in line with the trend to expand their advisory services (Perera et al., 2003; Sieber and Griese, 1998; Suddaby et al., 2007) which stimulated accounting firms to capitalise on the lack of expertise existing in the area of strategic sustainability management. They have consequently offered consulting services that extend beyond assurance, such as giving advice to companies on how to best produce reports, involve stakeholders and deal with social, environmental and ethical issues more broadly. In this way, the diverse global-regional-local characteristics of sustainability, as indicated above, and the large variety in voluntary/mandatory requirements for reporting (Kolk, 2005) also entered the

realm of the Big Four and with it, the question of whether to standardise or adapt their offerings of sustainability services.

This paper aims to shed more light on how the Big Four accounting firms and particularly their sustainability services fit in the globalisation/regionalisation/localisation spectrum, and appear to standardise or adapt in main countries in the various regions around the world. It examines the Big Four's sustainability services in fifteen countries in five regions as well as the global level, as presented on their international/local websites. By considering the nature of the sustainability services, more specifically the type of services offered in the various locations as well as their position in the overall portfolio (cf. Jain, 1989), the paper explores to what extent standardisation occurs at global versus regional levels, or whether local adaptation prevails. We put this in the context of globalisation/regionalisation levels of the Big Four overall. Before moving to the set-up and findings of this exploratory study, we will first pay more attention to the theoretical debate in which it can be situated.

2. THEORETICAL BACKGROUND

The effects of globalisation of markets on the operational reality of multinational firms have come to the fore in a range of publications (e.g. Bird and Stevens, 2003; Levitt, 1983; Rugman, 2000; Tedlow and Abdelal, 2003). In the pursuit to reap prophesied benefits of globalisation, such as economies of scale and a global identity, multinationals are confronted with the issue of standardisation versus adaptation (e.g. Agrawal, 1995; Dow, 2006; Jain, 1989; Szymanski et al., 1993; Theodosiou and Leonidou, 2003; Zou et al., 1997). The debate related to the most appropriate level of adaptation/standardisation as well as determining factors seem to have found little agreement, however.

Standardisation proponents draw their arguments from the globalisation literature which suggests the homogenisation of markets and buyer behaviours. They urge firms to focus on the similarities of consumers around the world; as Levitt's 1983 article announced, "companies must learn to operate as if the world was one large market – ignoring superficial regional and national differences". Firms are recommended to reap the benefits of standardisation, such as economies of scale and scope, cost reduction in planning and control, and the creation of an international brand (Levitt, 1983; Tedlow and Abdelal, 2003). This is particularly important when a product meets a universal need because it then requires little adaptation across national markets, thus facilitating standardisation.

The adaptation perspective, on the other hand, stresses the persistent differences between nations such as divergent cultures and stages of economic and industrial development. Geographical and economic distance still limits the extent to which some markets can be penetrated with similar products/services, and signs of a 'borderless' economy do not seem to be as clear as predicted (Tedlow and Abdelal, 2003). Failure to adapt can negatively affect companies' performance in international markets, also because studies have not really shown similarities among consumers (Szymanski et al., 1993).

In his review of a 40-year debate, Agrawal (1995) adds a third 'school' to the two mentioned above: the contingency perspective, which holds that the best approach depends on the specific situation. This perspective has triggered research on aspects that influence the peculiarities of such a strategy, sometimes also with an eye to performance implications, including the physical, economic, political-legal and socio-cultural characteristics of the target market; organisational and managerial (company-internal) factors; and industry and product related peculiarities (cf. Jain, 1989; Katsikeas et al.,

2006; Theodosiou and Leonidou, 2003). This stream of research thus adds nuances to the discussion in the sense that reality may not be as straightforward as being either standardisation or adaptation. At the same time, however, it is salient that Agrawal (1995) found that in the 1980s, the latest decade covered in the article, academic approaches focused on adaptation to local circumstances (thus moving away from the contingency perspective that dominated the 1960s in particular), while the practice was global standardisation. This seems to point at the continued relevance of the dichotomy and as worthwhile to investigate, particularly in the case of industries/services that are new and/or not yet explored.

This paper does not aim to solve the debate regarding the three ‘schools’, but instead to shed light, focusing on a specific industry and type of services, on the influence of another factor that may nuance the global versus local dimension, which is the region as it has emerged as an important level for both the theory and practice of international business in recent years (cf. Rugman and Verbeke, 2004). This is related to the development that economic and political integration, resulting from regional groupings such as EU, NAFTA, ASEAN and Mercosur, has stimulated trade among neighbouring countries and regulatory convergence. Two decades after Levitt’s (1983) call for globalisation, firm-level evidence shows regionalisation, with companies having the bulk of their sales (and assets) in their home regions (Rugman and Verbeke, 2004, 2008).

Interestingly, the literature on globalisation/regionalisation/localisation has, with only few exceptions (Campbell and Verbeke, 1994; Li and Guisinger, 1992; Perera et al., 2003; Rugman and Verbeke, 2008), focused on product-oriented business. Services are crucially different because they do not have a physical reality – they are intangible – hence they cannot be patented, stored or displayed. In addition, the consumer is

involved in the production process implying inseparability between production and consumption of services. Unlike products, quality and essence of a service can vary not only between service providers but even within one service-provider from customer to customer, and/or over time, which means that services are rather heterogeneous (Thomas, 1978, Zeithaml, 1985).

These features (intangibility and inseparability of production and consumption) are central to the decision regarding standardisation versus adaptation. Intangibility increases purchase risk for customers. The opportunity to overcome this risk and achieve competitive advantage in the services industry lies in services' differentiation, which is obtained through reputation of consistent quality on delivery of a specific service. Standardisation in this context is more difficult if not impossible to achieve at the level of the upstream activities. However, when operating across borders, standardisation can be achieved for downstream activities such as marketing (Thomas, 1978). The second services-specific feature – inseparability of production and consumption – involves the direct interaction between the service supplier and the customer. This implies that, due to different regulatory systems, languages and cultural backgrounds, national responsiveness – the adaptation of service offerings to local markets – is also highly relevant (Li and Guisinger, 1992; Campbell and Verbeke, 1994). What this adds up to in the case of accounting firms and their sustainability services in the context of regionalisation/globalisation is unknown, however.

It should be noted that, within the broader context of services, accounting firms belong to the distinct category of highly skilled people-based services (Thomas, 1978), characterised by features such a project orientation, the fact that the service can be extended over long periods of time and involves extensive investigation and problem-solving (Stumpf et al., 2002). Several studies have noted the rather conflicting nature of

globalisation pressures on professional services firms (Stumpf et al., 2002; Suddaby et al., 2007). On the one hand, there is the need for further standardisation and coordination among national practices, induced by customers that have grown in size due to merger-and-acquisition activities and have also become more international (global or regional). On the other hand, responsiveness to the cultural and especially regulatory environment of local markets is necessary. Despite attempts at global standard-setting, accounting work, but most notably various areas covered by advisory services, are affected by the myriad of legal, regulatory and local practice constraints that are specific to the jurisdictions in which the Big Four operates, and which seems to necessitate adaptation. As already noted in the introduction, sustainability services, covering both audit and consulting, are likewise characterised by a diversity of global, regional and local pressures inherent to sustainability issues. How this works out in terms of standardisation and adaptation for the Big Four will be examined in the remainder of this paper.

3. METHODOLOGY

Our sample consists of the Big Four accounting firms: Deloitte, Ernst&Young, KPMG and PWC. For the general assessment of various aspects of globalisation and regionalisation of these firms (see the next section), we used quantitative information from their 2007 annual reports, qualitative information from their websites, other sources such as industry analyses (e.g. Dow Jones Factiva) and newspapers (e.g. Financial Times), and earlier studies (Brock, 2006; Brock and Powell, 2005; Sieber and Griese, 1998; Stumpf et al., 2002; Suddaby et al., 2007).

For the analysis of sustainability services, we selected fifteen countries seen as largely representative of the global presence of the Big Four in five regions: Africa,

Asia Pacific, Europe, North America and South America. In each region, main countries as relevant for the topic at hand were included, looking primarily at size and subsequently sufficient spread within the region. Within Europe, the country selection included established economies (Germany, UK, and the Netherlands) as well as Spain to cover Southern Europe, and Romania as a transition economy and recent EU member state. In addition, the two largest countries within North America (Canada, US), South America (Argentina, Brazil) and Africa (Nigeria, South Africa) were selected as well as China, India, Japan and Australia to represent Asia Pacific.

The analysis of globalisation/regionalisation/localisation of the sustainability services was conducted by reviewing, over the period July-August 2008, the offerings as presented on the local as well as the international websites of the Big Four. Although online sources of information have limitations (as we will point out in the final section of the paper), the comprehensiveness of the available data in the case of the Big Four websites suggests that this source can provide valuable information on the characteristics pertaining to the sustainability services markets in the various countries analysed.

The initial analysis considered the *Services* area on these websites. The search criteria were left open at this initial stage because of the large number of terms used for sustainability related services. In addition, the *Search* option was used for terms such as sustainability, corporate social responsibility, climate change, and environmental management, which revealed that in several cases the companies were not including sustainability in their mainstream services, but rather as a service provided to specific industries. Therefore, the *Industries* area on the website was also researched for all the countries and firms under study. We used the *Search* option as well to discover other areas where sustainability services would appear, such as research and insight reports

published on the websites, news, trends, etc. This was considered because the specific reports conclude with contact details for readers to use if interested in receiving related services, thus indicating the availability of the expertise within the companies (and also where, at which location, this can be found).

As to the type of sustainability services, we used distinctions made between social, environmental and ethical dimensions (Bansal, 2005; Whetten et al., 2002). As a fourth category, we added sustainability reporting services, which, as mentioned in the introduction, is highly relevant to the work performed by accounting firms. Such services include assistance for both the compilation and the independent assurance of sustainability reports. Whenever terms used to describe the service provided did not reveal a clear differentiation within one of these categories, they have been included in two (or more, if applicable).

Standardisation in the context of this analysis is defined as the consistency of services offerings across the four dimensions analysed as well as related to their position in the overall portfolio of services. We considered consistency of concepts and tools/frameworks in the presentation of the sustainability services on the websites, and also of the products offered and the firm's overall portfolio, looking across the fifteen country locations selected, and considering the regions as well. More specifically, if a similar portfolio of offerings was reported in this way in two or more locations, the company was seen as standardising services across these locations. Signs of globalisation were noted when standardisation occurred consistently over the majority of the countries analysed. If such a level of consistency was not present, and/or the services were reported differently (for example instead of a mainstream services, just as sub-service offered to a specific industry), the localisation perspective was noted, implying adaptation to local circumstances. This could, however, also point to

regionalisation in case similarities between service offerings occurred across the countries in a specific region, thus implying that adaptation takes place at a regional rather than the single-country level.

4. HOW GLOBAL ARE THE BIG FOUR?

The first issue to be addressed as part of this exploratory study is to what extent the firms themselves are global. To this end, we collected the latest information available on their global/regional spread. At first glance, the Big Four have a global presence, all operating in over 140 countries (see Table 1), with an impressive number of offices (Suddaby et al., 2007) and a global client base. Figures from global.factiva.com show that they audit 98% of the 1500 largest public companies with annual revenues over \$1 billion, and 92% of public companies with annual revenues between \$500 million and \$1 billion.

To assess whether this can really be labelled as globalisation, a closer look was taken, following the Rugman and Verbeke (2004) approach (i.e. 50% home region and 20% other regions yardstick). As Table 1 shows, the picture becomes more nuanced when we look at firms' revenues in the various regions. None of the Big Four is global, although they are much less home-region oriented than the services firms in the Fortune Global 500 (Rugman and Verbeke, 2008). They are bi-regional, however, except for KPMG. It should be noted though that none of the firms reports figures for Europe, but includes them as part of Europe, Middle East and Africa (EMEA). Taking this into account, one might assume that KPMG is also bi-regional or at least close to it.

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Table 1 around here

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An aspect to be considered somewhat more in this regard is nationality, in view of the specific peculiarities of the Big Four. They have traditionally been structured as a network, with member firms being privately owned and managed independently. The Big Four have grown over the years through consolidations across the continents. When analysing the main countries of origin from the entities that merged into the four firms, it seems that Ernst&Young and PWC have an Anglo-American background, KPMG a combined US-Northwestern European (Germany, Netherlands, UK) and Deloitte a Triad based origin (US-UK-Japan). In the current setting, member firms share a common name, brand and quality standards and they are coordinated by an overarching entity usually referred to as International/Global. In two cases (KPMG, Deloitte), the coordinating entity is Swiss, and in two cases (PWC, Ernst&Young) British. Those overarching entities do not themselves practice accountancy, and do not own or control member firms. In spite of the somewhat diffuse origin we have treated the firms, in line with their headquarter/coordinating entities' locations, as European, but this has its limitations.

In addition to revenues, assets have been used by Rugman and Verbeke (2008) as well to assess globalisation/regionalisation. Considering the specific character of accounting firms, i.e. their expertise intensity with employees constituting the core 'production' input (Chen et al., 2008; Stumpf et al., 2002) and the fact that the financial structure of the Big Four includes a minimum of physical assets (Stumpf et al., 2002), we argue that asset dispersion can best be proxied with geographical spread of human assets. These figures (see Table 1) tend more towards globalisation than bi-regionalisation, although Asia Pacific is just around 20% for all four. The gap between revenues and asset shares for this region suggests (leaving possible productivity differentials aside) that Asia Pacific is a growth market for the Big Four, which

typically requires significant investment with relatively lower revenues in the early stages. Interestingly, the Americas' share of revenues consistently exceeds those of assets.

Overall, it can be concluded that the home-region predominance found by Rugman and Verbeke for the Fortune Global 500 services multinationals does not apply to the Big Four, which are somewhere between globalisation and bi-regionalisation, depending on the criteria used. In view of the findings, one might expect that the traditional independence of member firms would have to be reconsidered in favour of standardisation of processes and service offerings globally. This is underlined by the tendency on the part of the Big Four to introduce 'Global Managing Partners' functions for the different business areas. Another sign is Ernst&Young's statement in its 2007 Annual Report: "We are aligning our infrastructure, streamlining our processes and programs and embracing a single global culture to create an integrated global organization that benefits our people, our clients and our wider stakeholders".

However, most recently integration seems to take place at regional levels rather than worldwide. In July 2008, Ernst&Young announced the implementation of a geography-based structure, with area managing partners for Europe, Middle East, India and Africa, America, Oceania, Japan and the Far East. The company reports this structure as opportunity to meet global demands of its client portfolio while also accounting for relevant legal and regulatory requirements. Regionalisation has been more institutionalised within KPMG, as recently three of the European countries (Germany, UK, Switzerland) joined forces in creating a regional governing entity KPMG Europe. Moreover, while the research for this paper was under way, in August 2008, PWC also announced a global reorganisation around the Triad regions, each to be led by the largest firm/country (i.e. US, UK, China). Deloitte lags in this regard, which

may be a result of the fact that it is already the product of companies from each of the Triad regions.

5. HOW GLOBAL ARE SUSTAINABILITY SERVICES?

Moving from the overall characteristics to sustainability services, it can be asked to what extent standardisation occurs at the global level, whether local adaptation prevails or whether similarities among countries within a region predominate. Table 2 summarises the results of the exploration for the fifteen countries in the five regions, looking at the occurrence of the four dimensions of sustainability services distinguished above (advisory on social, environmental, ethical issues, and reporting/assurance). Findings show a large diversity within each of the four firms, both in terms of the portfolio of sustainability services and (not included in Table 2) their location in the overall company structures in the respective countries. As outlined in the methodology section, we will – after a general characterisation of the comprehensiveness of the portfolio of the four firms – look at consistency of terminology to characterise the different services and the position of sustainability services in the overall portfolio of offerings of the Big Four, to obtain insight into the degree of standardisation across the countries/regions. Subsequently, other indications of local, regional and/or global tendencies, as they emerged during the analysis, are discussed.

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Table 2 around here

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Considering all four dimensions, and while some are reported more frequently in specific regions or countries, no real pattern can be found. PWC appears to have a slightly more comprehensive portfolio of offerings, but in general we can conclude that

none of the Big Four stands out as having a much higher coverage than others. In all cases, environment receives most attention, followed by reporting for KPMG and PWC and social services in the case of Deloitte. Ernst&Young offers services on social issues as often as those on reporting. None of the Big Four has a leading position as to the comprehensiveness of service offerings within all regions (for the countries analysed). KPMG is most visible in Europe, Deloitte and PWC in North America, PWC in South America, and Ernst&Young (which is notably absent in the Americas) in Africa. In the case of KPMG, regional European prominence reflects the home region, and for Deloitte its largest market (see figures for the Americas in Table 1), but no further patterns can be seen in relation to firms' overall globalisation/regionalisation peculiarities.

In addition, the analysis showed considerable variety in the terms used to characterise the different services, not only across the Big Four, but also within the firms between their different locations. While the term 'sustainability' is used frequently to describe the services, it is often combined with other terms such as 'governance', 'environment' or 'corporate (social) responsibility'. Moreover, environmentally-related services, for example, are labelled as '(strategic) environmental management services', 'climate change services', 'environmental due diligence' or 'environmental stewardship'. This diversity also applied to the other dimensions analysed. Such variety of terminology without a discernable pattern within a company and/or specific country/region suggests that adaptation to local perceptions is more prominent than the need for consistency and standardisation.

When looking at the position of the sustainability services in the overall portfolio of offerings of the Big Four, we cannot really find consistency at the country or region levels. Most consistency was observed within KPMG, where the dominant

tendency is to include these services under *Advisory*, with only one location - China - reporting them as *Risk Advisory* services. Ernst&Young presents a different picture: three countries – UK, Australia and Japan – present their sustainability services as *Assurance and Advisory*, India and Romania as *Services & Solutions*, whereas in Africa they are considered ‘Specialty Service Offerings’. Within Deloitte, where sustainability services are most frequently placed as part of *Risk services*, they also appear in *Consulting, Accountancy, Audit* or *Business issues*. PWC, finally, most often groups them under *Assurance*, but here considerable variety can be found as well, with inclusion in *Transactions, Regulated Industries, Risk & Regulations, Advisory* etc. Moreover, frequent differences were found when comparing, in one location, the English and local language versions of websites. Not only was the positioning of services dissimilar, but in some cases sustainability services were only reported in the local versions. Special attention should also be drawn to the fact that firms often mentioned sustainability services only in specific industries (generally the most polluting ones) rather than as a separate service alongside Audit, Assurance or other Advisory services.

Overall, no clear signs of overall standardisation in sustainability services can be found, in any of the Big Four. Within this general picture, however, indications of globalisation/regionalisation can be observed in some of the accounting firms, while others remain highly adapted locally.

PWC and Deloitte, indicating some degree of global integration, extensively mention the portfolio of sustainability service offerings on their global websites, with either little or no information on local websites. Often, when no services are offered within one location, a link to the global site is provided. PWC’s services are also provided by a global sustainability team led by a ‘Global Sustainability Leader’. None

of the other Big Four reports such a position. To the contrary, Deloitte points to the ‘Office Locator’ for possible clients to contact the local member firm for further inquiries, indicating they are using the Lead Advisor Principle (Sieber and Griese, 1998). Interestingly, Deloitte Netherlands reports to offer so-called ‘European climate change services’, which implies that this member firm may either have a regional mandate or at least is able to service customers European-wide.

KPMG and Ernst&Young generally take a more local approach, by developing and promoting more intensely their services in specific countries rather than globally. It might be assumed therefore that either these service offerings are acting more independently within the firms or that other firm-specific external and/or product specific factors may have a stronger influence on the level of standardisation/adaptation of their sustainability services. Limited signs of regionalisation can, however, be noted for Ernst&Young, such as the fact that both countries in Africa have the same service portfolio and visitors to the Nigerian website are redirected to the South African one. Moreover, the firm uses only one website for its (sustainability) services in Southeastern Europe – this may be due to the limited size of the markets there though. Still it can be viewed as a sign of tapping cost reduction opportunities through economies of scale.

Moving from the comparison between the firms to the regions/countries, Table 2 also shows notable differences in offerings of sustainability services. This is even the case when taking the developed-emerging country difference into account, as the former generally have more mature sustainability policies and services markets (cf. Etzion, 2007). Europe (especially Netherlands and UK) is characterised by the highest presence, followed by Australia/Japan and North America, with particularly the US lagging behind. This is in line with reporting and assurance practices, which also occur most frequently in Northwestern Europe and least in the US, reflecting differences in societal

and regulatory contexts (Kolk, 2005; KPMG, 2005). Within the emerging countries, particularly South Africa stands out, due to very elaborate governance standard-setting (KPMG, 2005; Rossouw, 2005). Environmental services, that rank highest in sustainability offerings overall, are most prominent in Europe. Amongst them, climate change services are most widely developed amongst all four firms, as could be expected in view of the existence of the regional (EU) emissions trading system and the prominence of the issue (Kolk and Pinkse, 2008).

Hence country-specific factors, coupled with the traditional independent member firm structure, and perhaps also the emergent nature and niche traits of sustainability services, currently seem more important than the overall peculiarities of the Big Four accounting firms which, as the analysis showed, are best characterised as being somewhere between global and bi-regional. Follow-up studies might be helpful to shed more light on developments over time, on contingent factors and other aspects, as the final section of this paper will indicate as well.

6. DISCUSSION AND CONCLUSIONS

As a contribution to the debate on globalisation and regionalisation, this paper explored how the Big Four accounting firms and particularly their sustainability services fit in the globalisation/regionalisation/localisation spectrum, and appear to standardise or adapt in main countries in the various regions around the world. To this end, it analysed the presentation of their sustainability services in fifteen countries in five regions as well as at the global level, and globalisation data of the firms overall. Sustainability services have developed relatively recently and are, like accounting firms in general, subject to conflicting pressures of globalisation and local responsiveness. The paper thus looked at globalisation and regionalisation in a services sector not yet covered, on an emerging

topic in which global, regional and local dimensions come to the fore.

While previous research showed a very strong home-region orientation of services firms in the Global Fortune 500 (Rugman and Verbeke, 2008), we do not find this for the Big Four accounting firms. Instead, and depending on whether revenues or assets are used, these firms are closest to being bi-regional (for revenues) or global (assets). Recent reorganisations point at a trend towards regionalisation for the firms overall. The general patterns identified at the level of the Big Four accounting firms are not really mirrored in their sustainability services which hardly exhibit signs of globalisation/regionalisation. The traditional independent member firm structure appears to prevail in the development of sustainability services, pointing to strong local embeddedness and adaptation rather than standardisation. Special characteristics of services, such as inseparability of production and consumption, combined with the need for responsiveness to local sustainability requirements and societal expectations, seem to be behind the localisation peculiarities of these services. These are aspects, however, that deserve further research attention, to find out whether differences exist across various markets, considering the exigencies of local practices as well as regional/global headquarters, and what type of fit seems best in particular circumstances (cf. Katsikeas et al., 2006). In addition, it remains an open question what the influence will be of attempts at global standardisation, for example via the Global Reporting Initiative, and policymaking to address global sustainability issues, particularly in the case of climate change.

Still, and in spite of the lack of standardisation, some decentralised transfer of innovation and organizational learning developed at one location across national borders (cf. Campbell and Verbeke, 1994) can be observed. A notable example is that sustainability related research work and publications are shared both between the central

office and the various local firms, and across member firms, which suggests benefits of integration at the level of the overarching entity. More in-depth investigations would be worthwhile to further uncover the actual practices and performance of sustainability services, which have not been part of this exploratory study. These can also help to unravel the extent to which (some of) the services are location-bound or not, and whether/how the different types can best be exploited, also considering the flexibility to decouple upstream and downstream activities. Taking the distinction made by Rugman and Verbeke (2008) into account, it might well be that those activities most closely linked to local requirements (for example, reporting) figure differently than others (consulting), with concomitant divergent impacts on supply-side optimisation and ultimately performance – or that accounting firms (or their sustainability services) are special cases altogether. A comparison with other firms that offer sustainability services (sometimes as core business) such as management consultants, engineering firms and non-profit/think tank like organisations, might be helpful in this regard.

Follow-up research might also take a longitudinal approach to redress some of the limitations of the present cross-sectional study. This is all the more important since globalisation and regionalisation are processes; this also applies to firms' strategies in terms of adaptation and standardisation. While the paper has highlighted developments in several areas, the evidence only captured one moment in time. Consideration of evolutionary forces affecting sustainability services would significantly contribute to an understanding of the dynamics involved.

Finally, it should be noted that this study used websites as source of information, which has limitations. Although they mirror firms' activities and particularly their self-representations, websites need not necessarily be primary sources of promotion opportunities. Thus, a wider variety of service offerings may be available than those

included here and these can only be investigated through other types of data collection. Further research opportunities could also, in addition to the aspects already mentioned above, include other elements of the marketing mix, management perceptions of (drivers for) standardisation/adaptation in accounting firms' sustainability services as well as the strategies and practices adopted to achieve optimal coordination, transfer and deployment of capabilities in host environments.

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TABLES

Table 1. Basic data for Big Four accounting firms in 2007

Company	PWC		Deloitte		E&Y*		KPMG	
Headquarters	UK		Switzerland		UK		Switzerland	
Countries	150		140		140		140	
Revenue	Revenue in \$ billions and Percentage of total							
Americas	9,6	38%	11,5	50%	9,0	43%	6,5	33%
EMEA	12,0	48%	9,2	40%	9,6	46%	10,7	54%
Asia Pacific	3,6	14%	2,5	11%	2,5	12%	2,6	13%
Total	25,2	100%	23,2	100%	21,1	100%	19,8	100%
People	Number of people and Percentage of total							
Americas	46.944	32%	63.000	43%	40.635	33%	35.547	29%
EMEA	68.949	47%	56.400	38%	56.717	46%	62.756	51%
Asia Pacific	30.807	21%	27.200	19%	26.983	22%	25.019	20%
Total	146.700	100%	146.600	100%	124.335	100%	123.322	100%
Website	www.pwc.com		www.deloitte.com		www.ey.com		www.kpmg.com	

* For Ernst&Young EMEA includes India, and Asia Pacific includes Far East, Oceania & Japan

Source: Annual reports 2007

Table 2. Type of sustainability services mentioned by Big Four accounting firms
(on websites in fifteen countries spread over five regions)

Region	Country	Ernst&Young	KPMG	Deloitte	PWC
	International	None	None	Social, Environmental, Reporting	All covered
Africa	Nigeria	All covered	Reporting	None	Reporting
	South Africa	All covered	Environmental, Ethical, Reporting	Social, Environmental, Ethical	All covered
Asia/Pacific	Australia	Social, Environmental, Reporting	Social, Environmental, Reporting	All covered	Environmental
	China	None (Fraud)	Social, Environmental	None	Environmental
	India	Social, Environmental, Reporting	None	None	Environmental
	Japan	All covered	Environmental, Ethical, Reporting	Social, Environmental	Social, Environmental, Reporting
Europe	Germany	All covered	Environmental, Reporting	None	Environmental
	Netherlands	All covered	Social, Environmental, Reporting	Ethical, Environmental	Social, Environmental, Reporting
	Romania	Ethical	Environmental, Reporting	Social, Environmental	none
	Spain	None	Social, Environmental, Ethical	Environmental, Reporting	Environmental, Ethical
	United Kingdom	Social, Environmental, Reporting	Social, Environmental, Reporting	All covered	All covered
North America	Canada	None	Social	Social, Environmental, Reporting	Social, Environmental, Reporting
	United States	None	Social	Social, Environmental	Reporting
South America	Argentina	None	None	None	All covered
	Brazil	None	None	Social, Environmental, Reporting	Social, Environmental, Reporting