

THE IMPACT OF THE CRISIS GENERATED BY COVID-19 ON THE ACCOUNTING PROFESSION. A POSITIVE OUTLOOK

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Abstract

Some analysts believe that the crisis generated by the SARS-COV-2 virus is the strongest challenge for the economic environment since the economic crisis of the '30s. Given that this crisis has affected all the major areas of activity, also the accounting profession had to find the necessary resources to adapt to the new reality and learn how to respond to the new challenge. However, following the events evolution in the last year, we have found, that formulating a response to this crisis has also meant positive changes. Thus, this paper aims to identify how the crisis generated by Covid-19 has positively influenced the accounting profession. Also, we will try to formulate an optimistic perspective for the future, regarding the new defining characteristics of the accounting profession.

Keywords: the accounting profession, covid-19 crisis, internal audit, positive outlook, challenges

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Introduction

We live in a dynamic economic world, which is making rapid progress, despite this pandemic it has gone through. If we pay attention to some of the most important moments in history, like big economic crisis, natural disasters, wars, etc., we will see that the humanity, the professionals, the business, all the small wheels of the system have proved being capable to adapt to the new installed order. Despite the pain felt, the anxiety, the fear, the world has learned to stand up every time and start over, to understand the ways to move forward.

The covid-19 pandemic hurt a lot of people, being one of the most important health crisis of all times. The way we lived, worked, traveled, learned has been destabilized and the mankind, the governments, the private sector was forced to adapt to the new reality. However, we saw that the pandemic brought a lot of chaos, but what if it brought some positive aspects? What if this sad and frightening crisis helped us to see new solutions in the way we work and maybe there are some positive aspects we might take into consideration to be able to meet progress and development.

In other words, this qualitative research aims to discover if there could be some valuable transformation in the accounting profession and to design an optimistic future perspective regarding the evolution of the area. For that, we intend to answer to the following questions: *Are there any positive aspects generated by the covid-19 pandemic that have influenced the accounting profession?; Is there any possibility to return to what we knew as „normal” in the accounting profession before the pandemic?; What is the future of the profession?*

Motivation for Study and Literature Review

We chose to study the impact of the crisis generated by covid-19 pandemic on the accounting profession, because we think that the sudden turns of the events, the restrictions, the fear installed in the business environments founded a new way to practice accountancy. We, as professionals in the field, understood from live events that the profession as we used to know is changing every day. Also, we realized that this pandemic taught us a lot of lessons and that we are capable of practice this job more efficient for our clients and for our accountancy firms, even if we are talking about large or small accounting firms.

The positive impact of the coronavirus crisis on the accounting profession

Our lives suffered so many changes since the beginning of the pandemic: the way we interact with our family and friends, the way we live, travel, and last, but not at least, the way we work. The coronavirus crisis brought a lot of panic among the accountants and their clients because of the permanent fear of losing their business. So, since March 2020 we are waiting to go back to what we knew to be familiar and „normal“. However, many voices say that it is impossible to completely return to that normality and that is because we start discovering some advantages and some positive steps we made during the pandemic.

First of all, working from home made us happier, more efficient and more involved in our work. We began to trust each other more and we could see some other abilities of the accountants which could be very important assets for a company. So, we finally understand that **the flexibility is a very important asset**. This is why, also in this moment, there are so many companies that have found benefits in giving employees more leeway with their schedules and settled a permanent flex-work policy by giving employees 2-3 day work-from-anywhere options. The most important benefit here, is that considering their accountants needs, the companies succeed to retain qualified professional staff, happier with their jobs and more efficient (Hood, 2021).

In order to achieve successful results on long-terms, it is important to create remote teams, which will benefit of:

- working from home
- allowing flexible working hours
- implementing alternate working shifts, etc

Also, it is even more important for accounting professionals to have an efficient staff communication strategy in place. This will help maintaining loyalty as well as employee retention. It is vital not to focus only on benefits. This is why, a remote working strategy implemented on a long-term basis must be defined by giving clear instructions with regards to deadlines, deliverables, whom to communicate with, frequency of communication, etc (Pradeepa).

Another positive impact is the **increased adoption of technology**. The accountants had to adapt to the new conditions of the business environment. According to American Institute of Certified Public Accountants (AICPA) and Chartered Institute of Management Accountants (CIMA) 2020 Report on the digitalisation of the accountancy, the biggest advances in terms of digitalisation of the accountant profession are (AICPA & CIMA, 2020):

1. Everyone understood that it was the time for change – the accountants had to adapt to the new conditions imposed by the coronavirus pandemic, and so they learned or have perfected themselves of how to deliver their services through digital and remote technologies. Being capable of flexibility, the accountants succeeded in keeping their full clients portfolio. Like we saw in the previous paragraph flexibility proved to be important for both sides – the companies, but also the accountants.

2. *Accountants had to progress in order to adapt to the new pandemic environment* – The professional accountants understood that it is no longer about only keeping books. In order to keep the clients and to become an important pylon in the company, they had to develop digital solutions, in order to respond to their customers requests during the pandemic crisis.

3. *Professional accountants working in small companies finally understood that digital tools are not suitable only for big accountancy companies* – this new challenge forced the accountants working in smaller companies to adapt to the new digital tools and online communication systems, cloud accounting, remote working etc, which we can suppose that it wouldn't have happened in terms of normal environment.

4. *Digitalization means benefits* – today the accountants know that taking advantage of the technology, they can provide to their customers quality accounting services, no matter the place or the time they are located. Digital solutions offered everyone involved in the business the opportunity to have access to the most important informations in real time.

We can talk about **defining the accountant of the future**. Professional accountants are and must continue to be strategic partners, even if it is about private or public sector. The new conditions imposed by the pandemic tested the accountants as business drivers, and the most of them embrace the occasion. This is a very important moment for the accountancy profession, with changes of paradigms and new skills needed for redefining the profession. Right now, the opportunity for positive change is immense and professional accountants must be highly strategic, collaborative, problem solvers who can and must help businesses and governments to move forward (IFAC, 2020). Since the pandemic, it became clear that traditional accounting skills have shifted to the need for a strong technological knowledge base. As companies adopted cloud-based technologies that automate many processes for clients, having staff trained is a necessity (Britton, 2020). In our opinion, there is a big opportunity for early-career accountants, who are familiar with the new technology and are more likely to appear prepared for technology for this new transition (Karbon Magazine). Thus, for the more experienced professional accountants, this is the perfect moment to cross their own boundaries, to discover the new technological tools that could transform their work, into more efficient and professional results for the companies they are working for.

New needs, new requests are revealed once with the pandemic. The clients found in their accountants a real support for analyze options, provide information on subsidies or just to talk about the current situation (Craig-Bourdin, 2021). 2019 was the last year when we could talk about a traditional accountant. Soon, this profession, as we knew it, will suffer major changes and will reach new dimensions.

The accounting profession has reconfirmed itself as an indispensable function in the organization. There were voices that claimed that in a few years, the accounting profession could be replaced by new digital solutions. The Covid-19 pandemic showed every one that this profession is indispensable in the company, especially in areas severely affected by the pandemic. For example, even if in H.O.R.E.C.A the activity took place at the limit of survival, the role of the accountant did not diminished, on the contrary. The professional accountant has become a pillar in the company, offering his support and all the accumulated knowledge, to support the management in identifying the most reliable solutions for adapting the business to the new conditions.

Redesigning the relationship between accountant and clients was another step forward made because of the pandemic. Accountants' value has historically come from completing tasks like processing payroll and compliance. Soon, technology providers saw the opportunity to automate these tasks, which, in certain circumstances, brought misunderstandings between accountants and their clients. When the pandemic hit, choices about payroll, benefits and hiring became make-or-break business decisions. The urgency of the situation redesigned the relationship between the accountants and their clients, who stand so

many hours on Zoom calls to discuss different problems, from cash flow to keeping their business afloat and ways to keep people employed. These conversations provided new visibility into the people and cultures that define their clients' businesses (Lopez, 2020).

As we mentioned before, the pandemic thought the professional accountants that it is no longer enough being excellent at bookkeeping, their role is changing every day, until it became clear that **advisory services provided by the accountants are now a very important part of their role in the company**. The pandemic showed that the work of an accountant is so important for the company. One example is regarding the financial aids offered by the governments, because in most of the cases they proved to be a labyrinth of bureaucratic papers. In those moments, the professional accountants became real heroes who help their clients with their appliance. However, it is important to understand that the accountant profession is changing for real and for a long time. Since the pandemic, new advisory services has been revealed: (Botkeeper Blog, 2020)

1. *Transaction Advisory Services* – the economic difficulties generated by the pandemic lead to mergers, acquisitions, bankruptcies. Being capable to guide clients to a profitable way is one of the opportunity for the accountants to obtain advantageous advisory projects.

2. *Decisions taken based on data* – companies will be forced to have some important decisions that will affect their activity on a long term. Having good analysis skills and professional attitude, the accountants will become the most valuable asset of a company.

3. *Hop on technology* - as accounting firms are developing and implementing the new technology in their working process, they also can obtain informations about the digital solutions that could help their clients to improve their results.

Accounting profession - a stable career choice - accountants will be in demand to help companies restructure, identify unnecessary spends and navigate complex tax laws. In the immediate future, accountants will be busy, as companies dealing with the financial havoc caused by the Covid-19 will be calling upon their help. This is why the accounting profession will evolve. Automation would relieve accountants of trivial administrative tasks, leaving them with more time to focus on parts of their job that machines can not do, like advising clients, problem-solving and interpreting data - allowing the company making strategic decisions (Jennings Morton Friel Associates).

A new perspective on professional accountants' education

Given all the findings made above, The International Federation of Accountants (IFAC) has implemented an approach to advancing accounting education, to re-imagine the future accountant and prepare future-ready accountants. It is absolutely necessary for each one of the professional accountants to take on a personal responsibility to learn and to develop their career. They must transform the learning process from a passive, compliance-based one, into a personalized, reflective and based on the personal needs of each. Changing business models and the evolving needs of businesses create new opportunities for accountants to learn. The most important skills for the future professional accountants are (Vitale, 2020):

Flair in business. Nowadays, strategic business decisions are increasingly based on how professionals can integrate large amounts of data, properly analyzed, using professional judgment.

Behavioral competence. It refers to how people can use intellectual curiosity, critical thinking, adaptability and lifelong learning to respond effectively to changes in the technological environment, while demonstrating the intellectual agility needed to accept new ways or alternatives for carrying out the activity and adapting quickly to changing circumstances.

Digital competences. Accountants should understand the impact of new and emerging technologies on their current activities that should be realised in an environment characterized

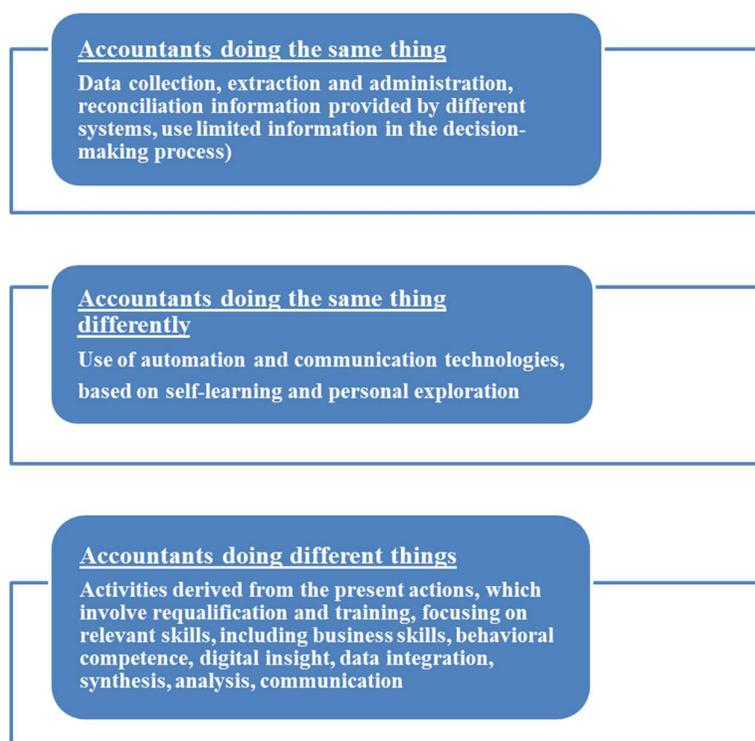
by "developments" and "revolutions" and how such technologies work, how they are used and affect generations, processing and flow of data and information.

Communication. New and emerging technologies have led to changes in the communication channels between systems.

Querying, synthesizing and analyzing data. This requires the necessary skills to be able to use structured and unstructured data effectively, for example, to evaluate if the data is complete, correct and relevant, as well as to understand the exceptions to the rule.

According to IFAC, it is important to understand the path of the new accountant profession:

Figure no. 1. Where is the accounting profession heading to?



Source: Adaptation after Vitale A. (2020), „ Re-imagining the Future Accountant—Our Call to Action”, IFAC & Sova R. & Popa A. (2020), „ Educația contabilă, între digitalizare și criza generată de pandemia de COVID-19”, CECCAR Business Review, No. 10, p.5

The Covid-19 pandemic showed us once again that continuous improvement of skills and knowledge is the key of the progress and the best way to avoid economic disasters. The new pandemic environment has caused significant disruption in the traditional education and training system and led to the need to adopt fast and innovative digital measures. For example, as a first adaptation reaction, we had the transition from traditional education, face-to-face, in the classroom, to the virtual one, through online courses and webinars, video conferencing, online conferencing, television broadcasts, e-mail and telecommunications. The purpose of these alternatives is to keep continuous professional development accessible and adaptable under the restrictive conditions (Sova & Popa, 2020).

Conclusions

As final words, we can conclude that the role and skills of the professional accountant will evolve. The accountants would need to expand the area of information they report, to include data about environmental, social and governance factors, which would become increasingly central to businesses' operations. After the pandemic, companies could also ask their accountants to pay particular attention to risk management, to identify the level of preparation for other catastrophic events and identifying assets, that could become future solutions for emergent future crisis. The accountants must ensure their clients of trust, build personalized and locally focused relationships with them, and become dependable insiders in a world wary of outsiders. Also, it is very important to permanently familiarize themselves with emerging technologies such as artificial intelligence, blockchain and Big Data (Rinaldi, 2020).

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