

The Impact of COVID-19 Pandemic on the Activity of the Professional Accountant

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Abstract

This paper focuses on the effect that the new measures imposed by the pandemic situation generated by COVID-19 had on the activity of professional accountants. In these turbulent times, professional accountants play an important role in both short-term and long-term decision-making process for the survival of economic entities. However, the effects of imposing legislative restrictions and psychological implementation caused by this pandemic can influence the quality of accounting information due to the subjectivism of the professional accountant. Furtheron, the users of accounting information trust that the accounting professionals will capture as adequately and completely as possible the COVID-19 pandemic effects on the activity of the economic entities.

Key words: professional accounting, Covid-19, professional training, accounting information, digitization

J.E.L. classification: M410

1. Introduction

The activity of the professional accountant was and still is very important for a positive evolution of the activity of economic entities, today their role being not only to ensure the quality of financial reporting but to contribute to the stability and overall progress of the entity.

The existence of a competent professional accountant is an invaluable advantage for an entity, and the competence is determined by their training in the field, but also by their emotional state, strongly influenced in the pandemic. All these influences the ability of accountants to take a pragmatic and objective approach in solving problems. Using their skills and understanding of the entity and the environment in which they operate, accountants must face a variety of challenges, and this time-consuming period of COVID-19 is a challenge that no one can forsee.

There is a wide literature on crisis management in organizations, yet we have found only one that refers to professional training in the field, namely the study written by Sangster A., Stoner G. & Barbara Flood (2020), which opens up a new direction for accounting professional training research, one that considers the management of crises in accounting education as a response to a global crisis, in this context being relevant this empirical research which surprised aspects related to the training of accountants and accounting experts.

Professor Robert-Aurelian Șova brings out very well the connection between the impact of COVID-19 and the activity of professional accountants, underlining the fact that given the role of professional accountants as reliable advisors to entrepreneurs, they are at the forefront (like the doctors from hospitals) in the fight against the economic effects of Coronavirus as this virus has also an economic nature, trying to identify solutions for the rapid healing of businesses in the public interest.

In this context, we considered it appropriate to carry out a study based on a questionnaire applied to professional accountants wishing to capture the impact of the pandemic generated by COVID-19 on their activity.

2. Literature review

The effects of COVID-19 pandemic will be felt for a long time on economic and social activities in Romania and internationally, this aspect being foreseen due to the extreme evolution of COVID-19 infestations globally, but also nationally, which influences the activity of professional accountants, who are the liaisons between economic entities and state bodies. Considering the analysis of the concentration of turnover and of the number of employees in the SMEs sector in 2018, legal and accounting activities (a number of 10710) represent 19.6% of the total turnover of Romania's SMEs and a percentage of 11.4% (22,788 employees) from the total number of employees of this category of entities (www.insse.ro).

The importance of the financial accounting activity is underline by Antonescu D., 2020, who appreciates that one of the actions, and possible solutions for the recovery of SMEs, is the creation of support centers at regional level, through POCA 2014-2020, which will provide free services necessary and useful for economic entities (which will be heavily decapitalized), in the post-crisis period (types of services that are linked to: accounting, juridical, human resources, financial advice and mediation, digital transformation, aid to adapt to the new socio-economic context, consultancy regarding the restructure of the business, etc).

This pandemic period confirms that the On-line will dominate the OFF-line, as Guștiuc A. and Guștiuc L. point out considering that the personal or group meetings will be reduced dramatically, the managers being put in the situation of organizing meetings with employees' attendance only when this is absolutely necessary and vital, the rest of the meetings being organized online. This will allow the employer to be practically non-stop in contact with employees, to interact more operatively, when it needed. On the one hand the employee will always feel "connected" to work, which could induce a state of stress, and on the other hand, if we look at it from the perspective of a professional accountant, this will improve communication with management/clients. At the same time stress can increase the subjectivism of accountants, subjectivism that is not negligible, the human factor, the "professional with glasses and sleeves", who in the view of managers interviewed in the study *Impact of accounting information on managerial decisions - Empirical study conducted in the hospitality industry in Romania*, can influence the quality of accounting information through its subjectivity in proportion of 78%, taking the second place in the category of factors that influence the quality of information provided by managerial accounting after the lack of a cost calculation system.

Moreover, these restrictions have also affected the professional training of this category, being known that one should proof the attendance to compulsory courses, (at least 120 hours), or equivalent units of continuous professional development. So we can talk about a reformulation of training, especially through the transition to distance learning, lecturers rethinking all their activities based on these new trends. It should be noted that accounting professional training have been, before COVID-19, predominantly "traditional", this taking place mainly in the form of lectures for large groups, tutorials for small groups, workshops or round tables (Sangster A., Stoner G. & Barbara Flood (2020).

Regarding the impact of Covid on professional accountants, the Association of Chartered Certified Accountants (ACCA) conducted a study in March 2020, which concluded that the main problem faced by professional accountants during the pandemic is the identification of new clients.

3. Research methodology

Given the research topic, we considered that this impact can be measured either by direct dialogue, an aspect that is difficult to achieve in periods when social distancing is required, or by surveying users' opinions. As it is a matter of recording and collecting opinions and/or approximate data, on a scale with a relatively high degree of subjectivity, the classical method of statistical survey can be used as a form of partial observation, provided that total observation is, if not impossible, at least extremely expensive, exceeding both the possibilities and the necessities of the present research.

Unlike the statistical survey - the most rigorously grounded method of statistical observation from a scientific/mathematical point of view - the opinion survey does not involve ensuring the representativeness of the sample, moreover, the response of the interviewed subjects in an opinion survey is voluntary, which is why the data gathered using this method are preliminary and indicative, and can be used mainly to guide research in one direction or another rather than to draw clear and precise conclusions about the evolution of economic phenomena and processes, or regarding the results of the studied process or phenomenon.

The research presented in this paper starts from the following hypotheses:

I1. Measures to limit the spread of COVID-19 virus have affected all categories of economic activities;

I2. Measures to limit COVID-19 virus have led to changes in the way accountants work;

I3. Accelerating digitization within the financial accounting department is a solution in times of pandemic;

I4. The degree of satisfaction regarding the courses in the financial accounting field was affected due to fact that the courses were held online.

The questionnaire "The impact of COVID-19 on the professional accountant" was created in the Google Forms application, being available online <https://docs.google.com/forms/d/1C9tLTXR5xomx-B-HjqQEfSA2CXqd0LtPEjVZDconogw/edit?ts=5>) and comprises a set of 22 questions, grouped as follows:

- in the first part of the questionnaire there are a number of 19 questions related to the information necessary to confirm or refute the research hypotheses, in order to achieve its goal, as well as questions that were written in a friendly manner.

- an additional set of 3 questions, leading to the characterization and statistical classification of the respondents (professional training of the respondents, seniority, level and year of study).

The questionnaire strictly respected the anonymity of the person completing it, avoiding any information related to one's identity, so professional accountants who completed it could answer honestly, without showing weakness in expressing emotional state during this period of isolation and social distancing imposed by COVID-19 pandemic.

Of the 1,068 valid answers that were subjected to a process of centralization and data mining, needed for better interpretation, 159 respondents are professional accountants, and 35% of the respondents have more than 5 years seniority in the field.

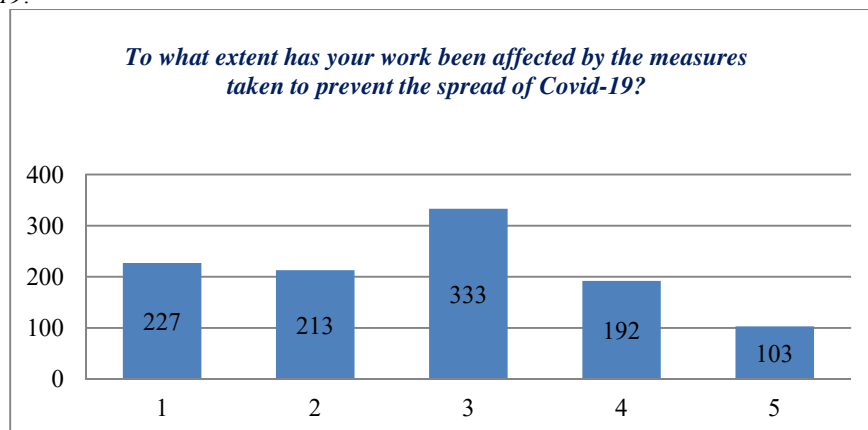
4. Analysis of results and hypotheses' verification

If we talk about the categories of economic activities that were affected by the crisis caused by the Covid 19 pandemic, the overwhelming answers show that on the first place is "tourism" (861 respondents, representing 80.6%), followed by "trade" (763 respondents, representing 71, 4%), "fitness center activities" (602 respondents, representing 56.4%), and "public catering units" (592 respondents, representing 55.4%).

The degree to which the activity was affected due to the measures taken to prevent the spread of Covid-19 was measured on a five-step scale, from 1 to 5, 1 representing "very high measure" and being chosen by 227 respondents (21.3%). The rest of the respondents answered as follows: on the second scale answered 213 which represents 19.9%, on the third scale 333 respondents, representing 31.2%, on the fourth scale, 192 respondents, representing 18% and on the last scale "in little measure" were 103 respondents representing 9.6% of the total. Cumulating the first three percents, it is observed that a significant percentage (72.4%), states that the activity was affected by the measures taken to prevent the spread of the virus. However, if we analyse the answers sent by professional accountants, which are 159, 12.5% of them say that the activity was affected to a "very large extent" and the majority, 40.8% say that the activity was not influenced by the measures taken to prevent the spread of Covid-19." In order to measure the impact of SARS-Cov.2, the NIS conducted an ad-hoc survey between 17-19 March 2020 on estimating the evolution of the activity and the number of employees for the periods 17/19 - 31 March and 1 - 30 April 2020. The managers were asked about the evolution of the economic activity, respectively if they consider that the activity will be restricted (by up to 25%, between 25-50%, over 50 % or will close), or if the activity will not be restricted or

could even increase. Given the uncertainty of the evolution of SARS-Cov.2, managers had also the opportunity to opt for the version "I cannot estimate". From the analysis of the answers, one in five managers mentioned that by the end of March the activity could drop down by up to 25%. Three quarters of the managers who mentioned that the activity will increase are from the retail sector" (www.insse.ro).

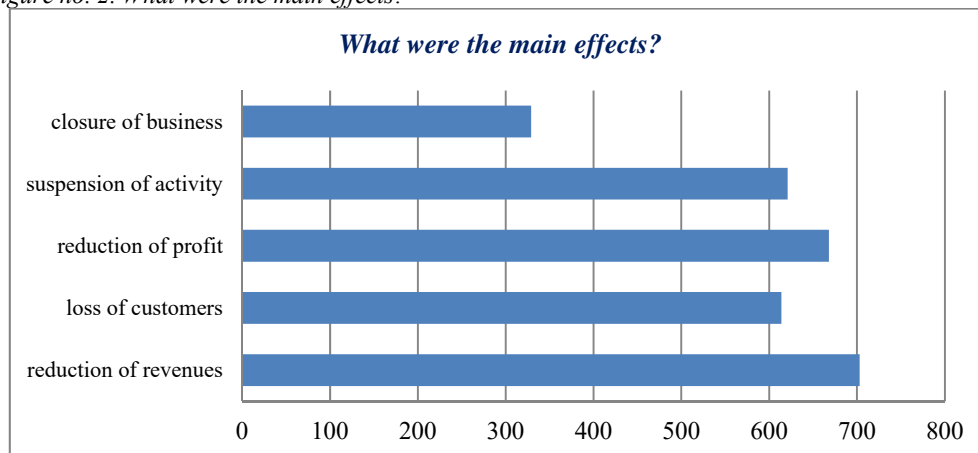
Figure no. 1. To what extent has your work been affected by the measures taken to prevent the spread of Covid-19?



Source: made by the authors

If we look at the main effects determined by these restrictions, the most frequent used words are "reduction of revenues", "reduction of profit", "suspension of activity", "loss of customers", "closure of business". It is noteworthy that the reduction in revenues led to the reduction in profit, these two being the main experienced effects. Based on the analysis carried out by the National Institute of Statistics on March 25, 2020, it was stated that the most affected would be small and medium enterprises whose managers estimated as the main risk the reduction of over 50% or even the closure of the activity.

Figure no. 2. What were the main effects?

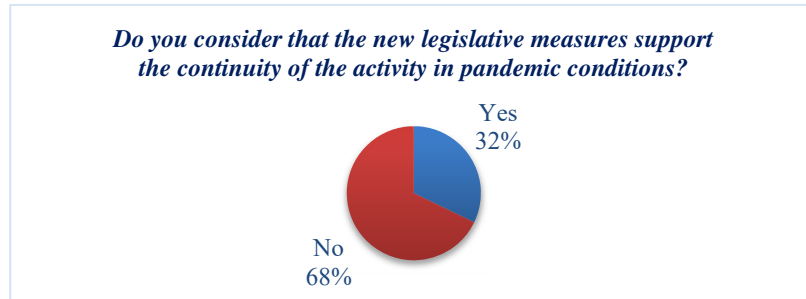


Source: made by the authors

The perception of the new legislative measures is a positive one for 345 respondents (representing 32.3%) who answered that they support the continuity of activity in pandemic conditions, yet 729 (68.3%) responded negatively, which should raise a question mark for the legislator. As it can be seen from the responses received from professional accountants, a significant part of them, namely 75%, answered negative, which indicates that they consider that the new legislative measures are not in support of business continuity, and we consider these responses

revealed in the conditions in which they are the main providers of economic information (accounting in this case), they being aware of the evolution of economic indicators.

Figure no. 3. Do you consider that the new legislative measures support the continuity of the activity in pandemic conditions?



Source: made by the authors

The most important measures taken at the legislative level are: wearing a face mask, social distancing, online courses, financial aid provided by the state, sanitation and suspension of events with many participants.

Among the measures taken in order to be able to "survive" in this period of pandemic, the variants offered by the respondents highlight the following:

- support the population, through various measures that are ment to help both the population and companies regardless of the field of activity;
- mass testing of the population;
- granting aid to companies;
- respecting the hygiene;
- isolation;
- authorities ought to compel citizens to follow the rules and apply sanctions to those who violate them;
- keeping calm and having a healthy lifestyle;
- social distancing and avoiding crowded areas;
- wearing a mask;
- disinfection of hands and surfaces.

What should be noted is that no respondent referred to the discrimination that took place among professional accountants, in the sense that they could not benefit from the support measures established by GEO no. 130/2020, thus the accounting firms / tax consultants / auditors / evaluators that were in difficulty could not benefit from the available European funds that could help them reduce the negative impact, all respondents being mainly concerned with the measures taken to health protection.

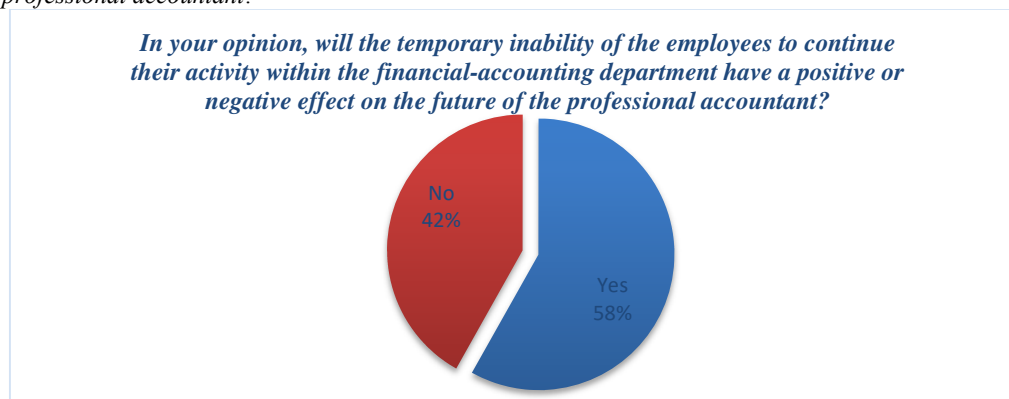
If we refer to the evolution of incomes as a result of the measures imposed by lockdown, school closures, or the effect of social distancing, we can classify 67.1% of answers as affirmative and 33.2% as negative answers. As it can be seen from the analysis of other studies conducted on this topic, in terms of estimating the evolution of the number of employees by the end of March, almost a quarter of managers mentioned that they cannot estimate how it will evolve. The largest decreases are expected to be in the services sector. The uncertainty for April increases, thus the number of managers who mentioned that they cannot estimate the evolution of the number of employees was 43% of the total respondents.

The category of economic entities which were the most affected by the Covid 19 crisis was that of SMEs and all measures taken at the executive level must start from the idea that if SMEs, the basis of any state's economy, are not maintained afloat then the state will also suffer: budget revenues will be lower and expenditures will be higher (including those with support for furlough), therefore we will have a high deficit, and at the same time it would have been affected the banking sector because neither economic entities nor individuals will have the capacity to honor their obligations to banking institutions.

It is clear that this negative impact also affects professional accountants and encompasses the sharp slowdown in economic activity during the state of emergency. Reducing or even stopping the activity of some economic entities, mainly SMEs, automatically means less money for all those who worked with them, including chartered accountants or certified public accountants. Both in the state of emergency and in the state of alert the activity of professional accountants did not effectively reduce, as during this period they made the same reports and tax returns that were to be submitted to the state bodies, but they certainly recorded a reduction in revenue, due to the crisis, their income dropping down because some customers could no longer pay them or even went bankrupt.

A relevant question related to specialists' opinion was *"In your opinion, will the temporary inability of the employees to continue their activity within the financial-accounting department have a positive or negative effect on the future of the professional accountant?"* The respondents were offered two variants of answer, affirmative and negative, and 627 of them answered affirmative (54%) and the other 451 (46%) answered negative. The professional accountant is a producer of financial information, who must accurately describe the financial position and financial performance of an economic entity, so in this period of restrictions it was possible to observe once again the importance of providing accurate and fast information to the management of the entity in order to take immediate decisions to mitigate the effects of the crisis we are going through. Professional competence and prudence require that professional accountants should maintain the necessary professional knowledge and skills so that their clients or employers can be sure that they receive competent professional services, all of which allow a professional accountant to carry out a competent activity in a professional environment. Despite the problems associated with COVID-19, the work of professional accountants should be carried out in full compliance with applicable legal standards and regulations, albeit in different circumstances, so the use of information technology and digitization can be an ally in meeting deadlines.

Figure no. 5. *In your opinion, will the temporary inability of the employees to continue their activity within the financial-accounting department have a positive or negative effect on the future of the professional accountant?*



Source: made by the authors

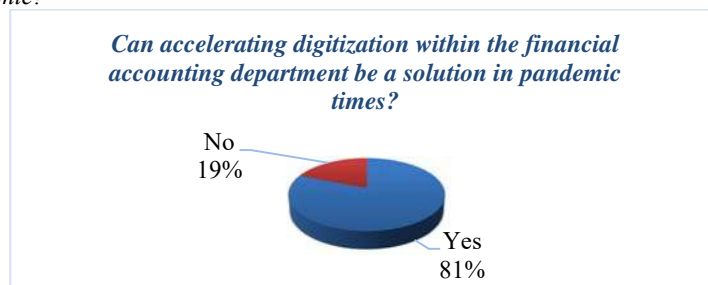
The main positive effects stated by the respondents as a result of the temporary inability of employees to carry out their activity within the financial-accounting department are: spending time with loved ones, lower workload, professional accountant can work from home, efficient management of working time;

and among the negative effects we can mention: health problems of staff from the financial-accounting field, loss of customers, lack of experience; not having the necessary technology, lack of dealing with problems on the spot, difficulty in making decisions, lack of communication or poor online communication, and the fact that due to temporary work inability many activities did not withstand this period, thus negatively affecting the work of accountants.

The issue of digitization in relation to the Covid pandemic was addressed in the question *"Can accelerating digitization within the financial accounting department be a solution in times of pandemic?"* and it gives the interviewees the opportunity to express themselves directly, either affirmative in proportion of 80.6% or negative in proportion of 19.4%. Nowadays, it is no longer

enough for a professional accountant to know in detail the accounting techniques, legislative and calculation aspects of taxes and fees, but him/her must know to use advanced information technologies and digital connection as it can be noticed from the received answers, 88% of the respondents confirming this. Professional accountants who understand the digital age will play an important role in managing the systems and processes that support the acquisition, management, analysis and distribution of information (Pavel, 2017). Therefore, they need to make the connection between information technology, processes and the resulting financial performance.

Figure no. 6. Can accelerating digitization within the financial accounting department be a solution in times of pandemic?

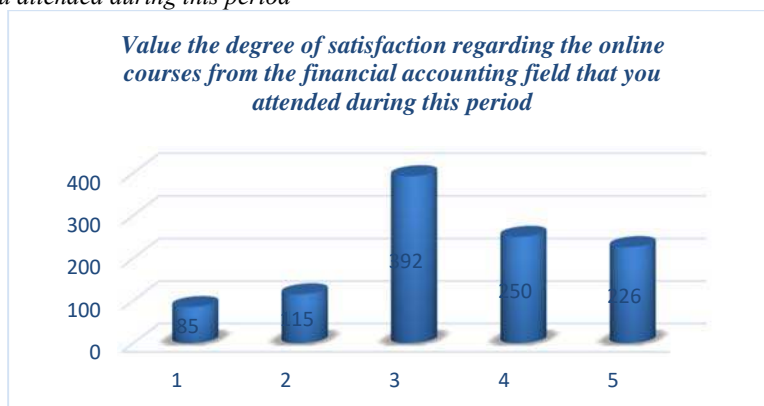


Source: made by the authors

The openness of professional accountants to the use of educational platforms is based also on the experience gained while using digitization with state bodies, so the transition to online was not as difficult as expected and it was made in a short period of time, an aspect noticed in the surveys conducted by CECCAR, 2019. The social distancing measures imposed by the COVID-19 pandemic led, in a very short time, to the digitalization of educational activities in Romania and worldwide, and this transformation underline once gain the need to develop responsible and appropriate attitudes in online environment.

The degree of satisfaction regarding the online courses from the financial accounting field that were attended within this period is situated in the middle of scale with a percentage of 36.7% (it was used a scale from 1 to 5, respectively from "totally dissatisfied" to "fully satisfied"). We consider that this fact was not influenced by the online course techniques but rather by the mental state of the students, who had completely different priorities in this period, mainly maintaining their health.

Figure no. 7. Value the degree of satisfaction regarding the online courses from the financial accounting field that you attended during this period



Source: made by the authors

Technological progress influences both accounting policies and the conduct of actors in the accounting market, the main actor being the professional accountant. The economic entities in the financial-accounting field must keep up with technology, which evolves very quickly, and to adapt to new technological or medical challenges. Outsourcing the processes that ensure the reports necessary for decision-making can be a solution that entities should consider when analyzing the

situation of the team within the financial-accounting department according to 36.3% of respondents. Most of the respondents chose "I do not know" in a proportion of 53.7% because they did not face such situations, but what should be noted is that professional accountants prefer the status of employee and not free lancer, because only 25.8% vote for outsourcing.

The level of stress induced by (self) isolation /lockdown was felt by 39.8% of those interviewed, and it must be analyzed in a context that can influence the level of subjectivity of the professional accountant, and we must not forget that he/her must present correctly, accurately and completely, through the financial statements, the economic reality of the entity (financial position and performance).

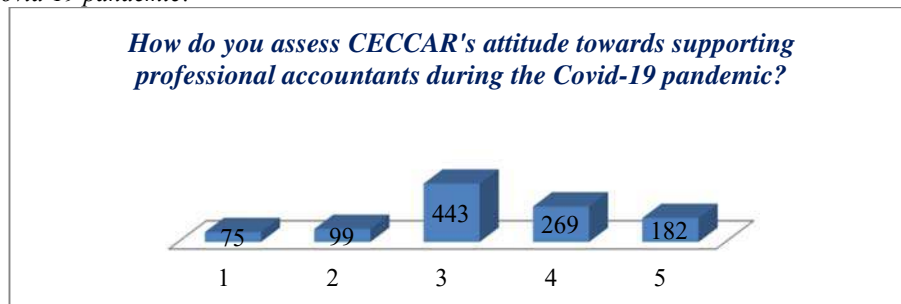
Figure no. 8. The level of stress induced by (self) isolation /lockdown was felt on the performed activity



Source: made by the authors

CECCAR's attitude to support professional accountants during the Covid-19 pandemic, is appreciated by 76% of the respondents. Both CECCAR and the academic environment have been continuously involved in managing this transformation, the transition from the traditional role of the professional accountant to a modern one, adapted to the current requirements of the business environment. Nowadays professional accountant is a visionary person, able to meet the requirements of the global market, with communication skills and a privileged social status.

Figure no. 9. How do you assess CECCAR's attitude towards supporting professional accountants during the Covid-19 pandemic?



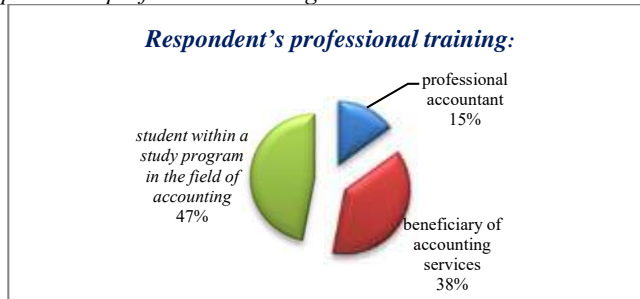
Source: made by the authors

The use of business intelligence tools can be a solution that entities should consider when analyzing the situation of the team within the financial-accounting department in the opinion of 48.9%, but the minus is given by the degree of knowledge in the field because the answer "I do not know" was given by 42.7% of the respondents. "Business Intelligence refers to computer systems for identifying, extracting and analyzing data available in a company, systems which purpose is to provide real support for business decisions" (Dedić, Stanier 2016). Analyzing the answers of professional accountants, 62.7% consider the use of these tools as a solution.

Before making a synthesis of the conclusions and a final review of the hypotheses, we should present the second set of questions, regarding the professional training of the respondents. As respects the professional training of the respondents out of the 1,068 answers obtained, 47.4% are in favor of the *student within a study program in the field of accounting* option, 37.7% of the respondents declared that they are beneficiaries of accounting services and 14, 9% said they are

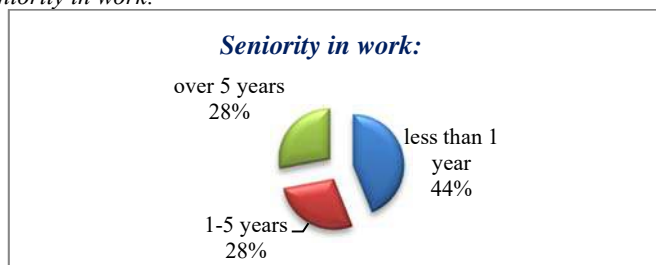
professional accountants.

Figure no. 10. Respondent's professional training:



Source: made by the authors

Figure no. 11. Seniority in work:



Source: made by the authors

From the last two graphs, it can be seen that a number of 858 respondents are employed with less than one year of seniority - 44.2%, 1-5 years - 27.9% and over 5 years - 28%, thus in the category of the interviewees there are many representatives of generation Z or "digital natives", who grew up with social media and mobile technology and could easily cope with the new way in which the professional activity is carried out.

5. Conclusions regarding the validity of the research hypotheses

Following a quasi-detailed analysis of the questionnaire replies, observations and interpretations, as well as the interim conclusions, the set of final conclusions on the research hypotheses is as follows:

I1. Measures to limit COVID-19 virus have affected all categories of economic activities; is fully confirmed;

I2. Measures to limit the COVID-19 virus have led to changes in the way accountants work; is partially confirmed;

I3. Accelerating digitization within the financial accounting department is a solution in times of pandemics; is fully confirmed;

I4. The degree of satisfaction related to the courses in the financial accounting field has suffered due to their occurrence in online format; is partially confirmed.

This research emphasizes the idea that professional accountants are trained to face challenges, even if some of them are of medical nature, are open-minded people ready to work online, yet underlines the fact that they have been subjected to stress caused not by the way in which they deal with their activity, but by the concern to keep themselves healthy during this pandemic period.

6. Acknowledgement

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