

THE PROFESSIONAL ACCOUNTANT DURING THE COVID-19 PANDEMIC. CHANGES, SKILLS AND CHALLENGES

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Abstract. *Currently, the COVID-19 pandemic is the phenomenon that has impacted people's lives and work. The accounting profession has been and continues to be subject to continuous challenges, which cause changes in the activity of the accountant. The main purpose of this paper is to present the challenges to which the accounting profession and professional accountancy organizations (PAOs) were subjected in the context of the COVID-19 pandemic. At the same time, the aim is to illustrate the skills required of the accountant before the pandemic and those required during and after the pandemic. Another objective of this research is to present the role of the professional accountant in decision-making in a company in this period. By presenting and analyzing the mentioned aspects, we will be able to illustrate the picture of the current professional accountant. At the same time, we will highlight some characteristics of the accountant of the near future, thus offering professionals and teachers in the field, students, organizations of accountants, an idea of direction in which to develop to stay in the field and be competitive.*

Keywords: *accounting profession, COVID-19, accountant, challenges, skills, decision-making*

JEL Classification: M41

1. Introduction.

The COVID-19 pandemic had a major impact on all spheres of economic and social life. Of course, in turn, the accounting field, has undergone significant changes as a result of the pandemic, and with it the professional accountant has felt the need to adapt his activities to the new context. Nowadays, the professional accountant must be a flexible person, as he is constantly subject to the changes caused by the computerization of accounting. However, the pandemic has managed to bring novelties into the professional life of the accountant.

In the article entitled “The accountant in the digital era and the COVID-19”, the authors mention that “we live at a time of technological change that is unprecedented in its pace, scope and depth of impact. Thus, the Industry 4.0 is an irreversible process and the paradigm shift in the work of accountants, with the transition to Accounting 4.0 is inevitable and even indispensable for the survival of the profession. Although, in recent years, the professionals have been postponing this transition process. However, in March 2020, due to the world pandemic, the business world changed. In the peak of the pandemic of COVID-19, with business activity almost stopped, companies, more than ever, needed technical support and advice from their accountants to survive to the economic catastrophe that was starting. During the economic crisis caused by COVID-19, accountants have done a remarkable job of trenching, being guided by two main objectives: to minimize the economic damage and to save as many jobs as possible, nevertheless, to do so, accountants were forced to reinvent their way of working, taking advantage of new technologies to assist companies. Thus, the global pandemic, on one hand, has increased the need for accountants' transition to Accounting 4.0, on the other hand, it led to an increase in digital technologies use by accountants, accelerating this transition process. In this paradigm shift, it is very important that accountants overcome their fear for change, as well as the fear of being replaced by new technologies. Thereby, there is an unquestionable

need to train the accountants, endowing them with new skills, to face the new reality” (Borrego et al., 2020).

The main purpose of this paper is to present the challenges to which the accounting profession and professional accountancy organizations (PAOs) were subjected in the context of the COVID-19 pandemic. At the same time, the aim is to illustrate the skills required of the accountant before the pandemic and those required during and after the pandemic. Another objective of this research is to present the role of the professional accountant in decision-making in a company in this period. It is important to note that the paper presents the analysis of changes in the accounting profession caused by the pandemic and the skills of the accountant presented in other papers and studies.

2. Literature Review

Currently, the issue of the impact of the COVID-19 pandemic on the work of the professional accountant is addressed in a multitude of studies and articles in the field. The most treated aspects are: the different skills needed by an accountant before and after the pandemic; the role of the accountant in decision making in a company during the pandemic; the changes that have taken place in the accounting profession etc.

The article “The impact of COVID-19 pandemic on the activity of the professional accountant” 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” (Frumuşanu et al., 2020).

“The practice of accounting has long helped to encourage and grow public and private corporations. The rapid acceleration of the outbreaking crisis of the COVID-19 situation poses significant challenges for the computer and the companies involved in using digital technology in the industry. Accountants must bring value and resolve existing and potential challenges using new technologies to solve risks and obstacles. The study concludes that digital technology is a must-have for professionals to succeed and remain in business throughout this pandemic era” (Kaka, 2020). In this pandemic, “accounting professionals are facing difficulty in disclosing some information about a company. They are information about non-financial and immaterial goodwill properties and challenges in cash flow, collateral losses, and divulgations associated with the imposition of continuity and the related information. Despite these obstacles, foreign accounting professionals have reached a consensus” (Ardiny, 2020). According to Hylan and Rosenberg (2020), accounting professionals are working virtually, and they are using technology to do their work. They are doing their meeting by video conference.

In the article entitled “The Impact of COVID-19 on the Accounting Profession in Bangladesh”, the author mentions that “In the long run, the challenges of the health pandemic illustrate the challenges that the accountancy profession now faces. COVID- 19 has accelerated ten technical developments, two of which are specifically related to the accounting profession, including remote working and remote learning, according to the World Economic Forum. There are digital transitions, and they remain here. It was always important to consider, but the speed of change accelerates, job options and prospects continue to develop, and talent attraction is constantly challenging. Accountants are trying to build solutions for the long-term challenges. Operating models would have to adjust not only for participants but also in economically challenging times worldwide to work effectively. They are trying to ensure workers can function at home (for example, suitable home tools, IT support, connections to Wi-fi or hotspots) to offer access and support tools to sustain

connectivity and competitiveness through digital networking and teamwork. Accounting professionals have to improve or prepare preparations and industry for disaster recovery the continuity arrangements, examine the risk profile, and incorporate techniques for risk management. There are changes in accounting during the pandemic. When accountants prepare the companies' financial statement, they will keep in mind the changes and implement that in the financial information. When auditors audit the financial report, they will also consider the differences in accounting” (Jabin, 2021).

In article “Accountancy skills evolution: Impact of COVID-19 & The path forward”, published by IFAC in 2020, it is mentioned that “Professional accountants are and will continue to be - strategic partners in any setting, be it in the private or public sector. The pandemic tested our capacity as business drivers, and we rose to the occasion. This is a pivotal moment for the accountancy profession - one where we will change old paradigms and embrace new skills for the digital and rapidly evolving world in which we live. How we act in this moment will define the future of the profession, and the opportunity for positive change is immense. Right now, societies and economies around the world are trying to find a way to move forward from a crisis-laden year. Professional accountants are the highly strategic, collaborative, problem solvers who will help businesses and governments - large and small - move forward”.

3. Analyses and Results

If we talk about the skills required of the professional accountant, then, first, we must mention that they are constantly changing. Today’s required skills may be insufficient for a difficult period, such as the COVID-19 pandemic. At the same time, in the future, the required skills will be much more sophisticated and directed towards the concept of personal development and leadership.

In the article entitled “About the skills of a successful accountant in the pandemic context”, the author mentions that “During this unprecedented period of uncertainty related to the COVID-19, every sector is affected and there is a need of a general shift both in the way things are done, but also in the attitude of the people. When referring to the skills of the accountants, we can argue that before the pandemic the main focus was on their knowledge and experience in the field. Their professional competency was seen as the most important asset. However, after the pandemic, it seems that this is no longer enough to remain relevant as a professional accountant. The accountant after COVID-19 must be more flexible and have an open attitude towards change. It should surpass the traditional manner of providing services and seek every opportunity that arises. Moreover, he or she should learn how to cope with the new tools and emerging technologies, as digitalization will be a pillar of paramount importance in the near future” (Nimigeon, 2021).

To ensure a better understanding of the skills accountants need, we will research the information presented in the table 1.

Table 1 **Skills required of the professional accountant**

Skills of accountants:		
Before COVID-19	After COVID-19	In 2025
1. Bachelor’s or master’s degree in Finance and Accounting or relevant		1. Analytical thinking and innovation

2. Proficiency in MS Office package, especially good comprehension of Excel functions	1. Extensive ability to operate in rhythm in a fully digital environment	2. Critical thinking and analysis
	2. Continuously developing cognitive skills for redesign and innovation	3. Creativity, originality and initiative
3. Fluency in English (at least B2)		
4. Analytical mindset	3. Well-established social and emotional skills to ensure effective collaboration	5. Emotional intelligence
		6. Resilience, stress tolerance and flexibility
5. Sense of urgency and ability to work under pressure	4. Adaptability and resilience developed to thrive during the COVID-19 aftershocks and beyond	7. Technology use, monitoring and control
		8. Reasoning, problem-solving and ideation

Source: made by the author

Thus, “the burden for the accounting profession has increased due to COVID-19 since organizations do not have the total capacity to disclose information as per rules and because of decline and the failure to get clear and accurate data. Also, the accounting industry benefits from learning from this experience, which requires solutions and managerial innovation” (Jabin, 2021), and the professional accountant needs more and more sophisticated skills to be competitive and competent in the field.

Regarding the role of the accountant in decision making in a company during the pandemic, the author of the paper “The Financial-Accounting Decision in the Crisis Generated by COVID-19. The Role of the Professional Accountant in the Company” claims that “Having to deal with all the problems generated by the coronavirus pandemic, the companies must take some important decisions, based of accounting information. The decision is a result of the financial accounting process. The decision is a choice made between alternative courses of action in a situation of uncertainty. The quality and quantity of the information provided to the decision-makers by the accounting information system within the organization, is a mandatory condition in order to elaborate correct decisions, in accordance with the reality and which can help to identify solutions to the problems arising in the business activity. Most of the information that the decision makers can have, is the accounting informations thus, they are offered the possibility of an accurate representation of the economic phenomena and processes, having the highest degree of certainty” (Bogasiu, 2020).

Table 2 shows how the accountant contributes to the decision-making process within a company during the pandemic period.

Table 2 **Accountant and decision-making process within a company during the pandemic period**

<p><i>The Accountant must Inform Himself of all the Aids Options</i></p>	<p>Accountants should inform himself about all financial and other forms of aid provided by national governments or at EU level. It is vital the accountants be aware of these forms of aids because these aids might be the key to guarantee the survival of the company. Some examples of these aids could be:</p> <ul style="list-style-type: none"> - Taxes may be paid in instalments, no default interest in case of late payment; and no penalties in case of late payment; - Advantages regarding the loans provided by banks to companies, like temporary subsidies covering the interest and the guarantee management fee for the loans.
<p><i>The Accountant must Apply the Available aid to the Client Situation</i></p>	<p>In these circumstances the accountant must develop a quick analysis of his client and identify the ways of how the company can benefit most from public support measures. Then, the accountant must offer assistance and counselling to access these emergency financing provided by governments.</p>
<p><i>The Accountant must Offer his Help with Immediate Business Survival</i></p>	<p>There are some measures that the companies could take to avoid collapse, and the accountant must inform the management about their possibilities, such as:</p> <ul style="list-style-type: none"> - Access the reliefs on offer as soon as possible to maximise the impact; - Review and adjust their cash flow forecasts to determine what impact cuts in sales will have on their ability to pay their suppliers and debt. Businesses should continue to pay their suppliers when they can to help avoid a wide-spread collapse of the financial system.
<p><i>The Accountant Could Help the Company to Develop a Plan for the Medium Term</i></p>	<p>In the actual context the company management could find only one way to avoid the collapse by laying off employees. The accountant must have a realistic and complete analysis and establish if this is the only way. On top of having negative social and societal impacts, cutting down on workforce also constitutes a loss of key skills for the business. This should be a last resort option only, so the accountant should help the company to access all alternative options, aid, and financing available first. It is possible that staff would prefer taking a temporary pay cut over redundancy.</p>
	<p>According to the Institute of Internal Auditing “internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic,</p>

<p><i>The Accountant Should Have a Strong Collaboration with the Internal Audit Department</i></p>	<p>disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”</p> <p>According to this definition, the internal audit helps the company to improve the effectiveness of risk management, control, and governance processes. In this context, it is vital to have a strong connexion between the accountant and the internal auditor because the company needs all the expertise of its specialists, to identify the optimal solutions to ensure the survival of the company.</p>
<p><i>The Accountant Should Collaborate with the Financial Statements Auditor</i></p>	<p>In order to respect the principle of business continuity that is seriously affected by the impact of the pandemic by COVID-19.</p>

Source: made by the author based on (Bogasiu, 2020)

Sofia Papadopoulou and Maria Papadopoulou mention in the paper “The Accounting Profession Amidst the COVID-19 Pandemic”, published in 2020, that “The accountant, being the sole link between the state and the taxpayers, has undertaken the task of the implementation of these emergency measures as an instrument of support to the state effort for the avoidance of the private sector financial collapse. Therefore, the role of the accounting profession and its importance is a lot starker in the context of this emergency period. The accountants have made their own effort, devoting more time to their professional activities without remuneration, under particularly adverse conditions of time pressure, work-related stress, anxiety and insecurity”.

In terms of the challenges of the accounting profession and professional accountancy organizations, in the article “COVID-19 impacts. Challenges facing the profession and professional accountancy organisations”, based on a survey of the members of the Confederation of Asian and Pacific Accountants (CAPA), is specified that during the pandemic “The profession is facing a wave of rapid and significant change. Significant change was already anticipated prior to the pandemic. The need for the profession to adapt and remain future-ready and relevant has peppered many discussions in recent years. Some key drivers of change, also identified in a CAPA article published in July 2019 titled “Challenges facing the profession in Asia Pacific”, include: - Rise of technology and innovation; - Heightened regulatory requirements; - Changing market demands; - New business models and emerging industries; - Demand for greater transparency and accountability, including in the public sector; - Next generation’s expectations; - Evolving roles in finance, and skills gaps” (CAPA, 2020).

In his article “The COVID-19 crisis, risk compliance and its aftermath on professional accountants”, Emmanuel John Kaka states that “doing business through physical contact have reduce drastically with the outbreak of covid-19, gradually being replace by digital technology in 2020 and in future. Thus, accountants need to position their firms for these changes from face-to-face or physical contact to virtual devices in order to be in the forefront and set for the new remote and digital technological revolution. Areas trashed by the paper includes: risk and compliance challenge, risk management to be considered during crisis, the need for effective crisis management by the accountant, accountants toolkits for managing covid-19, technology a must have, plan or guiding framework for adding new technology amid crisis of covid-19, effective use of technology, ways accountants can navigate the covid-19 crisis and support needed by the accountants. Embracing

digital technology is a must for accountants if really, they want to be relevant and stay in business in this period of pandemic and in the future” (Kaka, 2020).

Figure 1 shows the challenges to which professional accountancy organisations and their members are subjected.

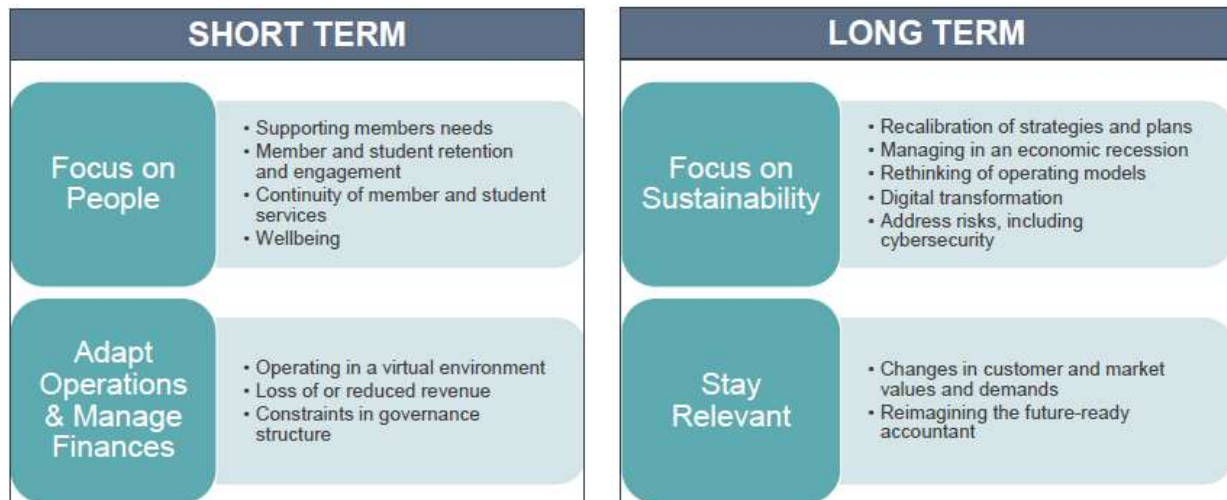


Figure 1. PAOs and their members: Challenges

Source: COVID-19 impacts. Challenges facing the profession and professional accountancy organisations, CAPA, 2020

4. Conclusions

Certainly, the professional accountant was and is influenced by the COVID-19 pandemic. This phenomenon has led to many challenges for the accountant, which have led to both favorable changes (speeding up the digitization process, gaining experience in remote work) and less favorable changes (increasing workload, the emergence of a multitude of new regulations in a relatively short period of time). Professional accountancy organisations have also faced short-term (supporting members needs, operating in a virtual environment) and long-term challenges (rethinking of operating models, changes in customer and market values and demands).

During all this time, not at all easy, the skills needed for a professional accountant have changed. Thus, if until the pandemic, the necessary skills were more related to the level of professional training (holding a bachelor's or master's degree in accounting or finance, operating in Microsoft Office, knowledge in English), then the pandemic came with new skills necessary (free operation in a fully digital environment, the ability to cope with difficult phenomena, such as the COVID-19 pandemic, the ability to adapt). In addition to the above, by 2025, additional skills will be required. These will refer to the continuous personal and professional development of the accountant (critical thinking, analytical spirit, emotional intelligence, continuous learning, flexibility).

At the same time, in the context of the pandemic, the role of the accountant in the decision-making process has been amplified. Thus, the accountant must inform himself of all the aids options; he must apply the available aid to the client situation; he must offer his help with immediat business survival; he could help the company to develop a plan for the medium term; he should have a strong collaboration with the internal audit department; and he should collaborate with the financial statements auditor.

Finally, we note that the accounting profession is constantly changing, and the professional accountant must be a flexible, competent, ambitious person with a strong critical spirit and focused

on personal development to remain competitive in the field, even in difficult times, as a COVID-19 pandemic.

Our research on the impact of the COVID-19 pandemic on the professional accountant will continue, as we are interested in highlighting the opinion of accountants about how much this pandemic has affected them and whether the coronavirus crisis had a positive influence on their professional life or only a negative influence.

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