OBSTACLES AND SOLUTIONS IN ACCOUNTING DURING THE PANDEMIC ERA

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Abstract
Accounting has always been a great consumer of inventions and innovations in computing technology. This evolution led both to the change of accounting techniques and to the evolution of the accounting profession. The covid-19 pandemic has changed the way of working in many fields, especially through the need to adopt digital technology. The accounting profession was affected as well: there were difficulties in adapting to the urgent changes dictated by the pandemic against the background of an increase in the importance of accounting. Through this theoretical paper we will try to show the difficulties encountered and how accountanting profession has adapted to the rapid changes that occurred during the pandemic.

Keywords: *accounting, concern, obstacles, digitalization intelligence*

Clasifiautomotivee JEL: *M21, M31, M15*

1. Introduction and context of the study

Over time, the spectrum of accounting and financial services has expanded, going beyond bookkeeping and reporting tasks. (Keats and Verhelst, 2020) Accountants' attention is now directed both to the past, by analyzing historical activity, and to the future, by evaluating current conditions to provide company development solutions that will support management decisions. All this, along with globalization and technological progress, make the accounting activity not only complex, but also critical. (Guthrie and Parker, 2016)

Business people are increasingly interested in letting go of bureaucratic paper handling operations so they can focus more on their business. However, this does not imply a decrease in the need for information. On the contrary, information is power more than ever. The speed with which business is currently conducted requires fast information channels that allow correct decisions to be made in a very short time. This is one of the main reasons why companies have moved their data from self-installed accounting software to the cloud, to be accessed remotely from mobile devices using the Internet. The data entered in the cloud are processed by the software programs of the service providers to obtain real-time reports. Thus financial information can be obtained online at any time, by using a device that can connect to the Internet.

The emergence of the state of emergency, triggered by the coronavirus infection (covid-19), which led the World Health Organization to declare on 11.03.2020, for the first time in history, a global "pandemic", led to serious disruptions in economy and society, implicitly in the accounting activity. According to Richard Baldwin and Beatrice Weder di Mauro, China's economic slowdown due to numerous production shutdowns and transportation restrictions have disrupted global supply chains, leading to contractions in production around the world. Added to this was the panic among consumers, who created anomalies in the market by distorting the usual consumption patterns (Baldwin and Weder di Mauro, 2020).

2. Obstacles and challenges in accounting

The rarity of this event made the emergency measures taken by the governments to bring about major changes both in the work culture, as well as in education and entertainment. Being for the first time facing such an event, the measures taken had a high degree of uncertainty regarding their effects and economic impact (McKibbin and Fernando, 2020). Lockdowns and the reduction of commercial activities to the basic necessities of life led to a drop in income and to unemployment. The disruption of the supply chain had the effect of decreasing the consumption of goods, which often led to the cessation of production. The ban on the provision of services in certain fields of activity has led to the closure of many companies operating here.

Governments have taken a series of support measures, such as suspending the payment of some taxes, granting subsidies to affected companies, support for suspended employees and incentives to keep employees' jobs. The accounting activity was affected by this unexpected disruption of the daily life routine, when accountants were forced to deal with these sudden changes. According to Sofia and Maria Papadopoulou, the pandemic crisis had the effect of changing the way accountants operate. (Papadopoulou and Papadopoulou, 2010) Changes in the taxation and modifications in legislation put pressure on the accountants' duties, who had to implement the new stipulations. To these changes was added the ban on movement, as well as the risk of contamination, since accountants come into contact with a large number of clients. Isolation from colleagues and clients has affected the balance between private and professional life, adding stress to the fatigue caused by overwork. Families with small children had the biggest problems due to the impossibility of being able to separate working hours from the time needed to take care of the children.

In addition to the personal problems faced by accountants, CPA firms and accounting departments have had to look for solutions to help their clients and the company adapt to the new conditions they are facing. Also, with the transition to remote work, accounting firms faced the difficulty of hiring new staff. The impossibility of meetings in person made the whole hiring process more difficult, CPA firms preferring to hire temporary staff to work remotely, the hiring of young talents coming to a standstill.

As a result, accountants have had to change their work patterns and turn to remote work. If it was easier for employees in the accounting departments of large companies to adapt to these changes, it was much more difficult for self-employed accountants. The latter serve a large number of small companies with different characteristics and requirements that had to be covered quickly. The problem that arose is that, if accountants had access to tools that would allow them to work remotely, many small companies encountered difficulties regarding access to new technologies. Unfortunately, large companies resorted to layoffs or temporary salary cuts, or offered early retirement packages in order to reduce the company's expenses.

Researchers, such as Andrew Crane and Dirk Matten, state that accountants today widely use technology in their work, with many companies resorting to accounting outsourcing during the pandemic to cope with changes in this field and thus receive assistance from accountants accredited. (Crane and Matten, 2020) Charles Hylan and Rosenberg Hylan showed the difficulties that Certified Public Accountant Firms (CPA) faced during the covid 19 pandemic, such as closing offices and working remotely, the need to equip employees with the necessary technology for communication and remote work, management had to learn to run the company remotely and manage it virtually, given that the tax legislation has changed practically overnight. The feeling of frustration among the staff generated by the lack of social and professional interaction of office work was also noted. Business development also suffered due to the inability to meet new clients face to face. Bonds become much closer in the case of face-to-face meetings and video conferencing cannot be a substitute for old-fashioned human contact.

According to Jennifer Wilson, the transition to remote work involves a lack of staff and IT specialists, with employees having to deal with technology on their own, both in terms of remote communication and sharing the company's work files (Wilson, 2020). This is all the more necessary since working remotely involves accessing data from unsecured places and raises issues regarding cyber security. Being based on computers, automated processes are vulnerable to fraud and the accounting field needs internal auditors to discover data errors. Another series of problems arise due to the assurance of cyber security. Mass identity or data theft, hacking are challenges that must be overcome through technological modernization. Working from home, situation imposed by the movement restrictions, accounting professionals were isolated from the companies they work for and from their staff, from the technology and the IT specialists they needed. Until the pandemic, cyber security was the exclusive responsibility of IT. Since many of the financial processes now run remotely, CFOs must adopt security measures to safeguard sensitive data about the company, suppliers and customers. An increased security requires high costs, cost/benefit analyzes being necessary, which often lead to an increased vulnerability to maintain the company's efficiency. The staff must have information about the threats to which the company is subject, such as phishing attacks, malware or data leakage. It is necessary for accountants to learn remote communication methods and to transmit company data exclusively electronically, as the entire accounting activity, from document handling to financial data analysis, has been digitized so that accountants can assist their clients.

One of the main problems the accountants faced was the extremely short time for collecting information. The legislative changes occurred together with the change in the way companies work, which made the accounting reports no longer contain information that would ensure the predictability of the company's evolution and the development of a strategy for the future. Prohibitions regarding circulation have often meant that the finalization of balance sheets and the issuing of financial reports were often done without counting the physical inventory. This has raised many questions regarding the continuity of operations in optimal conditions of companies in the event of possible stock counting deficiencies. Accountants' concern regarding poor communication with clients and colleagues is all the greater since after the end of the pandemic, most companies will continue to work remotely.

The economic recession caused by the pandemic led to restructuring, which made companies often operate inefficiently, with employees at risk of being fired. It also became almost impossible to evaluate the progress of the staff's work, the time they actually work. A report by the consulting company Korn Ferry shows that most of the employees who resign are those who work from home, and there is also a tendency to leave the job without having another one lined up. Evrything DiSC speaks of "the great resignation" in which the staff leaves due to fears fueled by the pandemic regarding the lack of opportunities for growth and personal development. ("Keep your people:" n.d.)

The concern of accountants regarding all these problems as well as poor communication with clients and colleagues is all the greater since after the end of the pandemic most companies will continue to work remotely.

3. Digital maturity - the path to the new accounting

A good first step is the fact that the crisis highlighted the need for accountants. Professional accountants manage the information on which the development of the long-term strategy is based. The transformation of the way of doing business inevitably leads to the modification of the accounting profession to meet the demand for change. This is a turning point for the accounting profession, where old paradigms are being changed and new skills are being embraced for digital. For many of the accountants working remotely was not an absolute novelty, so the learning curve was not very steep and people adapted quickly. Also, a number of large companies offered financial support to employees to purchase or renew their laptops and routers. But accountants had to think beyond computers and online meetings to maintain relationships and evolve in the new environment. They had to see beyond the numbers to understand how the daily activity of their customers goes.

There were several forms of organizational support, such as flexible working hours, part-time status or compressed work weeks, but the most important was the option of working from home. In March 2020, the option of working from home became a requirement, with CPA firms providing technical support to professionals for the fulfillment of remote work tasks. In general, CPAs have made efforts to support employees so that they are not overwhelmed by the additional responsibilities and tasks of working from home, leading to high levels of stress, burnout or anxiety. Organizational support was very important in order to find a balance between professional and private life, this being possible thanks to feedback from their employees.

The digitization process, which had reached a period of relatively slow development, was accelerated by the restrictions imposed by the pandemic, leading to paperless operation. Through this forced adoption, many companies changed their archaic processes leading to a better work environment, both for accountants and for company employees. The pandemic has forced both companies and CPAs to establish emergency plans, which take into account a secure cyber space, which is able to protect company and customer data in remote working conditions. The flexible schedule offered by working from home and the exemption of commuting time allow more free time for recreation and to pursue personal hobbies. Also, companies can recruit qualified personnel outside the traditional metropolitan area where they operate and can save money on office-related costs.

Accounting automation aligns with the general trend in the industry, having the advantage of reducing errors and confusion. Through automation, accounting experts can provide management with data faster than ever, allowing the company's activity to be optimized. Virtual warehouse tours along with price checks can allow count reviews to be reliable and unproblematic. The rapidly changing environment can disrupt the activity of companies through the lack of vision of the executive management. CFOs can contribute to establishing a strategy regarding the direction of internal capital and spur creativity to maximize the economic return.

The pandemic has disrupted the traffic of goods, making the supply chain a critical point of business. CFOs must go beyond the traditional periodic reporting of financial data, they must now understand the geopolitical connections in order to assess risks, monitor and find solutions in case of disruption to their companies' supply chains. Economic directors have to face increased economic risks, which include recession, changes in demand and supply or inflation, which cause uncertainties not only in the long term, but also in the short term. CFOs must ensure that they have sufficient cash reserves to be able to face the crises that may appear in an increasingly dark economic horizon. Operational resilience is the ability of a company to remain operational in the event of a disaster. It includes, in addition to the delivery of the company's goods and services, cybernetics and various technologies, supply chains and other elements that can cause disruptions. The pandemic showed the possibility of multiple and converging events, with a strong impact on operational resistance. All these risks have financial implications, therefore CFOs must take the initiative to minimize their impact on the company. Risk assessment must be done by CFOs through continuous monitoring of financial and operational results, and through a forecasting process to identify future problems. It is necessary for the risk management process to involve employees at all levels, but especially the CFO, who is the most qualified and well positioned to identify the significant areas from a financial point of view, in conjunction with business and management objectives. With the identification of the risk and the probability of its occurrence, the CFO must turn possible problems into quantifiable outcomes. Risk management programs must have the ability to be proactive, to be able to respond to a certain risk before it has a negative impact on the organization. CFOs, being deeply involved in operations and financial commitments, are the natural choice for fulfilling this responsibility.

One of the answers to the problems faced by the accounting field during the crisis was the rapid adoption of artificial intelligence, that can analyze huge amounts of data to optimize work flows and to detect possible anomalies in the system. AI is also used to support business decisions, being able to make cash flow forecasts, to detect the danger of lack of cash, bad debt or any other problem before it becomes acute, so that measures can be taken accordingly. It helps the users to more easily identify the areas where the companies present improvements and where it is necessary to take action to remedy the deficiencies. For example, with devices that can provide video recordings or live video streams, such as an employee-worn GoPro camera, inventory or a stock count can be observed. Images can also be obtained with the help of drones, video streams can then be processed by artificial intelligence. AI software can learn many items with the help of image recognition software, such as, for example, CountThings. Boxes, parts, cars and other objects that can be easily learned by AI can be counted. However, some weaknesses remain, such as the identification of dusty, damaged or tarnished goods. But even here technology can help, equipping drones, for example, with electronic ”noses” that identify the presence of certain organic compounds or chemical substances that indicate decay.

Specialists like Huayu Shen or Mengyao Fu believe that new technologies are essential to overcome the obstacles of the pandemic era and to stay in business. (Shen, H. et.al, 2020) Cloud accounting had one of the biggest impacts on the accounting profession. It can offer solutions and help both for accountants and for management. The main advantage is the easy access, from wherever there is an internet connection and with a device that can connect to it. Thus financial information can be obtained in real time necessary for making a correct decision. traditional systems lag behind and become ineffective compared to this alternative technology. (Arslana, et al., 2009)

The cloud accounting application is installed on consumers' devices but is run on service providers' servers: in fact, the use of this accounting application is purchased. The initial investment is reduced because software and hardware licenses do not need to be purchased. (Păcurari, D., Nechita, E.,2013) Customers will pay based on the pay-as-you-go model, only for what they use. The software provider will take care of the updates, so that the customer can benefit from the latest versions, all with a simple internet connection.

The cloud-based accounting applications can display the current financial status of a business because the data is constantly updated. Also, the cloud can be accessed non-stop, without being limited to office hours and without the need to connect to the company's computers. The user can check recent transactions and bank balances, having an overview of the company's business in real time. The platform administrator also takes care of protecting financial data, using high security standards. If the user's computers can be stolen, destroyed or malfunction leading to data loss, the information stored in the cloud is safe because the application is no longer stored and run on a single device.

Since the applications are delivered according to demand, customers can grow the business without investing in IT infrastructure, or decrease (as in the case of seasonal businesses) without paying more than necessary for the software they need. In this way, the company's performance can be improved, by reducing costs, by better communication between departments, as well as by increasing the management's ability to make decisions in accordance with the last minute situation of the company.

4. Conclusions

The increasingly complex world economy will favor the emergence of more and more crises that will hit businessmen and the population. They will require making difficult decisions for government leaders, small business owners or CEOs of large companies. The reality we faced in 2020 can be repeated at any time. Following the pandemic, the business world changed and with it, the accounting profession. Digital processes have appeared that not long ago we considered impossible.

Accounting went through a critical moment and had the opportunity to transform. The role of accounting professionals has been reconsidered, being now established as strategic leaders. The new accounting practices have aligned with both the impact of technology and the demands of society. The digital transformation was accelerated by the crisis, both to remain operational and to adapt to the new requirements. The way in which business is conducted has changed forever, and this reality also necessitated the transformation of the accounting profession. Accountants store and manage the information on the basis of which long-term decisions are made and strategies are formed. When the business transforms, accountants must be at the center of the transformation, as the uncertainty brought by the change must be mitigated through accurate data and clear objectives.

A sustainable, long-term strategy ensures the company a secure place in the future. In addition to high-quality reporting, a change in mentality is also necessary. Accounting does not operate in a static world: it must evolve so that the new generation of accounting professionals possess a full set of interdisciplinary skills, can use technology, can collaborate with executive teams and have communication skills to effectively highlight the risks to which the organization is exposed in its evolution.

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