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## PECULIARITIES OF THE ACCOUNTING ORGANIZATION IN PERIOD OF THE COVID-19 PANDEMIC

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**The research focuses on studying, summarizing theoretical and practical data on the impact of the challenges and risks associated with the Covid-19 pandemic on the organization of accounting, as well as developing recommendations for improving it.**

**Keywords:** accounting, covid-19 pandemic, outsourcing, accounting policy, digitization, remote work, accounting software, cloud technologies.

**У статті відображено узагальнення теоретичних та практичних даних щодо впливу викликів та ризиків, пов'язаних із пандемією Covid-19, на організацію бухгалтерського обліку, а також наведено рекомендації щодо подальшого розвитку організації бухгалтерського обліку.**

**Ключові слова:** бухгалтерський облік, пандемія Covid-19, аутсорсинг, облікова політика, діджиталізація, відділена робота, облікове програмне забезпечення, хмарні технології.

**В статье отображено обобщение теоретических и практических данных о влиянии вызовов и угроз, связанных с пандемией Covid-19, на организацию бухгалтерского учета, а также указано рекомендации относительно дальнейшего развития организации бухгалтерского учета.**

**Ключевые слова:** бухгалтерский учет, пандемия Covid-19, аутсорсинг, учетная политика, диджитализация, отдаленная работа, бухгалтерское программное обеспечение, облачные технологии.

**The Covid-19 pandemic** has made adjustments in all walks of life, forever changing the work and leisure of people around the world. Quarantine restrictions, including Ukraine, have had a significant impact on the economies of all countries, including Ukraine.

To overcome the crisis, business entities are forced to make drastic changes in their activities, without violating anti-epidemic legislative innovations. Such changes, first of all, concern accounting which reflects the economic activity of the enterprises. Therefore, it is very important to study the impact of the pandemic on the transformation of the accounting organization.

**This issue** was studied by such domestic scientists as M. Bondarenko, D. Dolbneva, Z. Zadorozhny, O. Lugova, V. Makarovych, O. Miklukha, N. Poznyakovskaya, I. Sysoeva, O. Steshenko, etc. Detailed research abroad was carried out by research centers together with accounting and auditing firms. Among the scientists are Marian Matei, Charles H. Cho, Sumit K. Lodhia, Giovanna Michelin, Carol A. Tilt, Jon Zelter, Julien Riou, Ruth Etzioni, Andrew Gelmanta, etc.

**The study was conducted** using general scientific and empirical methods, methods of economics. The methods used are economic analysis and grouping, classifications, comparative analysis, systematization and generalization, graphical method.

**The main purpose** of the article is to study the impact of business crisis during the pandemic on the transformation of accounting and assess the consequences of changes in accounting.

**The spread of the coronavirus** disease pandemic (Covid-19) has led to changes in the structural and organizational forms of accounting for economic activity. To study such changes, the research is divided into five main sections, which reveal the most important aspects of interaction with accounting. These are forms of accounting for business activities, accounting policies of enterprises; methods of processing accounting information, management accounting, and document flow of enterprises.

The crisis caused by the spread of coronavirus infection has complicated the work of enterprises and the accounting department in particular. Enterprises faced problems with accounting and reflecting the costs caused by the introduction of quarantine measures, payment of hospital workers, social insurance of their lives, the emergence of a shortage of public transport, etc. There is a need to justify unforeseen costs and unforeseen losses, which significantly affect the adoption of appropriate management decisions by managers, internal and external users of enterprise reporting.

It is worth noting that the mass introduction of quarantine led to a decline in economic activity, which affected both small and large and medium-sized businesses, including accounting, reporting, and auditing. According to a study by the Institute of Management Accountants [1], as of January 2021, the profits of companies in five countries: China, India, Saudi Arabia, UAE, and the USA increased by an average of 22 to 34%. On the other hand, the decrease in profits ranged from 42% to 51%, which is explained by the negative impact of the pandemic on the activities of enterprises in general. It can be concluded that industries such as tourism, manufacturing have experienced a significant reduction in their profits.

The introduction of quarantine requirements and rules has primarily affected labor resources and the labor market in the world as a whole. During the quarantine period, the unemployment rate in the European Union increased from 6.7% to 7.3%, in particular among young people under the age of 25 – from 14.4% to 16.9% of the labor force of the corresponding age [2].

In response to changes in the labor market, the International Labour Organization (ILO) has called on governments to take measures to prevent and control the spread of COVID-19 in the workplace to protect employees. It should be completed together with trade unions and employers [3].

Entrepreneurs began to transfer their employees to remote or home-based work (home office). The main international and European instruments specifically relating to telework are the ILO Home Work Convention of 1996 (No. 177), the ILO Recommendation on Home Work of 1996 (No. 184), and the EU Framework Agreement for the Regulation of Telework of July 16, 2002 [4].

The need to implement workers' rights to work remotely is emphasized by G. Gail, German Prime Minister. He is planning to introduce a bill that will allow employees to work remotely several days a week.

In France, the law governing teleworking was adopted in September 2018. During the spread of the pandemic, the French government actively promoted the further development of remote employment and made recommendations to use the opportunities of work from home [5].

According to ILO estimates [6], before the COVID-19 pandemic, only 8% of the world's workforce, or about 260 million people, worked permanently at home. And in the United States, over the past 10 years, the number of employees who regularly work from home has grown by 115% and reached 2.8% of all employed Americans (3.9 million people).

As a result, 82% of surveyed office workers in 25 countries expressed a wish to continue working from home at least one day a week after the complete abolition of quarantine measures one or two days a week [7].

According to the International Federation of Accountants, virtual work in the Netherlands has been commonplace for more than a decade. When COVID-19 forced lockdowns, professional

accountants were ready. In other regions, the transformations were not as simple. In South Africa, workers embraced change very quickly, but the more remote areas of the country found it difficult to find immediate solutions. Meanwhile, in China, the shift to remote work was rapid. In the U.S. and many other countries, new systems took root overnight, but with them came newfound concerns about security and the availability of technology [8].

According to OpenData Bot [9], there were registered half as many new entrepreneurs every week during the spring quarantine in 2020 in Ukraine. Today, we can observe that the number of newly created sole proprietorships as of March 28, 2021, is 5,114, newly created companies are many times less, only 1,167. In the same period (March 28, 2020) a year ago, this figure was much lower. Near 1783 sole proprietors were registered, and 435 companies. This impact on Ukrainian business has led to attempts to change existing business models to establish new working formats.

In Ukraine, as in many countries around the world, the labour market is facing serious challenges caused by the spread of COVID-19, including socio-economic. This leads to a reduction in demand for labor and a decrease in the number of employed people, an increase in unemployment.

This is confirmed by the data of the State Employment Service, which states that the number of unemployed in January-February 2021 compared to the same period of last year increased from 1,233,234 people to 1,365,654 people. Such dynamics, respectively, can be explained by the closure of certain enterprises, reducing the number of employees, the inability to adapt employees to new working conditions, etc [11].

According to statistics posted on Work.ua, the number of vacancies as of March 28, 2021, was 75,649 vacancies, while e.g. there were 53,240 on March 23, 2020. That is, during the quarantine period and the spread of the pandemic, the total number of vacancies increased significantly.

Speaking, the market has been divided between those companies who can still function and work within the existing working model and those who can switch to the new distance working structure. The management team of the Work.ua portal has even created a special section on the website for telework. Some companies were forced to change internal working processes, like cutting personnel or using new technologies [12].

For many entrepreneurs, the introduction of new forms of work for their employees has become a novelty. Since the beginning of the pandemic, 36% of Ukrainians have moved to remote work [13] and 22% combine remote work with the traditional. But more than half cannot switch to remote working conditions because of the specifics of the work itself or the lack of support for the remote format.

Implementation of new forms of work and working hours of the employee during quarantine is defined by the Law of Ukraine «On Amendments to Certain Legislative Acts to Improve the Legal Regulation of Telework» № 1213-IX of 4.02.2021, which regulates labor relations between employer and employee for such terms as «homework», «remote work» and «flexible working hours» [14]. This law also provides for the division of types of remuneration of workers in the new forms of labor relations provided by law. These include remote work, work with a flexible work schedule, downtime, and some types of leave (Fig.).

A study by the consulting company CBRE Ukraine on the impact of the spread of the COVID-19 virus on the lease of office space after quarantine found that 42% of accounting and financial companies plan to switch to remote work after quarantine [15].

Another important, or even leading component that has become a global movement during the introduction of quarantine restrictions is the digitalization of the economy (and accounting, as well). Its main areas are the robotization of production and the economy; use of cloud technologies; introduction of the Internet of Things technology; Big data; Artificial Intelligence; identification systems; distributed registry systems, namely blockchain technology, etc [16, P. 83–84].

As a result of digitalization, companies began to use specialized programs for remote work and accounting of workers' working hours before the pandemic. But it was during the quarantine

that the need to use such platforms became more acute. The submitted study showed that with the beginning of the quarantine business representatives most often used platforms for business conferences (67%), services for the use of remote desktop (57%), programs for personal and work data (41%), etc [17].

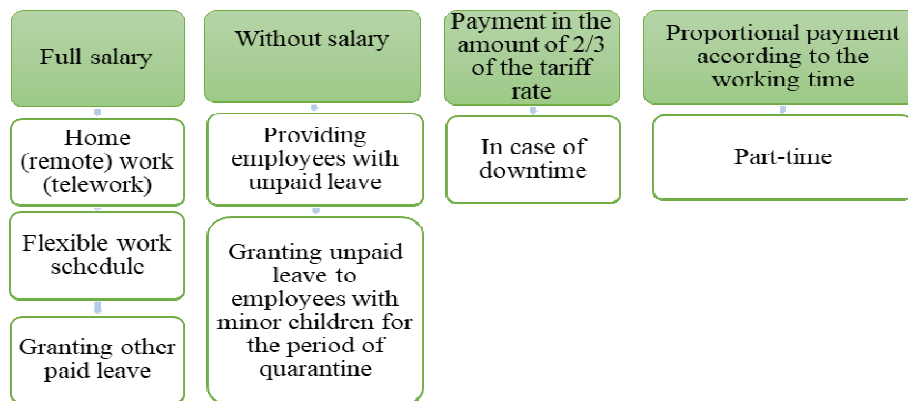


Figure. Remuneration of accounting staff depending on the type of employment

At the beginning of the quarantine during April 17<sup>th</sup> – May 17<sup>th</sup>, 2020, the most used programs for accessing the remote desktop were such programs as Team Viewer (10,127), Chrome Remote Desktop (3,842), VNC Connect (1,871), etc. According to another popular online platform that researches -7 Best Remote Desktop Software Of 2021 [18], you can see how the platforms for remote working access are used as of March 27, 2021. Just as quarantine restrictions are necessary to minimize "live" real communication, a good helper in solving such issues also belongs to modern programs for online communication, which are already inalienable attributes of the modern employer and employee. The most popular online services for business meetings, conferences, consultations, etc. are Google Meet; Google Hangouts; Skype; Zoom; Proficonf; Uberconference; 8x8 Video Conferencing; Atlassian; Box; Cisco Webex; Loom; TechSmith; YAC (Yelling Across Cubicles); Zoho Remotely.

During the pandemic, a new phenomenon in the organization of enterprise accounting was also the spread of outsourcing services. Accounting outsourcing helps the company to increase its efficiency and use the released resources: organizational, financial, and human to develop new areas or focus on the main tasks of the business. This makes it possible to avoid not only unnecessary costs of the enterprise but also to ensure the efficiency of data processing and issuance, which is lost during outsourcing [19, P. 433].

The spread of digitalization in Ukraine was reflected in the process of transition to state and legally regulated systems. Due to the introduction of quarantine and growing demand for online services, the Unified State Web Portal of Electronic Services "Portal Action" became a centralized government service [20]. In the field of providing public services online, there is a portal of public services iGov, which also collects administrative services provided to citizens and businesses, the receipt of which involves the identification of a person using an electronic signature [21]. In general, digitalization is a new, extremely necessary direction for Ukraine and the world. According to the European Center for Digital Competitiveness [22], Ukraine is in the top 3 countries in Eurasia in terms of intensification and growth of digitalization. In 2020, our state began an active period of digitalization of economic processes and general digitalization of the economy. Such changes directly affect each enterprise and the organization of its accounting processes, which during the quarantine period have changed beyond recognition. The use of online services for business negotiations, the use of remote desktops, and other tools to support businesses have helped entrepreneurs adapt to the difficult situation in the world. As for the global evolution of digitalization, quarantine has given only the final impetus, which launched an irreversible process of changing the organization of business around the world.

**The Covid-19 pandemic** has forever changed the global economy and business. As a result of the introduction of new legislation and the existence of enterprises in emergency conditions, businesses are forced to adjust their development strategies. New circumstances have significantly affected accounting. First, the form of accounting has changed. Such a change was manifested in particular by the transition to remote or home-based work, there was the introduction of new communication systems between employees and management, changed the form of accounting for working time, began an irreversible mass process of digitalization. With the introduction of lockdown, most companies have moved to a new level of development due to the need to introduce modern software products. There was a re-profiling of business due to the digitalization of the economy. The software market has expanded significantly, cloud technologies have become popular. The crisis has been a significant impetus for the digitization of accounting. As a result, it simplified the work of accountants but required new skills.

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