

## Accounting and finance lessons in the time of COVID-19 – views from the Pacific Basin – Part 2

The global COVID-19 pandemic is now in its second year, and we are fast approaching the third. The year 2021 has brought some hope that vaccination will lead to the end of the pandemic. But it has also brought a more infectious variant of COVID-19 and multiple waves of surging cases that show no immediate sign of disappearing. As the pandemic continues to impact global societies and economies, it is imperative that we study its impact to try and understand how it will affect us in both the short-term and long-term. While the longer-term impacts are still unknown, there is increasing evidence that those experiencing “long COVID” are likely to experience ongoing health problems ([Maddipatla, 2021](#)). There is little doubt that the economic impact of COVID-19 will continue until the spread of the disease is controlled through mass vaccinations and/or immunity ([Elliot, 2021](#)).

This special issue contains research on the immediate impact of the COVID-19 pandemic and focusses on the lessons for accounting and finance policy-makers, practitioners and academics. This issue is the second of two, bringing together the views from academics across the Pacific. The first part was contained in Issue 33(2) ([Ding et al., 2021](#)). When we sent out our initial call for commentaries and short research articles related to the impact of COVID-19 on accounting and finance in the Pacific region, we were not expecting the very large response we received from researchers. This response reflects the once-in-a-generation impact this crisis is likely to have.

As the call for papers was made in 2020, the commentaries and empirical research contained in this and the previous issue focus on the immediate impact of COVID-19 and only speculate on the longer-term effects. Our intention with these two issues is to provide a starting point for future research and to highlight the breadth and depth of research possible. As we enter the third year of living under the pandemic’s shadow, it is still unclear when, or if, our societies and economies will return to normal. Even in countries, such as New Zealand, whose economies were able to recover more quickly, the ongoing uncertainty globally of the continuing impact of COVID-19 is likely to result in lower growth levels and much higher levels of government debt in the immediate future ([Bascand, 2021](#)). There are also clear signs of product shortages with resulting increases in prices, leading to inflationary surprises in, for example, New Zealand ([Dickinson, 2021](#)).

The challenge for finance and accounting researchers is to identify the longer-term impacts of COVID-19 and to address some of the weaknesses in policy and practice exposed by the crisis. Researchers will need to examine cross-country differences in government recovery plans and approaches to managing the pandemic. They will also need to examine the ongoing volatility in financial and commodity markets and the perplexing robustness of housing markets, which seem oddly unconnected to local economic conditions. In the area of practice, it would be timely to identify accounting information and processes that were useful to decision-makers during the crisis and those that were not. It would also be timely to



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consider whether accounting and audit regulations need to be adapted to support business recovery.

In terms of societal impacts, the United Nations regards the COVID-19 pandemic a “human, economic and social crisis which is impacting societies at their core” (UN, 2021). In this regard, the UN is concerned that the COVID-19 pandemic may “increase inequality, exclusion, discrimination and unemployment in the medium and long term”, since there is evidence that vulnerable groups in society (including poor people and indigenous peoples) face the health and economic impacts of the virus disproportionately (UN, 2021). In New Zealand there are definite signs of this with the danger of marginalising these groups even further. Accounting researchers will need to investigate disclosures by all types of organisations including companies, NGOs and governments to see whether they helped these vulnerable groups among their stakeholders to deal with the pandemic. Given the severe measures taken by governments to slow down or prevent the disease has impacted peoples’ livelihoods, there will need to be a phase of accountability and reflection on the measures and if they were in the best to take, as well as the societal impact of the measures and the disease.

The COVID-19 pandemic caused sharp reductions in economic activity and a total reduction in travel, both international but also local, as employees worked from home and did not travel to work, or for work. This resulted in an associated decrease in fossil fuel consumption around the world, with many nations reporting significant reductions in greenhouse gas emissions for the year 2020 (Dwortzan, 2021). It is therefore clear that we can reduce greenhouse emissions and climate change if we really want to, i.e. if we regard the climate change crisis as urgent enough to do this. Sustainability researchers will be interested in whether this trend will continue or if we will be going back to pre-pandemic work arrangements and travel once the pandemic is over. Many new ways of doing business and interacting over distance have been used during the pandemic. In the light of the urgency of the climate change crisis, see for example the IPCC report of 2021 (IPCC, 2021), it is important to continue this momentum towards a lower carbon economy. An interesting research focus would be to investigate what is needed for a crisis to become so important that policy-makers will introduce these drastic measures to curtail the crisis and prevent high levels of mortality. The evidence suggests that the climate change crisis has the potential to hugely impact humanity and the planet and could have parallels to the COVID pandemic.

In terms of the professions, there has been a fundamental shift in where employees work and there is a need to examine what longer-term impact this will have. Will accounting and finance professionals ever return to the office full-time, or will working-from-home become the new normal? If this were the case, how would it impact on the office of the future and the accounting technology and data security needed? Also, how would it impact on the need for employees to live near their workplace and the current high demand for housing in big cities? Will employees be able to live in more affordable towns and communities far away from their employer and clients? The current crisis has caused a global shortage of accounting and finance professionals and research is needed to determine whether these labour shortages will persist or whether the “great resignation” phenomena is a short-term response to the pandemic (Tadros, 2021; Tharoor, 2021).

Finally, as accounting and finance educators, we need to assess what impact the changes in the professions and the nature of work will have on how our students

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are educated. The COVID-19 pandemic, while not causing it, has highlighted concerning levels of misinformation and mistrust in society. Particularly, the issue of getting vaccinated, and the misinformation around the benefits and effects of vaccination versus other treatments for the virus, has the potential to split communities and societies. As a discipline and profession concerned with transparency and trust, this raises interesting issues to explore as to how trust can be developed through transparency and how to be more transparent and accountable on a day-to-day basis. As a discipline and profession, we need to investigate these issues, and this may require moving away from traditional reporting and verification channels.

This issue comprises nine articles: two examine the impact of the pandemic on different aspects of company reporting; one discusses the implications for accounting research; one comments on government policy; two review the impact on different financial and commodity markets; and three discuss the impact on teaching and educational institutions. The articles are introduced below.

One of the immediate impacts on company reporting has been the effect of government policy changes made as part of COVID-19 tax support initiatives. [Wong et al. \(2021\)](#) explore the financial statement impact of the reinstatement of building depreciation brought in as part of the New Zealand government's COVID-19 tax support package. This change was designed to provide economic relief for businesses during the pandemic. The authors examine this policy change in the context of the wider history of the accounting for deferred taxes in New Zealand and show how it had an immediate, material impact on company financial statements.

One of the most immediate impacts of COVID-19 for many accounting researchers has been the impact of the ongoing lockdowns and the restrictions on budgets and travel. This has had a significant effect on qualitative researchers, given their reliance on in-person data collection. This problem is examined by [De Villers and Molinari \(2021\)](#), who provide a commentary on the changes, challenges and opportunities for qualitative accounting researchers. They describe the traditional research practices that are being modified to meet these new challenges and highlight the role of new technologies. They argue that many of these changes will have long-term impacts on how academics do research. They also note that not all changes will be bad, but that the use of new technologies may make qualitative research more practical for many by removing some of the barriers of distance and cost. Future research could examine the effects of university budget cuts on the resilience of accounting and finance departments as many senior researchers have taken early retirement.

Volatility in the commodities markets was an immediate reaction to the COVID-19 crisis. [Derbali et al. \(2021\)](#) examine the “surprise” element of COVID-19 confirmed cases on the correlation of Bitcoin and Gold markets. Their research shows how these surprises had very similar impacts on both markets and in two quite different economies, the USA and China. Their findings contribute to our understanding of how markets respond in the immediate aftermath of these surprises.

[Narayan and Kommunuri \(2021\)](#) reflect on the performance of the New Zealand Government in using its budget as a tool to address social and economic problems arising from the COVID-19 pandemic. They discuss the important role that government budgets play in setting out the priorities for responding to the pandemic's impact on people's well-being, businesses and the economy. They argue

that strong leadership is needed to ensure budgets are delivered, but that it is party ideology that is the best predictor of fiscal policies. This conclusion leads to future research that could examine the responses of other countries operating under different party ideologies to further develop our understanding of how governments react to crisis situations and the role government budgeting plays in this regard.

The ways that companies cope with a crisis are examined by [Chong and Momin \(2021\)](#). They analysed the Twitter communications of New Zealand listed companies during the early part of the COVID-19 pandemic to identify their main concerns and coping strategies. They identified the major concerns related to issues likely to have substantial financial impacts as a result of the pandemic. Companies used social media as a way to cope with the crisis and to share information. Their results contribute to our understanding of crisis communication at the organisation level and highlight coping expressions and strategies that companies employ.

COVID-19 has had significant and ongoing impact across the education sector. One group that was particularly affected was international students, who often have significant challenges related to language and culture differences under normal conditions. [Yong \(2021\)](#) reflects on the impact of COVID-19 on the teaching of accounting to post-graduate international students. She highlights differences in the adaptability of students when switching to remote teaching and contrasts this with the pre-COVID-19 environment.

Many studies have examined the impact of COVID-19 on the financial markets. [Tommasetti et al. \(2021\)](#) contribute to this research by highlighting the role of social media in “the first social media pandemic”. They examine the direct and moderating impact of Twitter on the Australian stock market and identify that social media users’ attention and sentiment towards “fear topics” on Twitter are significantly related to market returns and volatility.

[Macias et al. \(2021\)](#) surveyed accounting instructors in Columbia to assess the changes adopted in response to COVID-19. They found that the introduction of online classrooms to replace face-to-face teaching led in many instances to closer communication with students and greater opportunities for interaction. This unexpected result suggests that the adoption of these new technologies may have long-lasting impacts and provides evidence of how the pandemic affected education in a developing country.

[Ng \(2021\)](#) examined how one education institution responded to the COVID-19 pandemic and discusses the role that accounting can play in this process. He critiques the compliance and cost-focus and suggests potential roles for accounting during different phases of the pandemic. A life cycle model is proposed that reflects the regulatory environment for educational institutions and highlights the different roles (idea creation, creating dialogue and learning) that accounting can play to support management’s crisis response.

### *Conclusion*

This special issue (Volume 33 Issues 2 and 5) brings together a broad-ranging collection of ideas and research examining the immediate impacts of the COVID-19 pandemic on accounting and finance policy, practice and education. These commentaries and short research papers reflect on the possible long-term impacts that we hope will provide a

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