

# CHAPTER I - INTRODUCTION

## 1.1. Research Background

The COVID-19 pandemic has changed all professional fields around the world. It has dramatic effects on the employment, livelihoods and well-being of workers and their families, as well as on businesses around the world, especially small and medium-sized enterprises. In the accounting industry (and other industries), during the pandemic, companies have successfully leveraged the power of the internet to keep their businesses going, paving the way for innovations in the world of work. Unfortunately, millions of workers have lost their livelihoods and many others remain threatened in this regard. As with so many other aspects of this pandemic, these issues disproportionately affect those who were already in dire straits and who are least able to withstand this new shock (United Nations, 2020).

The emergence of COVID-19 in early 2020 and its expansion since then affected the economic activity of the first quarter of 2020 of most of the companies in Madagascar. In fact, the economic situation in Madagascar has deteriorated rapidly. The quarantine's measures have also affected the accounting sector, where many accounting workers are out of work and have to rethink their strategies in order to operate effectively with their clients. In the context of the current health crisis, several accounting issues come back to the forefront. Among them, the effect of the COVID-19 on the accounting profession in Madagascar (Information review Economic, 2020).

In Madagascar, while most of the workers in the accounting profession work for SMEs, some of them work as independents or freelancers. They are those working as the sole proprietorship which have different legal forms (RANDRIAMALALA Bruce, 2013). There are also those accounting professionals belonging to corporate companies. Those companies are made up of the SARL (*Société à Responsabilité Limitée* or Limited Liability Company), the SNC (*Société au Nom Collectif* or Company with a Collective Name), the SCS (*Société à Commandite Simple* or Company with Simple general partner), the EURL (*Entreprise Unipersonnelle à Responsabilité Limitée* or Sole Proprietorship with Limited Liability) and the GIE (*Groupement d'Intérêt économique* or Economic Interest Group) (Ministry of Industry and Private Sector Development of Madagascar, 2017).

For more than sixty years (starting from the independence day of Madagascar on June 26th, 1960), accounting workers have been key players of the Malagasy economy. With more than 10,000 professionals working in more than 2,000 firms in Madagascar, they remain the main support for companies at the height of their activity, whether it is to support the launch of the company or its growth. Because they are at the heart of Madagascar economic life, in direct proximity to businesses, their mission is also to facilitate their adaptation to the major transformations of our society (Ministry of Economy and Finance of Madagascar, 2019).

With the development of technology nowadays, more and more accounting professionals have ventured into the virtual world in order to offer their services to more companies online. Among them are accounting virtual assistants. In Madagascar, they virtually accompany companies by taking care of all the entries of accounting documents: banking operations, expenses, cash receipts..., by managing purchase and sales invoices, and classifying them in various files to facilitate searches if needed.

Despite this privileged position and the essential role Malagasy virtual accounting assistant plays for companies, the chartered accountancy profession is however at a turning point of its history, in a deflationary context marked by a historic raise in works. Beyond the cyclical effects linked to the COVID-19 crisis which will weigh on the performance and level of profitability of some firms, the accounting virtual assistant profession must face a much deeper transformation of its framework intervention (INSTAT Madagascar, 2020).

The current health crisis COVID-19, which has affected the entire world and all the consequences it brings, has and will have major repercussions on the world economy as well as on many professions that see their working environment change. These repercussions also affect Malagasy virtual accounting assistant services, which play a key role in the proper functioning and development of economics in many firms.

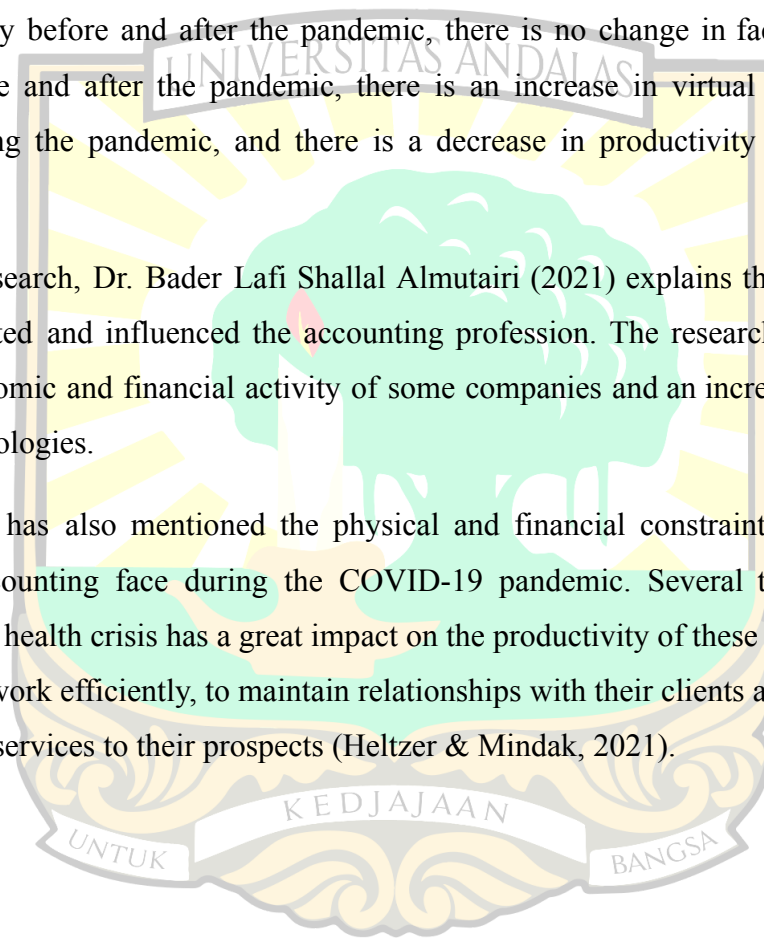
This research aims to identify the impact of COVID-19 on the Malagasy virtual accounting assistant services (related on demand, pricing, and business model adaptation) during the period of 2020 and 2021. So far, no research on this subject has yet been carried out in Madagascar, even around the world. More and more accounting professionals are entering the world of virtual assistants in Madagascar (by working for companies or by starting as a self-employed person).

Research conducted by Sofia Papadopoulou (2020) shows that the COVID-19 pandemic has had an impact on various aspects of the accounting profession in Greece. More specifically, the findings showed that work demands have been increased in the accounting profession as a result of the new emergency measures adopted by the Greek government with regard to the COVID-19, which accountants were called to implement, functioning as a link between the government and taxpayers.

Shahima JABIN (2021) proves through his research that Bangladeshi accountants enforce a remote working strategy in the cycles before and after COVID-19, there is a change in using more technology before and after the pandemic, there is no change in facing cybersecurity problems before and after the pandemic, there is an increase in virtual Training and Job insecurity during the pandemic, and there is a decrease in productivity during the health crisis.

Through his research, Dr. Bader Lafi Shallal Almutairi (2021) explains that COVID-19 has severely impacted and influenced the accounting profession. The researcher also noticed a decline in economic and financial activity of some companies and an increase in the reliance on digital technologies.

Other research has also mentioned the physical and financial constraints that individuals working in accounting face during the COVID-19 pandemic. Several times, it has been proven that this health crisis has a great impact on the productivity of these professionals, and their ability to work efficiently, to maintain relationships with their clients and partners and to provide decent services to their prospects (Heltzer & Mindak, 2021).



## **1.2. The problem formulation**

The COVID-19 pandemic has impacted many sectors around the world, even in Madagascar. Since 2019, the virus has continued to influence the way Malagasy people operate in the virtual accounting assistant profession.

This research aims to arise the impact of Covid-19 on the Malagasy Virtual Accounting Assistant services (related on demand, pricing and business model adaption) precisely during the period of 2020 and 2021, the research questions that will be considered are:

1. Does the COVID-19 pandemic impact the demand for Malagasy virtual accounting assistant services during the period of 2020 and 2021?
2. Does the COVID-19 pandemic impact the pricing of Malagasy virtual accounting assistant services during the period of 2020 and 2021?
3. Does the COVID-19 pandemic impact the business models of Malagasy virtual accounting assistants during the period of 2020 and 2021?

## **1.3. Research Purposes**

In order to better understand the topic and to carry out this research, the purposes that are set are:

1. To obtain empirical evidence about the impact of the COVID-19 pandemic on the demand for Malagasy virtual accounting assistant services during the period of 2020 and 2021.
2. To obtain empirical evidence about the impact of the COVID-19 pandemic on the pricing of Malagasy virtual accounting assistant services during the period of 2020 and 2021.
3. To obtain empirical evidence about the impact of the COVID-19 pandemic on the business model adaptation of the Malagasy virtual accounting assistants during the period of 2020 and 2021.

## **1.4. Research benefits**

### **1.4.1. Academic benefits**

This research can be used as a reference for upcoming research. It can contribute to the academic literature on the impact of COVID-19 on the accounting profession and industry in Madagascar. This can help expand knowledge in the field and contribute to the development of new theories and models.

### **1.4.2. Stakeholders benefits**

The research can help identify emerging trends that occurred during the pandemic period, including changes in demand, pricing, and business models for Malagasy virtual accounting assistants. This information can be used by industry professionals to better understand the market and adapt accordingly. This can also help them to better position themselves and adapt their services to meet the needs of the market.

The research findings can also be used to inform the Malagasy virtual accounting assistant industry about the impact of the COVID-19 pandemic on their profession. This can help industry professionals understand the changes and challenges that occurred during the pandemic period and enable them to adapt and develop strategies for the future. It can also help them to improve their performance and their strategies of crisis management.

### **1.4.3. Regulatory or standard setting institutions benefits**

The research findings can help in developing policies and programs to support the industry during future crises. It can also help identify areas where the Malagasy Virtual Accounting Assistant Profession is struggling due to the COVID-19 pandemic and provide evidence to support policy decisions related to this profession in Madagascar. The research can also inform economic recovery efforts by giving insight into the challenges faced by the Malagasy Virtual Accounting Assistants due to the health crisis during the period of 2020 and 2021.

### **1.5. The scope of the study**

As already mentioned before, this research aims to highlight the impact of Covid-19 on the Malagasy Virtual Accounting Assistant services (related to demand, pricing and business model adaption) precisely during the period of 2020 and 2021. By Malagasy Virtual Accounting Assistant services, the author means professionals assisting in:

- Bookkeeping: Keeping track of financial transactions, recording expenses and revenue, and managing accounts payable and accounts receivable.
- Financial reporting: Preparing financial statements, generating reports, and providing insights into financial performance.
- Payroll: Calculating and managing employee payroll, including taxes and other deductions.
- Tax preparation: Preparing tax returns and ensuring compliance with tax laws and regulations.
- Budgeting and forecasting: Developing budgets, forecasting financial performance, and providing recommendations for improving financial outcomes.
- Financial analysis: Analyzing financial data to identify trends, risks, and opportunities for improvement.
- Advisory services: Providing financial advice to clients, such as helping them make investment decisions, managing cash flow, and developing financial strategies.

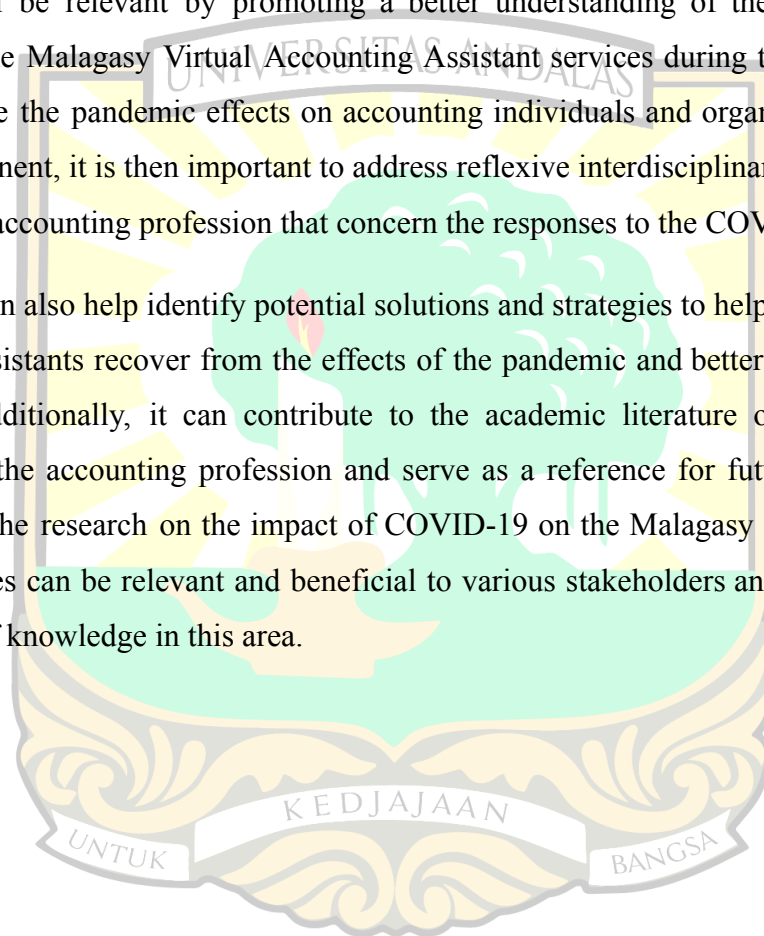
In order to reach this objective, the research will then focus on the quantitative analysis of the impact of the pandemic on the demand for Malagasy Virtual Accounting Assistant services, pricing of such services, and how they have adapted their business models to cope with the impacts of COVID-19. The research may also explore potential solutions and recommendations to help the Malagasy Virtual Accounting Assistants recover from the impact of the pandemic. The study will be limited to the Malagasy Virtual Accounting Assistant services and will not cover other accounting professions or nationalities. The questionnaire will be spread through five (5) specific Facebook groups and through Malagasy Virtual Accounting Assistants' email collected from their LinkedIn profile, Facebook profile or website.

### **1.6. The relevance of the study**

The importance of this research remains in the problem it addresses by studying the negative or positive impacts of the COVID-19 on the Malagasy Virtual Accounting Assistant services (related on demand, pricing and business model adaption) precisely during the period of 2020 and 2021. The research findings can be useful for Malagasy Virtual Accounting Assistants and their clients, as well as for policy-makers, government bodies, and stakeholders in the accounting profession.

This study will be relevant by promoting a better understanding of the influence of the pandemic on the Malagasy Virtual Accounting Assistant services during the period of 2020 and 2021. Since the pandemic effects on accounting individuals and organizations might be deep and permanent, it is then important to address reflexive interdisciplinary contributions in all areas of the accounting profession that concern the responses to the COVID-19 crisis.

The research can also help identify potential solutions and strategies to help Malagasy Virtual Accounting Assistants recover from the effects of the pandemic and better prepare for future disruptions. Additionally, it can contribute to the academic literature on the impacts of COVID-19 on the accounting profession and serve as a reference for future studies in this field. Overall, the research on the impact of COVID-19 on the Malagasy virtual accounting assistant services can be relevant and beneficial to various stakeholders and contribute to the advancement of knowledge in this area.



## **1.7. Writing Systematic**

This research paper is structured into five chapters, as outlined below:

Chapter I: Introduction, which includes the research background, problem formulation, research objectives, research benefits, research scope, relevance of the study and writing systematic.

Chapter II: Literature Review, which covers relevant theories related to the research problems, previous studies' results, directions regarding developing the hypothesis, the conceptual framework.

Chapter III: Research Method, which includes the research design, research strategies, population, research sample and sampling techniques, data and data collection method, research variables and variable measurement, method of data analysis, and hypothesis testing procedures.

Chapter IV: Research Results and Discussion, which presents and interprets the results obtained from hypothesis testing.

Chapter V: Conclusion, which summarizes the research findings, discusses their implications, identifies limitations of the study, and provides suggestions for future research.

