

## **Post COVID-19 Era and the Role of Accountants in the Recovery of Nigeria's Economy**

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### **Abstract**

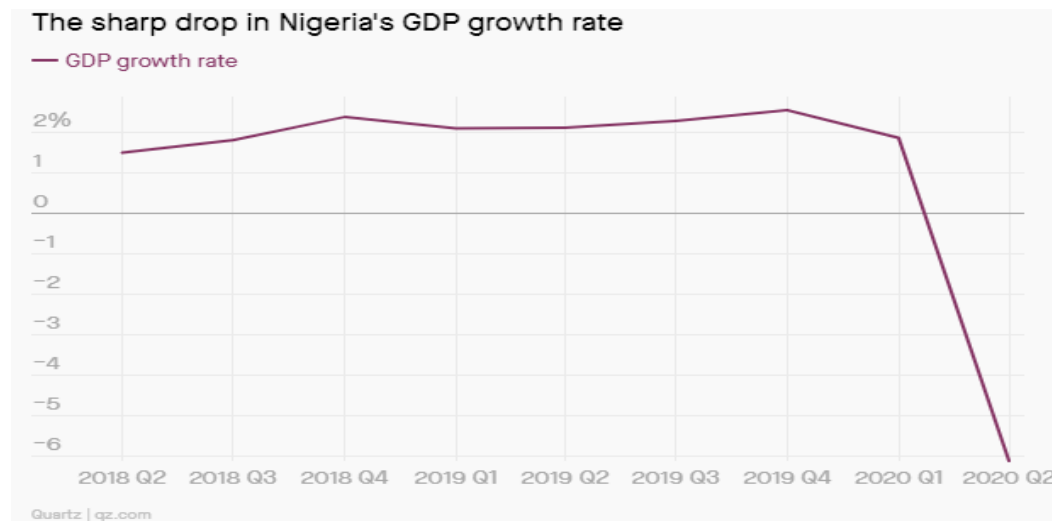
*This work is on the role of Accountants in the recovery of Nigeria's economy and the challenge(s) militating against successful execution of the tasks in the post COVID-19 era. Secondary sources of related literatures were carefully reviewed with emphasis on the role of accountants in economic development and growth, in the post COVID-19 era, and in economic recovery in the COVID-19. The study revealed that Accountants play effective roles in engineering positive change towards recovering Nigeria economy in the post COVID-19 era. The findings of the study indicate that as the managers of financial resources, Accountants are in the best position to advise policy makers on the best way to go in managing the National economy. The study also revealed that economic recovery may pose a little difficulty in the midst of misappropriation and embezzlement, as corruption is identified as a major factor militating against quick recovery of Nigeria economy in the post COVID-19 era. Notwithstanding, Accountants are trained to be at the front seat in the fight against fraud. This however will not be an easy task as the mix of accounting, law, and IT skills are required for accountants to be well positioned to effectively fight fraud. To effectively play the aforementioned roles towards recovering Nigeria Economy in the post COVID-19 era, professional bodies and other relevant authorities should hasten up to make accounting curriculum more elaborate and enriching with modern accounting principles, concepts and conventions in the face of present day economic challenges. Accountants should facilitate the establishment and implementation of functional internal control system in every organization they find themselves.*

**Keywords:** Accountants, COVID-19, Economic development, Economic Recovery, Pandemic.

### **Introduction**

It is no more news that emergence of coronavirus pandemic has brought drastic changes in all spheres of life in Nigeria and world at large. The world in the past had witnessed pandemics, plagues and many other widely spread outbreaks including influenza epidemics, which had made a huge impact on global economies and social levels (Hussain, 2020 as cited by Theophilus, Ademola, & Otitolaiye 2020). The current coronavirus pandemic seemed different in all respects, the unprecedented shock and level of rude ravaging impact of the respiratory illness is novel and phenomenal in its speed spread, effects on economies, numbers of deaths recorded and devastating effects on education globally. The outbreak which was initiated in the Chinese city of Wuhan has expanded rapidly to over 200 nations around the world, causing a fast deterioration in the

global economy (El-Mousawi & Kanso, 2020 as cited by Theophilus, Ademola, & Otitolaiye 2020). Covid-19 pandemic has made an instantaneous and significant negative impact on schools (Theophilus, Ademola, & Otitolaiye, 2020). The coronavirus has resulted in complex and unpredicted consequences in the financial institutions, tourism, and hospitality, industries, manufacturing and transport, healthcare and pharmaceuticals, and local and international trade (Rephann, 2020 as cited by Theophilus, Ademola, & Otitolaiye 2020). These have resulted in massive production shutdown and supply chain disruptions due to the closures in china, causing global ripple effects across all economic sectors in a rare twin supply-demand chain shock (Eric 2020 as cited by Theophilus, Ademola, & Otitolaiye, 2020).



Thirteen quarters of positive growth rate came crashing down in a matter of months.  
 Source: Quartz

However Nigerian economy is not an exception, Nigerian economy contracted by 6.1% year on year in the second quarter of the year 2020, latest reports from Nigeria bureau of statistics show. The dip follows thirteen quarters of positive but low growth rates. The -6.1% decline is also Nigeria’s steepest in the last 10 years. As with most other economies around the world, the sharp drop in Nigeria GDP growth is largely due to the slowdown in economic activity after the country resorted to a lockdown back in April to curb the spread of the virus. In the wake of the pandemic the World Bank forecast a decline of -3.2% for 2020, a five percentage point drop from its previous projections. While the lockdown has since been eased in the wake of “heavy economic costs,” the continued rise in cases, especially in Lagos, Nigeria’s economic hub, means the local economy is yet to fully re-open.

Curiously, Nigerian economy has also been crippled by external factors too as the corona virus pandemic resulted in a near-total shutdown of economic activity around the world. The accompanying steep drop in oil prices amid a drop in global demand left Nigeria drastically shorn of earnings given its dependence on the commodity as its biggest

revenue source. For context, the United States slashed its Nigerian crude oil imports oil by 11.67 million barrels in the first five months of 2020, compared to what it was bought in the same period of 2019. In fact, in the second quarter of 2020, local oil production dropped to its lowest since 2016, when Nigeria endured a full year of negative growth.

Worse still, recent economic data show that Nigerian government continues to fall far short of projections in its Economic Recovery and Growth Plan, created in the aftermath of the 2016 recession to set out aggressive growth targets from 2017 to 2020. There's also little sign of a quick turnaround in Nigerian economy as the World Bank predicts Africa's most populous country is set for its worst recession in four decades. Be it as it may, Accountants can play effective roles in engineering positive change in the economy. Therefore this paper is apt, as it was designed to examine the roles of Accountants in the recovery Nigerian Economy.

### **Statement of Problem and Objectives of the Study**

The concept of economic recovery has to do with new innovations and improvement in the quality of life of the people, it is about sustained rise in the standard of living of the people overtime, whether in advance or less developed countries, nations, government superiors state of affairs or superiors they currently enjoy. Nigerian economy is presently in a quagmire as a result of ravaging effect of COVID19, however, Since 1960 when Nigeria gained her independence, the place of economic growth and development has not yet meet the aspiration of founding fathers of the nation in spite of the many development and rolling plans that have been meticulously drawn up by the government. Although a lot of resources have been committed to the development of some economic projects and Accountants have been in the fore front, the results have been dismal. In fact, Nigerian economy is undoubtedly worst in post COVID-19 era, hence the need for Economic recovery.

This study is designed, to: (a) Determine the role(s) of Accountants in recovering Nigerian economy in the post COVID-19 era. (b) Examine the challenge(s) militating against successful execution of these tasks by Accountants in the post COVID-19 era.

### **Research Questions**

The study is guided by two research questions. (a) What are the roles of Accountants in recovering Nigerian economy in the post COVID-19 era? (b) What are the challenge(s) militating against successful execution of these tasks by Accountants in the post COVID-19 era?

### **Review of Related Literature**

*Role of accountants in economic development and growth* Accountants have many roles to play in the development of every economy. The growth and development of every economy hinges on how resources are judiciously managed and multiplied. Accounting is all about cost savings and this I am sure is the back bone of economic development and growth. Some of the roles of accountants in economic development are: (a) *Investment appraisal function*: Without investments, the economy will not develop and grow.

Investment appraisal is the process of evaluating an investment opportunity in the face of both financial and other non-financial factors in order to determine the worthwhile-ness of the investment opportunity. Accountants are among the few professionals that can effectively perform this function with minimal resources being expended.

(b) *Preparation of financial statements*: Investors and business owners no longer have to be present in their businesses for it to thrive. This is made possible by the entity concept in accounting which allows business to be different from its owners. The only way that owners of business can monitor what is happening in their business is to have a representation of activities through the financial statements of the company. This financial statement is only prepared by the accountants (though the law says it is the duty of the managers to prepare the financial statements, but they make accountants of the company do it for them). This again gave rise to another role of the accountants; the accounts need to be audited in order for the piece of information to have some credibility. Hence, auditing is another role of accountants in the economic development of the economy.

(c) *Cost savings*: There is an old adage that one does not get rich by earning and throwing away. Same goes to economic development. Costs must be minimized for the economy to grow and develop. It is the main role of accountants to lead the pack of cost savers. Knowledge acquired from cost and management accounting is the most powerful tool that accountants need to give management the best advice on cost saving.

(d) *Fraud fighting*: The world economy has lost so much from the activities of fraudsters. If the activities of fraudsters are not put under check, economic development will be stalled as no meaningful economic development will take place in an environment where misappropriations and embezzlement is all we hear in the news on a daily basis. Accountants are trained to be at the front seat in the fight against fraud in our time. This however will not be an easy task as the mix of accounting, law, and IT skills are required for accountants to be well positioned to effectively fight fraud. Accountants should be happy with the requirements of establishing and implementing functional internal controls in every organization they find themselves. Accountants also have to embrace IT as many fraudsters now perpetrate their evil deeds through the aid of computers and other information technology infrastructures.

(e) *Rendering of financial services*: It is a well-known fact that economic development and growth will not be achieved if finances are not well managed. Accountants render financial services to business owners and the community at large. This role of accountants is more important now that the world is trying to recover from the shock of the financial meltdown that just rocked the global economy at large. Since businesses are the main stimulant of every economy and accounting is the language of businesses, accountants have a major role to play in ensuring that the language of business is understood by all and sundry. Imagine the level of confusion that we all will be experiencing if we remove communication in our day to day activities.

Permit me at this point to say that accountants are the most important professionals as far as economic development are concerned. I don't mean to upset you in any way if you are not an accountant but, that is the simple truth. You can always join the accounting profession.

### *The roles of Accountants in the post COVID-19 era*

Every economic catastrophe leads to change in the business environment to some degree. Post Covid-19, the environment will be radically different – indeed it may never be the same again. Almost overnight, lives, businesses and economies have had to change and adapt just to survive, and there is now no doubt that for many industries the disruption will continue for a long time. The storm and its aftermath will pass in the end, of course, but it is no exaggeration to say that almost every commercial enterprise will be forced to reconfigure its operating models to adjust to what will be the new normal. How businesses adapt will depend in large part on the ingenuity and leadership of accountants and finance professionals. There are multiple levels on which they must take action. *Overhaul the cost structure:* In coming months companies must continue to act to cut more costs, and uncover new savings and efficiencies by eliminating waste. They must also become more nimble, flexible and resilient to market threats. Accountants need to work with their stakeholders to help them identify areas where productivity can be improved. Whether it's using more digital channels for selling, or making costs variable, delivering a sustainable cost structure without impacting customer, resiliency, compliance and security requirements is the key.

*Turbo charge FP&A:* The financial planning & analysis (FP&A) team will have to step up and use all the resources at its command to provide a reliable projection on both revenue and expenses. Companies will have to draw on the best and most experienced people to develop these forecasts. They will need to develop processes to gather information such as intelligence from internal and external stakeholders (especially top customers), economic trends, industry oversights, news scanning and insights from social media. They will need to trust their instincts, but remain objective, using professional skepticism to confront the facts. A balance between a top-down and bottom-up approach will be the most effective. The FP&A team should monitor actual performance on a real-time basis and course-correct as necessary. Remember when numbers are down, people are down too – enhance their effectiveness by combining business experience with the best available evidence and remove human bias.

*Remodel cashflows:* Customers and vendors generally lengthen their timeframes for payment when confronting cashflow and credit challenges. Closely managing receivables and dealing quickly with disputes can help mitigate the risk of payment defaults and delays. Remember both your customers and your vendors are facing the same issues and the right balance must be struck. Reach out to both for realistic estimates on which to model your cash flows. Allow for a special treatment for key customers and suppliers. *Revisit financing:* Accountants should revisit their understanding of current debt arrangements. There might be potential breaches of financial covenants, material adverse changes, and/or cross-default triggers that may compromise access to core funding and liquidity. Be proactive with financiers to seek waivers and get

*Take a fresh look at risks:* The definition of risks will change significantly, especially for the near term and maybe even for the medium term. Whether it's strengthening or redefining the credit checks for your customers and suppliers or re-evaluation of your global supply chain, risks need to be viewed through a different prism. The rapid impact of Covid-19 on global economies has underlined the importance of a resilient and sustainable operational model. Many companies and business models may not survive at

all. Operational resilience and improvements will become critical, which means ensuring seamless integration of upstream and downstream activities to ensure business continuity. Whether it's the business continuity plan, procurement, inventory management, manufacturing, or forecasting all should be seamlessly integrated more than ever before into a sustainable business model.

*Ensure security and comply:* The post Covid-19 environment will require continuing edits to your business model, evolving selling channels and increasing interconnectivity, digital platforms, 24x7 access and work from home. Each of these can drive increased security risks, exposing the business to threats and potential fraud. Work with your extended organization, especially IT, to ensure security and compliance are embedded across all operations and technologies. Ensure compliance with regulatory filings and disclosures on a timely basis.

*Protect your people:* Be clear about how your people can support one another, and virtualize the finance function and other parts of the extended organization so that they can operate effectively amid potential long-term physical distancing. Finance professionals need to improve their ability to put a narrative around the numbers and assumptions, expressing themselves more crisply than ever before. The key is to communicate frequently with critical stakeholders and give those logical conclusions rather than adopting a traditional accounting focus. Work on your emotional intelligence to help drive objective decisions. In summary, finance professionals have a key leadership role to play in getting their companies back in business. As keen observers of macroeconomic trends and with a bird's eye view of all internal processes, they are well positioned to propose changes and to reinvent business models.

### **Public Sector Accountants and Economic Recovery in the Post COVID-19 Era**

Given the sheer scale of spending that this crisis demands, public policymakers, should consider a more creative approach. The pandemic presents a unique opportunity for governments to consolidate their finances by looking not just at spending and revenues, but also at assets and liabilities. By taking an integrated approach, as would be done in a corporate restructuring, governments can steer their way toward a stronger recovery without the need for excessive austerity and the social hardship that comes with it.

Insights from the field of corporate financial management not only can improve governments' understanding of the trade-offs between spending cuts and tax increases. They also show that overall government indebtedness can be measured as a proportion of the physical assets a government possesses. Viewed from this perspective, a government need not rely only on projected annual GDP when generating the cash needed to service its debt. Instead of treating capital expenditures as an immediate expense, it can start to leverage its vast public wealth through a proper accounting of its long-term investments in infrastructure. In any case, it is critical that governments adopt public-sector net worth as a key **fiscal metric**. Economies with stronger public-sector statement of financial position tend to experience shallower recessions and recover faster, because they have greater space for countercyclical fiscal policy, and thus less need for ad hoc, uncertainty-inducing measures.



As with personal or household wealth, an assessment of the public-sector statement of financial position should include both what a government owns and what it owes. A relevant model for the current crisis can be found in New Zealand's **Public Finance Act of 1989**. With a strong public-sector statement of financial position and a focus on net worth, a country can easily manage several negative shocks for years. There is no better time than now for more governments to recognize the importance of all elements of the public-sector statement of financial position and rethink how they invest and leverage existing assets for the sake of longer-term goals. Of course, the current crisis also should spur a reassessment of the real financial impact of debt guarantees, now that many governments are extending them to the private sector on a massive scale. There is an obvious and serious risk that some banks and firms will go bankrupt, at which point debt guarantees will be called in. The fact that these promises are currently being treated as if they were "free" is yet another reason for governments to adopt proper accrual accounting that uses an expected-credit-loss model.

Just as platforms like Airbnb and Uber can help some individuals make better use of their assets during a pandemic, a better approach to public-sector accounting can help governments free up sorely needed revenues, while also guarding against risks that are currently being ignored. Because these revenue flows would be ongoing, they are a much better solution than shedding assets at fire-sale prices every time there is a shock or downturn. Better yet, those additional revenues can be used to reduce existing debt levels (and thus the need for new borrowing), or to build the government's net worth, thereby providing a financial buffer with which to improve its sovereign credit rating and reduce its cost of capital. As with any corporation or individual, more efficiently managed government assets would contribute to economic growth, generate cash flows for the public budget, and lower net operating costs. Only in this case, the whole society would benefit.

### **Corruption as a Militating Factor to Economic Recovery in the Post COVID-19 Era**

Corruption in Nigeria is becoming imbedded to the extent that it is becoming part of our daily living. Corruption has become so pervasive that one may think it is part of the daily living in Nigeria. In all the facets of the economy, from private to public establishments, corruption is found and condoned unabated. This has become entrenched and has lasted for decades. The first military incursion into political space was blamed on the corrupt practices among the political class. However, the military rule on its own has been adjudged the most corrupt form of government in Nigeria, as trillions of dollars earned from oil wind fall has not been accounted for by military men who occupied political space.

Today, people are emulating corrupt persons and seeing them as their mentor. This ugly development became possible because corrupt persons in Nigeria have continued to showcase their loots from our common treasury with impunity and under the protection of the very government that is supposed to prosecute them. According to Nageri, Gunu and Abdul (2015), corruption has been identified as one major obstacle militating against rapid growth and development of the Nigerian economy. Nigeria with enormous natural resources in natural and human resources is expected to meet up with all of its responsibilities to her citizens. Yet has fail to meet most of her responsibilities. Corruption

is a metaphor for poverty and has direct link with criminality. A great majority of the Nigeria's population are riddled with poverty. Poverty has pervaded the entire segment of the country. Surprisingly, democratic system of government has not done much to reduce the rapid growth of poverty in Nigeria. This has given rise to lot of questions. One will expect that the living standard of Nigerian will be above poverty line as a result of the oil earnings.

Corruption has become a popular phenomenon in the nation's political system. It has indeed become a society-induced activity in the sense that, it now enjoys popular support from the people, invariably, corruption has been democratized. This happens as a result of the inability to capture and understand the generic meaning of corruption, which has further given it a toga of social recognition and acceptance in all the societies within the country. Although, corruption is a global phenomenon, it occurs in monarchy, democracies and military dictatorships; at all levels of development and in all types of economic systems from open capitalist economies to centrally planned economies. The fact remains that corruption differs widely in its forms, pervasiveness and consequences, in developed countries the effect may be less severe, while in developing countries particularly African continent where the effect may be too severe for citizens to bear, as demonstrated.

In Nigeria, corruption affects every facet of human development. Little wonder, the Transparency International (TI), an NGO of international repute continue to rate and score Nigeria high among the corrupt countries in the world. The futile attempt by the government to fight the cankerworm stems from the fact that government itself is greatly infected with the virus and an average Nigeria is seen as corrupt in most parts of the world. In 1996, the Corruption Perception Index (CPI), pioneered by Transparency International (TI), a NonGovernmental Organization (NGO) that examines the level of corruption around the world. Nigeria has been oscillating at the bottom ranking among the world most corrupt countries. Poverty in Nigeria has grown notwithstanding the huge oil deposits in Nigeria. With the return of democracy in Nigeria, the Nigerian government has taken varied steps to forestall the repetition and entrenchment of corruption in Nigeria. Usman (2013) posits that, these measures include public service reform (monetization to reduce waste and reduction of over-bloated personnel, reform of public procurement); establishment of anti-corruption enforcement agencies (such as the Economic and Financial Crime Commission, Independent Corruption and other Practices Commission), yet corruption has become so recalcitrant. A typical example was the reform carried out by the former Central Bank of Nigeria governor Sanusi Lamido Sanusi, which have revealed mind bulging levels of bare faced theft by the management of several banks in Nigeria.

### **Findings and Conclusion**

It is a known fact about the ravaging effect of Corona Virus pandemic in all sectors of the country and world at large, Accountants play effective roles in engineering positive change in the economy. As the managers of financial resources, Accountant are in the best position to advise policy makers on the best way to go in managing the National economy. And they can only do this effectively by adopting the internationally recognized standards and follow religiously the code of conduct of the profession, Also, Accountants are among the



few professionals that can effectively perform investment and appraisal functions gearing towards repositioning the economy with minimal resources being expended. Other roles of Accountants in the economic recovery ranges from saving cost, preparation of financial statement which enables the investors and potential investors ascertain the liquidity of the business. Economic recovery may pose a little difficulty in the midst of misappropriation and embezzlement, as corruption is discovered as a major factor militating against quick recovery of Nigeria economy, be that as it may, Accountants are trained to be at the front seat in the fight against fraud in our time.

This foregoing will not be an easy task as the mix of accounting, law, and IT skills are required for accountants to be well positioned to effectively fight fraud. For quick recovery of economy in post COVID-19, Accountants should render financial services to business owners and the community at large. This role of accountants is more important now that the world is trying to recover from the shock of the financial meltdown that just rocked the global economy at large as a result of COVID-19 pandemic. Since businesses are the main stimulant of every economy and accounting is the language of businesses, accountants have a major role to play in ensuring that the language of business is understood by all and sundry.

### **Recommendations**

To play the aforementioned roles creditably in the recovery of Nigeria's economy in the post COVID-19 era professional bodies and other relevant authorities should (a) hasten to make accounting curriculum more elaborate and enriching with modern accounting principles, concepts and conventions in the face of present day economic challenges. (b) Accountants are trained to be at the front seat in the fight against fraud in our time. This however will not be an easy task as the mix of accounting, law, and IT skills are required for accountants to be well positioned to effectively fight fraud. (c) Accountants should facilitate the establishment and implementation of functional internal control system in every organization they find themselves, this will enable them checkmate the activities of corrupt officers and fraudulent staff in the organization. (d) Accountants also have to embrace IT as many fraudsters now perpetrate their evil deeds through the aid of computers and other information technology infrastructures. (e) Organizations should ensure regular training and retraining of their Accountants to suit the present day Accounting practices. (f) Accountants should among others things, discharge their professional duties in line with the dictate of the law and their professional ethics.

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