

IMPACT OF COVID PANDEMIC ON SMALL AND MEDIUM-SIZED PRACTICES IN EAST AFRICA

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ABSTRACT: *The Covid-19 (“Covid”) pandemic caused small and medium-sized businesses (SMEs) to close down or shrink substantially in 2020 and 2021. These SMEs constitute over 95% of enterprises in most countries of the world. As the trusted business advisors to the SMEs, there was a unique need to find out how the small and medium-sized practices (SMPs) themselves were affected by the pandemic. By October 2021, a representative sample of 197 SMPs from Burundi, Kenya, Rwanda, Tanzania and Uganda had responded to the abridged closed-ended questionnaire. In an earlier study completed in 2019 (adopting a much broader questionnaire), a total of 409 SMPs from Kenya, Tanzania and Uganda had responded. The SMPs had reduced in terms of employment. SMPs with less than 10 personnel had increased from 34% to 38%. The SMPs used only 12 days for development/training (benchmark = 20 days) and the utilization ratio was only 52% (benchmark >70%) implying pandemic had disorganized teamwork and staff morale. On a positive note, the charge-out rates had increased marginally by 2% to USD264 per day. Clients billed had increased by 20% to 79 per annum but the average fees per client fell by 6% as clients tried to cut costs due to the pandemic. That notwithstanding, the average revenue per SMP increased by 28% to USD296, 000 per annum implying that SMPs (as a bloc of businesses) benefitted during the pandemic period. The study was purely quantitative hence the qualitative aspects of how the SMPs in East Africa managed to cope with the lockdowns have not been captured. Secondly, this study was limited to income side (due to its lower sensitivity) but the sustainability of SMPs can also depend on their level of operating expenses, profitability and partner drawings. SMPs in East Africa should benchmark their individual practices to these research findings. Evidence shows that more and more SMPs are being licenced annually hence competition for fees is likely to increase in coming years. This study had contributed to literature about the Covid pandemic and its influence on the SMPs and the methodology can be adapted to other regions in Africa.*

KEYWORDS: Covid pandemic, human capital, Competitiveness, SMPs

INTRODUCTION

Background

The coronavirus is reported to have originated in the month of December 2019 and the World Health Organization (WHO) named it “Covid-19”. The virus begun to spread worldwide mainly through international travel (person-to-person infection) and business transactions (surface-to-person infection). By March 2021, every country in the world had confirmed at least one case of Covid-19 and thus the WHO declared the

virus a global pandemic. The virus spread too fast and overwhelmed medical facilities and personnel in both developed and developing countries alike. In order to reduce the speed of spread of the virus, international travel was banned and many countries entered into national lockdown whereby movement of people within the country was substantially curtailed or banned altogether. Consequently, there were moments where businesses of all sizes shutdown, no physical customers, no supplies and no transport.

With respect to the worldwide accountancy profession, the lockdowns came as accountancy firms were planning the final audit of financial statements for the year ended 31 December 2019. Typically, the audits are undertaken from February up to April every year. Even the audits for year ends 30 June were eventually affected since Covid continued to ravage countries in the third and fourth quarters of 2020. The other services offered by accountancy firms like tax and consultancy were also affected given that personnel in some of the clients fell sick from Covid, maybe even the accountancy firms themselves had patients and overall the assignments were on standstill or fell behind schedule.

In regard to the East African Community (EAC) region, each country took varied measures to contain Covid. There was no standard template on which Standard Operating Procedures (SOPs) should be implemented. Nevertheless, given the interconnection of the EAC countries among themselves, within Africa and the globe, it became apparent that Covid restrictions in one country had a ripple effect on others. The Professional Accountancy Organizations (PAO) in the EAC had to comply with the Covid SOPs announced by their respective countries. The lockdown of international and domestic passenger travel disrupted the assignments undertaken by accountancy firms in the EAC. However, the Small and Medium-sized Practices (SMPs) were worst hit given that their clients, mainly the Small and Medium Enterprises (SMEs) were shut down due to the pandemic and only a few had digital/technology alternatives to remain open to serve customers virtually. The physical offices of most SMEs were shut down and there was no access to files and relevant documents to enable the audits to commence or continue. Secondly, the accounting firms were not considered essential services hence their personnel did not possess travel permits to use private means of transport. Majority of SMEs were also not considered essential except those in manufacturing, medical, banking, security guards and others as specified by the Ministry of Health.

Scope of the study

Much as Covid is a global pandemic, this particular study covered only the SMPs in the EAC countries of Uganda, Burundi, Kenya, Rwanda and Tanzania. Primary data pertaining to 2020 and 2021 was collected during the months of July, August and September 2021. The comparative primary data for the period prior to the pandemic had already been collected over a one-and-half year period from December 2017 to August 2019.

Statement of the problem

Measures instituted by the EAC countries to contain the spread of Covid included physical lockdown of domestic and regional passenger travel. This constrained the SMPs to undertake their assignments since some of the work required physical inspection of documents at client premises. Whereas options to use digital channels were mooted, it remained unclear how the SMPs adapted to the disruptions brought about by the Covid pandemic. Some of the SMEs were reported to have closed down while others downsized and cut costs through retrenchment or furlough, and some of the costs cut included audit fees and other professional services. Some assignments were postponed indefinitely until when the economies recover from the pandemic.

Research objectives

Firstly, to ascertain the human capital and competitiveness of the SMPs as of the year 2021. Secondly, to undertake a comparison with the situation two years earlier (in 2019) and ascertain to what extent the Covid pandemic may have impacted their human capital and competitiveness.

Justification for this study

Whenever a study of SMEs is undertaken, the focus tends to be on traders and other sectors but limited samples covering SMPs. Therefore, the onus to undertake tailored research on SMPs falls squarely on the accountancy practitioners. This study was justified by the fact that many SMEs had closed down or shrunk in size due to the national lockdowns (meant to reduce the spread of Covid) instituted in 2020 and 2021. In theory, this would automatically mean that the SMPs could have suffered the same fate since the SMEs constitute all or the majority of their clients. However, there was need to conduct an empirical study to confirm or allay the fears. This study focussed on the SMPs in the East African region since they exhibit similar geo-economic characteristics.

LITERATURE REVIEW

The coronavirus was declared a global pandemic in March 2020 and this caused panic and drastic actions had to be taken to reduce the spread of the virus. Whilst it appeared too early to judge, different studies started to emerge on the likely impact of the pandemic on economies, businesses and individuals. One of the areas hit by the pandemic was human capital. The lockdowns led to challenges for employees to work efficiently as a number of people were caught flat-footed and had not invested in alternative methods of working digitally. Employees were asked to work-from-home and those who could not remained redundant and scared of their jobs. Efficiency declined as employees remained locked down at their respective homes with no teamwork and human interaction (Collings et al., 2021; Deng et al., 2021; Heltzer & Mindak, 2021; Maliszewska et al., 2020; Mirza et al., 2020). One could argue that SMPs could have taken advantage of the lockdown to ramp up their in-house or external training through webinars. A study of 124 SMPs in Uganda revealed that 60% of the

firms had spent less than USD 2000 per annum on training their partners and staff. This was a disadvantage to them when it came to competing on technical bids. There was also need for diversification away from International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs) training towards tax and consulting services (Otete, 2018c)

From a technical perspective, there were concerns about the audit opinions that would be issued during the year 2020 particularly to comply with International Standard on Auditing (ISA 500 – Audit Evidence) and ISA 570 – Going Concern (Albitar et al., 2020; Appelbaum et al., 2020; Hay et al., 2021). Given the lockdown, audit teams were unable to physically visit their clients and gather audit evidence and some businesses like aviation were substantially decapitated that caused some of them to collapse or downsize. Therefore, the audit partners and teams had to put in extra hours to look for alternative evidence but the audit fees were to remain the same or reduced. The SMPs bore the bigger brunt as most of the SMEs lost revenue due to lockdown and resorted to cost cutting to survive. One of the costs to be cut was audit fees and the postponement of discretionary expenditures like consultancies. Consequently, SMPs faced a decline in their own revenues and their employees were at home waiting for work. A study of companies listed on East Africa stock exchanges revealed that SMPs on those financial audits earned between USD4000-USD7000 per annum (Otete, 2018a) and yet these are the high paying clients. Therefore, most of the unlisted SMEs would pay much less in audit fees. Most of the solicitations for new audit procurements and bids were postponed. A study undertaken in 2018 of 280 SMPs in Kenya, Uganda and Tanzania revealed the extent of staff deployment (or lack of) on client assignments. An additional 100 days deployed on client assignments in a year could make a difference with an additional 5 clients billed and this had a potential to generate an additional USD 21900 for the SMP (Otete, 2018b).

The International Federation of Accountants (IFAC) continued to provide technical guidance to its members on what they could consider in the circumstances. Webinars were held globally and in respective geographies to brainstorm on the issue of audit evidence and risk of fraud and management override of controls given social distancing and work-from-home requirements. The use of drones for inventory observation and inspection of property, plant and equipment was suggested. Artificial intelligence, data analytics, smartphone cameras were all mooted as options to gather audit evidence (Appelbaum et al., 2020; Kaka, 2020; Mchedlishvili & Zazadze, 2021; Papadopoulou & Papadopoulou, 2020). However, the SMPs can start with advanced Excel® tools and audit software. Unfortunately, a study undertaken at the peak of Covid restrictions in 2020 revealed that only 25% of the SMPs in East Africa had adopted audit software, mainly CaseWare®, myAudit, PCAS and DraftWorx™ (Otete, 2020).

Many clients resorted to cutting their workforce to stay afloat, others had their salaries furloughed and were asked to work-from-home. Consequently, the SMPs faced delays in completing their audit and other assignments due to insufficient manpower at their

clients (Deng et al., 2021; Heltzer & Mindak, 2021). Secondly, the second and third waves of the pandemic swept many organizations and employees fell sick from Covid and some unfortunately died. This made the situation worse as most organizations were working at less than 20% capacity. Thirdly, internships at both clients and SMPs were made difficult as supervisors/intern training could not take place. A number of SMPs that used to hire interns and part-time employees during peak season had to shelf those plans. University education also stalled as well as professional accounting exams that had to be postponed. Therefore, the pipeline of new accounting graduates and professionals was curtailed (Bujaki & Brouard, 2021; Handoko et al., 2020; Williams & Kollar, 2021). Yet a specific study of 112 SMPs in Uganda had confirmed that recruitment of experienced Supervisors that had embarked or completed CPA or ACCA was an added advantage for the firm in terms of competing for jobs from the technical expertise perspective (Otete, 2018d).

METHODOLOGY

A sample of SMPs was obtained from a population of professional accounting firms licenced by respective regulators in East Africa as per the websites:

Country	Institute name	Website
Burundi	Ordre des Professionnels Comptables du Burundi	www.opc.bi
Kenya	Institute of Certified Public Accountants of Kenya	www.icpak.com
Rwanda	Institute of Certified Public Accountants of Rwanda	www.icparwanda.com
Tanzania	National Board of Accountants and Auditors of Tanzania	www.nbaa.go.tz
Uganda	Institute of Certified Public Accountants of Uganda	www.icpau.co.ug

As at beginning of July 2021, there were approximately 1,650 SMPs determined through a physical count of those licenced firms as per the above websites, but excluding the Big_4. The study adopted a digital approach in which a questionnaire comprising concise questions was broadcast using the *SurveyMonkey*® tool to selected firms for a limited period of three months from July-September 2021. Key descriptive statistics as of 2021 were then extracted and compared to the same parameters in 2019. Human capital variables were operationalized through the number of partners/staff, the days spent on development/training, the days deployed on client assignments and their respective daily charge-out rates. The Competitiveness variables were operationalized using the number of clients billed per annum and the annual revenue (in USD). The statistical software *STATA17*® was used for data analysis.

RESULTS/FINDINGS

The questionnaire Appendix B was scale reliable with the coefficients returning a *Cronbach* alpha (α) of 0.8125 (Human capital variables) and 0.8153 (Competitiveness variables) which are above the benchmark of 0.6000. A summary of all the descriptive

statistics is under Appendix A showing the *STATA17*® name, the label of the variable corresponding to the questionnaire, the measure and the means (2019 based on sample n=409 and then 2021 based on sample n=197).

Table 1: Age of the firms per country based on responses

Country	1-5 years	6-10 years	11-15 years	16-20 years	>20 years	Total	%
Burundi	3	1	1	2	1	8	4%
Kenya	32	22	15	7	14	90	46%
Rwanda	4	3	1	0	1	9	5%
Tanzania	4	4	3	1	2	14	7%
Uganda	23	22	19	6	6	76	38%
Overall	66	52	39	16	24	197	
%	34%	27%	19%	3%	1%	100%	

Source: Researcher's own analysis, arranged alphabetically by country

There were 197 SMPs that responded to the questionnaire over a three months period from July-September 2021. The response is lower than the 409 in 2019 which was made possible given the longer duration of collecting the data for a period of over one year. 17% of the respondent firms were members of an accounting association or network (2019: 13%)

Table 2: Age of the firms and personnel profile

Age of the firm	Total number of partners and staff				% that are women	Exits during year
	<10	11-20	>20			
1-5 years	41	24	1	66	27%	1
6-10 years	18	32	2	52	18%	2
11-15 years	6	21	12	39	31%	2
16-20 years	5	6	5	16	40%	2
>20 years	5	9	10	24	28%	1
Overall 2021	75	92	30	197	Average	
%	38%	46%	16%		27%	
Overall 2019						
%	34%	47%	19%	409	23%	2

Source: Researcher's own analysis, arranged in ascending order, by age of the firm

The average number of years of the SMPs remained at approximately 10 years. The total number of professionals in the SMPs has not changed substantially with 38% of the firms with <10 partners and staff; 46% with 11-20 partners and staff and 16% with >20 partners and staff. In 2019, those percentages were 34% of the firms with <10

partners and staff; 47% with 11-20 partners and staff and 19% with >20 partners and staff. In addition, the study revealed that staff exits in 2021 remained at an average of 1-2 per annum which was the same two years earlier. The support staff remained at same levels of 2 per firm. The SMPs continued to utilize part-time professional staff at an average of 4 per firm.

Table 3: Experience and age dynamics of the personnel

2021 (n=197)	Partners	Supervisors	Assistants
Practice experience (years)	13 yrs	-	-
Work experience (years)		9 yrs	5 yrs
Age (years)	46 yrs	36 yrs	29 yrs
2019 (n=409)			
Practice experience (years)	12 yrs	-	-
Work experience (years)		8 yrs	4 yrs
Age (years)	44 yrs	34 yrs	27 yrs

Source: Researcher's own analysis

DISCUSSION

How has the Covid pandemic impacted human capital?

The Covid pandemic disrupted the physical training and development programmes. Nonetheless, the regulators organized online webinars for their members to register and attend online. The SMPs spent on average 12 days on development programmes during 2021. The time spent by the Assistants and Supervisors remained the same at 11 days and 12 days respectively. However, the development days for partners dropped from 16 days to 14 days. That notwithstanding, the time allocated to development/training was still lower than is recommended of at least 20 days. If one considers available days of 240 per annum (20 working days per month), the 12 days allocated to development translates to only 5% of the time of the partners and staff.

The Covid pandemic in 2021 also disrupted the deployment of partners and staff on client assignments, especially if it required physical visit to client premises. Some SMEs postponed their audits while others may have discarded tax and consulting assignments as one way to cut costs. On average, the partners and staff of the SMPs spent 52% of their time on client engagements that could culminate in billable work. That percentage of 52% is lower than two years earlier where the percentage was 58%. Secondly, that percentage was still lower than is recommended of 50-70% efficiency for partners and 70-80% for the professional staff, as per International Federation of Accountants.

In terms of the daily charge-our rates, the study shows that the average for partners was USD404 per day, supervisors USD239 and assistants USD150. These figures are slightly higher than the period before the pandemic where the averages were USD393 for partners, USD 237 for supervisors and USD145 for assistants. The increments could

arise from the fact that the partners and staff have increased in their level of experience and skill over the past two years. Secondly, the pandemic ushered in the need to undertake additional technical audit procedures coupled with the new accounting standards that became effective in 2019-2021, most notably IFRS 9: Financial instruments and IFRS 16: Leases.

How has the competitiveness been impacted in terms of revenue?

Tables 4 and 5 show the comparison based on annual clients billed. The proportion of SMPs that billed less than 90 clients per annum increased from 72% to 75%. Equally, the proportion of SMPs that billed more than 180 clients per annum increased from 5% to 8%. There were mixed results with some firms gaining while others lost. Overall, the study reveals that the average number of clients billed in 2021 was 79 in one year compared to 66 for the year prior to the pandemic. Notable gains were in tax (28 up from 22) and consulting (22 up from 14) whereas audit billing remained flat at 30 clients per annum.

Table 4: Percentage of firms by annual clients billed, based on 2021 (n=197)

Number	<u>Low</u> <u><90</u> clients	<u>Medium</u> <u>90-180</u> clients	<u>High</u> <u>>180</u> clients	%
>20 partners/staff	6%	6%	3%	15%
11-20 partners/staff	38%	5%	4%	47%
1-10 partners/staff	31%	6%	1%	38%
%	75%	17%	8%	100%

Source: Researcher's own analysis, arranged in ascending order of number of partners and staff

Table 5: Percentage of firms by annual clients billed, based on 2019 (n=409)

Number	<u>Low</u> <u><90</u> clients	<u>Medium</u> <u>90-180</u> clients	<u>High</u> <u>>180</u> clients	%
>20 partners/staff	7%	8%	4%	19%
11-20 partners/staff	34%	12%	1%	47%
1-10 partners/staff	31%	3%	0%	34%
%	72%	23%	5%	100%

Source: Researcher's own analysis, arranged in ascending order of number of partners and staff

In terms of competitiveness for new clients, the study revealed that out of 19 bids placed, 13 become successful (68% win rate). This was an improvement from the 13 out of 25 two years ago (52% win rate). Fewer bids were submitted either due to postponement of the procurements or the need to submit physical bid documents which was hampered due to lockdowns.

Table 6 shows that 92% of the SMPs still earn low revenues of less than USD1million. This is an improvement in two years prior in 2019 when that percentage was 95%. This means that a number of SMPs moved up into the USD1-2million bracket. The average number of clients billed per annum increased from 66 to 79. What about the average fees per client? Consulting stream average fees fell from USD3912 to USD3572 per client billed while tax stream fell marginally from USD2277 to USD2214. The audit/assurance stream increased marginally from USD3200 to USD3217.

Table 6: Percentage of firms by annual revenue, based on 2021 (n=197)

Number	<u>Low</u> <USD 1Mn	<u>Medium</u> USD 1-2Mn	<u>High</u> >USD 2Mn	%
>20 partners/staff	38%	0%	0%	38%
11-20 partners/staff	45%	2%	0%	47%
1-10 partners/staff	9%	5%	1%	15%
%	92%	7%	1%	100%

Source: Researcher's own analysis, arranged in ascending order of number of partners and staff

Table 7: Percentage of firms by annual revenue, based on 2019 (n=409)

Number	<u>Low</u> <USD 1Mn	<u>Medium</u> USD 1-2Mn	<u>High</u> >USD 2Mn	%
>20 partners/staff	17%	2%	1%	20%
11-20 partners/staff	44%	1%	1%	46%
1-10 partners/staff	34%	0%	0%	34%
%	95%	3%	2%	

Source: Researcher's own analysis, arranged in ascending order of number of partners and staff

Has Covid impacted the revenue of the firms?

Table 8 and 9 reveals the comparison in the reduction in the annual fees per client. From the previous tables, it was noted that consulting stream average fees fell from USD3912 to USD3572 per client (-8.7%), tax fell from USD2277 to USD2214 (-2.8%) while audit/assurance increased USD3200 to USD3217 (+0.5%).

Table 8: Average change in annual fees per client, based on 2021 (n=197)

	Fell >15%	Fell 1-15%	Constant 0%	Grew 1-15%	Grew >15%
	Proportion of SMPs attaining that range of change				
Audit/assurance services	24%	36%	24%	13%	3%
Tax services	21%	40%	21%	15%	3%
Consulting services	25%	42%	20%	10%	3%

Source: Researcher's own analysis, arranged by revenue stream

Overall, the respondents stated that audit/assurance fees had fallen (-5.5%), tax had fallen (-5.1%) and consulting had also dropped (-6.5%). This means that the SMPs in general felt the pressure of the decline in fees and had to compensate this gap with more clients billed to stay afloat during the pandemic. Table 9 shows that prior to the pandemic, the majority (70-80%) of the SMPs stated that their average fees were either constant or growing. Typically, most fees agreed between SMPs and their clients remain constant for a number of years. The average may increase if new clients pay more than existing ones and vice versa.

Table 9: Average change in annual fees per client, based on 2019 (n=409)

	Fell >15%	Fell 1-15%	Constant 0%	Grew 1-15%	Grew >15%
Proportion of SMPs attaining that range of change					
Audit/assurance services	10%	10%	30%	40%	10%
Tax services	11%	8%	41%	29%	11%
Consulting services	11%	17%	41%	23%	8%

Source: Researcher's own analysis, arranged by revenue stream

Overall, the annual average revenue per SMP increased by 28% from USD 230,715 to USD295,622 buoyed by a 20% rise in the number of annual clients billed (66 to 79) but subdued slightly by the fall in the average fees per client (-6% overall).

Research Limitations

The study was purely quantitative given the challenging times of Covid. Therefore, the qualitative aspects of how the SMPs fared through the pandemic have not been captured. This was a first attempt to compare a pre- and a post-lockdown period, but some of the changes observed in 2021 may have been caused by factors other than the pandemic. This study was limited to the top line (annual revenues) but SMP sustainability could depend on their level of their expenses and profitability. Information regarding operating expenses and profit are often seen as "intrusive" and respondents often decline to disclose these details.

Practical Implications

These data presented herein is in aggregate format. Each SMPs can benchmark its own business performance over the three years (2019-2021) and assess how far they are from the means reported in the study. For example, the study revealed that some SMPs billed only 30 clients in one year, but some few managed over 270 clients (almost 22 clients per month). Secondly, some SMPs earned only USD37500 per annum but some few earned slightly over USD3million per annum. The pandemic may have led clients to reduce audit/assurance fees but new opportunities for business advisory/consulting may have emerged. Therefore, the more and more clients billed, the better for the SMP.

SMPs continue to play a pivotal role in advising SMEs in East Africa. The pandemic has exerted a downward effect on the fees paid by the clients. If the SMEs do not recover

economically, the fees may remain subdued. For example, some educational institutions, recreational centers and tourist facilities in East Africa remained closed for two years. Secondly, a number of SMEs may embrace digitization leading to much leaner accounting departments. The professional accountants in industry may be forced to set up their own practices and this will further increase competition among SMPs. In the two-year period from 2019 to 2021, the total number of SMPs in Kenya, Tanzania and Uganda had increased by 37% from 1130 to 1550.

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APPRECIATION

This study was completed through co-operation from the SMPs in Burundi, Kenya, Rwanda, Tanzania and Uganda.

1. APPENDIX A – Summary of the descriptive statistics

<i>STATA variable name</i>	Label of variable corresponding to questionnaire	Measure	n=197 2021 Mean	n=409 2019 Mean
<i>firm_ops</i>	"How many years has your firm been in operation in that country?"	Years	9.95	9.16
<i>network</i>	"Is your firm part of a regional or international network of firms?"	Dummy	0.17	0.12
<i>num_partners</i>	"How many registered partners are in your firm in that country?"	Number	1.65	1.66
<i>yrs_practice</i>	"The average practice experience of partners"	Years	13.38	12.55
<i>yrs_expsupv</i>	"The average working experience of supervisory-level staff"	Years	9.22	8.38
<i>yrs_expasst</i>	"The average working experience of assistant-level staff"	Years	5.18	4.46
<i>num_supv</i>	"How many full-time Supervisory-level staff?"	Number	4.45	3.95
<i>num_asst</i>	"How many full-time Assistant-level staff?"	Number	4.88	5.73
<i>num_partime</i>	"Number of part-time professional staff"	Number	4.14	3.81
<i>num_support</i>	"The number of support staff"	Number	2.17	2.25
<i>age_partners</i>	"Average age of the partners"	Years	46.22	43.80
<i>age_supv</i>	"Average age of the Supervisory-level staff"	Years	36.32	33.56
<i>age_asst</i>	"Average age of the Assistant-level staff"	Years	28.81	27.00
<i>prop_gend</i>	"Proportion of total female personnel"	%	26.62	22.75
<i>devdays_asst</i>	"Development days per annum for Assistant-level staff"	Days	10.56	10.53
<i>devdays_supv</i>	"Development days per annum for Supervisor-level staff"	Days	11.63	12.30
<i>devdays_partners</i>	"Development days per annum for Partners"	Days	14.32	15.63
<i>asst_tmcharge</i>	"Proportion of time on chargeable client jobs for Assistant-level staff"	%	50.51	61.81
<i>supv_tmcharge</i>	"Proportion of time on chargeable client jobs for Supervisor-level staff"	%	51.12	60.00
<i>partners_tmcharge</i>	"Proportion of time on chargeable client jobs for Partners"	%	53.76	53.93
<i>prostaff_exit</i>	"How many professional staff have left your firm in the past one year?"	Number	1.31	1.65
<i>bids_placed</i>	"Number of bids/proposals submitted in last one year"	Number	19.44	24.72
<i>bids_won</i>	"Number of bids/proposals won and turned into contracts in last one year"	Number	13.45	12.93
<i>bill_audit</i>	"Number of clients we billed in last one year for audit/assurance services"	Number	28.68	30.20
<i>bill_tax</i>	"Number of clients we billed in last one year for taxation services"	Number	27.56	22.18
<i>bill_consulting</i>	"Number of clients we billed in last one year for consulting services"	Number	21.88	13.86
<i>avgfee_audit</i>	"Average annual fees per client from audit/assurance services"	USD	3217.00	3199.88
<i>avgfee_tax</i>	"Average annual fees per client from taxation services"	USD	2214.47	2276.90
<i>avgfee_consulting</i>	"Average annual fees per client from consulting services"	USD	3572.34	3912.59
<i>change_audit</i>	"% change in the average annual fees from audit/assurance services"	%	-4.54	2.58
<i>change_tax</i>	"% change in the average annual fees from taxation services"	%	-4.28	1.78
<i>change_consulting</i>	"% change in the average annual fees from consulting services"	%	-5.50	-0.13
<i>drate_asst</i>	"Average daily charge-out rate for Assistant-level staff"	USD	150.38	145.17
<i>drate_supv</i>	"Average daily charge-out rate for Supervisory-level staff"	USD	239.21	236.86
<i>drate_partners</i>	"Average daily charge-out rate for partners"	USD	404.19	392.73

2. APPENDIX B – Questionnaire

July 2021

Dear CPA

The years 2020 and 2021 have been disrupted by the Covid-19 pandemic and SMPs and their clients were affected. This study will help us share experiences, learn from each other and prepare for the future with informed data. Studies on SMPs worldwide

are still few in number and this will help increase that literature. Therefore, this online questionnaire (SurveyMonkey®) aims to determine how the Covid-19 pandemic may have affected the human capital and competitiveness of SMPs in East Africa. Your email contact was obtained from the websites of your respective country accountancy regulator or your public website. The decision to participate is entirely voluntary. Your views are very important to this study. Your responses will be treated in strict confidence and used only for academic purposes. The identity of the SMPs and respondents will remain anonymous and the analysis of data will be in aggregate and not on individual responses.

Thank you in advance

CPA Dr. Albert Richards Otete
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1. In which country is your accounting firm registered?

- 1 Burundi
- 2 Kenya
- 3 Rwanda
- 4 Tanzania
- 5 Uganda

2. How many years has your firm been in operation in that country?

- 1 1-5 years
- 2 6-10 years
- 3 11-15 years
- 4 16-20 years
- 5 > 20 years

3. Is your firm part of a regional or international network of firms?

- 0 No
- 1 Yes

4. How many registered partners are in your firm in that country?

- 1 1
- 2 2
- 3 3
- 4 4
- 5 5-10

5. The experience levels in your firm. Choose the applicable range relevant to your firm

a. The average practice experience (in years) of the partners

- 1 1-5 years
- 2 6-10 years
- 3 11-15 years
- 4 16-20 years
- 5 > 20 years

b. The average working experience (in years) of the Supervisory-level staff

- 1 1-5 years
- 2 6-10 years
- 3 11-15 years
- 4 16-20 years
- 5 > 20 years

c. The average working experience (in years) of the Assistant -level staff

- 1 1-5 years
- 2 6-10 years
- 3 11-15 years
- 4 16-20 years
- 5 > 20 years

6. Professional human capital capabilities in the firm. Choose the applicable range relevant to your firm

a. How many full-time Supervisory-level staff currently in your firm?

- 1 1-5
- 2 6-10
- 3 11-15
- 4 16-20
- 5 > 20

b. How many full-time Assistant-level staff currently in your firm?

- 1 1-5
- 2 6-10

- 3 11-15
- 4 16-20
- 5 > 20

c. Number of part-time professionals employed in the last ONE year

- 1 1-5
- 2 6-10
- 3 11-15
- 4 16-20
- 5 > 20

7. The number of support staff currently employed by your firm.

- 0 0
- 1 1
- 2 2
- 3 3-5
- 4 > 5

8. Age dynamics of human capital in the firm. Choose the applicable range relevant to your firm

a. What is the average age (in years) of the partners?

- 1 21-30 years
- 2 31-40 years
- 3 41-50 years
- 4 51-60 years
- 5 > 60 years

b. What is the average age (in years) of the Supervisory-level staff?

- 1 21-30 years
- 2 31-40 years
- 3 41-50 years
- 4 51-60 years
- 5 > 60 years

c. What is the average age (in years) of the Assistant-level staff?

- 1 21-30 years
- 2 31-40 years
- 3 41-50 years

- 4 51-60 years
- 5 > 60 years

9. What is the proportion of total FEMALE personnel (partners and professional staff) to the total complement?

- 0 0%
- 1 1-25%
- 2 26-50%
- 3 51-75%
- 4 76-99%
- 5 100%

10. What is the average number of DAYS per annum each of the following personnel spend on DEVELOPMENT activities? (Use one of the rating scores below against each level)

- 1 1-5 days
 - 2 6-10 days
 - 3 11-15 days
 - 4 16-20 days
 - 5 > 20 days
- a. Assistant-level staff
 - b. Supervisory-level staff
 - c. Partners

11. What proportion of time (in %) did your professional staff spend on chargeable client jobs in last ONE year? (Use one of the rating scores below against each level)

- 1 0-20%
 - 2 21-40%
 - 3 41-60%
 - 4 61-80%
 - 5 81-100%
- a. Assistant-level staff
 - b. Supervisory-level staff
 - c. Partners

12. How many professional staff have left your firm in the past ONE year?

- 0 0

- 1 1-5
- 2 6-10
- 3 11-15
- 4 > 15

13. Bids/proposals to attract NEW clients or NEW jobs. (Use one of the rating scores below against each measure)

- 1 1-20
- 2 21-40
- 3 41-60
- 4 61-80
- 5 > 80

- a. Number of bids/proposals we submitted in the last ONE year
- b. Number of bids/proposals we won and turned into contracts

14. Number of clients billed by our firm per ANNUM. (Use one of the rating scores below against each measure)

- 1 1-20
- 2 21-40
- 3 41-60
- 4 61-80
- 5 > 80

- a. Number of clients we billed in the last ONE year for audit/assurance services
- b. Number of clients we billed in the last ONE year for tax services
- c. Number of clients we billed in the last ONE year for consulting services

15. What was the AVERAGE annual fees per client (in USD) in the past ONE year in the firm? (Use one of the rating scores below against each line of business)

- 1 USD 0-2500
- 2 USD 2501-5000
- 3 USD 5001-7500
- 4 USD 7501-10000
- 5 > USD 10000

- a. Audit/assurance
- b. Tax

c. Consulting

16. How did the above AVERAGE annual fees per client change compared to prior year? (Use one of the rating scores below against each line of business)

- 1 Fell >15%
- 2 Fell 1-15%
- 3 Constant
- 4 Grew 1-15%
- 5 Grew >15%

- a. Audit/assurance
- b. Tax
- c. Consulting

17. What is the AVERAGE daily charge-out rate (in USD) for the professional staff in the firm? (Use one of the rating scores below against each level)

- 1 USD 0-250
- 2 USD 251-500
- 3 USD 501-750
- 4 USD 751-1000
- 5 > USD 1000

- a. Assistant-level staff
- b. Supervisory-level staff
- c. Partners