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Contents

Editor’s Letter

The current issue of the *Nordic Journal of Business* features two peer-reviewed articles. The first article by Vijay L. Burman, Markus Mättö, Mervi Niskanen and Hannu Ojala investigates the relationship between corporate governance and tax aggression in the Finnish high tax alignment environment. In the second article, Eeva-Mari Ihantola, Timo Hyvönen, Niina Koivunen and Arttu Äijälä examine accountants’ perceptions about the benefits and challenges of full-time telecommuting during the COVID-19 pandemic.

I hope you enjoy reading the two articles included in this issue of the *Nordic Journal of Business*.

Sami Vähämaa
Editor
Nordic Journal of Business

How Does Corporate Governance Affect Tax Aggressiveness? Evidence from Finland

Vijay L. Burman, Markus Mättö, Mervi Niskanen and Hannu Ojala

Abstract

Using data from Finnish private firms, we examine the association between corporate governance and tax aggression in a high tax alignment environment. We find evidence of a non-linear relationship between CEO ownership and tax aggressiveness. Our results indicate that organisations with low levels of CEO ownership are more tax aggressive than those with high levels of CEO ownership when comparing firms with an average degree of CEO ownership. Furthermore, firms with CEO duality are less tax aggressive. This study provides a new perspective on effective corporate governance by suggesting that effective corporate governance systems in private firms lead to more tax aggressiveness. This could be attributed to the fact that cash flow, including tax savings, is critical to survival for private firms, and not even board diversity or CEO gender diminish this effect.

Keywords:

Tax aggressiveness, corporate governance, a private firm, SMEs, ownership structure, taxation.

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1. Introduction

Corporate social responsibility (CSR) is one of the main aspects of corporate culture that impacts corporate tax avoidance. Higher adverse reporting of CSR activities results in more aggressive tax avoidance (Hoi et al., 2013). However, conflicting findings exist on the relationship between CSR and taxation. Few studies, such as Mickey et al. (2007) and Lev et al. (2010), support the notion that CSR and tax payments are closely associated. Other research contends that no negative relationship exists between CSR and tax payments (e.g. Dhaliwal et al., 2011). This study examines how corporate governance, gender diversity, and tax evasion intersect in private companies. Given the increased focus on corporate sustainability at all societal levels, tax avoidance and corporate governance are themes that are becoming more and more relevant for all businesses. While there is some discussion on whether taxation should be a part of CSR (Ylönen & Laine, 2015), tax-related issues are already being considered in current CSR frameworks, such as the Global Reporting Initiative (GRI).

Private firms constitute a large portion of any economy. Finland's business tax policy is comparable to that of most developed nations. Finland falls in the high book-tax alignment group (Kasanen et al., 1996; Eberhartinger, 1999). High tax alignment describes the high alignment between financial reporting and tax accounting (Steijvers & Niskanen, 2014). Eberhartinger (1999) offers two alternative links between tax accounts and financial accounts: (a) accounting rules and tax rules are independent of one another, and (b) taxation depends on financial reporting, and therefore all entries in the books are relevant for taxation. Finland belongs to the latter of the two alternatives. The Finnish environment can be further characterised as one with high trust in tax authorities, which typically increases voluntary tax compliance (Batrancea et al., 2019). Ojala et al. (2020) state that the Finnish setting allows for large-scale archival studies because all limited liability companies, regardless of size, must prepare detailed and comparable financial statements that comply with therequirements of the Companies Act and file them at the public register of the Finnish Patent and Registration Office (PRH).

Tax avoidance describes the use of system loopholes to reduce corporate tax payments in a legal manner. Tax evasion, in contrast, is considered an outlawed way to slash tax payments by underreporting one's tax income (Kirchler et al., 2003). The term 'tax aggressiveness' refers to a company's tax accounting actions intended to minimise taxable income, regardless of financial accounting objectives (Karjalainen et al., 2020). Aggressive tax planning from a CSR point of view is defined as contrary to regular tax planning, complying with tax law obligations but falling short of stakeholders' expectations and standards (Knuutinen, 2014).

Corporate governance describes the procedures and processes that guide and control a corporation. A critical component of a corporate governance framework is the company's board structure. Board diversity is a current topic in the board structure literature, specifically whether and how the inclusion of women in senior management and firm governance enhances corporate performance (Francoeur et al., 2008). According to various corporate governance recommendations in different countries, board diversity promotes good corporate governance. The value gained from the heterogeneity of ideas, experiences and innovations that individuals contribute to the organisation is critical to how effectively diversity improves firm performance (Fields and Keys, 2003). For example, the Finnish Corporate Governance Code (2020) states that 'diversity also promotes good corporate governance, efficient supervision of the company's directors and executives, as well as succession planning' (p. 26).

According to Chen et al. (2010), our knowledge of the factors that influence tax aggressiveness is limited, and there is even less information available regarding its relationship with executive and board member incentives. Steijvers and Niskanen (2014) further suggest that this type of knowledge is even more limited in the case of small private firms. According to (Sundvik, 2017) studies of private companies are few due to the lack of readily available data. Clatworthy and Peel's (2013) study in the context of a UK private firm setting reveals that private companies in the UK are required to publish publicly only a limited set of accounting information, and the financial reporting regime for these organisations is an intriguing one to study. However, many differences in financial reporting procedures exist. Small private companies are generally eligible for audit exemption and must submit a condensed balance sheet (they can omit their income statement). According to Eisenberg et al. (1998), the variables that affect board size and structure in private companies may differ from those that affect big public companies.

With this study, we respond to Hanlon and Heinzman's (2010) call for further research on privately held firms beyond using them as a benchmark for publicly traded companies. We address the following two research questions: (1) Is there a connection between CEO ownership and the level of tax aggressiveness? (2) Is there a connection between efficient corporate governance and tax aggressiveness?

The number of shares the CEO of a company owns is referred to as CEO ownership. Some CEOs are either full or partial proprietors of the business. We use survey data from Finnish private firms regarding ownership and CEO and board characteristics and integrated financial data from databases collected between 2000 and 2011 to examine research questions 1 and 2. Our findings suggest that as CEO ownership increases, tax aggressiveness reduces. Companies with a dual CEO are less tax aggressive, whereas companies with external board members are more tax aggressive. In contrast to earlier research, we discover no link between female leadership and tax aggression. This is valid for both CEOs and board members.

This study makes four contributions to the previous literature. First, to our knowledge, Steijvers and Niskanen (2014) are among the few studies addressing the connection between tax aggressiveness and corporate governance in a private firm context. While Steijvers and Niskanen (2014) investigated the role of governance-related factors on tax aggressiveness in a subsample of family firms, the current study uses a general sample of private firms. Second, while Steijvers and Niskanen (2014) showed that in a family firm context, there is a linear connection between CEO ownership and the level of tax aggressiveness, the current study addresses private companies in general and provides evidence of a non-linear relationship between CEO ownership and tax aggressiveness. Furthermore, we expand the results from Steijvers and Niskanen (2014) by including gender-related governance variables. Third, previous studies (e.g. Lanis et al., 2017; Richardson et. al., 2016) on the connection between tax aggressiveness and corporate governance have investigated the situation in non-tax-alignment countries or within family firm tax-high tax alignment countries (Steijvers & Niskanen, 2014). Fourth, few previous studies (e.g. Lanis et al., 2017; Richardson et al., 2016) investigated female managers' or board members' roles in the firm tax aggressiveness of listed companies. We extended analyses provided by Lanis et al. (2017) and Richardson et al. (2016) to private firms.

This paper proceeds as follows: Chapter 2 presents the institutional setting and hypothesis development for our study; Chapter 3 describes the data, variables, and models used in our empirical analysis; Chapter 4 presents and discusses the empirical results; and Chapter 5 provides our conclusion.

2. Institutional Setting and Hypothesis Development

Atwood et al. (2012) examined tax avoidance across several countries by focusing on the effects of the tax system characteristics of a firm's home country. Their empirical results revealed that firms in home countries with higher required book-tax conformity exhibit lower tax avoidance. Their results show that tax alignment (or book-tax congruence) is associated with tax avoidance. While high tax alignment leads to the same net income in financial reports and tax returns, it is essential to note that tax aggressiveness appears equally in the financial statements of high- and low-tax alignment countries. In Finland, expenses are deductible in tax returns only if they have also been recognised in financial statements. This requirement is based on the Finnish Business Tax Law (EVL 1968/360), §54 (1976/1094), which states that for all expenditures incurred, expensing in financial statements is a prerequisite for tax deductibility. In keeping with this requirement, depreciation in tax returns cannot exceed what the firm's financial statements report.

Regarding permanent tax-avoiding strategies, non-tax-deductible expenses include fines, penalties and bribes. In terms of temporary tax-avoiding plans, Finnish firms can use depreciation reserves and depreciation adjustments (e.g. Niskanen & Keloharju, 2000). Regarding permanent tax-avoiding plans on the revenue side, the most critical non-taxable revenues are those from the sales of shares listed in long-term assets and dividends received from other companies (Steijvers & Niskanen, 2014). Tax avoidance also relates to other aspects of tax system features, such as how much management remuneration comes from variable pay (bonuses, stocks and stock options) (Atwood et al., 2012).

In the context of the current study (i.e. in Finland), listed firms follow the Finnish corporate governance code provided by the Securities Market Association. Finnish Corporate Governance Code 2020 recommends that most board members be independent of the company and at least two independent of the company's significant shareholders. An alternative corporate governance code designed for private companies exists, the Agenda for Improving the Corporate Governance of Unlisted Companies by the Chamber of Commerce, Finland. In Finland, private companies can choose which code to apply voluntarily. According to the Companies Act of Finland, a board shall have one to five members if not stipulated differently in the company's bylaws. Regardless of the code the company chooses to follow, the selection of board members remains vital for every company.

2.1. CEO Ownership

Agency theory suggests that agency costs decrease when the CEO's ownership share increases. More specifically, it is assumed that the more shares (s)he has, the less (s)he will be inclined towards consuming perquisites to maximise their personal benefit, as the fraction of the costs the CEO must bear for consuming these perquisites relates positively with the percentage of ownership (Jensen & Meckling, 1976). The challenging trade-off between internal efficiency loss and potential gains is likely to reduce the attractiveness of tax evasion even when the principal is risk neutral. A CEO with a lower ownership share may be more inclined to engage in tax activities, as doing so may enhance rent extraction by the CEO, leading to, for example, increased perquisite consumption and additional remuneration (Fama & Jensen, 1983). The CEO might be more inclined to improve financial results and engage in tax aggressive activities, such as setting up group structures abroad that enable tax savings from transfer pricing

(Baldenius et al., 2004). Additionally, (s)he may increase the company's free cash flow through tax planning by engaging in tax aggressive behaviours, such as using depreciation reserves and adjustments to invest in pet projects or pursue personal objectives (Jensen, 1986). It can also be argued that the reputation-related effects of tax aggressive behaviours are likely to be important for a CEO with a higher equity stake in the firm. If a firm experiences a loss of efficiency, firms compensating managers via after-tax earnings must pay them a risk premium because after tax compensation appears riskier than pre-tax compensation from a manager's perspective (Carnes & Guffey, 2000; Gaertner, 2014; Newman, 1989). Höglund and Sundvik (2016) report evidence that firms for which the CEO is a board member exhibit lower financial reporting quality.

Another view of the association between tax aggressiveness and risk taking behaviour. Prior theoretical work on tax evasion (Allingham & Sandmo, 1972; Chen & Chu, 2005) suggests that the risk of detection by the tax administration deters tax aggressiveness most significantly, and aggressiveness is articulated by the decision-maker's subjective view of the probability of detection. Smaller entrepreneurial firms tend to seek to exploit opportunities in the market and demonstrate a greater inclination towards risk-taking than their larger, more established counterparts (Lumpkin & Dess, 1996).

Previous studies, such as that by Dyreng et al. (2010), have shown that CEOs play an economically significant role in deciding the degree of tax avoidance. Desai and Dharmapala (2006) found that firms with managers with high equity shares are less tax aggressive, and vice versa. Steijvers and Niskanen (2014) found similar evidence within family firms, namely that family firms with lower CEO ownership are more tax aggressive than those with higher CEO ownership. Thus, we set the first hypothesis as follows:

H1: *There is a negative association between CEO ownership and the level of tax aggression.*

2.2. Efficient Corporate Governance

Board members and CEOs play a crucial role in determining a tax management strategy, given that they are accountable for resource allocation, performance and maximising shareholders' wealth (Minnick & Noga, 2010). Dyreng et al. (2010) found that CEOs impact tax avoidance substantially more than CFOs. To protect the interests of shareholders, a board of directors harmonises the firm's managers' interests with those of the shareholders (Johannisson & Huse, 2000). The board of directors is also legally responsible for monitoring and evaluating the senior management for the firm's welfare (Forbes & Milliken, 1999). In cases of effective corporate governance, the directors should detect any rent extraction behaviour and report it to the shareholders. In the case of tax-related lawsuits, the board may be legally liable, and their reputation capital may be threatened (Carcillo et al., 2002). Demonstrably, the relationship between tax avoidance and agency conflicts seems vital for firms with low levels of CEO monitoring (Chyz & White, 2014). Creditor interventions also increase borrowers' tax avoidance, mainly when shareholder governance falls short (Cook et al., 2020). In order to o mitigate the reputational risk the board of directors may abridge shareholder–manager agency problems and restrict aggressive tax behaviours undertaken by the CEO.

From a traditional agency perspective, the presence of outside board members can signal effective monitoring by the board of directors (Harford et al., 2008). (Jensen, 1993; Fama & Jensen, 1983) suggest that if the CEO is also the chairman of the board,i.e. if CEO duality exists, the considerable concentration of power could be adverse. Contrary to the study we argue that this leads to effective corporate governance in private firms. We also predict minimal agency costs if the CEO owns a significant portion of the company.

Using Australian empirical data, Lanis and Richardson (2011) found that external director presence has a negative relationship with the potential for tax aggressiveness; this suggests that independent boards have a lower level of tax avoidance. Minnick and Noga (2010) used S&P 500 data to investigate the connection between efficient corporate governance measures and tax aggressiveness. They found no significant results for traditional corporate governance measures, such as external board members or CEO duality. Based on these views, we hypothesise that an external board member constrains a firm's management from aggressive tax behaviours, while CEO duality increases tax aggressiveness.

H2: *Efficient corporate governance decreases tax aggressiveness.*

2.3. Female CEO or Chairman of the Board and Tax Aggressiveness

It is well documented in the accounting and finance literature that female decision-makers take fewer risks than their male counterparts. For example, Faccio et al. (2016) found that firms with female CEOs have lower leverage, fewer volatile earnings and a higher chance of survival than similar firms with male CEOs. Using US commercial banks, Palvia et al. (2015) documented that banks with female CEOs hold more conservative capital levels after controlling for the bank's asset risk and other attributes. Adams and Ferreira (2009) offer evidence that gender-diverse boards have pros and cons: gender-diverse boards allocate more effort to monitoring, but the average effect of gender diversity on firm performance is negative. Recent US studies find a positive association between female directors on the board, board monitoring and earnings quality (Adams & Ferreira, 2009; Srinidhi et al., 2011).

However, few studies have investigated the association between gender and earnings quality in positively impacting firms' financial quality. Ho et al. (2015) provide evidence that female CEOs' conservative and ethical inclinations lead to accounting conservatism, and this association is more potent in firms with high litigation and takeover risks. They also offer evidence that smaller banks with female CEOs and board chairs are less likely to fail during financial crises. Niskanen et al. (2011) found that firms with female auditors are more conservative in their reporting practices, and Barua et al. (2010) found that firms with female CFOs have higher-quality accruals. Glickman et al. (2001) used data from a survey targeted at accounting students. They investigated potential gender effects on earnings management methods without finding evidence of gendered practices. Krishnan and Parsons (2008) investigated actual earnings management behaviours in a sample of large, listed companies and found that earnings quality is positively associated with gender diversity. Srinidhi et al. (2011) used data on S&P 500 companies and found that firms with female directors exhibit significantly lower earnings management and higher accruals quality than firms with no female directors.

Other studies address the association between female gender and tax aggressiveness in listed firms. Francis et al. (2014) found that female CFOs are associated with less tax aggressiveness than their male counterparts. Using US-listed company data from 2006 to 2009, Lanis et al. (2017) reported a negative association between female representation on boards and tax aggressiveness. Using Australian data, Richardson et al. (2016) also found evidence supporting the claim that firms experience lower levels of tax aggression when they have female board members. A literature review by Khalif and Achek (2017) suggests that a female CFO or CEO leads to more conservative reporting, higher social and environmental disclosure levels, less tax aggressiveness and higher audit fees.

Even though several studies have documented that female decision-makers are more risk-averse (e.g. Faccio et al., 2016) than their male counterparts and are less tax aggressive (Francis et al., 2014), other evidence suggests that gender distinction in terms of ethics is vague. Zalata et al. (2019) findings suggest that observable differences in financial reporting behaviours between male and female CEOs exist because female CEOs are more risk-averse but not necessarily more ethically sensitive. Adams and Funk (2012) further suggest that having a woman on a firm's board does not lead to more risk-averse decision-making. Based on these views, we set the third hypothesis:

H3: *Firms with a female CEO or a female chairman of the board are less tax aggressive than male-led firms.*

3. Data and Variables

The data used in this study was taken from a sample of Finnish private firms for the fiscal years 2000 to 2011. The data on CEO ownership, board structure, and control variables were collected through a private survey. The first questionnaire was sent to all private limited companies with at least two employees in eastern Finland. The first survey covered the period between 2000 and 2005, and the second questionnaire covered between 2006 and 2011. The questionnaire was sent to the same respondents from the first survey round.

The questionnaire was circulated to the firms via email. The target firms for the survey were selected from the Voitto database maintained by Asiakastieto, a Finnish financial and credit information company. The survey covered all limited liability firms with at least two employees. Out of 3,262 questionnaires, 756 responses were collected, resulting in a response rate of 23 percent. Of these, 681 recipients responded to the questions on boards and ownership. In both questionnaire rounds, the respondents were asked to answer corporate governance questions related to the six years in their assigned data period. There was no change in the data during the overall survey period (2000 to 2011), indicating that were no changes in payment patterns in Finland. The laws that govern SMEs (Small and Medium-sized enterprises) and institutional settings also did not change during the period. In 2008, audits were made voluntary in Finnish SMEs, the change having been recorded in 2007 (Auditing Act 13.4.2007/459) (Niemi et al., 2012). There is no effect of this change in auditing law on our data set. The firms surveyed in the present study cover all industries in Finland, except primary production. The data were amended using financial statements from the Voitto and Amadeus databases. In the non-respondent bias tests, the firms that responded to the survey did not differ from those that did not respond.

After removing outliers at five and 95 percent for the effective tax rate (ETR) and one and 99 percent for other continuous variables, the final panel dataset of 650 private firms included 2,545 to 4,324 firm-year observations, depending on the variables used in the models. These models were estimated based on robust ordinary least squares (OLS) estimation and robust standard errors. The variable definitions are shown in Table 1.

Table 1. Variable Definitions

VARIABLE NAME	DEFINITION	SOURCE
CEO20	1 = CEO ownership less than 20 percent	Questionary
CEO50	1 = CEO ownership more than 50 percent	Questionary
D_CEO_DUAL	1 = CEO is also the chairman of the board; 0 = otherwi	Questionary
D_EXT_BM	1 = one or more external board members, includi investors; 0 = otherwise	Questionary
CEO_Female	1 = CEO is female; 0 = CEO is male	Questionary
Board_Female	1 = at least one female member in the board; 0 = otherwi	Questionary
ROA_EBIT	EBIT / total assets	VOITTO+
LNASSETS	Natural logarithm of total assets	VOITTO+
ASSETS	Total assets	VOITTO+
LEV	Long term debt/TAt-1	VOITTO+
TANG	Tangible assets/ TAt-1	VOITTO+
INTANG	Intangible assets/ TAt-1	VOITTO+
D_LOSS	1 = Negative profit; 0 = otherwise	Questionary
D_FAMILY	1 = Family firm; 0 = otherwise	Questionary
D_NONCERT	1 = Audited by non-certified auditor; 0 = otherwise	Questionary

3.1. Dependent Variable

We use ETR as the dependent variable in our study. ETR is defined as the total tax divided by earnings before tax. It is the average percentage that the company pays in taxes on its taxable income. Hanlon and Heitzman (2010) report that ETR is the most used measure to indicate the degree of tax aggressiveness. Dyreng et al. (2016) explain that ETR measures the extent to which tax avoidance influences a reduction in tax expenses for accounting purposes. Further, Steijvers and Niskanen (2014) report that Finnish firms can achieve lower ETR by increasing their accounting expenses (e.g. by increasing depreciation reserves).

Hypotheses Variables

To operationalize H1, we included two hypothesis variables: CEO20 and CEO50. The first variable obtains a code '1' if the CEO's shares are less than 20 percent of the firm's shares (CEO20) and is coded '0' otherwise. The latter variable (CEO50) obtains a code '1' if the CEO's ownership of the firm's shares is more than 50 percent and '0' otherwise. Here, we enabled the non-linear nature of this relationship using binary variables to represent different levels of managerial ownership. We chose our ownership cut-offs based on previous literature (Lennox, 2005; Niskanen & Niskanen, 2010).

To operationalize H2, two hypothesis variables were created: D_CEO_DUAL and D_EXT_BM. The former is coded as '1' if the CEO is also the board's chairman and zero otherwise. The latter is coded as '1' if there are one or more external board members and '0' otherwise.

To operationalize H3, two hypothesis variables were created: CEO_Female and Board_Female. The former is coded as '1' if the CEO is female and zero if otherwise. The latter is coded as '1' if there is at least one female board member and '0' otherwise.

3.2. Control Variables

We controlled for the known effects affecting tax aggressiveness as follows. Following Tanyi et al. (2020), we controlled firm performance using return on assets (ROA) data. We did so because Lisowsky (2010) suggests that tax aggressiveness is positively related to firm performance. We also controlled firm size by including total assets. Each firm's leverage was measured by long-term debt (LEV). We further included tangible assets (TANG) and intangible assets (INTANG) to evaluate the differences in how these asset types generate tax deductions. The descriptive statistics revealed that the average ETR in our sample was relatively lower than the tax rate in Finland, which might suggest that the data included firms with losses. Notably, for the data, firms with negative profits for a given period do not pay taxes (Lanis & Richardson, 2012). Therefore, we controlled for such loss in the study period (D_LOSS). We also included indicator variables to control for a year of industry-fixed effects.

Table 2a. Descriptive statistics

	N	MEAN	STD. DEV.	MIN	MAX
ETR	5435	.196	0.121	0	.334
CEO	3397	50.299	35.000	0	100
D CEO DUAL	3394	.493	0.500	0	1
DEXTBM2	3246	.217	0.412	0	1
CEO Female	4546	.138	0.345	0	1
Board Female	5435	.851	0.357	0	1
ROA EBIT	5434	.146	0.189	-.577	.680
ASSETS	5435	2487.550	12492.103	.000	199339.300
LN ASSETS	5435	6.162	1.448	3.174	10.599
LEV	4337	.148	0.222	0	1.053
TANG	5435	.285	0.254	0	.938
INTANG	5435	.019	0.056	0	.367
D LOSS	5435	.142	0.350	0	1
D FAMILY	3160	.738	0.440	0	1
D NONCERT	4409	.159	0.366	0	1

Variable definitions are in Table 1.

Table 2b. CEO ownership frequencies

CEO_C	FREQ.	PERCENT	CUM.
<20%	842	24.790	24.790
20% – 49%	614	18.070	42.860
≥ 50%	1,941	57.140	100.000
Total	3,397	100.000	

Table 2 presents the descriptive statistics for the variables. The average ETR for all firms was 19.6 percent, which includes all profit- and loss-making firms. When we tested by dropping the loss-making firms from our sample, we found the ETR to be 22.8 percent. We propose that the difference exists due to the loss-making firms in the sample. The corporate tax rate in Finland from 2001 to 2004 was 29 percent, and from 2005 to 2011 it was 26 percent. The average leverage was 14.8 percent, while the average ROA was 14.6percent. The CEO held less than 20 percent of company shares in 24.79 percent of the sampled firms and more than 50 percent in 57.1 percent of the firms. Roughly 49 percent of the firms had CEO duality, and 21.7 percent included external board members. Only 13.8 percent of the firms had a female CEO, but 85 percent had at least one female board member.

4. Results

Pearson correlations are presented in Table 3. Per our results, ETR is positively correlated with ROA, EBIT and ASSETS. The highest correlation exists between ETR, ROA and EBIT. None of the correlations are excessively high and thus do not suggest a multicollinearity problem in the analysis. To verify this, we performed an additional untabulated VIF (Variance Inflation Factor) analysis. As no VIF value exceeded five, multicollinearity was determined as not a problem (e.g. Hair et al., 2010).

Table 3. Correlations

VARIABLES		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1)	ETR	1.000												
(2)	CEO20	-0.080	1.000											
(3)	CEO50	0.142	-0.608	1.000										
(4)	D_CEO_DUAL	0.061	-0.257	0.397	1.000									
(5)	D_EXT_BM_2	-0.080	0.328	-0.294	-0.329	1.000								
(6)	CEO_Female	-0.039	-0.057	0.058	-0.065	-0.104	1.000							
(7)	Board_Female	0.081	-0.049	0.045	-0.036	-0.054	0.216	1.000						
(8)	ROA_EBIT	0.491	-0.089	0.112	0.048	-0.131	0.038	0.051	1.000					
(9)	LN_ASSETS	0.098	0.359	-0.325	-0.243	0.411	-0.210	-0.178	-0.035	1.000				
(10)	LEV	-0.312	0.033	-0.061	-0.014	0.062	0.038	0.010	-0.257	0.102	1.000			
(11)	TANG	-0.091	-0.033	-0.066	0.018	-0.056	-0.012	0.002	-0.075	0.144	0.384	1.000		
(12)	INTANG	-0.155	0.026	-0.055	-0.149	0.203	0.075	0.043	-0.145	-0.027	0.224	-0.063	1.000	
(13)	D_LOSS	-0.616	0.014	-0.039	0.029	0.018	-0.021	-0.054	-0.558	-0.157	0.211	0.055	0.065	1.000

Variable definitions in Table 1.

To explore the data further, groupwise t-tests were performed for the independent and dependent variables (see Table 4). The results indicate that firms with CEO duality are less tax aggressive than their counterparts and tend to be smaller. Firms with external board members are more tax aggressive, bigger and less profitable. Firms with female CEOs are more aggressive than those with male CEOs, smaller and hold a smaller share of tangible assets. Finally, firms with female board members are smaller and less tax aggressive.

Table 4. Mean values by groups with t-test

		N		MEAN				
GROUP VA	TEST VAR	0	1	0	1	T	P	DIFF.
CEO DUA	ETR	1720	1674	.193	.208	-3.85	<.001	-.015
	ROA EBIT	1720	1674	.143	.161	-2.90	.004	-.018
	LN ASSET	1720	1674	6.490	5.765	15.05	<.001	.725
	LEV	1359	1328	.151	.135	1.95	.051	.017
	TANG	1720	1674	.284	.284	0.00	.995	.000
	INTANG	1720	1674	.026	.011	8.35	<.001	.015
Board Female	ETR	812	4623	.189	.197	-1.85	.065	-.009
	ROA EBIT	812	4622	.134	.148	-2.10	.035	-.015
	LN ASSET	812	4623	6.570	6.090	8.75	<.001	.480
	LEV	732	3605	.144	.148	-.450	.639	-.004
	TANG	812	4623	.286	.285	.050	.940	.001
	INTANG	812	4623	.013	.020	-2.95	.003	-.006
CEO Female	ETR	3897	624	.198	.182	3.05	.003	.015
	ROA EBIT	3896	624	.142	.152	-1.35	.179	-.011
	LN ASSET	3897	624	6.381	5.517	13.90	<.001	.864
	LEV	3115	511	.148	.173	-2.30	.022	-.025
	TANG	3897	624	.289	.255	3.15	.002	.035
	INTANG	3897	624	.019	.030	-4.55	<.001	-.011
EXT BM	ETR	2541	705	.206	.178	5.30	<.001	.027
	ROA	2541	705	.163	.105	7.70	<.001	.058
	LN ASSET	2541	705	5.895	7.114	-20.90	<.001	-1.219
	LEV	1981	568	.137	.171	-3.25	.001	-.034
	TANG	2541	705	.292	.276	1.55	.127	.017
	INTANG	2541	705	.013	.037	-10.20	<.001	-.024

Variable definitions in Table 1.

Table 5 presents the results of the multivariate regression analysis. All five regression models were estimated with OLS and robust standard errors. The results indicate that firms with less than 20 percent CEO ownership have lower ETR and are thus more tax aggressive than firms with intermediate levels of CEO ownership (the control group). This result is significant at the five percent level in models 1 and 5. CEO50 exhibited positive and statistically significant coefficients. This suggests that firms with high levels of CEO ownership are less tax aggressive than the control group. These results are effective at the one percent level in most models, and the results on CEO ownership confirm H1. The results also indicate that when CEOs have a high share in the company, they have more responsibility of maintaining the firm's reputation and thus prevent any decision that may harm it.

Table 5. OLS regression, dependent variable (ETR), regression coefficients and standard errors

	(1) ETR	(2) ETR	(3) ETR	(4) ETR	(5) ETR
CEO20	-.018***	-.008	-.009	-.016**	-.018**
	(.007)	(.008)	(.009)	(.008)	(.007)
CEO50	.012***	.015**	.018***	.012***	.012***
	(.004)	(.007)	(.007)	(.004)	(.004)
D_CEO_DUAL	–	.012**	–	–	–
	–	(.005)	–	–	–
D_EXT_BM_2	–	–	-.012	–	–
	–	–	(.008)	–	–
CEO_Female	–	–	–	-.011	–
	–	–	–	(.007)	–
Board_Female	–	–	–	–	.002
	–	–	–	–	(.006)
ROA_EBIT	.083***	.101***	.096***	.081***	.083***
	(.014)	(.017)	(.017)	(.016)	(.014)
LN_ASSETS	.008***	.010***	.010***	.008***	.008***
	(.002)	(.002)	(.003)	(.002)	(.002)
LEV	-.079***	-.087***	-.082***	-.077***	-.079***
	(.012)	(.014)	(.015)	(.013)	(.012)
TANG	-.005	-.006	-.008	.001	-.005
	(.011)	(.014)	(.014)	(.011)	(.011)
INTANG	-.114***	-.129**	-.15***	-.108***	-.114***
	(.039)	(.05)	(.05)	(.038)	(.039)
D_LOSS	-.169***	-.167***	-.17***	-.171***	-.169***
	(.006)	(.008)	(.008)	(.007)	(.006)
Intercept	.220***	.187***	.195***	.223***	.218***
	(.016)	(.018)	(.019)	(.019)	(.018)
Industry dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Year dummies	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	4324	2683	2545	3613	4324
R-squared	.502	.495	.487	.500	.502

Standard errors in parentheses
**** p<.01, ** p<.05, * p<.1*

When we investigated the connection between tax aggressiveness and efficient corporate governance with CEO duality and the presence of external board members, we found that firms with CEO duality are less tax aggressive and firms with outside board members are more tax aggressive. The coefficient on CEO duality was positive and significant at the five percent level. The coefficient for EXT_BM_2 was not significant in the main analysis. The results regarding CEO duality contradict those of previous studies and H2 by suggesting that private firms with efficient corporate governance structures are more tax aggressive. Karjalainen et al. (2020) provide one explanation for the current study's findings. They suggest that earnings management in private companies is driven by the willingness to avoid unnecessary company income taxes. We can assume that external board members have a role based more on consulting (i.e. maximising the firm's cash flow by avoiding unnecessary tax payments using legal means) than monitoring (i.e. avoiding excessive tax aggressiveness, eventually leading to tax penalties and reputational damages).

The results regarding the presence of a female CEO or female board members were not significant. Thus, our evidence does not support H3.

4.1. Robustness Tests

To confirm our empirical results, we ran several robustness tests with our data. The results of this analysis are presented in Table 6. First, we considered the possibility that audit quality is associated with tax aggressiveness, as suggested by Kanagaretnam et al. (2016). We added a control variable for audit quality into our analysis. During the sample period, audit laws in Finland changed. We use a dummy for an uncertified auditor to measure audit quality in our analysis. After including audit quality, the results remained qualitatively the same. Second, since our sample included several family firms in which management and ownership coincide, we ran our analysis also with a dummy variable for family firms. The results remained similar, with the exception of an insignificant result for 50 percent CEO ownership (CEO50). This result is likely because the CEO of a family firm is typically also the major shareholder. In our sample, this was the case in 65 percent of the observations. As for H2, we found that previously insignificant D_EXT_BM, which measures governance efficiency, took a significant negative coefficient in the model when CEO ownership was not controlled for. This gives some support for H2.

Table 6. Robustness tests, OLS regression, dependent variable (ETR), coefficients and standard errors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CEO20	-.029***	–	-.019***	-.008	–	-.020 *	-.021**	-.017
	(.009)	–	(.007)	(.009)	–	(.011)	(.01)	(.012)
CEO50	–	.023***	.010**	.013*	–	.011	.011	.007
	–	(.007)	(.004)	(.007)	–	(.009)	(.008)	(.011)
D_CEO_DUAL	–	–	–	.013**	–	–	–	.011
	–	–	–	(.006)	–	–	–	(.008)
D_EXT_BM_2	–	–	–	–	-.017**	–	–	-.006
	–	–	–	–	(.008)	–	–	(.010)
CEO_Female	–	–	–	–	–	-.004	–	.000
	–	–	–	–	–	(.01)	–	(.011)
Board_Female	–	–	–	–	–	–	-.002	.009
	–	–	–	–	–	–	(.008)	(.009)
D_FAMILY	-.008	-.010	–	–	–	-.009	-.009	-.008
	(.006)	(.007)	–	–	–	(.007)	(.007)	(.008)
D_NONCERT_P	.010	.010	.011*	.012*	.011	.012	.010	.006
	(.008)	(.008)	(.006)	(.007)	(.008)	(.009)	(.008)	(.01)
ROA_EBIT	.081***	.08***	.086***	.100***	.094***	.07***	.080***	.081***
	(.021)	(.021)	(.015)	(.018)	(.019)	(.024)	(.021)	(.023)
LN_ASSETS	.010***	.009***	.008***	.009***	.007***	.011***	.010***	.011***
	(.003)	(.003)	(.003)	(.003)	(.003)	(.003)	(.003)	(.004)
LEV	-.074***	-.074***	-.078***	-.082***	-.077***	-.079***	-.074***	-.090***
	(.017)	(.017)	(.014)	(.016)	(.017)	(.018)	(.017)	(.020)
TANG	-.007	-.003	-.008	-.007	-.006	.006	-.006	.010
	(.016)	(.016)	(.012)	(.015)	(.015)	(.018)	(.016)	(.019)
INTANG	-.139**	-.135**	-.135***	-.149***	-.168***	-.129*	-.136**	-.101
	(.066)	(.067)	(.045)	(.055)	(.056)	(.070)	(.067)	(.073)
D_LOSS	-.181***	-.183***	-.173***	-.171***	-.176***	-.181***	-.181***	-.175***
	(.009)	(.009)	(.007)	(.009)	(.009)	(.01)	(.009)	(.01)
_cons	.219***	.209***	.220***	.193***	.218***	.204***	.214***	.189***
	(.019)	(.021)	(.018)	(.019)	(.018)	(.025)	(.024)	(.03)
Observations	2067	2067	3495	2234	2121	1730	2067	1453
R-squared	.481	.479	.491	.490	.475	.484	.482	.497

*** *p<.01, ** p<.05, * p<.1.* Variable definitions in Table 1.

5. Conclusions

In this study, we examined the previously under-researched relationship between corporate governance characteristics and tax aggressiveness in Finnish private firms using a sample from 2000 to 2011. Our broad research question was whether a connection exists between CEO ownership, efficient corporate governance, and tax aggression. First, we found a non-linear connection between CEO ownership and tax aggressiveness. When comparing firms with an average level of CEO ownership to those with low or high levels, we found more tax aggressiveness in firms with low levels of CEO ownership and vice versa. Regarding efficient corporate governance, firms with CEO duality exhibit less tax aggressiveness, while firms with external board members are more tax aggressive. Contrary to previous studies, our results do not support any connection between gender and tax aggressiveness for CEOs or board members.

Prior literature relies on the role of corporate governance in listed companies, where reputation capital plays a decisive role because a firm's reputation influences its market value. This study provides a new perspective on efficient corporate governance by providing evidence that efficient corporate governance structures in private companies result in more tax aggressive behaviour. This can be seen as an indication that cash flow, including tax savings, is critical to survival for most private firms; not even board diversity or CEO gender diminish this effect.

This study contributes to the existing literature by being one of few studies to address the connection between tax aggressiveness and corporate governance in a private firm context. Further, this is the only study to do so outside the family firm context. Our study is also among the few to address the association between female CEOs, female representation on boards and tax aggressiveness in private firms. While most previous studies on the connection between tax aggressiveness and corporate governance use data from low tax alignment countries, this study is among the few to do so in a high tax alignment environment.

The findings of this study have implications that will be of interest to owners and board members of private companies and tax authorities. Our findings can be of value to shareholders, stakeholders and the academic community. First, our results suggest that shareholder monitoring that attempts to prevent excessive tax aggressiveness is especially important when a CEO has a low amount of ownership. Second, the role of external board members as maximisers of cash flow (including tax savings) appears accentuated in small private firms.

This study has several limitations. First, the data comes from one country. Even if our study is among the few to address the connection between various corporate aspects in private firms, future research could benefit from a similar study using data from other countries with different governance structures. We used similar measures as in the prior literature to enable comparability, but future research could benefit from detailed governance measures such as board diversity (cultural or educational background, experience, etc.) or measures for board activities, such as meeting frequency or board busyness. Future research might also investigate whether these dimensions yield similar results regarding the efficiency of corporate governance and tax aggressiveness. Finally, as it can be argued that the willingness to pay dividends and tax avoidance concur in SMEs (Karjalainen et al., 2020), future research could benefit from including dividend-related measures as additional factors that influence the relationship between governance and tax aggressiveness. Our data from private SMEs did not include a direct measure for dividends.

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Accountants in a Telecommuting Laboratory: Individual Experiences of the Benefits and Challenges in Helping Organise Post-Pandemic Work

Eeva-Mari Ihantola, Timo Hyvönen, Niina Koivunen and Arttu Äijälä

Abstract

Through an in-depth analysis of the benefits and challenges of full-time telecommuting experienced by accountants during the COVID-19 pandemic, we strive to enhance understanding that will help an organisation work after the pandemic. The empirical data of this qualitative case study consist of seven interviews with professional accountants (bookkeepers) in one Finnish accounting group. All of the interviewed accountants had none or little previous experience with telecommuting. Based on the content analysis of the interviews, accountants' experiences of telecommuting appeared to be partly equal to each other and the literature and partly different due to the perceived challenges of work and a person's characteristics, especially the need for communication. This study deepens understanding of the importance of considering individuals' perceptions and experiences of pandemic time telecommuting when reorganising work after the pandemic.

Keywords:

COVID-19, telecommuting, accounting firm, accountant, bookkeeper, case study

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1. Introduction

The COVID-19 pandemic, which began in the spring of 2020, drastically and rapidly changed organisations' working methods (Milasi et al., 2021; Smith et al., 2022). To avoid human contact and control the spread of the disease, many office workers were forced to telecommute (i.e., work from home, making use of the internet, email, and the telephone). The pandemic had a major impact, especially on the organisation of expert work traditionally done in offices and, thus, the work of accounting professionals (Breaz et al., 2022; Papadopoulou & Papadopoulou, 2020; Parker, 2020; Syrek et al., 2022).

While telecommuting has become increasingly common since the 2000s, in 2019, only 11% of workers in EU-27 countries worked at home occasionally and only 3.2% worked at home as a common practice (Sostero et al., 2020, 8). During the COVID-19 pandemic, telecommuting increased considerably, with almost 60% of Finnish office workers working remotely (Sostero et al., 2020, 22). According to Eurofound (2020, 33), about one-third of Finns worked at home, with another one-third in the workplace; less than one-fifth worked partly at home and partly in the workplace and one-fifth worked in varying places other than at home or in the office.

According to a study commissioned by the Finnish Institute of Occupational Health, Finnish employers employing more than 10 people have, on average, been satisfied with telecommuting. The research data were collected in late autumn 2021 from 1,478 managers from different types and levels of organisations. Most Finnish companies and public entities that telecommuted during the COVID-19 pandemic intend to use telecommuting in the future and delegate decision-making to teams or individual employees. Thus, remote work during the COVID-19 pandemic appears to have strengthened the trust between management and staff (Selander et al., 2022, 21). Moreover, the digital capabilities of organisations and staff have improved under duress (Breaz et al., 2022, 282) and, apparently, there is no return to the old normal. Telecommuting is here to stay, and hybrid work, a working model in which employees work partly in the office and remotely, will increase (Parker 2020, 1952; Syrek et al. 2022, 30–31).

In pre-pandemic studies telecommuting opportunities have almost always been voluntary employer-provided benefits (Syrek et al., 2022, 30). For example, an employee has been offered the possibility to remote work from time to time if she or he so wishes, whereas transfer to remote work was compulsory due to the COVID-19 pandemic. In this study, the "telecommuting laboratory" created by the pandemic provides an unprecedented opportunity to study the effects of working in a situation in which those who traditionally work in an office had to abruptly switch to working remotely (cf. Díaz-Soloaga & Díaz-Soloaga. 2023; EDP Stories, 2020). The context provided by the accounting firm is well suited to the study of telecommuting (cf. Asatiani & Penttinen, 2019). The data were collected via interviews with accounting firm professionals (bookkeepers) regarding their experiences while telecommuting during the COVID-19 pandemic. The interviewed accountants have done their routine work (day-to-day bookkeeping, preparing the financial statements and drawing up tax returns) electronically even before the pandemic, which means that the transition to teleworking did not affect their job description nor job content but the place and organisation of the work.

Examining the prerequisites for the successful organisation of post-pandemic work is important (cf. Rinaldi, 2022, 22). This qualitative case study aims to deepen the understanding of the factors associated with the success of organisation of telecommuting. The research questions are as follows:

1. How did accountants experience forced telecommuting during the pandemic?
2. How can the understanding gained be utilised to plan the organisation of post-pandemic work?

This paper is organised as follows: the next section contains the literature review, the third section describes this study's research data and methods, the fourth section presents the data analysis, and this paper ends with a discussion and conclusions.

2. Literature Review

The concept of telecommuting in the scientific literature was first used by Nilles (1975) to define ways to reduce the costs of travelling between work and home in the aftermath of the oil crisis. Also, the terms 'telework' and 'remote work' have been used in the literature. In reality, the terms 'telecommuting' and 'telework' mean the same in today's workplace and can be used interchangeably: "They are both terms for the practice of working from home or off-site, making use of the Internet, email, chat and phone to perform duties that once were carried out only in an office environment. The term 'remote workers' has come to mean the same thing" (Uy, 2021). Therefore, we decided to systematically use either the concept of telecommuting or remote work in this paper.

As early as the 1980s, Toffler (1981) predicted that telecommuting would become more common. However, although telecommuting has been discussed for more than 40 years, it has not increased as rapidly as technological advances could have allowed. Large-scale telecommuting, which is not limited in terms of time, place, communication technology or information use (Contreras et al., 2020, 1), has been possible since the 1990s as the Internet and home computers have become widespread.

From the perspective of financial accounting in Finland development of information technology, the Internet and other data transfer innovations and the Finnish electronic methods permissive accounting legislation (Accounting Act; KPL 1336/1997) have made it possible to move towards electronic accounting since the 1990s and early 2000s. Possibilities to transfer information and payments between firms, banks and public authorities, online tax accounting, e-invoicing, electronic financial statements and automated financial reporting form the basis for electronic financial accounting and also a more convenient opportunity to outsource financial accounting to an external service provider. (Jaatinen, 2009; Hyvönen et al., 2015; Jaatinen et al., 2021; Hyvönen et al., 2022.) Electronic financial accounting has also created an opportunity for accountants to work remotely regardless of their location.

It is foretold that automation, robotics and artificial intelligence are going to change the bookkeepers' job description significantly. Bookkeeper's routine tasks for which most of the working time has traditionally been used can be automated. Receipts can mainly be generated automatically based on electronic transactions and invoices. Interface and subaccount reconciliations can also be automated with interface tools and robotics. Advanced analytics can enhance checks and artificial intelligence can generate accruals automatically. The task remains, for example, to define and develop processes and data flows, to utilise the information generated, to monitor changing regulations, to analyse deviations and to attend the customers. (Kaarlejärvi & Salminen, 2018; see also Moll & Yigitbasioglu, 2019; Türegün, 2019; Jaatinen et al., 2021; Taib et al., 2022.)

The benefits and challenges of telecommuting for society, organisations and employees have been studied extensively (Duxbury & Higgins, 2002; Contreras et al., 2020). At the social level, broad social dimensions have been studied, such as the institutional structures of employment and contract procedures, regional policies and environmental impacts. The level of organisation includes an employer's interests in work decentralisation, for example, to meet stakeholders' needs or to reduce costs. The staff-oriented level looks at ways to facilitate workers' lives, for example, how to integrate work and private life. (Ojala, 2009, 94.) In this article, we do not examine the social impact of telecommuting. However, there is a fair consensus among the scientific community on the social benefits and disadvantages of telecommuting (Duxbury & Higgins, 2002, 168–180).

Table 1. Examples of the benefits and challenges of telecommuting identified in the research literature

VIEWPOINT	RESEARCH FINDINGS	SOURCE
Benefits for an Individual	no need to commute, better management of work and family obligations, reduced work-related costs, positive effects on family life, access to local community activities, flexible working hours, better work environment (no interruptions, and greater autonomy), better control over one's time, increased productivity and efficiency	Pinsonneault & Boisvert (2001); Duxbury & Higgins (2002)
	telecommuting during the pandemic had a positive impact on work–family balance and productivity; telecommuting was quickly adapted	Mihai et al. (2020)
	better work performance and higher productivity, less work–family imbalance with an improved family atmosphere, reduced stress (lack of immediate supervision and less formal work atmosphere), less desire to change jobs, no commuting (saving money and time), more flexibility for handling family matters (work can be done anywhere and anytime), freedom to schedule work, opportunity to harmonise personal and work responsibilities, better working opportunities for people with disabilities, the possibility of creating one's own work rhythm, reduction in interruptions caused by other employees, reduced absenteeism, greater commitment to an organisation, improved job satisfaction, well-being, quality of life and happiness	Contreras et al. (2020)

Challenges for an Individual	professional and social isolation, a feeling of loneliness, poor sense of organisational belonging, increased overtime, mixing of work and home life, increased tension and conflicts in the workplace, costs of setting up a home office, slowing down career development	Pinsonneault & Boisvert (2001); Duxbury & Higgins (2002)
	decrease in communication between different departments of an organisation	Pinsonneault & Boisvert (2001)
	interruptions at home caused by family members or other disturbances	Greer & Payne (2014)
	problems caused by professional isolation in mentoring, learning new things, supporting colleagues, spreading tacit knowledge and informal cooperation	Sostero et al. (2020)
	social isolation	Eurofound (2020)
	isolation during the pandemic made it difficult to adapt to telecommuting, conflicts between working life and family life, space and noise problems at home, increased stress	Breaz et al. (2022)
	telecommuting during the pandemic increased stress and exhaustion	Mihai et al. (2020);
	longer-term social isolation leads to separation from a work environment and diminished performance, decreased motivation, increased desire to change jobs, more work–family conflict and stress, reduced learning benefits, requires good organisational ability, suitable only for self-directed people who succeed in allocating time, may cause hostility if career advancement is perceived to be hampered due to invisibility	Contreras et al. (2020)
	telecommuting increased accountants' time spent on tasks, weakened communication with clients, increased work-related stress, reduced income	Papadopoulou, & Papadopoulou (2020)
	forced telecommuting during the pandemic affected people's work-related well-being differently depending on, for example, gender, age, and duration of a telecommuting period, fulfilling different roles simultaneously, developing new routines and managing boundaries between life domains were challenges during the pandemic	Syrek et al. (2022)
	during the pandemic, telecommuting accountants' role stress, burnout and turnover intentions increased, especially in domestic and midsize firms	Bakarich et al. (2022)
Benefits for an Organisation	increased productivity, lower facility costs, reduced absenteeism (increased job satisfaction, working while sick), ability to hire and retain skilled staff, increased employee motivation, more efficient use of time, organisational flexibility (virtual teams), flexibility of working hours (a lower threshold for overtime), increased resilience to exceptional conditions, improved customer service (better accessibility), flexible scheduling, potential tax incentives and fulfilment of legislative obligations (e.g. climate change regulations)	Duxbury & Higgins (2002); Pinsonneault & Boisvert (2001)
	more versatile use of information systems	Pinsonneault & Boisvert (2001)
	improved productivity is linked to increased job flexibility and time saved from commuting	Breaz et al. (2022)
	increased productivity: increased work minutes (fewer breaks and sickness-related absences), increased efficiency (a calm work environment), better job satisfaction, lower turnover, lower office expenses, productivity is at its best when everyone can work in such a place (in office or remotely), where he or she is most motivated	Bloom et al. (2015)
	improvement of an organisation's image (a responsible company takes care of the environment); access to specialists regardless of geographical location, giving greater opportunities to find creative solutions in a complex, global work environment; digitalisation, new communication tools, better access to information, and increased speed and efficiency and improved standardisation processes	Contreras et al. (2020)

Challenges for an Organisation	difficulties in supervising employees, conflicts between in-office and telecommuting workers, compromised information security, high cost of technology-related infrastructure, reimbursement of costs for telecommuters to set up a home office, difficulties in arranging appointments, difficulties in exploiting synergies	Duxbury & Higgins (2002); Pinsonneault & Boisvert (2001)
	supervisors' fear of diminished performance (lack of confidence), risk of an overflow of information (e-mails, etc.), poor social relations and distancing employees from an organisation, poor responsibility in teams, inadequate technological skills, the inability of staff to influence changes, risk of worker exploitation (work and information load, interference in an employee's personal life), use of control mechanisms as a counterbalance to autonomy may lead to an increase in work intensiveness and greater sacrifices than in-office work	Contreras et al. (2020)
	during telecommuting, employees' unwillingness and fear of the use of IT and their addiction to smartphones weaken their performance	Prodanova & Kocarev (2021)
	accountants' clients did not have the necessary tools to allow them to telecommute, which hampered accountants' work	Papadopoulou, & Papadopoulou (2020)

Examples of the numerous benefits and challenges of telecommuting identified in the research literature for both the individual and an organisation are shown in Table 1. Telecommuting has been found to have positive effects, particularly on productivity, efficiency, flexibility and work/family life balance, as noted by Pinsonneault and Boisvert (2001), Duxbury and Higgins (2002) and Contreras et al. (2020) in their extensive literature analyses. Mihai et al. (2020) reported similar findings during the COVID-19 pandemic. Bloom et al. (2015) stressed that productivity is at its best when everyone can work where they feel most motivated.

According to many studies, social isolation is a particular challenge in telecommuting (Pinsonneault & Boisvert, 2001; Duxbury & Higgins, 2002; Contreras et al., 2020; Eurofound, 2020; Sostero et al., 2020). Long-term telecommuting can result in alienation from a working environment and, thus, decrease motivation and work performance (Contreras et al., 2020, 3–4). Contreras et al. (2020, 4) highlighted the lack of trust between supervisors and their subordinates as well as ethical dilemmas, such as exploiting staff by burdening them with extra jobs and a flood of information or using various additional control mechanisms to counterbalance autonomy. In their studies on accounting professionals, Bakarich et al. (2021, 2022) and Mihai et al. (2020) highlighted the stress/exhaustion-enhancing effect of pandemic-time telecommuting.

To prevent social isolation and strengthen community spirit, action is required from both supervisors and their telecommuting subordinates. Based on a survey by Staples (2001), employees and supervisors consider communication the most important aspect of remote work. The benefits of advanced communication technology vary depending on whether a person values face-to-face or electronic communication (Boell et al., 2016, 124–125).

Sull et al. (2020) explored the means used by HR managers to support telecommuting. Nearly half of the respondents cited regular, clear communication and adequate technology as the main means of supporting telecommuting. The other four means were supporting employees' mental and psychological well-being, helping telecommuting employees remain engaged and productive, helping manage conflicts between telecommuting and private life and not losing strategic priorities (cf. Prodanova & Kocarev, 2021).

It is important for managers to emphasise team cohesion (Haapakoski et al., 2020, 72–74) and ensure that an organisation's shared values and objectives are in all employees' minds (Staples, 2001; Contreras et al., 2020, 7–8). Virtual team leaders should be highly skilled in verbal communication to avoid misunderstandings and feelings of isolation and to motivate team members (Contreras et al., 2020, 8). To activate telecommuters, there is also a need for mutually agreed, clear rules for remote meetings, cooperation, information sharing and consideration for everyone (Haapakoski et al., 2020, 173–174). According to Microsoft (2021, 8), in 2020, 50% of *Teams* users replied to messages in less than five minutes. In Greer and Payne's (2014) survey, the importance of reachability was also highlighted by remote employees of large audit organisations. To prevent social isolation, a remote worker must have adequate information technology skills and skills to get help and information (Staples, 2001).

When working at home, investing in working ergonomics (i.e., working position, lighting and sound exposure) is important to avoid stress and burnout (Greer & Payne, 2014; Haapakoski et al., 2020; Paul et al., 2020). An employer should support the ergonomics of working from home (Contreras et al., 2020, 7). The importance of breaks in ensuring mental well-being has been highlighted in several studies (Peters & Wildenbeest, 2012; Bloom et al., 2015; Haapakoski et al., 2020; Paul et al., 2020). A remote worker should have self-control skills, self-discipline and self-awareness to prioritise, organise and pause his or her work without supervision (Pinsonneault & Boisvert, 2001; Haapakoski et al., 2020). The ability to move mentally between work and leisure is also important for coping (Greer & Payne, 2014). Planning a working day (Duxbury & Higgins, 2002; Greer & Payne, 2014; Paul et al., 2020) and various ways of distancing oneself from work (e.g., closing the home office door, or putting away work-related equipment after the workday is finished) (Paul et al., 2020) help to disconnect oneself from work after the workday.

Boell et al. (2016, 115) found that the research literature emphasises both the positive and negative effects of telecommuting. It is particularly contradictory that telecommuting has been found to improve work–home balance on the one hand and cause work–life conflicts on the other (Greer & Payne, 2014; Contreras et al., 2020). Researchers have also cited as a paradox that it is unclear whether telecommuting reduces or increases interruptions (Duxbury & Higgins, 2002; Greer &Payne, 2014) and whether telecommuting is, thus, more efficient or not. As reasons for these paradoxes, Boell et al. (2016, 117) cited the different definitions of telecommuting, the different utilisations of technology for remote work and some other issues the studies had not considered.

Boell et al. (2016) argued that it is futile to try to find an answer to whether telecommuting is fundamentally good or bad because first, telecommuting is not perceived as unequivocally positive or negative, even at the individual-worker level, but individuals' opinions may vary daily. Second, the nature and diversity of a particular work influence whether the work is suitable for telecommuting. In principle, work requiring concentration is easier to do remotely, while work requiring cooperation, such as decision-making and planning, is easier to do face-to-face. Third, the benefits of information technology vary in different jobs, and attitudes towards information technology (IT) vary depending on an employee and organisation. Boell et al. (2016, 128) pointed out that the study of telecommuting should pay particular attention to the diversity of work, the experiences of individuals doing different work tasks and the use of IT at work.

The problem with research findings on the benefits and challenges of telecommuting is that it has been studied at a general level, lumping together distinctive organisations, sectors and forms of telecommuting. Research results are often average and thus fade away the differences arising from different organisations and jobs. Also, studies have often defined telecommuters as individuals doing only partial telecommuting. The rapid development of information technology must also be considered when evaluating the results of studies conducted at different times. However, perhaps the greatest shortcoming in the pre-COVID-19 pandemic research literature is that telecommuting opportunities have almost always been voluntary employer-provided benefits, whereas transfer to remote work was compulsory due to the COVID-19 pandemic (Syrek et al., 2022, 30). The contribution of this study to the previous research literature is an opportunity to examine forced telecommuting in "the telecommuting laboratory" made up of the accounting firm in which all interviewed accountants perform similar bookkeeping tasks.

3. Research Data and Methods

The empirical data of this qualitative research were collected by interviewing seven accounting specialists (the shorter term 'accountant' is used here) from an accounting group company employing 150 people, consisting of offices all over Finland. The firm had already enabled telecommuting before the pandemic, but most employees, including all interviewees, had done remote work occasionally or not at all before the COVID-19 pandemic. Due to the pandemic, employees switched to full-time telecommuting and faced a new challenge, which was the most important criterion for selecting interviewees. Semi-structured interviews (Eriksson & Kovalainen, 2008, 82) were conducted during the corona pandemic (January – March 2021) when accountants were working at home. A prerequisite for being selected as an interviewee was at least six months of experience in both office work and full-time telecommuting.

The interviews were organised on a voluntary basis. Office A, of which there were four interviewees, was also the largest office in the Group. We also wanted to get interviews from smaller offices so that the material would not be limited to just one office. In addition, there were no more voluntary candidates for interviews from the largest office, so the material would have been too small without interviewees from the other three offices. Six of the seven accountants interviewed were female and one male, which is very similar to the gender distribution of bookkeepers working in Finnish accounting offices, 91 % female (Metsä-Tokila, 2019).

Table 2 provides the background factors of the interviewees and the interviews. The names of the interviewees were changed to ensure anonymity but for ease of readability.

Table 2. Background of the interviewees and the dates and durations of the interviews

	OFFICE	GENDER	WORK EXPERIENCE IN ACCOUNTING (YEARS)	NUMBER OF CLIENTS	TELECOMMUTING EXPERIENCE BEFORE THE PANDEMIC	INTERVIEW DATE	INTERVIEW DURATION (MINUTES)
Jutta	A	female	10	20	minor	4.1.2021	55
Leena	A	female	14	10	minor	12.1.2021	83
Marjatta	B	female	17	7	minor	14.1.2021	30
Pauliina	C	female	14	30	none	19.1.2021	58
Silja	D	female	10	5	minor	20.1.2021	78
Roosa	A	female	7	11	minor	21.1.2021	70
Tero	A	male	2	10	minor	1.3.2021	57

The interviewed accountants have done day-to-day bookkeeping, prepared the financial statements and drawn up tax returns electronically even before the pandemic. Transition to telecommuting did not affect their job description nor job content but the place and organisation of the work. The accountants have their own clients and they work very independently. Their work does not regularly require face-to-face communication and can be organised in a digital environment where control is carried out through the results of the work not by controlling the performance of the work (cf. Duxbury & Higgins, 2002).

Each office followed the Group's common line of telecommuting during the pandemic. All the accountants moved from the office to home to telecommute. They had a computer as well as two screens, Internet connection, phone and access to Microsoft Office software, OneDrive, Outlook, Teams, and accounting software (Netvisor, Procountor, Fennoa). Working ergonomics everyone had to take care of her/himself. The possible contact problems related to the transition to remote work were corrected as soon as telecommuting started. The accountants communicate with colleagues, superiors and clients depending on the situation by phone, Teams or e-mail.

In addition to routine bookkeeping work, experienced accountants prepared financial applications and trade register declarations, provided advice on accounting and taxation, and resolved clients' ad hoc specific assignments. The number of clients varied between five and 30 per accountant. The rather large range in the number of clients is because the time spent serving different clients varies greatly. One customer requires from half an hour to 70 hours of work time per month. Typically, it takes less time to serve customers with smaller business sizes, but the size is not the only factor affecting the workload. Workload is also affected by company type, line of business and how diversely a customer uses the accounting firm's services. Some clients outsource many of their financial management affairs, while others do themselves everything except statutory accounting. Also, whether a customer purchases accounts payable and receivable services from an accounting firm affects the amount of work. When the accounting firm is responsible for the service, the accountant does not have to enter invoices manually, which saves working time.

All interviews were carried out remotely via *Teams*. During the interviews, academic terms were avoided, as ambiguities and misunderstandings are one of the potential problem-points of the interview (Myers & Newman, 2007, 5). The interviews were recorded and transcribed verbatim. The interviews lasted between 30 and 83 minutes, and the transcribed text accumulated about 60 pages in total.

In accordance with data-based content analysis (Miles & Huberman, 1994), the transcribed interview material was drawn up with reduced expressions based on the original expressions, of which subcategories were compiled. A total of 58 reduced expressions were formed from the accountants' experiences, of which 21 subcategories were compiled. In turn, nine upper classes were combined, three of which illustrate the perceived benefits of working remotely (see Table 3), three of the perceived challenges (see Table 4) and three accountants' means to manage challenges (see Table 5). Also, differences and similarities were sought in the interview responses, based on which different types of accountants were found to be most suitable for remote, in-office or hybrid work.

4. Analysis of Empirical Data

The data analysis was carried out as follows. In Section 4.1. we look at the benefits accountants felt telecommuting had brought to their work and personal lives. Section 4.2., on the other hand, addresses the perceived challenges of telecommuting. Section 4.3. examines accountants' ways of managing challenges.

4.1. Benefits of Telecommuting

Table 3 specifies the benefits of telecommuting experienced by accountants. Remote work was perceived to improve work quality and productivity, increase flexibility and improve the work and home life compatibility.

Table 3. Benefits of telecommuting experienced by accountants

REDUCED EXPRESSIONS	SUBCLASSES	UPPER CLASSES	UNIFYING CLASS
Colleagues do not ask for help as often	Reduced interruptions	Improvements in work quality and productivity	Benefits of telecommuting
No surprise visits by clients			
No office environment distractions	Ideas and insights at work		
Time to think more deeply about work-related matters			
Better working peace			
A lowered threshold for calling clients	Improved communication with clients		
Increased communication with clients			
Freedom to punctuate work with pauses	Lightened work	Increased work flexibility	
Overtime work is not as burdening			
Working outside office hours easier			
Possibility of taking care of forgotten/unfinished tasks after office hours	Reduced stress		
Returning from vacation can be facilitated by reading and answering to emails while on holiday			
No need to dress and spruce up in the morning	Increase in leisure	Improved work and home life compatibility	
Time is saved when you do not have to commute			
More time for family	Easier to take care of home-related responsibilities		
Doing household chores during breaks			
Easier to organise childcare			
No need to arrange for dog-care			

4.1.1. Improvements in Work Quality and Productivity

Reduced interruptions were seen as a benefit of telecommuting, which was perceived to have had a positive impact on work quality and productivity. Interruptions were reduced by the exclusion of face-to-face ad hoc calls for help from colleagues and customers' surprise visits.

Especially during a busy period, customers' unscheduled visits may interrupt an accountant's work, in which case the work slows down due to interruption and resuming. Peaceful working conditions in a home office were perceived as enabling in-depth reasoning and development. In particular, an open-plan office, in addition to direct interruptions, includes smaller disruptions, calls from colleagues, the clicking of shoes and events on the street that impede concentration. However, differences between individuals arose, for example, when one accountant felt she could concentrate better when surrounded by people and voices.

Accountants felt that the quality of customer service remained unchanged. Some of the interviewees even experienced increased and improved communication with clients. Calling a customer was easier thanks to a peaceful working environment and there was no need to worry about irritating colleagues with calls. Communication with customers was generally perceived to be adequate, but all of the respondents noted that there were significant differences between customers. Typically, communication with large customers is at a better level, both quantitatively and qualitatively. Small customers need more face-to-face interactions. However, many customers communicate only electronically. With some clients, accountants felt that they had kept even better contact during the COVID-19 period than in the past.

The means of understanding a customer and improving the customer relationship are, therefore, largely similar in the office. To foster a customer relationship, an accountant should be able to understand the customer's situation, future expectations, needs and changes and communicate with him or her as successfully as possible. In telecommuting, an accountant must also be able to address the challenges i.e., lack of community spirit, unsuitability of home for telecommuting and conflicts between working hours and leisure (discussed further in Section 4.2), which indirectly affect the quality of customer service. If an accountant has problems with telecommuting, it will inevitably appear at some point in the work quality (i.e., meeting the customer's expectations and needs).

4.1.2. Increased Work Flexibility

Another benefit was increased work flexibility, which was perceived as reducing workload and work-related stress. This was due to the possibility of more freely planning and dividing a workday. Some, however, wanted to stick to tight working hours (even during telecommuting) and did not utilise the option to schedule working days flexibly.

Remote work flexibility was also found to contribute to the reduction of work-related stress in three additional ways. First, attending to forgotten or unfinished tasks is possible during leisure time at home. Statutory deadlines for bookkeeping typically involve sanctions if a due date is exceeded. If the accountant forgets, for example, to forward a VAT return on the due date, the accounting firm is obligated to repay a default charge imposed on the client company. During telecommuting, one accountant found that her stress was reduced by an awareness of the possibility of correcting an error even after the end of the working day.

Second, an employee may choose to relieve the stress of returning from vacation via small amounts of telecommuting during her vacation (for example, by reading and responding to emails). However, this is a contradictory issue because, depending on an employee's character, this may also be perceived as stress-enhancing. Third, working overtime on weekends was perceived as less heavy than in-office because one does not need to work in an empty office building, which is a constant reminder of the exceptionalism of the situation. Also, only a small amount of overtime can be done remotely and flexibly, reducing the workload on a single workday.

4.1.3. Improved Work and Home Life Compatibility

A third benefit was the improved work and home life compatibility. This was particularly perceived to be due to increased leisure time and easier discharge of personal life responsibilities. Perceived benefits consist of small pragmatic things, which together form an important entity that probably increases job satisfaction and overall happiness. All the interviewees saw an increase in free time after switching to telecommuting, especially with the time saved from preparing for departure and commuting. The interviewees who normally use a car to travel to work also noted that there was no more stress from traffic and congestion.

Remote work leaves more time for one's family due to increased leisure time and the opportunity to spend time with the family in the middle of the working day, for example, at lunch. Doing small household chores in the middle of the day also increases leisure time and may even increase productivity because if an employee has unfinished work in the afternoon, he or she does not have to quit work just because he or she should go home.

Working from home also brings flexibility to care for children and pets. One interviewee noted the possibility of transporting children to school due to remote work. Another mentioned that in the office, she had to leave home at a certain time to take the dog for a run. If she knew that she should work overtime on a certain day, a caretaker for the dog had to be arranged beforehand. In remote work, the dog can be taken for a run, and if necessary, work can continue thereafter, making it easier to bring together work and personal life.

4.2. Challenges of Telecommuting

Based on the interviews, challenges in telecommuting were also identified, the classification of which is presented in Table 4. Remote work was perceived to undermine a sense of community at work and create conflicts between work and leisure time. Also, employees' home office had elements that made them unsuitable for work, which undermined both productivity and job satisfaction.

Table 4. Challenges of telecommuting experienced by accountants

REDUCED EXPRESSIONS	SUBCLASSES	UPPER CLASSES	UNIFYING CLASS
Communication among colleagues slower	Decreased communication with colleagues	Lack of community spirit	Challenges of telecommuting
Decreased communication among colleagues			
The threshold to ask for help is higher			
Feelings of loneliness			
Deputyships more challenging to organise	Challenges of work arrangements		
Challenges of mentoring			
Difficulties to learn common practices	Differentiation of work practices		
Spread of tacit knowledge is difficult			
All necessary technology/materials are not available at home	Inadequacy of the workplace at home	Home's unsuitability for telecommuting	
Poor working ergonomics			
Distractions at home			
Concentration is more easily disturbed	Difficulty focusing on work while at home		
Hard to immerse oneself in work			
Work preoccupies an employee, even in free time	Difficulty disengaging oneself from work	Conflicts between working hours and leisure	
Seeing work tools during leisure time is stressful			
No precise working hours	Lack of clear limits on working		
Working days drag on			
No clear end to the working day			

4.2.1. Lack of Community Spirit

The experiences of lack of community spirit can be divided into three different elements: communication between colleagues was perceived to have deteriorated, work arrangements became more challenging, and differentiation of working practices increased in telecommuting. While the accountants felt that the level of communication with clients remained largely unchanged, the impairment of communication between colleagues was repeated in each interview. According to accountants, communication in telecommuting is more rigid, particularly due to the slowness of writing messages and receiving a response, uncertainty about whether a colleague is reachable and the lack of face-to-face contact. In the office, receiving an answer is quick, and the process of going through a complicated matter is perceived to be much easier face-to-face than virtual.

One accountant pointed out that virtual communication requires skills that an employee does not necessarily possess. Problems with virtual communication were perceived to be caused by factors such as different dynamics, risk of misunderstandings, lack of IT skills and the number of participants (which is often higher in virtual meetings than in meetings in the office). Remote meetings were perceived to be more rigid, as asking permission to speak was behind a higher threshold than in face-to-face meetings. Participants may not say things they would have revealed in a traditional meeting. Among many participants, an employee may consider his matter so trivial that he is afraid to bring it up.

The exclusion of informal conversations was perceived to undermine community spirit and increase a sense of loneliness. The accountants particularly missed shared lunch and coffee breaks, during which they could relax with colleagues and talk about things other than work. Coffee room discussions also often feature discussions on legislative changes, timely training, problem cases and issues related to knowing the company's customers. When almost all such tacit information does not spread, it can have major effects on well-being and development at work.

An inexperienced accountant perceived the orientation of new employees as a problem in telecommuting. He felt that he had been left alone with no chance of getting help in challenging situations. In the office, the threshold for turning to a colleague is low and you can receive help immediately. In a virtual environment, asking for help is trickier. It is also awkward for a newcomer to become acquainted with new colleagues in telecommuting because he or she cannot meet them face-to-face. In the office, it is possible to get to know all colleagues on the first day and more easily become part of a community.

The absence of a community spirit is also reflected in the challenges of work arrangements. Problems were particularly seen in arranging deputyships. In the office, fast and flexible communication facilitates deputyship arrangements. A supervisor can easily find out what kind of work situation different subordinates have, who knows the client company and who has the skills to handle a particular job. Employees can find out what challenges a job entails and what kinds of issues should be paid special attention to. These types of conversations are easier to manage face-to-face. In learning a new task, the importance of active, reciprocal communication is emphasised.

Excessive differentiation of working patterns was also seen as a risk of remote work. Common modes of action and tacit knowledge are neither observed nor discussed in the same way as in an office setting. Differentiation in working practices was perceived to lead to more difficult deputyship arrangements and possibly to poor work outcomes visible to a client. Employees' work patterns may also be incomplete or inefficient, and learning from others while remote working can be difficult.

A long period of telecommuting, during which social contacts were minimal, has also led to feelings of dissatisfaction and frustration and longing for working in an office setting. Dissatisfaction was particularly experienced by accountants who had not wanted to work remotely beforehand and who emphasised seeing colleagues and social interactions as benefits of office work.

4.2.2. The Unsuitability of the Home for Telecommuting

The unsuitability of the home for telecommuting emerged as another challenge. The problem was the lack of necessary technology and equipment, poor work ergonomics and unexpected disruptions at home, such as a neighbour's renovation or interruptions caused by family members and pets. Some felt that working from home was difficult because one does not get the same mood and workflow as in the office.

4.2.3. Conflicts Between Work and Leisure

The third challenge with telecommuting was the conflict between work and leisure. Getting rid of work was difficult. When the office was at home, work might take over thoughts, even in one's spare time. Seeing work equipment in particular caused stress to some accountants. The conflict between work and leisure was also caused by a lack of clear limits on working hours in remote work. Job flexibilities are paradoxical, as accountants perceive flexibility as both a benefit and a challenge. Those who adhered to strict working hours in telecommuting did not experience a lack of limits as strongly as those who made greater use of flexibility. Some paused a workday several times, which stretched the working days further into the evening. Breaks helped them concentrate better; however, work-related thoughts remained with them during their leisure time.

4.3. Means of Managing Challenges

Accountants highlighted several ways in which they sought to manage telecommuting challenges. In Table 5, the means are classified into three upper categories according to challenges experienced: improving community spirit, improving telecommuting conditions and managing work-leisure conflicts. The subsequent sections present the means in more detail.

Table 5. Accountants' means to manage challenges of telecommuting

REDUCED EXPRESSIONS	SUBCLASSES	UPPER CLASSES	UNIFYING CLASS
Responding to colleagues' messages as quickly as possible	Improving communication	Strengthening community spirit	Means to manage challenges
Prior planning of remote meetings			
Clearly conducted remote meetings			
Reserving time for questions in remote meetings			
Designation of a responsible person for familiarising a new employee			
Joint activities			
Regular team meetings			
Supervisors' telephone calls			
Clear working instructions	Facilitating work arrangements		
Efforts to disseminate and establish common practices			
Emphasis on activities consistent with an organisation's values	Preventing differentiation of work practices		
Uniformity of communication, policies and processes			
Implementation of process instructions and quality standards			
Instructions are given by an occupational physiotherapist to improve ergonomics	Improving working conditions in a home office	Improving telecommuting conditions	
Reconciling breaks around the same time with a telecommuting spouse to improve working peace			
Making background noise by listening to interviews or music	Making it easier to focus on work		
Improving concentration by going out or doing chores on breaks			
Closing the home office door at the end of the workday	Making it easier to disconnect from work	Managing conflicts between work and leisure	
Moving work-related tools out of sight at the end of the workday			
Scheduling hobbies or meeting friends for the afternoon			
Separating the start and end of the workday with outdoor activities	Setting frames for the workday		
Taking breaks at the same time as in the office			

4.3.1. Strengthening Community Spirit

Since communication was perceived to be more difficult in remote work than in the office, accountants tended to pay special attention to it by responding to colleagues' messages as quickly as possible. Responding remotely is almost inevitably slower than in an office, where you can immediately reach a colleague at his or her desk. Considering a more complex issue in telecommuting often requires planning and prior scheduling, which slows the process of working through an issue.

To guarantee the success of remote meetings, the accountants thought that the prior planning of meetings was important. According to them, a meeting invitation should include a topic, agenda, who will participate, goal and expected outcome so that preparation is more effective and achieving the goal likelier. It is also important to reserve time for questions. The more participants there are in a remote meeting, the more important it is that the meeting is conducted clearly and the participants ask for the floor. If there are few participants or everyone knows each other well, an overly formal atmosphere can have creativity-impairing effects. However, planning is not always possible because much of the accountants' virtual communication happens unexpectedly.

To introduce a newcomer to the work, a responsible person should be appointed to whom the newcomer can turn in case of problems. A person in charge should make communication open and easy. Getting personal help is important so that the newcomer does not have to deal with simple issues on general discussion platforms for experienced accountants and to take everyone's time. Clear working instructions, such as how to prepare financial statements, would also help a newcomer to work independently.

According to an accountant, in long-term remote work, efforts should be made to disseminate and establish common practices because otherwise, employees' working practices may begin to replace the accounting firm's common practices. To prevent differentiation in working practices, the accountants emphasised the importance of organisational values and uniformity of communication, policies and processes. Attention should be paid to the implementation of process instructions and quality standards, as model learning and the spontaneous comparison of notes are more difficult in telecommuting. Activities consistent with an employer's values are directly reflected in a customer's experience. The better those values are transmitted by accountants' work, the better the customer experience the company will be able to offer.

As a solution to the loneliness of long-term telecommuting, the accountants recommended joint activities and communication between teams that help with recovery and strengthen a sense of community. Regular team meetings were found to increase a sense of belonging and keep everyone aware of how things are with colleagues and what kind of work they have done recently. Contact with one's supervisor was important to some of the interviewees. One accountant said that since telecommuting began, her supervisor had called her once per week just to keep in one-on-one contact and ensure the welfare of her subordinates.

4.3.2. Improving Working Conditions in Telecommuting

Although deficient ergonomics came to the fore as a challenge in telecommuting, the accountants had not improved working ergonomics at their own expense because telecommuting was thought to be temporary. However, the accountant's employer provided required tools, such as a computer, mouse, keyboard and monitor. Several accountants also had their office chairs in use at home. Concerns regarding the risk of endangered information security or the high price of technology-related infrastructure did not arise in the interviews, which can largely be explained by the fact that information security has improved significantly and has become less expensive in recent years.

When the temporary period of telecommuting continued longer than expected, the accountants suggested that an occupational physiotherapist could give employees tips on how to optimise the home office. With the difficulty of focusing on work from home, the accountants have tried several ways to make their work environments more optimal. One tried to emulate an office background noise by listening to interviews via a computer. It was easier for the others to work while listening to music. A third had breaks at the same time as her telecommuting spouse. Accountants also sought to improve their concentration by going out or doing chores on breaks.

4.3.3. Managing Conflicts Between Work and Leisure

The accountants found many ways to avoid conflicts between work and home during the telecommuting period. Due to the difficulty of getting away from work, most of the interviewees had adopted work habits suitable for themselves. All the interviewees that had a home office used closing the door to get away from work. When they close the door, the jobs remain in the office room. One accountant, who did not have a home office, mentioned moving work-related tools out of sight when she wanted to get away from work. Some of the accountants replaced the missing commute with outdoor activities that separated the start and end of a workday. Dog owners, in particular, timed walks with their dogs at the beginning and end of a workday. Also, hobbies or meeting friends scheduled for the afternoon were perceived as ways to get a clear end to a workday.

Routines to help transition from work to leisure were seen to create frames for a remote workday with a clear start and end. Taking breaks during the workday was also seen important. The accountants said that they typically took breaks at the same time as in the office, although breaks were taken more often or were longer than in the office. Planning a workday was perceived to be complex due to unforeseen requests from customers or other urgent matters messing up exact plans. Adaptability and quick responsiveness to changes were seen as important qualities of an accountant.

5. Discussion

The main benefits of telecommuting highlighted in the previous research literature (i.e., improvement in the quality and productivity of work, increased flexibility of work and improved work and home life compatibility) (e.g., Pinsonneault & Boisvert, 2001; Duxbury & Higgins, 2002; Contreras et al., 2020; Mihai et al., 2020) were also evident in the accountants' responses. In line with previous research findings (e.g., Pinsonneault & Boisvert, 2001; Duxbury & Higgins, 2002; Contreras et al., 2020; Eurofound, 2020; Sostero et al., 2020; Breaz et al., 2022), lack of community spirit, unsuitable working conditions at home and conflicts between working hours and leisure time were challenges that came up in the interviews. The flexibility of work is paradoxical, as the accountants perceived flexibility at the same time as the benefit and challenge of telecommuting.

The means used by accountants to manage challenges have also come up in previous studies (Staples, 2001; Duxbury & Higgins, 2002; Greer & Payne, 2014; Contreras et al., 2020; Paul et al., 2020; Sull et al., 2020). However, the accountants' experiences in forced full-time telecommuting were subjective and differed in part from each other due to the characteristics of the job and a person's work experience, personal characteristics and preferences (cf. Boell et al. 2016). Bloom et al. (2015) emphasised that productivity is at its best when each person is allowed to work where he or she is most motivated. Boell et al. (2016, 128) pointed out that in studies on telecommuting, more attention should be paid to the diversity of work and individual telecommuting experiences. Hunton & Norman (2010, 83–84) found that not only did telecommuting from home increase employee engagement, but engagement increased significantly when employees were given the choice of whether to work remotely or in the office. In turn, commitment to an organisation was found to improve performance, so optimising work arrangements and giving employees the ability to choose telecommuting can improve performance. According to Prodanova and Kocarev's recent study (2022), employees' satisfaction with telecommuting during the COVID-19 pandemic is crucial for their future intentions to telecommute.

To illustrate the importance of personal suitability for telecommuting, we introduce four types of employees based on the characteristics of work best suited for telecommuting (Duxbury & Higgins, 2002; Pinsonneault & Boisvert, 2001) and the importance of individual experiences (Boell et al., 2016). We created the types in such a way that, first, we established the extremes for which telecommuting is the best and worst, and second, we placed between the extremes two intermediate types for which telecommuting is partially suitable (i.e., types for which the hybrid model is the best). The types formed—*learning-minded newcomer, social inspirer*, *experienced analyser* and *independent routine worker*—are presented in matrix form in Figure 1.

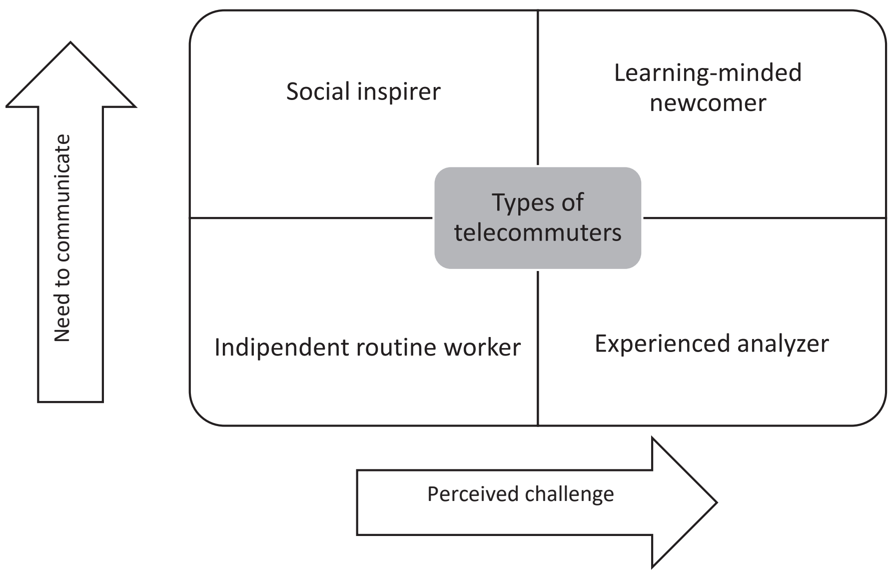

Figure 1. Types of telecommuters

The vertical and horizontal axes of the matrix were defined according to the characteristics of work best suited for telecommuting, as defined by Duxbury and Higgins (2002) and Pinsonneault and Boisvert (2001, 177). The need for communication was specified in both studies. The challenge of the work, in turn, combines many of the elements mentioned by Duxbury and Higgins (2002, 181–182) and Pinsonneault and Boisvert (2001, 177), such as the diversity of work tasks, need to use IT and need for concentration. Typology emphasises the importance of individual experiences to the suitability of telecommuting (Boell et al., 2016), rather than objectively defined criteria. The vertical axis describes a worker's need to communicate parallel to the arrow (i.e., the need for communication increases along the arrow). The horizontal axis describes the job challenges experienced by a worker. It is essential to note that a worker's subjective experience of the challenge is a significant factor, and the absolute degree of difficulty does not need to be assessed. The greater the need for communication or the perceived challenge of the job, the worse the job task is assumed to be suitable for telecommuting.

Learning-minded newcomer is inexperienced in her/his work and, therefore, needs support from her/his colleagues more often than others. Work challenges consist of matters of substance as well as issues related to work practices. In telecommuting, a constant need for support and guidance leads to a high risk of professional isolation and a lack of support.

Tero is a typical learning-minded newcomer. He is doing day-to-day bookkeeping, financial statements and tax returns of five simple customers. He feels that his job is challenging because he has only a small amount of work experience and, therefore, a great need to get help from his colleagues.

> *It's much easier to walk to another's desk to ask how this is going. Remotely, it's more complicated. You don't really know who's currently there, who's busy and who's not, who could know this thing right away. – – And now, during the financial statement period, I have no experience with, then all the time, there are things you'd like to ask. It would be so much easier if someone came next to you and you could ask as soon as questions arise. At home alone, getting advice is much more complicated.* (Tero)

In telecommuting, more effort must be placed on communication quality. To ensure adequate support, a newcomer must clearly know whom he or she can turn to in different situations. In addition to his or her team, a personal mentor lowers the threshold for getting help. Asking for help at a large *Teams* meeting might require more courage than asking one-on-one.

> *What questions do you even dare ask in a big group? Because you think you should already know. I get the feeling that I should know this by now. In private, you dare ask, but when there are groups followed by dozens of people, you won't be there to ask any simple thing.* (Tero)

Remote work is unsuitable for a newcomer, and it would be desirable for a newcomer to work first in the office before transitioning to remote work. A manager must ensure that the newcomer is committed to an organisation's culture, values, objectives and practices and becomes acquainted with colleagues (Staples, 2001; Contreras et al., 2020).

Social inspirer misses the people around him or her. He or she feels comfortable in the hustle and bustle, and an office environment does not disturb his or her concentration. Because of his or her extrovert character, the social inspirer actively helps his or her colleagues and puts the success of others at work as important as his or her performance. He or she enjoys both formal and informal conversations with colleagues. The flip side of helping is that the social inspirer's effectiveness is not at the highest possible level.

Leena is a typical social inspirer. Her duties include monthly accounts, financial statements, tax returns, notifications to the authorities, advice, guidance, special assignments and funding applications for ten large customers and internal assistance for colleagues. She does not perceive her job as very challenging, but social interaction and helping others are very important to her.

> *One benefit of telecommuting is that when I help others and answer questions a lot, now it has become easier to manage when they come by Teams. I can determine when I read it and go into the matter.* (Leena)

Remote work would suit a social inspirer within his or her job duties, but because of his or her personality, a social inspirer does not enjoy remote work. The risk of social isolation increases, so a social inspirer should work remotely only with discretion and in certain situations.

> *It* [switching to telecommuting] *pretty much felt like the end of the world at that point because I want people around me, and I like to talk to people, and I like to work so that I have a certain background fuss all the time that I can concentrate much better.* (Leena)

Longer-term remote working can cause alienation from a work environment, decreased motivation and worsened work performance (Contreras et al., 2020).

> *Here at home, I am alone with myself, so there will be thoughts that I'll dry that laundry, and I'll now do the dishes, even though I hate cleaning. So, somehow, the focus doesn't stay on job matters. When you're there in the office, then you know you're there, there are your workmates, so that focus stays on the job better.* (Leena)

Especially when completing a particular job, doing remote work can intensify the work of a social inspirer when the absence of colleagues makes work more uninterrupted. In short periods, a social inspirer doesn't get tired of telecommuting and the silence of the home office does not cause distress.

Experienced analyser makes more challenging tasks, which also include collaboration with a team. In some tasks, he or she does not need much help from others, but specific tasks, for example, the tasks of an expert related to large groups, require cooperation with others. The work involves solving multi-level problems, the success of which an uninterrupted and peaceful working environment that enables deep reflection on phenomena is important.

Silja is a typical experienced analyser. She has five demanding clients who, to serve, require solid accounting expertise and problem-solving skills. Her duties represent 20 % of routine bookkeeping and 80 % of ad hoc tasks. At the time of the interview, for example, she developed an accounting system for a large customer.

> *If I were at the office, I don't think I could anticipate and let thoughts fly because there are people, hustle and bustle. But now when I'm at home, I can be more creative, and I can concentrate on thinking and developing things.* (Silja)

However, tasks that require cooperation also include working in which the exchange of ideas plays an important role.

> *It* [cooperation] *is just clumsy, and in that sense, communicating remotely is challenging; it is not easy.* (Silja)

An experienced analyser is advised to telecommute when he or she needs peace at work, but tasks requiring cooperation may be easier to do in the same space in an office, allowing participants to have face-to-face interactions (Boell et al., 2016).

Independent routine worker's workday consists of routine tasks, and work can be characterised as performing. This employee does not find his or her job particularly challenging, and there is no great need to communicate because a routine worker likes working independently.

Pauliina is a typical independent routine worker with 30 clients and 14 years of work experience. She has both large and small clients whose accounts, financial statements and declarations to the authorities she prepares and also solves client's ad hoc questions relating to financial accounting and taxation. She does not find her job particularly challenging, except during busy times. The time challenge is also brought by old entrepreneurs with whom electronic communication is not possible and the bookkeeping is made based on paper receipts. The number of clients greatly affects the quality of customer service and workload management because the more customer relationships an accountant has, the less time she has for an individual client.

> *When working in the office, client visits cause interruptions when someone comes and brings receipts and wants to talk about bookkeeping. In remote work, such interruptions don't happen because clients don't so easily call me about those things.* (Pauliina)

Due to routine work, the importance of pausing a workday is emphasised so that efficiency does not decrease (Peters & Wildenbeest, 2012; Bloom et al., 2015; Haapakoski et al., 2020; Paul et al., 2020). A remote worker should have self-control, self-discipline and self-awareness to prioritise, organise and pause his or her work without supervision (Pinsonneault & Boisvert, 2001; Duxbury & Higgins, 2002; Haapakoski et al., 2020). A routine worker does not use the flexibility of work very much but adheres to clear working hours. Remote work is most suitable for the independent routine worker type.

According to Sostero et al. (2020, 30), tasks related to data processing are typically transferable to remote work, with pretty much no loss in work quality. In principle, transferring routines to remote work is always easier than doing surprising and unexpected work tasks. For the independent routine worker, telecommuting enables many of the benefits highlighted in this study, without much negating the benefits achieved by telecommuting.

> *When I commuted, it helped shift from working thoughts away to the leisurely side. When there is no commute now, I do the way that when my workday ends at 4 pm. I go out with the dog. It will end the working day. In the morning, I always go jogging with the dog. Such a rhythm distinguishes between working hours and leisure.* (Pauliina)

The pandemic period was truly exceptional because all social relationships outside the home were limited. Normally, a remote worker would not be prohibited from entering the workplace. When working remotely full-time, to prevent isolation from the work community, the importance of regular contact with colleagues and managers is high (Sull et al., 2020). Independent routine workers also need communication with co-workers in full-time telecommuting.

> *It* [community spirit] *is what you have missed during telecommuting. After all, before, we had a common coffee break twice a day in the office. And anyway, that sense of community there where you've been able to discuss issues, work issues and other things with workmates. That's perhaps the minus of this telecommuting, that it's lonely.* (Pauliina)

If a routine worker is working remotely while other colleagues are in the office, he or she must not be forgotten, and it is important for a manager to emphasise the cohesion of a team (Haapakoski et al., 2020). To prevent social isolation, a remote worker must have adequate IT skills as well as knowing how to obtain help and information (Staples, 2001).

If a routine worker is telecommuting full-time, an employer must invest in home-office ergonomics to maintain the best job quality, job satisfaction and health (Greer & Payne, 2014; Contreras et al., 2020; Haapakoski et al., 2020; Paul et al., 2020). A remote worker must be able to set clear rules for working from home, helped by, for example, mutually agreed rules with family members, suitable working routines and a separate workroom (Paul et al., 2020).

> *When I see a computer in the middle of my own living space in the kitchen, it strongly affects me. I'm gonna think that's what I should do, and this and that. Then, the world of work starts rolling in my head. You can't get rid of it.* (Pauliina)

Accountants' attitudes towards remote work changed during the forced telecommuting of the pandemic period. Silja and Tero were the most positive about remote working before the pandemic, but experiences of long-term forced telecommuting began to negatively affect their attitudes. Silja's enthusiasm subsided, and Tero longed for the support he received in the office in challenging jobs. Roosa had been considering doing remote work part-time since before the pandemic, and she felt everything was going well from the start. Marjatta's attitude towards remote work was neutral from the start, and she had no feelings of being bored with telecommuting. Pauliina stated that remote work had gone better than she had assumed beforehand. Jutta was initially enthusiastic about remote work, but the one-year telecommuting period started to numb her, and she hoped to go back to the workplace. Leena was clearly the most against telecommuting, but she changed her attitude in a slightly more positive direction during the year. She said that she might work remotely in the summer, but she still felt that the office environment suited her best.

Except for Leena, all the accountants interweaved were willing to move to a hybrid model after the pandemic, working partly remotely and partly in the office (cf. Syrek et al., 2022). Nobody was sure if they would like to do full-time telecommuting in the future. The interweaved accountants learnt a lot about working at home during forced telecommuting. Although in this study we did not measure changes in performance caused by telecommuting, we can assume that in the future, the interviewed accountants will be most motivated when working in a hybrid work culture where they can choose where they want to work, in the office, remotely or partly in the office and remotely (Bloom et al., 2015).

Bloom et al. (2015) found that after a 9-month test period at the Chinese travel agency Ctrip, more than half of the workers who had taken part in the test changed their attitude when they were allowed to reselect between the home and office. This led to a performance increase in telecommuting, which almost doubled to 22% compared to the performance increase achieved during the original test. According to Bloom et al. (2015, 165), this highlights the benefits of learning and selection effects when adopting new management practices. The same thing might be expected to happen after the COVID-19 pandemic.

6 Conclusions

In 2020, the COVID-19 pandemic that changed the entire world forced almost all employees for whom telecommuting was possible to swiftly switch to full-time remote work. This spurred the continued but slow growth of telecommuting (Milasi et al., 2021). Accounting firms were no exception to this, especially because the field of financial management is quite easily transferable to telecommuting (Duxbury & Higgins, 2002). Many accounting firms transitioned to telecommuting almost overnight. This study utilised the resulting 'telecommuting laboratory' to deepen understanding of factors related to the organisation of remote work, relying on the experiences of accountants who switched to forced full-time telecommuting.

Through an in-depth analysis of the benefits and challenges of telecommuting experienced by accountants during the COVID-19 pandemic, we strove to enhance understanding that will benefit the organisation of work after the pandemic. Focusing on accountants (bookkeepers) of the same organisation telecommuting and doing similar work, we aimed to avoid problems arising from the broad definition of telecommuting and heterogeneous datasets in previous studies (Boell et al., 2016). The accountants' experiences of forced full-time telecommuting appeared to be partly equal to each other and in light of the results of previous studies, and partly different due to the nature of job assignments as well as an accountant's work experience, individual characteristics and preferences (cf. e.g., Mihai et al., 2020, 1121), in particular, due to the subjective need to communicate and perceived challenge of work.

Our data consisted of interviews with seven accountants. Although there were few interviewees, the material is rich and multi-faceted, which was important in this qualitative research and aimed at a deep understanding of individuals' telecommuting experiences. A large number of interviewees might have limited the in-depth analysis. (Eskola & Suoranta, 2000, 61–62).

Based on the interviewees' partially differing experiences of forced telecommuting, typical examples were found in the data for all four categories of the typology formed based on previous studies (Duxbury & Higgins, 2002; Pinsonneault & Boisvert, 2001; Boell et al., 2016), which demonstrates the compatibility of our empirical results with previous research results (cf. Lillis, 2006). According to the typology, the greater an employee's subjectively perceived need for communication or the challenge of the job, the worse telecommuting is assumed to be suitable for him or her.

This study deepens understanding of the importance of considering previous individual perceptions and experiences of telecommuting when reorganising work after the pandemic (Boell et al., 2016). This study provides indications that an employee's experiences of telecommuting during the pandemic influence the extent to which she or he wants to telecommute in the 'new normal' (Prodanova & Kocarev, 2022). An employee's possibility to influence the organisation of her/his own work positively affects motivation (Bloom et al., 2015). This study enhances understanding of how the individual organisation of work can be used to sustain the benefits of telecommuting and manage its challenges. Additionally, although this study was based on interviews with only a few accountants, it strengthens an indication that telecommuting experiences during the pandemic are changing the expert-work culture towards a hybrid model (Selander et al. 2022). The rough typifying of employees into four types for which either close, remote or hybrid work is suitable provides a starting point for both further research and the reorganisation of work in practice.

Our analysis complements previous research highlighting the topicality of the issue after exceptional circumstances. Studying this topic is vital for organising work in the post-pandemic period since it is unlikely that work culture will return to what it was like before the pandemic. For example, according to the Finnish Ministry of Economic Affairs and Employment (Työ- ja elinkeinoministeriö, 2021), the Working Hours Act (Työaikalaki, 872/2019, Section 13) was updated due to an increase in work that is independent of time and place.

Flexible work is targeted specifically at expert-work, where the work is guided by the goals set, not by making an employee work at a specific time in a particular place. According to studies, most employees and employers, on average, have been satisfied with telecommuting, and many employers are willing to delegate telecommuting decision-making to teams or individual employees (Selander et al., 2022). In the transformation of working life, the constant study of issues related to job management, from the viewpoints of employees, managers, organisations and society, will also be important in the future.

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Appendix 1: Interview Themes

Background Issues

1. Job title? Work experience? How long have you been working in the current firm?
2. What tasks does your job include? How routine is your work?
3. How many clients do you normally serve per month?
4. What kinds of services do you provide to your clients?
5. Are you a partner, consultant or assistant to your clients?
6. Did you have experience in remote work before the pandemic?
7. How did you feel when you were suddenly required to do remote work?
8. Has your attitude towards remote working changed since you first switched to remote work?

General Information About Working

1. How independent is your work? Do you often need colleagues' help?
2. How often do you meet with clients? Where/how are the appointments arranged? Has remote work changed anything in these regards?
3. Do you feel that communication between you and clients is sufficient?
4. How do you communicate with clients/colleagues/superiors?
5. Is communication successful? Has telecommuting changed the situation in any way?
6. What are the benefits of office work?
7. What are the disadvantages of office work?

Remote Work

1. Where do you telecommute?
2. What time of day do you telecommute? In telecommuting, do you follow traditional working hours?
3. How do you distinguish between work and leisure? Do you have any routines?
4. How do you serve a client's specific needs while working remotely?
5. What are the benefits of telecommuting?
6. What are the disadvantages of telecommuting?
7. If you had a choice, would you go to the office now or continue to do remote work?

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The Nordic Journal of Business is a scholarly journal that publishes original scientific research in all fields of business studies. Different aspects of business theory and practice related, among others, to accounting, corporate governance, entrepreneurship, finance, information systems, international business, management, and marketing are within the scope of the Journal.

The Nordic Journal of Business welcomes submissions of high-quality empirical and theoretical papers that contribute to knowledge of business theory and practice. The Journal is primarily interested in contributions based on the foundational disciplines of business studies, but we also encourage creative approaches and multidisciplinary research that reflects the intricate real- life relationships between functional areas of business. While the Journal provides an international forum for business research, submissions that focus on Nordic research problems or use data from Denmark, Finland, Iceland, Norway, and Sweden are particularly encouraged.

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- Survey and review articles
- Research notes

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