
Reconsidering Budgeting after the COVID-19 Outbreak

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Abstract

The financial field is experiencing unprecedented changes, as the effects of the COVID-19 outbreak are unraveling. One of the main challenges the managers have to face is the elaboration and implementation of the budgets. During 2020, companies worldwide had to continuously adjust the budgets which were already approved before the pandemic. But, as everyone understood that the world is not facing just a temporary situation, executive leaders had to also reconsider their budgeting process, taking into consideration the uncertainties of the future. It was clear that the traditional way of developing a budget, based on historical information, was no longer relevant and a new process should be implemented. Therefore, the aim of this paper is to put into discussion which would be the best alternative to the traditional budgeting process. Based on the thorough analysis of the reports published by relevant organisms and firms, the authors concluded that the best alternative would be the zero-based budgeting technique. The paper presents the benefits of this method, but also a guideline regarding the implementation of this process.

Key words: COVID-19; budgeting; accounting;
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