

CONSIDERATIONS CONCERNING THE IMPLICATIONS OF THE COVID 19 PANDEMIC ON THE ROLE OF THE CORPORATE GOVERNANCE IN THE ENSURANCE OF THE CONTINUITY OF THE ACTIVITY

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Abstract: *The global pandemic disrupted the normal way of life and development of business, with major implications and disruptions for all organizations. Purpose - The paper analyses the implications of COVID 19 pandemic on the role of corporate governance and aims to identify the most important priorities and lines of action of the management in ensuring the continuity and sustainability of the business. Projection / methodology / approach – The paper is based on a fundamental research and uses an analysis of citation/ co-citation achieved with the WEB of Science database and the VOSviewer program concerning the most important papers on the consequences of COVID 19 pandemic for corporate governance. Ascertainments – In the present context, it is essential that the companies strengthen their operational strategies on the basis of tests in conditions of stress and communicate the new course to the relevant concerned parties, these continuing to monitor the situation and execute these strategies on the basis of some reviewed plans, on the basis of which they will carry on the activity, and to reconsider their governance depending on the identified priorities. Limitations – This research is limited by the few publications registered on this topic. Originality / value / usefulness - We consider that the paper contributes to the literature of corporate governance by making an analysis of fundamental type on reconsidering the role of corporate governance in the present pandemic context and aims at four priorities depending on which corporate governance can be reconsidered in the times of crisis.*

Key words: *Corporate governance, Principle of continuity of the activity, Performance measurement, Concerned parties, COVID 19*

JEL code: M41

Introduction

The new coronavirus (COVID 19) outbreak affected badly the economies and brought challenges to companies and natural persons. Thus, in order to slow the spread of the virus, governments all around the world adopted border closure, set up measures of social distancing and issued guidelines for the small and big companies. These measures of isolation interrupted literally the economic activity in many fields, leading to the decrease of the production determined of demand and supply. Moreover, the size of the shock on medium and long-term is characterized by an extraordinary degree of uncertainty, because the return to normality is essentially related to the evolution of the pandemic (Baker et al., 2020).

The performance of the companies from different industries registered a sudden fluctuation, as a consequence of COVID 19 outbreak, the majority of companies suffering a decrease of performance (Shen et al., 2020), also, the share prices decreased (Narayan and Phan, 2020), and faced serious problems concerning managerial decisions (Gil-Alana and Monge, 2020). The effects

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of the COVID 19 pandemic around the world are serious, both concerning human lives, and the financial impact it has on the organizations all around the world.

Thus, according to the conclusions of Wenzel and collaborators, COVID -19 remains a disturbing force with long-term implications for the global and local companies, the researchers not being able to solve the way in which it shapes the processes that lead to the failures of the business (Wenzel, 2020).

The national authorities imposed severe restrictions in hope of limiting the spread of the COVID 19 virus, which had inevitable and significant impacts on a great number of companies in different fields, the most affected being those in the field of **production, transportations and hotel industry**. Many markets, especially in the tourism and hospitality fields no longer exist (Donthu and Gustafsson, 2020). The certainty is that these restrictions led to a decrease, stagnation or suspension of economic activities, and certainly had negative effects on the liquidity of companies. Also, the sudden decrease of the levels of production and the turnover, led to the complete stagnation in some fields, like services offered by the airline companies, tourism and food industry, in the first two quarters of the year 2020.

Within some studies carried out by Bagnera, he emphasizes that almost 90% of the employees of the airline companies were fired, the hotels functioned at only 20% of their normal capacity, concluding that the tourism and travel industry suffered great financial losses in the year 2020 (Bagnera and Steinberg, 2020).

At the same time, the impact of the decrease of the passengers' demands drained the cash reserves and the financial resources of many airline companies, leading to the collapse of some of them. Indeed, the travel restrictions and the quarantine imposed by countries led to a decreasing demand for international and air travel at the beginning of 2020 (Amankwah-Amoah, 2020). Consequently, we consider that the main questions, in this context, should refer to the management strategies, the employee welfare, at the level of emergency planning and the preparation of companies to cope with such situation.

In a study carried out by Glass Lewis, he acknowledges that some believe in a prescriptive approach of the governance which favours the ideological purity compared to the pragmatic principles (Bertinetti, 2020). According to Ralph and his collaborators, this virus has been transmitted on a large scale in more than 214 countries, territories or zones, in many jurisdictions being declared state of emergency or blockages (Ralph et al., 2020). This had impact on companies, that were forced to send their employees to work from home (Duffy, 2020).

We underline that specialized literature is limited concerning the study of impact of COVID 19 on the corporate performance and cash holding of companies. Thus, we focus on the effects that COVID 19 caused on the levels of cash holding in entities by identification of the main priorities that the management of companies could do in order to improve the existing pressures on the cash flow, by reconsidering the role of the corporate governance in ensuring the continuity of activity.

Consequently, the purpose of this paper is represented by the research of the implications of the COVID 19 pandemic on the role of the corporate governance in ensuring the continuity of activity. The questions of research established for this paper are: Which are the effects of the COVID 19 pandemic on the companies and implicitly on the practices of corporate governance? Which should be the priorities of the management in order to ensure the continuity of activity? Considering that the world did not face a pandemic crisis on such a scale, we consider that relatively few aspects are known, at the theoretical and practical level, concerning the impact of a pandemic on the practices of corporate governance of entities and that this paper is to date.

We consider that this paper can offer solutions regarding the challenges that the management faces in this pandemic context. This paper contributes to the literature of corporate governance by making an analysis of fundamental type on reconsidering the role of the corporate governance in this pandemic context.

In the future, we propose, as future scope of research, the study of the COVID 19 implication on the financial reporting from the IFRS perspective.

Review of the specialized literature

In order to examine the evolution and the effects of the COVID 19 pandemic on the organizations and last but not least on the corporate governance, it was made an analysis of quotation / co-quotation of researches on this theme.

The process of analysis of the quotation/ co-quotation was facilitated considerably by the recent progresses in the information technology and the online stock of data. The dataset used in this paper was built by using the Web of Science database and subsequently was loaded in the VOSviewer software program which allowed to build and visualize the bibliometric networks. VOSviewer was used to generate and visualize the networks of co-publication of some important terms extracted from scientific database, publications which contained the expression “ COVID 19” and “the effect COVID 19 on organizations”, in the title, key words or summaries, by their identification and download. This search identified 678 papers published in the most relevant fields, like: economics, management, business and corporate finance and which were published in the year 2020 as one can see in the following figure:

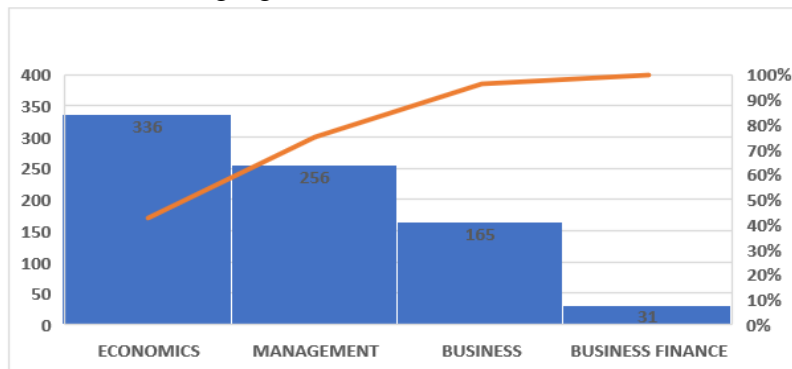


Figure 1. *The profile of the research on this subject during the year 2020*

Source: Personal collection

Also with the help of Web of Science database we could identify also the main countries with publications registered on the subject of this theme, on the first place being USA with 191 publications, England with 147 publications, followed by Australia and China with 63 publications. These aspects are shown in the following figures:

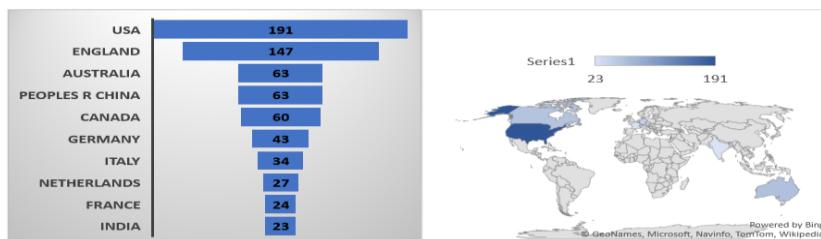


Figure 2. *The main countries with publications registered on the subject of the theme according to the Web of Science database*

Source: Personal collection

By including in the program the database obtained from Web of Science resulted this map which illustrates the frequency of the association between most of the terms and their publication through their identification in the titles and summaries analysed from the 678 publications.

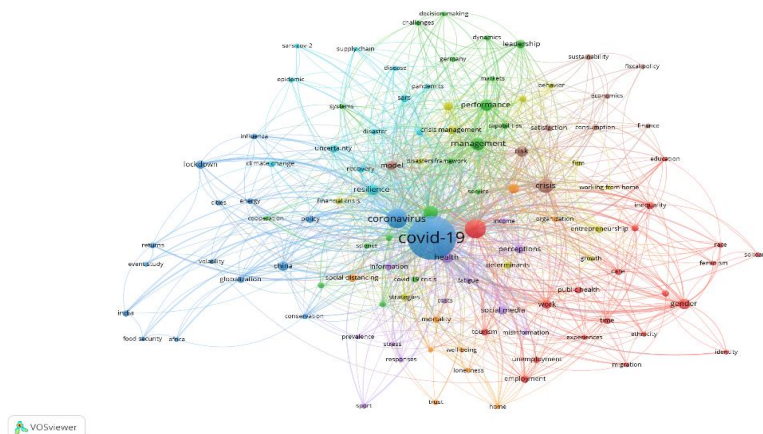


Figure 3. *VOSviewer overlay visualization map – The frequency of the network of coincidence of terms using WEB of Science database*
 Source: Personal collection

Considering the relatively dense network in the centre of figure no. 3, with the suggestion that the authors focus on the COVID 19 issues, vulnerability, pandemic challenges, management, leadership, performance, financial crisis, organization, we can state that, despite the different disciplinary fields of these authors – first economics and management, they search solutions to a common challenge, namely taking measures that are necessary concerning attenuating the effects that COVID 19 pandemic had on the financial performance and on the role of the corporate governance at the level of business organizations.

As one can see, the frequency is marked by the considerable dimensions and by marking them with bold letters. As one can see in Figure no. 3, the map contains eight clusters, each of them marked by a differentiation colour. Each cluster made contains terms correlated to the scientific research on issues that are related to “COVID 19” and “the effect covid 19 on organizations”, respectively.

The most important cluster is “Covid 19” and is made around some themes like *coronavirus, influenza, returns, volatility, globalization, policy*. The second cluster is “pandemic” and is made around some themes like: *work, time, gender, education, inequality, care*.

The third cluster is “crisis” and contains themes like: *sustainability, fiscal policy, economics, consumption, risk, model, satisfaction*. The fourth cluster refers to “impact” and was made around the reference themes like: *performance, management, decision making, capabilities, challenges, cooperation*.

The fifth cluster that can be identified is “health” created around some concepts like: *perceptions, information, sport, transformative, social media, costs*. The sixth cluster refers to “crisis management” and is made around themes like: *innovation, behaviour, entrepreneurship, technology, disasters*. The seventh cluster made is related to the concept of „resilience” and was made around themes like: *uncertainty, recovery, pandemics, supply chain, disaster, disease*.

The last cluster resulted is built around „social distancing” which covers themes like: *covid-19 pandemic, home, loneliness, trust, mortality, organization*.

The results of mapping the scientific terminology used concerning the effect of COVID 19 on organizations, by using VOSviewer, through the Web of Science database, revealed that the terms and expressions most frequently associated to „COVID 19” and „the effect covid 19 on organizations” are: *management, performance, corporate governance, risk, fiscal policy, pandemic, sustainability, organizations and others*. Of all these, this research focused on investigating the previous researches related to „COVID 19” and „the effect covid 19 on organizations”.

We underline that a methodological reduction of this research aims at the modality of searching the publications analysed by limiting the software to the about 678 publications registered in the year 2020 from the most relevant fields.

Consequently, we can underline that the researches at the international level in „ COVID 19” and „ the effect covid 19 on organizations” matters are carried out in different economic contexts, with different results, revealing a variety of tendencies of extension between clusters.

Identification of the main differences in the management of business in the pandemic context

Corporate governance must be seen as a foundation for the purpose of the company, for the strategy, opportunity and risk management, because it improves the quality of leadership and making decisions. Also, the corporate governance represents an engine of a sustainable economy having as central role redefining the way in which business is managed.

Corporate governance, that incorporates “all principles of open and responsible management is a way to ensure that a company maintains clear ethical lines. It was situated on the top of the calendar of factors of political decisions for a long time, but can represent a challenge for companies at many levels” (Thompson, 2018).

Considering the above, we consider that corporate governance becomes even more important in the present context of COVID 19 crisis, of global pandemic, because it can represent an instrument in identifying the risks which occur and in the measures that it proposes for their decrease to an acceptable level.

In this sense, Kraus and collaborators think that, companies from all fields of activity and all sizes must adapt their business models to the present environment conditions within a short period of time (Kraus, 2020), in order to manage to remain on the market. In this context, companies were forced to observe necessarily the protection of physical integrity of the workers, aspect which led to rethinking the aspects that belong to the management of personnel. Also, in this period the main difficulties to which corporate governance had to respond were complex commercial and contractual issues, with very important consequences on the performance indicators.

Consequently, in periods of crisis, the decisions of the management are very important and especially it is necessary that the moment of decisions is not delayed or postponed significantly. When there is uncertainty, corporate governance has the role to increase communication with the parties concerned in order to increase the trust in the capacity of the company to respond to the present challenges and to remain solvent.

We believe that only those companies that make efficient decisions quickly in a period of crisis or pandemic and which give importance to the problems that belong to corporate governance, in cooperation with their shareholders, will have a clear advantage in identifying on time damages and also, the opportunities in order to obtain positive results that are in the interest of all parties concerned.

In another study carried out by Gunnlaug Friðriksdóttir, the author believes that when organizations face such rare events of high severity, as the present pandemic is, they are often forced to come to reactions without preparation, because there are no plans that can approach this type of situation. This can lead to making some bad decisions and reactions that could not be in interest of the organization (Gunnlaug Friðriksdóttir, 2020). We see also the points of view contrary to those Kraus sustained.

In a study carried out by OECD, it is stated that the main difficulties generated by this pandemic are represented also by the decrease of the demand, materialized in a decrease of consumption, in postponing or cancelling orders, with the effect of decreasing performance of the companies, and also many practical difficulties, like logistic aspects, incapacity to maintain a portfolio of clients, suppliers and personnel, respectively (OECD, 2020).

If, on one hand, the small and medium-sized companies were most affected by the crisis, on the other hand, SMEs can capitalize their flexibility and ability to respond to the needs of the markets and the requirements of society - like production of personal protective equipment, adjusting, thus, quickly the production base (Liu, 2020).

This pandemic context, broken out by COVID 19, exhausted exponentially the financial resources of entities and increased the number of insolvent firms, decreasing the financial position of many Small and Medium- Sized companies and thus, forcing many to look for government support in the form of subsidies, tax exemptions, and other forms of financial and non -financial support (Cook and Barrett, 2020).

It is necessary that companies verify the impact on performance indicators (key performance indicators) in order to identify the effects on medium and long- term. The emergency situation had impact also on the performance of the turnover, as demonstrated the analysis made by Urti (2020):

- there are companies that consider the situation manageable with small adjustments of the business plans;
- others that believe that the damages of this crisis are overwhelming compared to the plans for the current year;
- even some companies predict damages in the future that can oscillate between “severe” (the objectives for the current year cannot be achieved any more) and “greater degree of pessimism” or the prognostics to resort to resize the structure of the company due to COVID 19

Another identified problem is limitation of mobility, being one of the special difficulties that managers face, and above all, are identified difficulties in meeting with clients, suppliers and personnel abroad. Also, it must be noticed that the restriction of mobility was joined also by interrupting commercial relationships.

Another problem identified as a consequence of the dynamic crisis caused by COVID 19 generated a series of logistic problems, including (Urti, 2020):

- difficulty of the movement of goods (not only of the employees);
- the failure to guarantee to comply with the delivery date, that determines, thus, even today, another postponement of the payment terms and processes.

Then we emphasize the difficulty to procure raw materials and half- finished products, a fundamental segment of industrial production, on which are based the processing cycles and the production strategies, aspects that have impact on the poor results of the Small and Medium- sized companies. We consider that in periods of crisis, the management team plays a more important role in managing the critical situations and ensuring business continuity (Sudha and Sheeja, 2020).

The next section is dedicated to identifying the most important priorities and plans of action of the management in ensuring the continuity of activity.

The role of corporate governance in ensuring the continuity of activity

One of the fundamental principles of accountancy is the principle of continuity of activity, on the basis of which the financial statements are drawn up. According to this principle, it is supposed that a business will continue to function in the predictable future without being necessary or intending to liquidate or to reduce its operational activities. Consequently, the assets and liabilities are registered based on the fact that the entity will achieve the assets and can unload the liabilities during the normal course of activity. Thus, in this context the management of the entity is responsible for establishing if continuing the activity is proper in preparing financial statements.

In a study carried out by KPMG, within this pandemic context, it is mentioned that implementing some strict measures of limitation or postponement of spreading COVID 19 disturbed significantly the commercial operations and the economic activity of all entities. Also, it is very

important that the management has as priority, on one hand, understanding and anticipating the effect of COVID 19 on their business, and on the other hand, assessing the continuous activity in this year (KMPG, 2020).

According to Hiles, the management of continuing the activity is a process that identifies the risks that an organization faces. Its purpose is to allow the organization to respond to events like natural disasters, terrorism, disease outbreaks, failures and many others (Hiles, 2011).

In Smith's opinion, the management of continuing the activity is a process unified by many components, including recovery in case of disaster, business recovery, managing the crises, managing the incidents, managing the emergency situations and emergency planning. It has closed connections with managing risks and strategies of corporate governance (Smith, 2003).

The plans of continuity of activity well elaborated and implemented, usually propose to re-establish quickly and efficiently the normal situation by the personnel's actions and the management of the organization. The supposition is that the main, if not all, support is in the hands of the organization.

In a pandemic, by contrast with a normal situation, the acknowledgment and the response to events are based almost entirely at the level of national or state government.

COVID 19, these should be concerned by a series of measures that they can take in order to cope with difficulties which the business faces, but also for readapting the activity of the company and creating a recovery plan.

Concerning the continuity of activity, the international accounting standard IAS 10 "*Events after the reporting period*" defines that an event- when it is related to the existing conditions on the date of the balance - must be reflected in the financial statements. In a contrary case, an event related to the conditions that manifested after the day of the balance, does not affect the financial statements (IFRS, 2017).

Also, it provides that, the management of companies must take into account the assessment of the capacity of the company to continue its activity in the predictable future, in the process of preparation of financial statements.

In some cases, a more detailed assessment may be necessary, when the events took occurred after the end of the reporting period, in order to offer supplementary information about the uncertainty situations that already existed on the day of reporting (for example, a client which went bankrupt, after the day of the balance because of the consequences caused by COVID 19) (Popa, 2020).

In order that an entity fulfil the principle of continuity of activity, it must have a continuous activity, in the absence of contrary significant information, that lead to a scenario in which the entity is forced to stop the operations and the activity and to liquidate the assets at very reduced prices in a short time.

Under the circumstances, the assessment of the continuity of activity must be based on all information available after December 31, 2019, they may be related to the existence of major uncertainties as a consequence of the unpredictable evolution of some emergency situations.

If we take into account a company with a good history of profitability which is based on external financial resources and which, as a result of a situation generated by the urgent measures imposed by COVID 19, is forced to suspend its operations and activity in March 2020, the factors that the management must take into consideration are: deterioration of the economic situation, capacity of repayment of debts, the impact on profitability, etc.

Thus, the companies must find if COVID 19 and its effects influence the hypothesis of continuity of activity or modify the time horizon used for assessment (Popa, 2020).

When doing the assessments, the leadership must take into consideration all information available, this will require, given the scenario of extreme uncertainty, the use of significant judgments which must be described in the income statements in accordance with IAS 1:22, even in the absence of some significant uncertainties regarding the continuity of activity (IFRS, 2017).

Given that the circumstances change rapidly because of COVID 19, in a study carried out by KPMG, it is defined that the continuous assessment of the activity becomes an important and challenging assessment for the leadership, for those responsible for the corporate governance but also for auditors (KMPG, 2020).

The management of the company must be predictable and, also, proactive in making decisions ***in order to ensure the continuity of activity***, having the following priorities:

1. Ensuring security and employee welfare

One of the solutions offered by the companies to their employees was working from home. We must not ignore that the normal benefits of working from home are not the same with those at the office, because of the disturbing factors determined by the other members of the family.

The psychological capital represents an important basis of resources for people, referring to the self- efficiency of the individuals in the process of upbringing and development and to a positive psychological status characterized by hope, resistance and optimism (Luthans et. al, 2004). The same opinion has Newman in the paper *Psychological capital: A review and synthesis*, the proof showing that the psychological capital can influence significantly the attitudes of the employees towards work, the work conducts and the performance (Newman et al., 2014).

In a study carried out by Ralph and collaborators, they believe that productivity and welfare are closely connected between them.

The best way to improve productivity represents helping the employees to maintain the emotional welfare, from this resulting the role of the managers in communicating with the employees in order to determine what they need.

Meanwhile, both the employees, and the management should try to accept that their productivity may be smaller and not to stress about it. Similarly, the companies must be aware that each person experiences the pandemic in very different ways- some people can be more productive than normally, while others struggle to end any work without their fault. It is crucial that the managers and their employees support one another and avoid starting a conflict regarding who more (Ralph, 2020).

Also, another difficulty which occurs at the level of the management of the personnel is related to the “fear” of the employees, which can generate absenteeism in situations of crisis like we live. In this context, the management can conclude flexible work agreements, intelligent work and other policies that allow people to work remotely and safely. Depending on the industry, companies shall reorganize their teams, allocate resources and establish programs and policies of employee welfare.

2. Assessment of liquidity

The COVID 19 crisis caused and still causes financial and liquidity problems for many companies as a result of reduction or closing their business. In its turn, this affects the employees, whose incomes and means of subsistence are exposed to risks. While some companies managed to protect the workforce from such impacts and choose to keep and pay the employees during the period of suspension of their activity, many companies were forced to dismiss the employees or to reduce the working hours (Edgecliffe-Johnson, 2020).

The assessment of liquidity on short- term is very important for companies in order to help them to deal with the challenges they face as a result of the pandemic, these being forced to monitor the cash flows on short -term in order to prevent the pressures on the cash flows and consequently the intervention at the right time.

For this purpose, it is as important to manage the working capital, also regarding the receipt of debts and managing the stocks, one of the priorities being the relationship with suppliers in order to identify easily any possible risks.

Qin and collaborators argue in a study that the cash deficit which occurred on a long- term led to exercising a great pressure on the cash flow for the firms from the industries that were severely affected by the pandemic (Qin et al., 2020).

In order to avoid the consequences caused by restarting the activity, it is necessary that the leadership of the companies focus on the assessment of liquidity, adopting a strict discipline for monitoring the cash flow, which allows prompt actions, like:

- using new credit lines;
- finishing the current works that keep waiting the invoices to the clients;
- negotiating the payment policies with the suppliers;
- reviewing the invoicing policies, reducing the issue date.

We think that this extraordinary impact that the pandemic had and already has on the companies and markets around the world in the present socio-economic context, must determine managers to take into consideration the way in which this will have an impact on the governance and last but not least on the organizational problems of the companies now and in the future.

The rapidity with which the management of the company will respond to the assessment of financial and operational risks can be a great advantage, because it will allow renegotiating where it is necessary, if they monitor efficiently the direct increase of costs and their impact on the general margins of products.

Consequently, the companies that will not manage to renegotiate the terms and that will react with difficulty, surely will be vulnerable to the financial stress, which will have implications on medium and long-term.

We mention that not only monitoring the vulnerabilities of each company is necessary, but it is very important also monitoring the pressure that could affect one of their clients, suppliers, contractors or partners, efficient in these situations being taking into consideration some options alternative for the supply chain.

Suresh and collaborators, emphasize in a study that, the management of organizational risks can be seen generally in two different ways, on one hand by adopting some procedures like management of the continuity of activity, and on the other hand, by management of the company risk (Suresh et. al., 2020).

3. *Communication with stockholders*

A priority to continue the activity or reorganize the activity is considered transparent communication, clear and on time that the company must exercise with clients, suppliers, employees, creditors, investors and last but not least the authorities in order to be sure of their support.

The efficient relationships and the implication of relevant concerned parties, including direct discussions with the workers and their representatives at the level of the firm, branches and common enterprises and suppliers, can help to identify viable solutions on short and long-term in order to approach the pressures of decrease of costs, including solutions regarding the salary decreases or delay of salary payments, allowing in the same time a better planning of emergency situations and starting more quickly the operations in the recovery period (OECD, 2020).

Regarding the communication with the concerned parties, we consider relevant the following:

- First, the companies must protect their *clients* from any impact on the products or service delivery, and if the contractual obligations cannot be complied with, as a result of the interruptions at the level of suppliers or production, it is important to maintain open the communication lines in order to prolong the terms or claim “force majeure” or “Act of God”. These proactive actions will help to mitigate damages or the responsibility due to not fulfilling the obligations assumed towards the clients.
- Secondly, the companies must keep contact regularly with *the suppliers* regarding their capacity to deliver goods and service delivery during the pandemic, and regarding their recovery plans, so that the company analyses the alternative options of supply in due time, because it is possible that some suppliers are not able to continue their activity and execute the contracts.

- For *the employees*, it is essential that the communication plan finds the balance between precaution and maintaining a mentality of usual carrying out of the activity.
- Regarding *creditors and investors*, it is necessary that companies analyse the terms of the loan agreements in order to identify, on one hand, which the sensible debts are, and on the other hand to avoid vital technical breaches, the benefit of these analyses being that of offering companies the opportunity to manage proactively the dialogue and communication with creditors regarding any modifications necessary to the existing conditions or refinancing agreements.
- Last but not least, the companies must keep a good communication with the *government and regulatory authorities*.

4. *Using the government support*

In the present socio-economic context, companies must monitor government and organizational opportunities in order to identify the availability and value of government incentives given and last but not least, the modality in which this can be applied optimally for the particular circumstances of the situation of each company. Depending on the jurisdiction and the object of activity of the companies, the government support can be different. Also, the companies must identify and understand each offer of support and establish which offer is the most appropriate for the organization. Also, the industrial sectors, whether production, or services, based on the power of their specific characteristics should respond quickly, collaborating with the governments for maximising the effects of different incentive packages and plans of recovery to get out of this pandemic crisis (Liu, 2020).

Governments should be sure that the measures implemented in order to deal with the crisis do not exacerbate the negative socio-economic effects of the crisis, rather lead to the stimulation of the companies to mitigate the possible damages and to maximize the positive impact of these measures (Lubbers, 2020).

We consider that in order to cope with the challenges which the firms will face and which they will face in the future, the decision makers and the regulatory authorities must approach, from the beginning, the guidelines and policies regarding corporate governance.

Conclusions

This paper has as a main objective revealing the implications of COVID 19 pandemic on the entities and implicitly reconsidering the role of corporate governance in ensuring the continuity of activity.

The paper proposes the main priorities and guidelines that the managers should take into account in order to ensure the business continuity and sustainability.

We consider that this pandemic may determine managers to rethink what “an efficient sustainable corporate governance” could be. Also, in this pandemic context, we sustain that the main priority has its correspondent in the continuity and sustainability of corporation. The COVID 19 crisis drew attention on the continuity of activity. While blockings and other restrictions imposed forced the sectors to stop functioning, a series of organizations continued to serve their clients and deliver products, with different levels of success.

We consider that it is essential that companies establish the way in which the crisis generated by COVID 19 affects their budgets and business plans.

Consequently, companies will have to underline the financial plans (from multiple scenarios), in order to understand the possible impact on the corporate and financial performance and last but not least the assessment of the way of management of the crisis by restarting the activity. Thus, we consider that it is necessary the implementation of a system of reporting and identification of performance indicators in order to monitor the daily situation of the company, so that the management becomes proactive in establishing corrective actions.

As a conclusion, in this context, it is essential that the management strengthens the operational strategies on the basis of tests under stress and communicates the new line to the relevant concerned parties, the parties continuing to monitor the situation and carry out these strategies based on reviewed plans, on the basis of which the activity will continue. Any deviation must be reported by the management in due time, so that if it is necessary the companies can adopt supplementary measures in order to avoid a subsequent negative impact.

Also, besides what was mentioned before, for a good corporate governance, we consider that it is necessary that the management of companies assesses, on one hand, the way of functioning of the plans established in order to continue the activity, and on the other hand, if some deficiencies are found, their priority should be the identification of the causes, whether it is about the workforce deficit, from the moment of implementing the measures, the lack of infrastructure or the external environment problems, implementation of new directions based on the conclusions drawn, or elaborating emergency plans in order to respond better to the future effects caused by COVID 19. We consider that in this first phase of the research, this observing approach was essential for realizing the role of the corporate governance in ensuring the continuity of activity, because these can become real lessons of practical applicability of different plans of action of the management in ensuring the business continuity and sustainability, having thus the opportunity to define good practices of governance.

We consider that the field of governance should be reconsidered, in this context, through an empirical and theoretical investigation. The paper can be useful for the researchers that study the role of corporate governance in ensuring the continuity of activity and who want to understand the way in which this field developed and evolved from the beginning of the pandemic and/or for those who are interested by future streams of research.

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