

ACCOUNTING EDUCATION FOR SUSTAINABLE ENTREPRENEURSHIP

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Abstract

The alarming rate at which Nigerian graduates are seen roaming the streets calls for re-examination of educational system. The students should be equipped with the necessary skills that will help them to stand on their own. This paper examined accounting skills as an integral part of sustainable entrepreneurship. The accounting like "Business as a going concern" and 'Business entity' concepts were discussed among others as accounting skills needed for sustainable entrepreneurship. The problems of entrepreneurs such as lack of funds, lack of managerial skills and experience, insufficient preparation for the business were discussed. Recommendations made were that funds should be provided by the government for those graduates that have the basic accounting skills and adequate study should be done before embarking on any business project.

Introduction

Every year, National Youth Service Corps discharge our graduates in batches. In a year, they may discharge up to three batches. Really the National Youth Service Corps are working very hard, but the question is where are the industries in this country that are going to absorb these graduates? The present trend in Nigeria is that graduates roam the streets unemployed. This calls for re-examination of Nigeria's educational system. It is glaring that if the Nigeria educational system were able to expose the students to courses in accounting and entrepreneurship education, these students would not look for employment after graduation. They could be on their own if no employment is offered to them after graduation.

Osuala (2004) observed that accounting graduates have wider employment opportunities either for self-employment or paid employment. The students use the skills so acquired for their personal and future family life. For one to properly manage his/her business effectively, the person should acquire the basic accounting skills for keeping records of his business transactions. This is in line with observation made by Oyesode (1998) who revealed that no business activity could be successfully operated without the assistance of the accounting skills. This is because procurement and spending of money are involved.

Nweze (2002) opined that accounting is as old as man on earth. Modern accounting as known today is the hard work of an Italian monk and mathematician called Luca Pacioli who in 1494 published a book titled "Summa De Arithmetica, Geometric Proportion (Nweze, 2003). The book published in Venice was the first book to describe and give an insight into the use of double entry book keeping system. Pacioli's book did much to spread the use of double entry book-keeping throughout the Europe. He stated that the purpose of book keeping was to give the trader without much delay information as to his assets and liabilities.

This paper examined the key concepts embedded in the work: accounting education and its objectives, entrepreneurship education and its objectives, sustainable entrepreneurship, the need for accounting education for sustainable entrepreneurship and the possible problems of entrepreneurs that even with the accounting skills, they may not stand on their own and accounting education and its objectives.

Accounting education is the type of education that provides individuals with skills and knowledge in accounting, computing and data processing occupations for gainful employment in

private and public enterprises for self-employment. Nwoha (2006) pointed out that accounting provides students with the information needed for decision making and exposes them to the various users of accounting information and the interest of the users of such information.

He identified the major objectives of accounting that provide information regarding a firm's transactions and resources, which should be relevant for making economic decisions by persons or organizations outside the entity. Accounting information refers to data that are found in financial statements of the organization. Organizations undertake many activities in order to achieve certain objectives and there is always public interest in these activities.

There are different objectives of accounting information as there are different users of this information. Such users of accounting information include the equity investor group, the loan creditor group, the government and other regulatory bodies, the business group, the management employees and the general public (Nwoha, 2006). The objective of accounting information is different to the different users.

Objective of Accounting Information to Equity Investor Group:

Equity investor group comprises of the shareholders or owners of business who have an interest in the profits of the business and who can be presumed to wish to preserve the capital which is invested in the business. The objective of accounting to this group is to equip the group to know how the business has performed in the previous accounting periods and what is likely to happen in the future, i.e, through the information, they can appraise the value of the investment, how likely it is for the firm to meet the future commitments from existing resources and whether they will be called upon to provide additional capital.

Objective of Accounting Information to Creditor Group:

Creditor group is made up of all those who have lend a fixed sum to a business and who are entitled to repayment, with or without interest at some later dates, to this group, the objective of accounting information is to equip them to know whether the business can repay the debts at the due time, whether there is any danger of the business defaulting on the debts and repaying only part or none of them and whether the business will earn sufficient profit to pay interest due in the future.

Objective of Accounting Information to Business Contact Group

Business contact group includes prospective creditor or customers of a business. The objective of accounting of accounting information to business contact group is to know how the business is performing i.e to know whether the business is doing well or not before making any business dealings with the organization.

The Objective of Accounting Information to Analyst Adviser Group:

Analyst adviser group comprises of investment analyst, merchant bankers, bank mangers and other professional adviser. They use accounting information to advice business or other interested group. This is because financial accounting is required before any assessment of business can be carried out and it is the major source of information about a business to the public

Objective of Accounting Information to the Management:

The management as an organization need accounting information to measure performance of the organization to plan and control the operations of the organization.

Objective of Accounting Information to Employees:

This group is made up of business existing past and potential employees. To them, the objective of accounting information is to equip them with the information contained in published account texts. The knowledge of the different users of the accounting information and the

interest of the various users of the accounting information will equip the accounting education graduates with the skills for managing their personal business effectively.

Importance of Accounting Information

Accounting information is important in many ways:

1. It provides information in financial terms, to those who may need such information for making decision;
2. It ensures accountability of the management to owners of the enterprises and the public whose resources are being utilized;
3. It provides assistance in estimating the future earning potentials of the firm. In other words, it helps individuals and organizations to determine liquidity, profitability and viability of an enterprise;
4. It assists management to measure its performance thus, it can plan and control the operations of the enterprise;
5. Government uses the accounting information to impose and collect taxes, to regulate certain business activities, plan and execute certain projects and
6. The public use the information to know how the firms have been able to meet their responsibilities to them.

Entrepreneurship Education

Osuala (2004) defined entrepreneurship education as a specialized training given to students of technology and vocational education to acquire the skills, ideas and the managerial capabilities for self-employment rather than being employed. This is the type of education that equips the students with skills for managing one's personal business.

Nwokolo (1997) also defined entrepreneurship as the ability to set up business enterprise as different from being employed. This ability should be acquired and should differ in some respects from the abilities acquired to enable a person obtain paid employment. It involves the acquisition of skills, ideas and managerial abilities necessary for a person to be self reliant.

Objectives of Entrepreneurship Education

Osuala (2004) quoting Dana (1992) presented the objectives of entrepreneurship education as adapted from the Durham University Business School, England as follows:

- To provide meaningful education for the youths which could make them self-reliant and subsequently encourage them to derive profit and be self independent;
- To provide small and medium sized companies with the opportunity to recruit qualified graduates who will receive training and tutoring in the skills relevant to the management of small business centres;
- To provide graduates with the training and support necessary to help them establish a carrier in small and medium sized business;
- To provide graduate with training in skills that will make them meet the manpower needs of the society; and
- To provide graduates with enough training in risk management in order to make uncertainty bearing possible and easy.

If the above objective are properly adopted, entrepreneurship education will be relevant and functional to the individual and the society

Elements of Entrepreneurship

Osuala (2004) identified the following as elements of entrepreneurship: starting a business, being creative and innovative in developing business portfolios, new products, and new services, managing an existing venture in such a way that it grows rapidly and constantly, seeking significant financing and other resources for potentially high growth venture. Accepting risk in the development of a new or growing venture. These elements will actually provide the basis for operating a successful entrepreneurship business that will stand the test of time in a country like Nigeria.

Sustainable Entrepreneurship

The term entrepreneurship has been used by various authors at various times to mean various things. Enebe (2007) citing Scothone (1990), perceive, entrepreneurship as something being at the heart of an economic development task. They concluded that entrepreneurship is driven by the motivations of individuals who are seeking to satisfy their personal goals by creating opportunities for personal fulfillment through economic activity. The perspective at which they looked at entrepreneurship was its economic function. This implies that all actions directed at securing and carrying out those economic activity that satisfy personal goals can be regarded as entrepreneurship.

Morrison (1988) described entrepreneurship as an alternative to unemployment. He noted that in a situation of high unemployment, and other deprivations of social or economic matter, persons are frequently forced to choose entrepreneurship as the only alternative to no job, and no income. In this scenario, individuals may be pushed into entrepreneurship, as a last resort.

From the definitions given above, one can then conclude that entrepreneurship has to do with economic development task, the initiation of change, the development of innovative and creative abilities and the creation of enterprise for successful self-employment.

Sustainable entrepreneurship means making things happen in a way that takes into consideration the short, medium and long term. This implies having the managerial ability to keep a business going at the short, medium and long run.

Accounting Skills Needed for Sustainable Entrepreneurship

Accounting education for sustainable entrepreneurship simply means the application of the accounting skills in managing a small, medium and large scale business units either as an employer or employee. Maintenance and sustenance of entrepreneurship in any country presupposes that individuals in that country have been exposed to the right type of education and the enabling environment that would make this possible. It will assume that the education to which the individuals have been exposed is capable of enabling the individuals to acquire the requisite knowledge, appropriate skills and desirable work attitudes and behaviours that will promote the continued and continuous production of goods and services. Knowledge gained in accounting education therefore could be utilized in keeping appropriate records of business transactions made and analyzing this record to provide information for decision making. It also enables one to appropriately make budget of one's income. Accounting is the language of business. It tells the owners/managers of the business what is happening in the business and how a business should be successfully managed.

For sustainable entrepreneurship, accounting concepts and conventions are imperative. One of the accounting concepts is 'business entity'. This concept states that the business should be separate from the owner. Business is an organized activity conducted either by a person or by an organization that in any way contributed to or assist in satisfying the wants and needs of the people for economic goods and services.

becomes a separate entity quite different from the owner or the members that many have formed it. The business existing on one side and the owner(s) on the other side. In accounting it becomes necessary that records of the business and that of the owner(s) are kept separately so as to distinguish the affairs of the business from the private affairs of the owner(s).

Without such a distinction, the affairs of the business will be all mixed up with the private affairs of the owner(s) and the true position of the business cannot be known. This is why artisans that do not possess the basic accounting skills do not do well in business. Some of them cannot even differentiate the capital of the business from the profit realized or the difference between the cash withdrawn for private use and the one for office use.

Further, the growing concern concept is very imperative for sustainable entrepreneurship. This is the accounting concept which states that in carrying expenditure, the expected life of the business is kept in view. When a business is established, it is presumed that it will exist for a very long time. Expenditure can be classified into long term and short term. If a business will not last long, it need to incur expenditure whose benefits will be exhausted within one year. But if the business will continue for a long time, then expenditure whose benefit will last for over a year can be incurred. Some entrepreneurs performed below expectation in business because they do not bear this accounting concept in mind while starting new business. From the foregoing illustration one can now say that knowledge of accounting skills and principles are very imperative for sustainable entrepreneurship.

Problems Facing Entrepreneurs

An entrepreneur is an individual who is self employed, Osuala (2004) described an entrepreneur as a person who takes business risk, takes financial responsibility, dictates the pace of the business, earns the interest alone and bears the loss alone including his personal assets. Accounting education graduates may possess the basic accounting skills for sustainable entrepreneurship but cannot establish their own business due to some problems. Akintola (2001) in Osuala (2004) listed the following as problems facing entrepreneurs.

Lack of Knowledge of the necessary entrepreneurial skills:

One of the greatest problem of entrepreneurs is lack of the necessary entrepreneurial skills needed for sustainable entrepreneurship. A graduate may acquire the accounting skills but has no knowledge of the entrepreneurial skills, the person can never do well in business.

Lack of funds i.e capital:

Money is the language of accounting and one cannot talk of business without mentioning money. Capital is the heart of business and lack of capital is a major problem facing entrepreneurs. Some people may possess the accounting skills for sustainable entrepreneurship but may not have the adequate capital to start a business.

Lack of managerial skills and experience:

Many entrepreneurs do not possess the managerial skills and experience needed in running a small scale business and because they lack this managerial skills and experience, the business may only last for a short period of time.

Risk bearing:

Business is full of risks some entrepreneurs do not have enough training in risk management they cannot undertake any risk and for a business to grow, one must take risk.

Insufficient preparation for the business:

Some entrepreneurs rush into a new business without making the feasibility study of the business they want to embark on. Feasibility study in this content means making a proposal for what it will take to start a new business.

Negligence:

Lack of proper care and attention is another problem of entrepreneurs.

Fraud:

Fraud and embezzlement are among the problems of entrepreneurs. Those entrepreneurs who employ managers and leave the running of the business in the hands of the managers are likely to face these problems.

Disaster and threats from the business environment:

Etuk (1985) in Udeagha (2003) observed that business environment consists of the external factors that surround and potentially affected the activities and behaviour of a particular business organization. Such natural disaster like fire or flood pose problems to entrepreneurs.

Conclusion

In this paper, an attempt has been made to explain the key variables embedded in this paper. It can be concluded that the acquisition of accounting skills is very essential for sustainable entrepreneurship. The accounting concepts such as business entity and growing concern concept are *sine qua non* for the sustainable entrepreneurship. The accounting education graduates can exhibit the accounting skills if such problems like lack of fund or capital, disaster and threats from the business environment are considered.

Recommendations

1. Government and other organizations like National Directors of employment should provide capital for Accounting education graduates after graduation to start their business.
2. Adequate study should be done before embarking on any business, example, feasibility study should be carried, adequate preparation for the business coupled with the accounting skills can lead to sustainable entrepreneurship.
3. Knowledge of business environments such social political, legal, technological, moral, ethical and physical factors should be considered before starting a business and
4. For sustainable entrepreneurship, accounting education graduates should be exposed to risk management.

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