

Financial and Accounting Entrepreneurial Competences Needed by Vocational Technical Teacher Education Students in North Eastern Nigeria

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Abstract

Nascent and potential entrepreneurs need some pecuniary advantages that are acquired through knowledge and practice. The knowledge of financial accounting is vital in start-up and transacting businesses. The purpose of this study was to determine the financial entrepreneurial competences needed by vocational technical teachers' education students. A research question and one null hypothesis were formulated to guide the study. A draft of the instrument was subjected to content validation by two experts from the department of vocational Education, Modibbo Adama University of Technology Yola. A pilot test was conducted and the data obtained thereafter was run on split half reliability method. The reliability coefficient of the full test was 0.90. The population of the study was 294. The statistical tools used in the study were mean, standard deviation and student t-test of difference between means. Fifteen financial entrepreneurial competences were found to be desirable for vocational technical teacher education (VTTE) students. It was recommended that these financial and accounting entrepreneurial competences should be infused into VTTE curriculum.

Keywords: Financial and accounting, Entrepreneurial competences and Intrapreneurs.

Introduction

Entrepreneurs and intrapreneurs (managers within an organization) in whatever capacity requires accounting information that will assist them in their decision making and control activities. Shareholders require information on the value of their investment as well as the returns accruing from their investment. A new investor and nascent entrepreneur will also require this information on the profitability level of an organization or industry before investing its resources in the organization. Creditors and the providers of loan capital require financial accounting information on a firms' ability to meet its financial obligation as at when due. To say the least, every sector of an economy in any country requires accounting information. Therefore, the need for financial and accounting information cannot be overstretched. It is instructive to note that accounting information is not confined to business organization alone but to non-profit enterprising-making organizations (Adeniji, 2012) such as mosques, churches, institutions (schools), charitable organizations, clubs, and government units require this information for decision making and for performance evaluation as it affects entrepreneurship.

Early contextual information from financial accounting was linked to book-keeping. The modern English Dictionary defined book-keeping as the part of recording pecuniary or business transactions in a regular and systematic manner. In business and especially to those in accounting profession, it means much more than keeping records of transactions. It must be done in a methodical manner so that information at any point may be quickly obtained. This calls for financial cash book. When buying and selling of goods or school workshop products (business transactions) involve immediate receipt or payment of cash, a book of account is usually opened and such value recorded first in it before it is passed through other books of accounts. The book of account usually opened for recording of the period's incoming, outgoing cashes, is the cash book. This means that all cash paid and received within the period, irrespective of whether the money paid or received is meant for the period, the past or the future is recorded in the cash book. Hence, a cash book may be defined as the book of account in which detailed particulars of all monies (cash and cheque) received and paid in the course of carrying out a business transaction is recorded (Agboh, 2007).

Accounting therefore, is a generic term covering book keeping accounts aspects of an economic entity. It is not an end in itself, but rather an information system that measures process and communicate financial information of an identifiable economic entity. According to American Institution of Certified Accountants (AICPA, [n.d.]) accounting is an art of recording, classifying and summarizing in terms of money, transactions and events which are in part, at least of financial character and interpreting the result thereof. Thus, General financial Accounting can be said to be the recording of business transactions and the preparation of financial statements and reports to be used internally by

management for planning, control and decision making; and externally by investors, creditors as well as the government agencies for investment decision cum tax returns, computation and assessment (Agboh, 2007).

Potential entrepreneurs are expected to use the knowledge of simple arithmetic and elementary accounting to transact business with customers. In order to do this properly potential entrepreneurs are expected to acquire financial accounting entrepreneurial competences. Entrepreneurial competencies is defined in the study as the process of creating new enterprises to meet new challenges by using metrics to measure student's mastery of the knowledge, skills or outcomes that are desirable (Cyril, 2010).

The economic well being of a potential entrepreneur is important in enterprise formation. The availability of capital is also crucial for existing business to expand and new ones form. Access to capital has been recognized as a factor restricting enterprise ownership and limiting the size of owned businesses (O'hare, 1996). Start-ups often have difficulty raising fund because students are unknown and untested. Founders must frequently use their own money or try to secure grants or even go to friends and family for help. Many (potential entrepreneurs hear 'no' many times before they match up successfully with a banker or an investor to say hurrah! Few people deal with the process of raising investment capital until they need to raise capital for their own business. As a result, many entrepreneurs go about the task of rising capital haphazardly because they lack experience in this area especially vocational technical teacher education graduate who are seen as potential entrepreneurs.

According to Barringer and Ireland (2008), there are three reasons that most entrepreneurial ventures need to raise money during their early life: (i) cash flow challenges- inventory must be purchased, employees must be trained and paid, and advertising must be paid for before cash is generated from sales (ii) capital investment- the cost of buying real estate, building facilities likes school workshop and purchasing equipment typically exceeds a firm's ability to provide funds for these needs on its own and (iii) lengthy product development cycles –some products are under development for years before they generate earnings. The up-front costs often exceed a firm's ability to fund these activities on its own.

The need to raise money catches some entrepreneurs' off-guard, in that many of them launch their firms with the intention of funding all their needs internally. Entrepreneurs now discover that operating without investment capital or borrowed money is more difficult than they anticipated. Besides, creditors lend money to a company for a specific length of time with the hope to gain by charging interest on the money they lend. These creditors have also learned that some borrowers can not repay their debts. (Libby, Libby & short, 2004).

Nevertheless in order to stay abreast of business, start-ups are expected to acquire simple accounting competences such as credit and debt, profit and gain, financial statement, balancing sheet, budgeting and taxation to be able to manage an enterprise properly. It is also important for (potential) entrepreneurs to understand the role of investment capital in the survival and subsequent success of a new firm. Thus potential entrepreneurs need to have as full an understanding as possible of the alternatives that are available as regard to raising and managing fund. Therefore, this study seeks to determine simple financial and accounting entrepreneurial competences needed by vocational technical teacher education students in North Eastern states, Nigeria. The research question formulated to guide the study was, what are the financial accounting entrepreneurial competences required by vocational technical education students in colleges of education (technical)?

Hypothesis

The following null hypothesis was tested at 0.05 level of statistical significance:

H₀: There is no significant difference between the mean responses of entrepreneurs and vocational technical teachers on the financial accounting entrepreneurial competences needed by vocational technical education students.

Methodology

The design was a survey and a structured questionnaire was used to elicit responses from entrepreneurs and vocational technical teachers located in North Eastern States of Nigeria after content validation by two experts from the department of vocational Education, Modibbo Adama University of Technology, Yola. The data obtained after a pilot test, were subjected to split-half (odd and even) reliability method in order to estimate the internal consistency of the instrument. The reliability coefficient on half test was 0.78 while the reliability coefficient of the full test was calculated using spearman brown prophesy formula which is

$$\frac{2 \times \text{reliability on } \frac{1}{2} \text{ test}}{1 + \text{reliability on } \frac{1}{2} \text{ test}}$$

Therefore, the reliability of the full test was 0.90.

The population of the study was 294 comprising 226 vocational technical teachers and 68 industrial entrepreneurs. A simple random sampling technique, balloting with replacement was used to select 151 vocational technical teachers. All the 68 industrial entrepreneurs were used for the study.

The method of data analysis includes the computation of mean, standard deviation and t-test of difference between two means. The limits of the response categories of a five point likert scale were employed to take the decision point that was used for the research question. For this study, rarely desirable with a scale point of 4 was accepted as the desirable entrepreneurial competences. Therefore, 3.5 being the lower limit of 4 is the decision point. In this case, any item with a mean response of 3.5 and above was accepted as desirable while responses below 3.5 were considered as undesirable.

Results

The results of the analysis of data collected were presented in the order of research question and hypothesis formulated for the study.

All the items shown in Table 1 were accepted as desirable. This is an indication that the respondents considered these items as desirable accounting and financial competencies. All the means and grand means were rated above 3.5.

Table 1 showed that the following 15 financial entrepreneurial competences were found desirable for Vocational Technical Teacher Education (VTTE) students:

- 1) Understand basic financial statement, book keeping and cash book usage
- 2) Exhibit knowledge of accounts receivable and accounts payable
- 3) Exhibit knowledge of cost accounting
- 4) Establish and maintain good credit policy
- 5) Compute trade and cash discounts
- 6) Prepare and interpret payroll and various deductions
- 7) Calculate gross profit and net profit
- 8) Use available banking facilities to raise fund
- 9) Differentiate between Federal, state and local taxes
- 10) Determine interest rates and cost of business
- 11) Calculate cost of capital
- 12) Determine how much profit to retain in business
- 13) Carry out SWOT (strength, weakness, opportunities and threat) analysis
- 14) Differentiate between cash, purchase, sales, production and master general budgets

Table 2 showed that there is no significant difference between the mean rating of respondents on accounting and finance competences. The t-calculated, -0.27 is less than the t-critical. Therefore, the null hypothesis was upheld.

Discussion

The ability to understand basic financial statements, book keeping, cash book usage and exhibit knowledge of cost accounting are some of the entrepreneurial financial competences found to be desirable for vocational technical teacher education students in this study. These competences were collaborated by Agboh (2007) who also agreed that potential entrepreneurs are expected to possess these competences for efficient venture making.

The ability to establish and maintain good credit policy and to calculate gross profit and profit were also found to be desirable for VTTE students. This finding is in line with Libby's et al (2004) view who agreed that entrepreneurs venturing into business are expected to distinguish between credit, profit and debit.

Ability to use available banking facilities to raise fund or capital and prepare and interpret payrolls and various deductions inter alias were some of the entrepreneurial competences found to be desirable for vocational technical teacher education students (potential entrepreneurs). These competences are in consonant with the views of Barringer and Ireland (2008) who concurred that; potential entrepreneur need to know the techniques involve in raising funds through friends, family and financial institutions to purchase equipment, train and pay employees for capital intensive ventures.

Recommendations

The following recommendations were made based on the findings of the study:

1. Financial and accounting entrepreneurial competences should be infused into vocational technical teacher education curriculum.

2. Vocational technical teachers should encourage students to acquire financial and accounting entrepreneurial competences
3. Incentive should be given to both VTE teachers and VTTE students who exhibit and display entrepreneurial skills in state and national levels.

Conclusion

Entrepreneurs and potential entrepreneurs are expected to acquire the basic rudiments in financial accounting to enable them compute figure properly during business transaction. An Adequate knowledge of how to source for fund from financial institutions and elsewhere is an added advantage for the true and nascent entrepreneurs. Existing literature revealed sparse material in the area of financial accounting entrepreneurial competences. Thus, indicating a gap for research scholars in this area.

The non-implementation of the recommendations made based on the findings of this study will have far reaching implications. Thus, to disregard the infusion of these desirable entrepreneurship competencies into the Vocational Technical Teacher Education Programme (VTTE) will mean VTTE graduates will continue to be dependable on government employment. The ultimate objective of entrepreneurship education for graduates to be self-employed will not be realizable. Therefore, adopting the findings has implications for reducing the unemployment problem among graduates of VTTE programme. One very important aspect of the study is the challenges that the findings and recommendations pose to teachers and curriculum planners who periodically through journal publications monitor the removal or review of courses in VTTE programme.

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Table 1: Mean response of entrepreneurs and vocational technical teachers on the required financial and accounting entrepreneurial competences

S/No	Accounting and Financial Competences: Ability to	\bar{X}_E	\bar{X}_T	\bar{X}_{Grand}	S	Remark
1.	Understand basic financial statement, book keeping and cash book usage	4.35	4.36	4.36	0.76	Desirable
2.	Exhibit knowledge of accounts receivable and accounts payable	4.29	4.17	4.23	0.74	Desirable
3.	Exhibit knowledge of cost accounting	4.04	4.05	4.05	0.87	Desirable
4.	Establish and maintain good credit policy	4.06	4.00	4.02	0.86	Desirable
5.	Compute trade and cash discounts	3.87	3.93	3.90	0.92	Desirable
6.	Prepare and interpret payroll and various deductions	3.87	4.06	3.97	0.88	Desirable
7.	Calculate gross profit and net profit	4.35	4.25	4.30	0.80	Desirable
8.	Use available banking facilities to raise fund	4.31	4.16	4.24	0.90	Desirable
9.	Differentiate between Federal, state and local taxes	4.04	3.99	4.00	0.93	Desirable
10.	Determine interest rates and cost of business	4.18	4.12	4.15	0.88	Desirable
11.	Calculate cost of capital	4.34	4.15	4.25	0.74	Desirable
12.	Determine how much profit to retain in business	4.13	4.17	4.15	0.81	Desirable
13.	Carry out SWOT (strength, weakness, opportunities and threat) analysis	4.03	4.10	4.07	0.84	Desirable
14.	Differentiate between cash, purchase, sales, production and master general budgets	4.25	4.06	4.16	0.73	Desirable
15.	Effect correction for variation from budget	4.15	3.97	4.06	0.85	Desirable

$n_E = 68$ $n_T = 151$

All the items shown in Table 1 were accepted as desirable. This is an indication that the respondents considered these items as desirable accounting and financial competences

Table 2: t-test of difference between mean responses of vocational technical teachers and entrepreneurs on accounting and financial competences.

	Mean	SD	N	Standard Error	t-calculated	T Critical
Vocational Technical Teachers	4.10	0.84	151	0.19	-0.27	1.96
Entrepreneurs	4.15	0.83	68			

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