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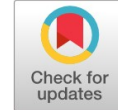


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THE ROLE OF ACCOUNTING EDUCATION TOWARDS THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN JIGAWA STATE

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Abstract. The research paper was focused on the role of accounting education towards the development of Small and Medium Enterprises (SMEs) in the Jigawa State of Nigeria. This study's major purpose was to ascertain whether SMEs keep proper accounting records of their operations and determine whether the relevance of training on keeping financial records is useful to entrepreneurs for sustainable businesses. To achieve some of these objectives, research questions were formulated, and sets of questionnaire items were designed with 20 items for the employers and employees of SMEs. The study population was 110, and the researcher took 86 out of the population as a sample. Among the findings: most of the registered SMEs were unable to keep proper accounting records and information for the entrepreneurs to understand the strengths and weaknesses of their investments or whether the investment is viable or not. Based on the findings, recommendations were made that, among others include; SMEs should create a space for semi-qualified accounts clerks to keep and produce financial information that can help management to run the investment hopefully in a modern way of doing businesses.

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INTRODUCTION

Small and Medium Enterprises (SMEs) are universally recognized for their role playing in developing as well as developed countries in provision of employment, development of local raw materials, local technologies and other contributions towards self-reliance. It is well-known fact that in Nigeria, SMEs account for large percentage of all industrial set up: their large number as well as the enormous role they play in the economic and social development cannot be overemphasized. The structure of SMEs has been quoted through various literatures, but it seems to disagree with common definition.

However, SMEs are truly known to be the source for the development of any economy because they form the bulk of business activities in growing economy like that of Nigeria. According to Aremu and Adeyemi (2011), SMEs contribute to improved living standards, bring about substantial local capital formation, and achieve high level of productivity and the creation of jobs at relatively low capital cost especially in the fast growing service sector. Chibunna (2012) observes that SMEs are vehicles for the reduction of income disparities among youth thus developing a pool of skilled or semi-skilled workers as a basis for the future industrial expansion, improve forward and backward linkages between economically, socially and geographically diverse sectors of the economy.

In Jigawa state, most of the jobs, especially those in non-urban areas are provided by SMEs. However SMEs in the State struggle to gain access to fundamental accounting skills periodically

to improve productivity, profitability and customer satisfaction. It is for this and other reasons adduced above that this paper centers on the fundamental accounting skills/education needed by SMEs in Jigawa State for their development specifically undertaken to:

- (i) Determine whether SMEs have the fundamental accounting skills needed for their development,
- (ii) Understand the benefits accruable to the firms who acquire these skills.

Research Question

- (i) To what extent do employees have fundamental accounting skills needed by SMEs?
- (ii) How does the relevance of accounting education become useful to enterprises?

Hypotheses

HO 1: There is no significant difference between the mean scores of the responses of owners of SMEs on the fundamental accounting skills needed by SMEs in Jigawa State.

HO 2: There is no significant difference between the mean scores of the responses of owners of SMEs on the benefit of acquiring fundamental accounting skills.

REVIEW OF RELATED LITERATURE

Many scholars try to define small and medium enterprises in

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various literatures but, unfortunately, there seems to be no concord in all the definitions. According to the National Economic Reconstruction Fund (NERF), Aremu and Adeyemi (2011) defined small and medium enterprises with a criterion that projects to be financed by the firm should have total fixed asset cost (including land) of not more than 10 million.

Importance of SMEs

The importance of small and medium enterprises cannot be overemphasized in Nigeria, and West African Countries. Onuoha (1998) identified the role of SMEs to include: stimulation of indigenous entrepreneurship, transformation of traditional industry, creation of employment for young people, linkage effects, utilization of resources, contributes to regional activity and cooperation, reduction of Rural-Urban migration, independence of business, innovation and increase in standard of living (Botes, Low, & Chapman, 2014; Boyce, Greer, Blair, & Davis, 2012).

According to Ibenta (2005), small scale enterprises have received increasing attention in recent years because this sub-sector of the economy makes a significant contribution to employment, value-added production, feeder industry services, industrial dispersal and development of local technology. Aremu and Adeyemi (2011) considered the contribution of small and medium enterprises to include the provision of new jobs, introduction and innovation, stimulation of economic competition, aiding big business and the production of goods and services efficiently.

Accounting

There are many definitions of Accounting, but the presentation of American Accounting Association is considered appropriate for this purpose. Osuala (2009) describes Accounting as: "The process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information". He also put differently, Accounting is concerned with providing both financial and non-financial information that will assist managers or decision makers to make good decisions or informed judgments. Accounting is language that communicates economic information to people who have an interest in an organization managers, shareholders, and potential investors, employees, creditors and the government.

Accounting Education/Skills for Developing SMEs

Accounting is the language of business. It informs the owners/managers and other stakeholders of the business what is happening in the business. Accounting provides information to a wide range of interest groups and ultimately shows how a business has been managed for a period-whether successfully

managed or otherwise. It also provides information regarding the financial position of the firm.

Onoh (2011) maintained that, "Fundamental Accounting Skills are those competencies in basic accounting required by a person to function competently, confidently and successfully in the process of carrying out one's function of recording daily business transactions. They include the skills in book-keeping, purchasing and supplying, bargaining, determining labor costs, simple budgeting, keeping accurate receipts, sales record skills in keeping reliable records, sourcing for market outlets, work in-progress records, credit purchases, invoices, cheque payments, keeping customers records and goods inventory".

A good management of money requires manager to plan for future needs, plan for the most economical way of acquiring funds from different sources and be able to plan for the most efficient way of putting to use acquired money from friends, family, banks and other sources. The capital and competencies required to prepare the accounting records are the basic skills being studied in this paper. Nwokike (2010) reveals that no business activity could be successfully operated without the assistance of the accounting skills. This is because procurements and spending of money are fully involved.

RESEARCH METHOD

Research Design

As trying to assess the role of accounting education towards the development of small and medium enterprises in Jigawa State, the researchers use descriptive survey method. The survey was used because it involves the assessment of a group which represents the entire population.

Study Population and Sample

The population of study was 110 registered small and medium scale enterprises in Jigawa State as 2013. The sample of the population was based on the contributions made by Krejcie and Morgan (1970), therefore 86 was taken as sample in order to have information on what is happening with regards to role of accounting education in the respective SMEs in the whole state.

Research Instrument

The principal instrument used for this study is questionnaire and it was distributed to all of the respective SMEs. The questionnaire comprises of two sections; Section 'A' and 'B' which consisted of items derived from the content of the research objectives. The items in the questionnaire were 20. Values were assigned to each category among five points of scale responses: Strongly Agreed (S.A) 1, Agreed (A) 2, Undecided (UD) 3, Strongly Disagreed (SD) 4 and Disagreed (D) 5. The respondents were asked to indicate their degree of agreement or

disagreement using the statement contained in the instrument. The instrument was validated by two experts in the field of accounting and education.

Method of Data Analysis

Data collected were analyzed using qualitative and quantitative methods. The statistical tools used by the researcher to analyze and interpret the data collected encompass frequency table and simple percentage, therefore, to reach a logical conclusion on all the values of responses from the questionnaires that were summed up. Critical-Value formula was used to test the hypotheses formulated by comparing it with the value on the distribution table (Z-test).

$$\frac{\sqrt{sd}}{\sqrt{n}}$$

Where = Critical value

\bar{X} = Mean Value

μ =median value of scale

sd= standard deviation

n= frequency of sample population

RESULTS AND DISCUSSION

Results of the analyzed data for the said study were presented according to research questions and tables. The research questions and their outcomes were tabulated using tables as follows:

Research Question 1

To what extent does an employee have fundamental accounting education/skills needed by SMEs?

TABLE 1
Skill to Keep Source Document

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	10	11.6	11.6	11.6
A	20	23.3	23.3	34.9
UD	7	8.1	8.1	43.0
Valid				
SD	30	34.9	34.9	77.9
D	19	22.1	22.1	100.0
Total	86	100.0	100.0	

Source: SPSS computation

Table I shows frequency of 30 as strongly disagree and supported by 19 as disagree over any other frequencies with highest percentage of 34.9% and 22.1%. The outcome indicates that

total of 55% is against the availability of skills to keep source documents as the avenue of having accounting information.

TABLE 2
Ability to Prepare Simple Ledger

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	12	14.0	14.0	14.0
A	26	30.2	30.2	44.2
UD	8	9.3	9.3	53.5
Valid				
SD	37	43.0	43.0	96.5
D	3	3.5	3.5	100.0
Total	86	100.0	100.0	

Source: SPSS computation

Regards to table 2, respondents worth 37 and 3 with percentage of 43% and 3.5%, total of 46.5% are in argument that staffs of SMEs are able to prepare simple ledger of accounts.

Research Question 2

How does the relevance of accounting education become useful to enterprises?

TABLE 3
Accounting Information as the Basis for Managerial Decision

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	30	34.9	34.9	34.9
A	25	29.1	29.1	64.0
UD	7	8.1	8.1	72.1
Valid				
SD	9	10.5	10.5	82.6
D	15	17.4	17.4	100.0
Total	86	100.0	100.0	

Source: SPSS computation

Table 3 shows a frequency of 30 and 25 as strongly agreed and agreed respectively with total of 64% against frequency of strongly disagree 9 and disagree 15 with total of 27.9%. The

survey shows that accounting information could be one among the bases for managerial decision of SMEs.

TABLE 4
Accounting Information as the Basis for Managerial Decision

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	11	12.8	12.8	12.8
A	30	34.9	34.9	47.7
UD	7	8.1	8.1	55.8
Valid				
SD	15	17.4	17.4	73.3
D	23	26.7	26.7	100.0
Total	86	100.0	100.0	

Source: SPSS computation

In table 4, clearly indicates that majority of the respondents are in favor of the accounting information that could serve as a guideline to differentiate the concepts of assets and liabilities with 47.7% against 44.1%.

Hypothesis Testing

During the hypothesis testing, hypothesis statements were tested using Z-test statistical tool as stated earlier. The tests were conducted at 95% level of confidence and significance level of 0.05 (alpha). The authentic decision rule for accepting and rejecting would be: if Z-test (calculated critical value) is less than the value on the distribution table (1.96), would be accepted, otherwise would be rejected.

HO 1: There is no significant difference between the mean scores of the responses of owners of SMEs on the fundamental accounting skills needed by SMEs in Jigawa State.

As shown in (appendix), the calculated $Z=2.06$ is greater than the value of Z score in the distribution table (1.96), hence, the

hypothesis that shows there is adequate fundamental accounting skills among SMEs in Jigawa State is rejected.

HO 2: There is no significant difference between the mean scores of the responses of owners of SMEs on the benefit of acquiring fundamental accounting skills needed by SMEs in Jigawa State.

Appendix justifies that, there is great benefit in acquiring fundamental accounting skills as a sort of avenue for the development of SMEs in the State. The calculated $Z=-3.1$ is less than the critical value on the distribution table (1.96), therefore, the hypothesis is accepted.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the findings and decisions in the research study, it was concluded that, though the acquisition of accounting skills for the development of SMEs is very imperative as a lot of benefits were derived to their development but it was found that most of

the SMEs are lacking adequate skills of accounting.

Recommendations

The researcher is able to give the following recommendations:-

1. SMEs should create a space for semi-qualified accounts clerks to keep and produce financial information that can help management to run the investment hopefully in a modern way of doing businesses.
2. Microfinance Banks and other financial institution should work with SMEs to open account with them and encourage them to keep their daily sales with the banks.
3. Owners of SMEs should endeavor to acquire accounting skills that will promote the quality of their financial statements and upgrade their services by supplying efficient services to the investors.

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Appendix

V. Res	Frequency	Cum. Freq	Vr*F	Percentage	Vr^2	F*(Vr^2)
1	10	10	10	12%	1	10
2	20	30	40	23%	4	80
3	7	37	21	8%	9	63
4	30	67	120	35%	16	480
5	19	86	95	22%	25	475
TOTAL	86	230	286	100%	55	4730

Source: Field Survey 2015

$$\begin{aligned} & /sd \sqrt{n} \\ Z &= 3.3 - 3 / 1.35 / \sqrt{86} \\ &= 0.3 * 9.27 / 1.35 \\ &= 2.78 / 1.35 \\ Z &= 2.06 \end{aligned}$$

V. Res	Frequency	Cum. Freq	Vr*F	Percentage	Vr^2	F*(Vr^2)
1	30	30	30	35%	1	30
2	25	55	50	29%	4	100
3	7	62	21	8%	9	63
4	9	71	36	10%	16	144
5	15	86	75	17%	25	375
TOTAL	86	304	212	100%	55	4730

Source: Field Survey 2015

$$\begin{aligned} & /sd \sqrt{n} \\ Z &= 2.5 - 3 / 1.5 / \sqrt{86} \\ &= -0.5 / 1.5 / 9.27 \\ &= -0.5 * 9.27 / 1.5 \\ &= -4.65 / 1.35 \\ Z &= -3.1 \end{aligned}$$

Summary of Responses

S/N	Accounting Skills	SA	A	UD	SD	D
1	Skill to keep source documents	10	20	7	30	19
2	Skills to keep consistent records	06	34	2	30	14
3	Ability to prepare simple ledger	12	26	8	37	3
4	Skill to post in to appropriate accounts	5	31	5	35	10
5	Skills of communication	27	31	11	9	8
6	Ability to demonstrate simple budgeting	15	31	13	15	12
7	Ability to keep all cash sales	25	26	4	24	7
8	Skills in keeping records of invoice	21	25	10	17	13
9	Ability to use basic accounting software	20	12	11	16	27
10	Ability to handle double entry book-keeping	14	17	13	23	19

Source: Field Survey 2015

S/N	Accounting Skills	SA	A	UD	SD	D
11	It boasts business activities	29	21	6	10	20
12	It provides basis for investment to entrepreneurs	23	27	10	16	10
13	It enables owners of SMEs to maximize profit	14	26	16	19	11
14	It promotes preparation of feasibility reports	13	27	15	10	21
15	It enhances creativity and innovation	17	23	22	08	16
16	It enhances good financial management	16	29	11	16	14
17	It enables owners of SMEs to keep proper and accurate records	20	20	16	24	6
18	It enables managers of SMEs to identify areas of inefficiencies	12	28	12	9	25
19	It enables managers to make good decisions	30	25	07	09	15
20	It enhances understanding of the concepts of assets and liabilities	11	30	07	15	23

Source: Field Survey 2015