



Students' Performance in Financial Accounting: Implications for Business Organizations In The Niger Delta

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ABSTRACT

The study sought to determine the level of business education students' performance in financial accounting and to the layout the implication for business organizations in the Niger Delta. The cross-session analysis of students' performance in financial accounting was necessitated by the inability of some accounting graduates to properly prepare financial statements. The study adopted the analytical descriptive survey design as one research question and one hypothesis guided the study. 1,100 business education students enrolled for the financial accounting course between 2013 – 2017. This formed the population for the study. The entire results were used. Mean and standard deviation was used to answer the research question while Analysis of Variance was used to test the hypothesis. The results reveal that the mean scores of students in the Financial Accounting course were 43.25, 46.76, 50.25, 52.53 and 47.61 were obtained for the 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 sessions respectively. It was concluded that students' performance in Financial Accounting was below average during the years studied. Based on the findings, it was recommended that Accounting Educators should adopt more student-centered teaching methods other than lecture method.

Keywords: Financial Accounting, Business Education, Academic Performance, Business Organization, Financial Statement.

INTRODUCTION

Finance is the lifewire of any business organization. The word, *business*, is a broad and inclusive term that can apply to many activities people undertake on a daily basis to earn a living based on the degree or level of benefits or profit accruable to such undertakings (Nwaeke, 2002). These activities are of different types: building, trading, legal services, baking, medical services, advertising agents and so on. They fall under the classification of organizations that provide goods and services for profit. Business activity requires the combination of various resources like labour, funds, materials, technology, machines and so on, to carry out the task successfully. These resources are to be put into action in a systematic manner to achieve the set goals of the business.

Accounting is important for businesses of any size to keep well-organized and up-to-date records of their daily transactions. It helps businesses to plan and manage financial matters more effectively. Though it might be hard for the small business owners to create and manage financial accounting books especially when they have no primary knowledge of it, accounting literacy especially record keeping is important since it plays a key role in the success and failure of a business. Accounting knowledge is essential to all types of businesses in order to plan and manage financial matters effectively and also for decision making. Recording and reporting daily business transactions by using accounting techniques helps owners to identify cash flow, cost of production, assets and liabilities (Umeji & Obi, 2014). Better financial literacy level among small business owners should lead to better business performance.

Financial Accounting is one of the vocational subjects taught at senior secondary school level in Nigeria, aiming at equipping students with professional knowledge and skills. According to the West African Examination Council (2004), financial accounting is the most popular vocational subject offered in senior secondary schools in Nigeria. The objectives of teaching financial accounting in senior secondary schools are to enable the students to appreciate basic accounting practices, principles, and their applications in modern business activities, and to prepare students to further study in accounting and related courses at the higher institutions (National Examination Council, 2004). The financial accounting subject is very imperative to the Nigerian economy as it provides the basis for preparing future entrepreneurs, accountants, managers, and financial controllers (Francis, 2014). The teaching of Financial Accounting is fostered in the tertiary education level as undergraduate students in Business Education Departments and Management Sciences are made to undergo the course. At this level, the aim of teaching Financial Accounting is to give the students the actual training that will help the students prepare financial statements effectively upon graduation. Isabel and Fernandes (2015) highlighted the importance of providing adequate financial education to students who will become small business owners to enhance their performance as business leaders. According to Akhtar and Liu (2018), accounting literacy is one of the significant factors that influence small business owners to use financial statements in making economic decisions.

Business owners are confronted with financial problems which affects how they carry on their businesses. According to Invoice (2018), about 80% of Nigeria's startups and new businesses fail within their first three years and one possible reason for this is poor accounting knowledge. Inability to keep and report financial transactions of businesses will impact of the decisions taken by management of those businesses. It could be that the accountants of some failed businesses did not properly understand the principles as taught in the introductory financial accounting courses. It is important, therefore, to study the performances of business education students who have undergone the Financial Accounting course over a period as this will be help accounting educators understand how students have fared in the course over a period of time.

Academic performance, according to Cambridge University Reporter (2003) is frequently defined in terms of examination performance. The performances of students are affected by several factors. Lane and Porch (2002) structured the factors affecting students' performance on an introductory undergraduate financial accounting course and found that age and students attitude towards accounting have significant effect on students' performance. Karemera (2003) found that the students' performance is significantly correlated with academic environment and source received. He also found that the existence of professional development programs and internship opportunities are associated with better academic performance. Student's performance and school achievement did not show any statistical evidence of significant association between family, income level, job opportunities and academic performance. In this research, the performances of students in an Introductory Financial Accounting course within a five-year period were studied.

According to Igben (2016), financial accounting can be defined as the process of collecting, recording presenting and analyzing or interpreting financial information for the users of financial statements. As indicated, financial accounting is designed to portray the overall financial condition and prospects of any business organization. It plays an important role by developing the information used in providing answers to the questions faced by the business organization such as; how good or bad is the financial condition of the business? What profit or loss is made over a period of time? In the light of past performance of the business, how should the business organization plan for the future? There is therefore, the need for proper knowledge of financial accounting by accountants and finance officers.

The performances of students in the course, *Introduction to Financial Accounting*, will determine whether those students will be able to perform the duties required in producing accounting statements for the organizations they will work for. The need to x-ray the results of students in the course for five years is borne out of the incessant complains of organizations about accounting graduates who cannot produce

proper financial statements. The results of this study, therefore, will be beneficial to accounting educators who will clearly how students have performed in the Financial Accounting course over the five-year period. The study was conducted on Business Education students of the Rivers State University.

Research Question: *What is the mean performance of business education students in Financial Accounting from 2013 to 2017?*

Hypotheses

Business education students’ performance in Financial Accounting did not significantly differ over the years reviewed.

METHOD

The analytical descriptive survey research design was adopted for the study. The population comprised of 1100 business education students from the Rivers State University, who fully registered the course ACC 112 (Introduction to Financial Accounting) during the 5 years under review (2013 – 2017). The results of the entire students were used, hence no need for the sampling. The results were gotten from the departmental records and therefore are reliable and valid. The results are shown in Table 1 below. To answer the research question, the mean and standard deviation of the grades of the students in the Financial Accounting course were used. Analysis of Variance (ANOVA) was used to test the hypotheses at 0.05 level of significance.

Table 1: Business Education Students Results in Introduction to Financial Accounting from 2013 -2017

Year	OPTIONS	No. of Registered Students	A	B	C	D	E	F
2012/2013	Accountancy	6	0	0	0	1	4	1
	Management	22	0	0	7	8	6	1
	Marketing	5	0	0	1	1	2	1
	Office Management and Technology	3	0	0	0	0	3	0
2013/2014	Accountancy	28	0	0	7	8	11	2
	Management	98	0	13	26	15	35	9
	Marketing	7	0	0	1	3	2	1
	Office Management and Technology	2	0	0	1	0	1	0
2014/2015	Accountancy	64	9	11	22	12	10	0
	Management	157	2	14	44	51	43	3
	Marketing	36	1	0	5	9	19	2
	Office Management and Technology	17	0	1	7	3	6	0
2015/2016	Accountancy	71	9	23	21	11	4	3
	Management	270	11	61	84	73	39	2
	Marketing	36	0	3	12	11	9	1
	Office Management and Technology	25	0	14	7	0	3	1
2016/2017	Accountancy	40	9	5	11	4	8	3
	Management	179	5	27	62	32	40	13
	Marketing	16	0	0	3	4	7	2
	Office Management and Technology	18	1	1	2	1	7	6
		1100						

RESULTS

Research Question

What is the mean performance of business education students in Financial Accounting?

To answer the research question, the mean and standard deviation of the students' performance in the course, *Introduction to Financial Accounting*, was analyzed and presented in Table 2.

Table 2: Mean Performance of Business Education Students in Introduction to Financial Accounting from 2013 -2017

Year	Option	Mean	N	Std. Deviation	Minimum	Maximum
2013	Accountancy Option	39.00	6	8.438	23	48
	Management Option	46.45	22	7.689	22	62
	Marketing Option	35.40	5	20.194	0	50
	Office Management	41.33	3	2.309	40	44
	Technology option					
	Total		43.25	36	10.546	0
2014	Accountancy Option	44.54	28	10.090	0	57
	Management Option	47.52	98	9.406	28	70
	Marketing Option	44.71	7	9.178	28	57
	Office Management	47.50	2	10.607	40	55
	Technology option					
	Total		46.76	135	9.532	0
2015	Accountancy Option	54.73	64	10.128	40	80
	Management Option	48.89	157	7.137	33	75
	Marketing Option	43.64	36	9.604	0	70
	Office Management	48.12	17	6.214	40	63
	Technology option					
	Total		49.51	274	8.841	0
2016	Accountancy Option	56.00	71	11.538	24	83
	Management Option	52.30	270	7.998	35	75
	Marketing Option	47.89	36	10.471	0	64
	Office Management	53.88	25	13.498	0	64
	Technology option					
	Total		52.66	402	9.530	0
2017	Accountancy Option	50.07	40	16.686	0	85
	Management Option	49.06	179	10.391	0	72
	Marketing Option	39.38	16	15.958	0	55
	Office Management	35.33	18	21.682	0	76
	Technology option					
	Total		47.63	253	13.556	0
Total	Accountancy Option	52.45	209	12.792	0	85
	Management Option	49.94	726	8.856	0	75
	Marketing Option	44.15	100	12.012	0	70
	Office Management	46.46	65	16.220	0	76
	Technology option					
	Total		49.69	1100	10.767	0

The data in the table shows the mean score of students that offered the Financial Accounting course within the five years under review. The results show that the mean score of 43.25, 46.76, 50.25, 52.53 and 47.61 were obtained for the 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 sessions respectively. A total number of 1,100 Students took the course during the five years reviewed. The students' performance was lowest in 2012/2013 academic session (X=43.25) and highest in 2015/2016 session (X= 52.53). The results show that students have

performed to a little below average level in Financial Accounting during the period studied (with a grand mean of 49.69 and standard deviation of 10.77).

Hypotheses

H₀₁: Business education students' performance in Financial Accounting did not significantly differ over the years reviewed.

To test the hypothesis Analysis of Variance (ANOVA) was used and the results presented in the table below.

Table 3: ANOVA result showing the difference in the students results over the years reviewed

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Standard Deviation</i>
2013	36	1,557	43.25	10.55
2014	135	6,312	46.76	9.53
2015	275	13,820	50.25	8.27
2016	402	21,117	52.53	9.84
2017	253	12,046	47.61	13.55

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	7058.35	4	1,819.79	16.59	0.00000	2.38005
Within Groups	119898.05	1,095	109.71			

Table 4: Multiple Comparisons results (Scheffe Test) showing years with significant difference

Dependent Variable: Scores

	(I) Year	(J) Year	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Scheffe	2013	2014	-3.506	1.965	.528	-9.57	2.56
		2015	-6.265*	1.857	.023	-11.99	-.54
		2016	-9.409*	1.822	.000	-15.03	-3.79
		2017	-4.382	1.866	.239	-10.14	1.37
	2014	2013	3.506	1.965	.528	-2.56	9.57
		2015	-2.759	1.101	.180	-6.16	.64
		2016	-5.904*	1.042	.000	-9.12	-2.69
		2017	-.877	1.116	.961	-4.32	2.57
	2015	2013	6.265*	1.857	.023	.54	11.99
		2014	2.759	1.101	.180	-.64	6.16
		2016	-3.145*	.821	.006	-5.68	-.61
		2017	1.882	.913	.374	-.94	4.70
	2016	2013	9.409*	1.822	.000	3.79	15.03
		2014	5.904*	1.042	.000	2.69	9.12
		2015	3.145*	.821	.006	.61	5.68
		2017	5.027*	.841	.000	2.43	7.62
2017	2013	4.382	1.866	.239	-1.37	10.14	
	2014	.877	1.116	.961	-2.57	4.32	
	2015	-1.882	.913	.374	-4.70	.94	
	2016	-5.027*	.841	.000	-7.62	-2.43	

*. The mean difference is significant at the 0.05 level.

The results in Table 3 show that the F-cal (16.59) is higher than the F-crit (2.38) and the p-value also is lower than the alpha (p<0.05). The hypothesis is therefore rejected. This means that Business Education students result in Financial Accounting differed during the 5 years studied. To examine the years in which the significant difference occurred, a Scheffe test was conducted (shown in Table 4). The results show that students results in the course differed significantly between 2013 and 2015, 2013 and 2016, and

between 2014 and 2016. More so, the results show that the results in 2016 were significantly different from all other years.

DISCUSSION

The results presented under the research questions show that the performances of business education students in the Rivers State University have been largely below average. The mean score for four years was below 50.00 (mid score). Students performed below average in the Financial accounting course during the years (2013, 2014, 2015 and 2017). This goes to show that students' performance in Financial Accounting is poor. This agrees with Othuke, Salubi June, and Ogieriakhi (2017) who pointed that students' performances in Financial Accounting are low because of certain factors (class size, entry requirement, access to library facilities and the length of the semester). Accounting educators have to be more deliberate as students poor performance in financial accounting will impact on their actual work performance when they become employed. More so, Financial Accounting is a foundational course that supports the other aspects of Accounting. When students do not perform well in the financial accounting, proper understanding of the other aspects of Accounting is unlikely.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are made:

1. Accounting Educators should change their teaching methods from lecture to more student-centered methods.
2. Heads of business education departments should regularly monitor students' performance in Financial Accounting to determine the cause of failure or poor performance in the course.

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