

THE IMPACT OF ACCOUNTING EDUCATION ON THE PROFITABILITY OF COMPANIES.

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ABSTRACT

This specialized area called accounting education could be looked at as an extent and practice in learning to apply the knowledge to solve certain economic and business problems. The idea of accounting techniques is very necessary as it helps in data processing efforts. Accounting has the singular objective of providing insight into the results gotten from company's ability to take good economic decisions. It is a truism that companies that are highly efficient tend to realize superior profit more than the companies that are less efficient. There is every good reason for companies that have been profitable to sustain the tempo because the firms will be subjected to failure if they do not plan well. The various accounting techniques gotten through accounting education enables companies to ascertain their profit status.

(1). INTRODUCTION:

It is an established fact that accounting education which is one of the most important sub-disciplines are being embraced by our students. This special area of accounting makes our students learn how to manage and critically analyze financial information that helps them make sound economic and business decisions. Equally, Accounting education helps our students understand serious accounting principles and at the same time they master how to relate to every day economic business transactions.

Accounting is a major means of helping managers (a) to administer each of the activities or functional areas for which they are responsible (Ama,2009). Companies are in serious need of this accounting education because of the various benefits derivable from accounting education. We have to agree that it provides a clear guide for the effective recording and subsequently final reporting of a company's business and financial activities.

We use the accounting cycle comprehensively through one full accounting and reporting period in our financial dealings. Overall company's efficiency would be sustained if the companies could stay organized throughout. It is a truism that cost data analysis is highly needed by our companies. When we analyze cost, our companies will be able to find out areas of inefficiency and subsequently implement cost-cutting principles, thus leading to overall company's operational performance at large. We should understand that this systematic approach to cost control helps companies to optimally use their resources which leads to profit enhancement generally.

Company's profitability is being enhanced through the application of the knowledge gotten from accounting education. It is an established fact that profitability is a measure of a company's profit in relation to its expenses. Companies that have maintained their outstanding efficiency tends to realize more profit which is a percentage of its much more than a company that is less efficient.

(2). CONCEPT OF ACCOUNTING EDUCATION

The major aim of accounting education is to assist students learn how to be practicing professional accountants in the field. Our accounting educators or teachers is advised to often mix the theoretical aspect with the practical aspects as this will aid in the easy application of accounting knowledge to the main field work in our companies.

In the extended perspective, management accounting techniques is gotten from the study of accounting education and this has helped management of our companies to make good decisions. I can unequivocally say that one of the main benefits gotten from management accounting is that good decisions are taken by managers because of the information gotten from the study of management accounting.

Though the analysis of company's financial data, managers can establish trends and patterns which can assist them take decisions that are strategic in nature all aimed at boosting their profitability. The profitability level of our companies has been raised through the application of accounting.

Accounting education by popular definition is the education that teaches the recording and at the same time maintaining books of accounts. It facilitates the rapid growth of our companies. It has been established that through accounting education that students and practitioners learn how to manage and equally analyze financial information which aids in taking proper business decisions. Also, it helps our students and practitioners understand complex accounting practices and principles and consequently how they are related to everyday business transactions.

We have another branch of accounting education that is termed Audit and it has helped our company's profitability rate to grow. Audits are performed to ascertain the validity and reliability of information, and also provide an assessment of a system's internal control (Ngwakwe, 2007:1).

Accounting education in a University incorporates a package of instructional programmes designed to educate "would be" accountants, to make them versatile and adaptable to any of the numerous roles they may be called upon to play after graduation (Anao, 2009).

It emphasizes the ability to differentiate and integrate alternative problem-solving perspectives, the ability to identify accounting related information resources, the ability to structure solutions to problems and develop communication skills as well as the ability to analyze, and interpret problem situations and figure out lasting solutions (Baker et, al, 1995).

It is on record that ICAN enjoyed the monopoly of accounting proficiency and supreme professionalization in Nigeria for over two decades but the body did not close the wide gap between the demand nationally and the effective supply of qualified and the ultimate certified accountant here in Nigeria. Such failure not only encouraged the incursion of other professional accounting bodies but also paved the way for rivalry, and struggle for supremacy (even litigation), between ICAN and other professional accounting bodies (Uche, 2007).

It is important for accounting knowledge to get adapted and be updated as well be effective in the overall economy and the main financial markets in Nigeria. It is expedient that the Universities and the Colleges of Education curricula should change as appropriate with the above changes so as to keep our students informed of the Nigerian society's needs. As a result, having a comprehensive curriculum is a basic requirement for educating students in a dynamic environment (BahramiNasab et al., 2012). Rapid overall development in Economics and general business life also need development in the area of accounting education.

One of the factors to survive from global competition is to have well-educated and well-equipped employees (AngayKutluk et al., 2012). Quality of Accountants in our companies determines the accounting function and sometimes serious unexpected situations are being faced.

Changing or renewing the accounting education is also necessary because of the change in the significance and qualifications of accounting information (AngayKutluk et al., 2012). Albrecht and Sack

(2001) indicate the accounting educators aren't in touch with the market expectations because they often isolate themselves from business professional community. Accounting practitioners and University educators must be in collaboration to develop accounting education and meet the profession's demands (AngayKutluk et al., 2012).

Business education can be defined as education that provides skills and acquisition of knowledge for business and about business (Aliyu, 2001). Ukoje (2010) looks Business Education as a “conglomerate of courses/ subjects that is concerned with acquisition, development and inculcation of proper values for the survival of the individual and society. These subsystems which can be identified as the major accounting fields include; business accounting, government accounting, social accounting, auditing and taxation, all of which aid in economic planning, project appraisal, capital formation and a host of other socioeconomic activities, (Badejo 1997).

The need for cooperation and coordination of efforts between the academics and the practitioners was also emphasized by Adeyemo in his opening address to the second conference of Nigerian Accounting Teachers' Association in 1976 when he noted that, “Such co-operation is essential if the graduates of our accounting programmes are to be comparable in quality as well as in their ability to manage the state of rapid change which is nowadays so evident in the dynamic nature of modern business”, (Wintoki 1997). Accounting plays an important role in obtaining a higher standard of living because it helps to identify efficient and inefficient users of resources, (Anibaba, 1990; Dyer, 1999). Professional accountancy service has not been secured adequately for economic developmental needs of the country, while the professional training programmes and research are neither linked effectively to these needs nor do they portray future requirements of accounting, (Agbebiyi, 1997).

(3). CONCEPT OF COMPANY'S PROFITABILITY

It is an established fact that profitability measures the company's profit in relation to its expenses. Companies which are more efficient tend to realize more profit and this is as a percentage of its expenses than a much – less efficient company that tend to spend more to be able to make profit at a small level. It is important to understand the nature of the trading profit on which tax is charged (Ochiogu, 2001:16).

Net margin-the ratio of net profit to total revenue of companies is a very reliable used in evaluating profitability. Certain strategic means could be employed to enhance company's profitability level. Reducing cost, increasing turn over, increasing profitability are the three key areas which drives profitability.

We can not over-emphasize the relevance and importance of the profitability of our companies. It is a truism that profitability is very important because it indicates the level of the company's progress. Though the study of accounting education helps business or companies to find out if their investments are generating income. This idea of profitability means obtaining an income from the manufacture that exceeds expenses. We should note that profitability is one of the very most important forms of economic indicators of our companies.

The company's eagerness to generate profits showcases its value. Sartono (2001: 122- 125) states that profitability is the ability of the company makes a profit in relation to sales, total assets, and the capital itself.

In my view, ROA (return on assets), ROI (return on investment) are the areas profitability could be measured in. Pertiwi et al. (2016) found that the profitability of a significant effect on Firm Value. Cahyanto (2014), Pertiwi et al. (2016) and Rosada and Dayati (2017) found that profitability as measured by proxy ROE (Return on Equity) significantly affects Firm Value.

Mahendra Dj et al. (2012) which found that the profitability of significant positive effect on Firm Value, but when moderated by dividend policy is able to increase Firm Value when profitability. Different from Martini (2015) which found that positive significant profitability dividend policy is able to moderate the relationship with the company's profitability. Profitability ratio is being applied by companies to measure its level of profit. Profitability ratio exposes the efficiency of the company. The level of

effectiveness of corporate management of the company is being assessed by the profitability ratio of companies.

(4). THE IMPACT OF ACCOUNTING EDUCATION ON THE PROFITABILITY OF COMPANIES

It is an established fact that the profitability of our companies depends on the level or extent of the accounting education which its workers have acquired. Accounting in its entirety helps us to develop leadership and strategic thinking skills which are highly needed when working in our various companies across the world. It enables our accountants to guide our companies in their various business and financial decision-making and consequently influences our firm's growth.

Another impactful area is the add or drop decisions which is a very important knowledge acquired through accounting education and it has aided in the improvement of our various companies' profitability. It is also normal that profitable product line should be added to the organization for increased profitability (Ama, 2022:148). Accounting education aids our firm's Accountants build a solid backbone of smart decision-making, assists in meeting business regulations and consequently understand how well our various companies are performing financially. The practice of keeping track of income and organization's debt profile, adequate and proper application of accounting education portrays a clearer view of the profitability, financial health and the cash flows of our companies both here in Nigeria and anywhere in the world.

Every business manager and owner need good financial information to make good business decision (Ama,2002:2). The knowledge acquired through accounting education has helped in improving the profitability of our companies to a large extent. It has been found out that accounting education provides a clear guide for the recording and final reporting position of a company's financial activities.

The concept of accounting cycle is adopted in a very comprehensive manner through one full reporting period. It is advised that staying organized throughout our company's processing time frame will be a major ingredient that helps to sustain the overall operational efficiency.

There is no doubt that accounting education has greatly impacted positively on the profitability growth of various companies generally. It should be known that Accountants of our various companies help businesses with regular financial operations through the provision of monthly preparation and final analysis of financial statements. These final analyses of financial statements help company managers make superior informed business decisions with the available up-to-date data domiciled in the firm. It is also evident that Accountants working in our various companies have helped in overseeing payroll management there in.

Accounting education because of its strategic prominence has aided improvement in our company's profitability growth. It assists to analyze the financial data and subsequently helps to generate alternative causes of action when issues of sound company's business decisions are to be taken.

The management of our companies applies the processed data in taking correct sound business decisions which will consequently lead to substantial increase in the profitability growth rate. Our company's profitability growth rate and improved cost control has increased because of the adoption and implementation of improved sound business system.

Our manufacturing companies should ensure sustained productivity growth rate by employing workers that have undergone accounting education either at the Higher Institution level or at the Professional level. In a nutshell, the company's profitability is the extent or level its total revenue exceeds its total expenses at any given financial period. Company's profit is one of the accounting concepts which is most times looked at as net profit or net income of firms.

It is a known fact that monetary and fiscal know-how derived from accounting education impacts positively on our company's profitability growth rate. Due to frequent changes, the problems have become the constant changes in monetary and fiscal policies and other government programs which direct impact on business (Onuoha, 1999: 459).

It is a truism that one of the major benefits gotten from Management Accounting is that it equips our company managers with the necessary information needed to make strategic business decisions. Through the analysis of financial data, the company managers can find out trends and patterns which can assist them make compatible strategic business decisions that increases the profitability growth rate of our various firms.

The knowledge derivable from accounting education has a very huge influence on the profitability growth rate of the companies. It is an established fact that accounting profits provides the needed intermediate view of the progress and viability of our company's business. Even if only one year loss is not enough to permanently impede the growth of your company business but consecutive number of years of such losses have greater potential of eroding the viability potentials of the company's business.

For us to measure our company's profitability, we divide the profit made by the revenue available and thereafter we multiply by 100 to arrive at a percentage. The pre-Math's of the whole calculation is that the company need to figure out what their profit originally should be. The above approach between company's gross and net profit margin of the said accounting period. The major contributory factors that go into determining the company's profit level are price, quantity as well as variable and fixed costs.

Knowledge from Accounting education is very much needed for the sustained profitability of our companies. The company's profitability is the amount of revenue made after considering all avenues of making earnings and expenses. Our companies should be cautious of the fact that firms proven to have been highly profitable with bright future could be subjected to future abysmal business performance should they not sustain profitable business ventures.

Profitability of companies is enhanced if those workers that have acquired the needed accounting education are employed. The fact is that profitability is an index measurement of how efficiently our companies converts its expenses within the period into profits which boosts the organizations business status.

It is a truism that the most common profitability measurement index is the profit margin. This indicates the exact part of each of every sale which is devoted to upsetting company cost and the exact part that goes into the firm's bank.

In the other way round, the customer's profitability is indicated by the difference between the revenues earned and how costs are associated with the company's customer within a defined specified business period. Theoretically in a nutshell it is a simple derivation to find out the exact cost involved in serving each customer and in relation to the appropriate revenue traceable to the various company's customer for a stipulated business period.

It is a known fact that increasing sales, improving gross profit, reducing input costs, reducing firm's overhead expenses through improved efficiency are the topmost four company's profitability drivers ever encountered. The net income which means firm's revenue minus expenses is the surest measure of the company's profitability. It shows to some acceptable extent the amount of revenue the firm from the company's business transactions after taking into account all expenses for the period.

It is a truism that company's profitability is a function of the products derivable from accounting education. The company's profitability growth rate is measured with income and firm's expenses. The firm's revenue or income is its money generated from the company's routine business activities. It is an established fact that any other revenue or money accruing to the company's business from borrowing activities should not be taking as the firm's income.

For our companies to be profitable, they must engage the services of those who have acquired enough accounting education. Workers with knowledge of accounting gotten from accounting education has assisted our companies to make enough consistent revenue and this has helped improved profitability growth. It should be quite understood that profitability is just a measure of a company's profit in comparison to the firm's expenses. It should be known that the different profit margins employed to measure a company's profitability within the various cost brackets are gross margin, operating margins and the net profit margin.

Similarly, Adebao (2009), defines tax as a compulsory levy imposed by the government on individuals and business organizations. Companies Income Tax (CIT) commonly referred to as corporate tax is tax on the profits of incorporated entities in Nigeria (Wooldridge, 2006). Similar view was shared by Institute of Chartered Accountants of Nigeria [ICAN] (2009), which defines a tax is a compulsory contribution imposed on the citizens by the government in order to provide public goods and services and to ensure the citizens social and economic welfare.

We should look at profitability as a key measure of the performance of a company and it forms an important aspect of the company's reporting. It reveals the firm's ability and capacity to generate earnings at a rate of sales, level of assets and stock of capital in a specific period of time (Margaretha and Supartika, 2016). It thus implies that market concentration tends to have favourable and direct impact on firm's performance (Goldberg and Rai, 1996; Worthington, Briton and Rees, 2001). Therefore, concerted efforts have been made by researchers to unravel factors driving profitability at both firm and industry level using novel and sophisticated theoretical models (Al-Jafari and Al-Samman, 2015; Pratheepan, 2014). It is a major pre-requisite for long-term survival and success of a firm while it is a key pre-condition for the achievement of other financial goals of a business entity (Gitman and Zutter, 2012).

The very important aim of a firm is to maximize profit so as to remain in business and this profit maximization helps the firm to withstand competition which comes from other firms that operates in that industry. It is a major pre-requisite for long-term survival and success of a firm while it is a key pre-condition for the achievement of other financial goals of a business entity (Gitman and Zutter, 2012).

CONCLUSION:

On a sound business ground, companies should endeavour not to sale on credit but in cash. The knowledge gotten through accounting education has helped companies know when they are making profit and how to improve. Our company's profitability growth has increased through adequate application of the skills acquired through undergoing accounting education.

RECOMMENDATIONS:

- (1). For our companies to achieve their control targets, they should compute the various relevant financial ratios at the end of every firm's financial period;
- (2). Our various companies should engage the services of those who have acquired enough knowledge through accounting education;
- (3). Our various companies credit policies should be reviewed frequently to make sure that the sustained profitability growth of our firms is maintained;
- (4). Enquiry sections to monitor the adequate implementation of conventional accounting principles derivable from accounting education should be established by our companies. This will help enhance sustained profitability growth of our companies.

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