

The Role Of Accounting Education In Promoting Entrepreneurship Sustainability In South Africa

Oladele Musili Folasade¹⁾, Calvin Mahlaule²⁾, Nwosu Lilian Ifunanya³⁾

^{1,2,3)} department of school of accounting sciences, faculty of economics and management sciences school of accounting, 2740, north-west university, south africa.

*corresponding author

email: musili.oladele@nwu.ac.za

Abstract

Re-examining the educational system is necessary, considering the startling number of South African graduates who are observed wandering the streets. The graduates must be equipped with skills that will enable them to support themselves independently. Since graduates have more opportunities for both paid and self-employment, accounting education is crucial. Students can use the abilities they have learned in their future family life and personal lives. It is necessary to acquire the fundamentals of accounting independently to maintain records of commercial activities. In this study, the importance of accounting education to sustainable enterprise was discussed. Accounting ideas such as "business as a going concern" and "business entity" were addressed, among others, as necessary for sustainable entrepreneurship. Issues that entrepreneurs face, such as inadequate funding, a lack of managerial expertise, and insufficient business planning, were discussed. It is evident that if South Africa's education system effectively incorporated courses in accounting and entrepreneurship, graduates would be more inclined to create their own employment rather than seek jobs. Without such preparation, many graduates are left to fend for themselves when they are not offered employment after completing their studies. It is, therefore, recommended that the government provide funding to graduates with basic accounting skills and that thorough research be conducted before launching any commercial venture.

Keywords: Accounting, Education, Employment, Entrepreneurship, Sustainability.

INTRODUCTION

The introduction of entrepreneurship into South Africa's curriculum took place in 1997. It was decided that accounting and economics were adequate subjects to introduce school children to the idea of pursuing an entrepreneurial career. Aspiring business owners can theoretically benefit from these topics. However, if one examines these statistically and mathematically based topics more closely, one will note that they are insufficient to establish the foundation for entrepreneurial thinking (Tabono & Reon, 2024).

Economic improvements require a sound financial system and qualified staff who can implement changes and potentially create new ones (Tiberius, Weyland & Mahto, 2023). Furthermore, one of the most crucial steps for developing countries to bridge the gap with wealthier nations is investing in human development across all sectors, particularly in accounting, which underpins all financial activities within financial institutions.

Nowadays, entrepreneurship is taught in many business schools to encourage entrepreneurial businesses (Fayolle & Gailly, 2015). In fact, Tiberius, Weyland and Mahto (2023) opine that one of the most critical subjects for contemporary society and economic advancement is entrepreneurship. Furthermore, many multinational corporations that govern and exert influence over the global economy began as microenterprises that incorporated creativity and innovation into their products or methods of delivery. For instance, Amazon Inc. emerged with a novel concept by using the Internet to order goods and have them delivered to homes; today, it is among the largest global companies.

Young people in South Africa comprise 63.3% of the total population. Their fate will significantly shape the future of the nation, as they comprise the majority demographic.

Reflecting on the opportunities and challenges young people face as they attempt to prepare for and establish successful careers is crucial, especially as South Africa commemorated Youth Month (Reon, 2024). Unemployment is the most significant barrier preventing them from achieving their current goals and reaching their aspirations. Statistics South Africa reports that 45.5% of adults aged 15 to 34 are unemployed, which translates to more than nine million young people without a formal source of income (Reon, 2024).

One could argue that introducing entrepreneurship to the curriculum would equip students who want to pursue entrepreneurship. Although not restricted to numerical and statistical information, theoretical aspects of the current subject matter would be included. Problem-solving, staff management, tax compliance, business marketing and profiling, budgeting, business growth, investment seeking, and infrastructure building are examples of practical skills that could be covered (Reon, 2024).

Concern is raised by the evolution and expansion of teaching and learning in South African higher education institutions, as well as the ensuing structural and economic difficulties. The purpose of these establishments is to facilitate high school students' entry into the workforce. Like other disciplines, accounting accepts students from elementary school and qualifies them for employment in the accounting sector. This change has long been at the centre of scholarly debates about the nature, functions, realities, and difficulties of producing sound knowledge in the field. Millions of students worldwide, including those in South Africa, depend on teaching and learning as the cornerstones of a forward-thinking institution. All university stakeholders, including students, faculty, administrative staff, and leadership, are involved in shaping the social and educational landscape (Lungani & Francis, 2024).

In terms of employment and taxes, small businesses have been instrumental in propelling the economic development and growth of every nation (Hossain, 2020). Small and medium-sized (SMEs) enterprises are believed to account for 28% of all jobs in South Africa, although making up 98.5% of the nation's Gross Domestic Product (Langa & Govender, 2019). According to Tufour, Amoako and Amartey (2020), entrepreneurs enable people to be creative in their pursuit of novel solutions to pressing societal problems that create job opportunities, eradicate inequality, and promote economic growth. However, SME failure rates are high, particularly during the first five years of business (Hossain, 2020). Kuruvilla and Harikumar (2018) identified several factors that contribute to the low survival rate, including inadequate accounting skills and a lack of financial awareness.

Entrepreneurs are known to have a favourable impact on the economies of both established and developing nations, both domestically and globally (Demirel & Danisman, 2019). Well-functioning SMEs are essential to steady and continuous economic growth because building a strong SME sector is critical to developing a vibrant industrial sector in the economy. Entrepreneurs can become more successful in both domestic and foreign markets because of economic growth and increased profitability in emerging markets (Aksoy, 2017).

Small business owners are encouraged to participate in capacity building in accounting skills linked to financial management and record-keeping, since these abilities have been found to contribute to operational efficiency (Li, Woods, and Wu, 2020). To effectively manage their company, business owners require a variety of abilities, including accounting. Accounting abilities include record-keeping, concentration, financial management, and reporting, all of which are expected to improve company reporting, performance evaluation, and successful decision-making for any organisation (Anderson, Chandu & Zia, 2018).

According to Mamabolo, Kerrin, and Kele (2017), business owners need to possess the necessary competencies and skills to manage their companies for any SME to succeed. Therefore, to contribute significantly to the development and self-reliance of the country's economic growth, entrepreneurs in South Africa must acquire all the skills necessary to launch and successfully operate a business (Bushe, 2019). Inadequate accounting records, often known as inaccurate

accounting records, are maintained by most SMEs. A well-structured accounting system would have enabled small business owners to maintain accurate financial statements, but they have not recognised its significance. The financial institutions' chances of obtaining a loan facility are jeopardised by the absence of reliable financial statements (Bushe, 2019). The management of the company depends on bookkeeping. According to Anderson, Chandy, and Zia (2018), bookkeeping includes the identification, classification, summarisation, storage, protection, communication, retention, and disposal of records to prepare financial statements.

The study aims to review the contributions of other researchers in the field, considering the importance and necessity of accounting education in promoting entrepreneurship in South Africa. For example, some business owners may prefer to rely on their memory rather than maintain accurate account records. In contrast, others believe that maintaining consistent business records will expose them to greater taxes (Anderson, Chandy & Zia, 2018).

Research conducted by Saunila (2016) and O'Neill, Sohal and Teng (2016) reports that many small enterprises lack business records. This attributed to a lack of financial knowledge. Accounting is used to provide investors, management, and creditors with financial data. To achieve this, SMEs may need to maintain appropriate financial records. However, Coetzee and Buys (2017) are of the view that small business owners have failed to appreciate the importance of a well-structured accounting system that would have allowed them to maintain precise financial records.

On the other hand, Marsidi (2019) notes that most SMEs fail to maintain accurate accounting records. Inaccurate financial accounts put financial organisations' chances of obtaining a credit facility at risk (Ezeagba, 2017). A business owner can accurately monitor financial activity by keeping track of income and expenses (Ezeagba, 2017). In 2016, Madurapperuma, Thilakerathne and Manawadu found that a lack of financial records or inadequate record-keeping is the result of poor cash and resource management. Despite the opinions expressed by each reviewer regarding the role that accounting education plays in fostering entrepreneurship in the country, several issues need to be addressed. By investigating how high-quality accounting education could promote entrepreneurship in South Africa, the study seeks to bridge this gap. This view directs the study's examination of the sustainability and accounting capacities of SMEs. A business owner can accurately monitor financial activity by keeping track of income and expenses. Inadequate cash and resource management result in poor record-keeping or a dearth of financial documentation (Aladejebi & Oladimeji, 2019). This contributed to the downfall of several SMEs.

Accounting records play a significant role in the organisation achieving its objectives. However, many South African business owners still lack a thorough understanding of the importance and advantages of keeping records (Bushe, 2019). In agreement, Mamabolo, Kerrin and Kele (2017) claim that although maintaining records is essential for managing a firm, many SMEs fail to do so. Records are not kept for a variety of reasons, including lack of time, expense, unskilled accountants, and business owners' ignorance (Mamabolo et al., 2017; Aladejebi & Oladimeji, 2019).

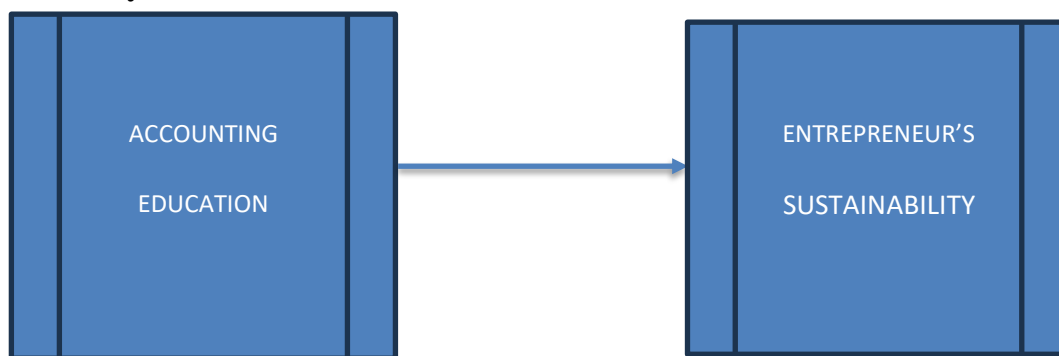
Accounting measures provide stakeholders and other interested parties with an overview of the company's operations and performance. Utilising accounting data benefits in the assessment of business performance (Nyathi, Nyoni, Nyoni & Bonga, 2018). Accounting expertise is demonstrated by net profits, sales growth, financial ratios, and cost savings (Lucato, Costa, & de Oliveira Neto, 2017). The achievement of the company's objectives is significantly influenced by accounting records (Ezeagba, 2017). However, for many South African business owners, the importance and advantages of keeping records are still unknown.

For SME owners, the development and comprehension of accounting functions, such as the ability to keep and utilise fundamental financial accounting records, are so essential that, without them, businesses may unintentionally deplete their working capital (Radzi, Nor & Ali,

2017). Marsidi (2019) claims that knowledge and proficiency in financial accounting are critical to small business sustainability. The lack of financial accounting expertise among SMEs significantly reduces their chances of survival and increases the risk of failure or bankruptcy. As a result, SME owners should strive to develop these crucial abilities.

According to Karagiorgos, Alexandra, Ignatiou, and Terzidou (2020), the significance of financial accounting expertise lies in its fundamental accounting abilities that enable a person to perform their daily business transaction recording duties with confidence and efficacy. These included company sourcing, accounting, distribution and procurement, labour cost negotiation and calculation, rapid budget planning, precise receipts, sales expertise record-keeping, processing credit transactions, and invoicing. Working capital management, prudent financial management, cash payment receipts, cash transfers, and sound credit management have been identified as additional abilities.

Conceptual Background to Connect Accounting Proficiency with Entrepreneurship Sustainability



Source: Authors' compilation

Figure 1 highlights the relationship between accounting education and entrepreneurship sustainability.

Accounting provides data to various stakeholders and, in essence, shows how an organisation has been managed. It also provides information about the company's financial status. Howcroft (2017) asserts that having a fundamental understanding of accounting is necessary for a sustainable business. Therefore, learning and acquiring these crucial skills should be a goal for SMEs. Onoh and Idakwo (2017) define the importance of accounting skills as fundamental accounting abilities that enable a person to fulfil their everyday business transaction recording duties with confidence and efficacy. Good credit practices, receipts for cash payments, cash transfers, careful money management, and working capital management are some of the additional abilities that have been identified.

The Global Entrepreneurship Monitor reports that although South Africa's entrepreneurship activity has increased since 2013, many business owners still lack critical financial skills. According to the Financial Sector Conduct Authority (FSCA) (2020) Baseline study, the average financial literacy score of South Africans was only 52 out of 100, revealing serious gaps in financial knowledge and abilities. According to research conducted by the Human Sciences Research Council (HSRC), women, young people, and those with lower levels of education are the categories most impacted by the decline in financial literacy. For entrepreneurs who must negotiate intricate financial environments, this lack of accounting literacy is a significant obstacle (Market Research, 2024).

As a result, entrepreneurship-related topics were added to South Africa's curriculum in 1997.. Accounting and economics classes were thought to be adequate for introducing school children to the idea of pursuing an entrepreneurial career. Theoretically, prospective business owners can benefit from these topics. However, a closer examination of these statistically and

mathematically based topics reveals that they are insufficient to establish the foundation for entrepreneurial thinking (Reon, 2024).

The African Development Bank estimates that 10 to 12 million African students complete their education each year and compete for three million jobs, forcing young people in sub-Saharan Africa to become entrepreneurs out of necessity rather than choice. Since entrepreneurs are the engine of innovation, job creation, and economic progress, Africa, including South Africa, needs more of them. Entrepreneurial development, capacity building, skill acquisition, and economic growth and development in South Africa can all be enhanced by incorporating entrepreneurial programmes into the curriculum (Reon, 2024).

Thus, proficiency in financial management is essential for small business growth and sustainability. Essential financial abilities that entrepreneurs must acquire include understanding profit margins, controlling expenses, budgeting, and financial forecasting. Entrepreneurs can acquire these abilities and successfully implement them in their firms with the aid of financial education (Market Research, 2024).

Accounting education is considered critical to fostering entrepreneurship in South Africa, as it equips students with the financial literacy and analytical skills needed to effectively manage a business. It offers the fundamental information required to manage earnings and outlays, comprehend financial accounts, and make wise company decisions. Accounting expertise also aids business owners in meeting legal and regulatory obligations, guaranteeing the long-term viability of their enterprises. Since higher education became more available with the formation of democracy, the number of matriculants enrolling in universities has increased. Investigating these students' perspectives and expectations for post-secondary education, particularly in accounting, has become essential. To assist students in selecting their post-secondary education, career coaching must be introduced at the high school level. Moreover, higher education lecturers need to shift from a facilitator- or teacher-centred approach to one that is learner-centred (Lungani & Francis, 2024).

Small business owners must possess the necessary abilities and skills to manage their companies for them to succeed (Okoye, Uniamikogbo & Sunday, 2017). Therefore, South African entrepreneurs must acquire all the skills necessary to launch and successfully manage a business to significantly contribute to the nation's economic progress and self-reliance (Ngek, 2016). The management of the company depends on bookkeeping. Okoye, Uniamikogbo and Sunday (2017) opine that bookkeeping includes the "identification, classification, summarisation, storage, protection, retention, and disposal of records for the preparation of financial statements." This played a significant role in the demise of numerous SMEs. According to Hockerts and Wüstenhagen, ethical concerns and personal beliefs are often the source of sustainable entrepreneurs' motives, which can guide their business decisions. Unlike their conventional rivals, who could put profit above purpose, sustainable entrepreneurs are driven by an internal drive (Hockerts & Wüstenhagen, 2010). Accounting programmes at higher education institutions must foster students' abilities in enquiry, abstraction, critical thinking, and logical and analytical reasoning. Nevertheless, given the state of South African education today, these goals cannot be entirely met (Tsiligiris & Bowyer, 2021).

Compared to other subjects, accounting, a crucial component of business management education, improves students' quality of life, particularly in terms of job prospects. Academics have acknowledged that well-trained or instructed accounting students will enhance their employment prospects, whether they choose to work for themselves or a living (Lungani and Francis, 2024).

The study aims to review the contributions of other researchers in the field, considering the importance and necessity of accounting education in promoting entrepreneurship in South Africa. For example, some business owners may prefer to rely on their memory rather than

maintain accurate account records. In contrast, others believe that maintaining consistent business records will expose them to greater taxes (Anderson, Chandy & Zia, 2018).

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RESEARCH METHODS

This study employs a methodical review of the literature, which is an essential research method for generating new ideas and identifying trends and knowledge gaps. In terms of scientific evidence, they are widely acknowledged and hold considerable authority. When a systematic study concludes that an intervention or method is beneficial, it is often adopted at the individual and institutional levels. Moreover, a thorough understanding of the value or standing of a field depends on the analysis of systematic reviews. This study carefully examines peer-reviewed literature articles to identify current trends and difficulties in accounting education and successful entrepreneurship.

Applying accounting knowledge to manage SMEs and large enterprises as an employee or employer is known as accounting education for sustainable entrepreneurship. "Business entity" is one of the accounting concepts and rules that are essential for sustainable entrepreneurship. According to the principle, the owner and the business should be treated as separate entities. A business is any activity that is planned and carried out by a person or an organisation that helps to meet the demands of the public for goods and services that are economically viable.

A nation that seeks to maintain and sustain entrepreneurship must ensure that its citizens have access to adequate education and a supportive environment that enables it. Accordingly, the education that the individuals have received can help them develop the necessary information, suitable abilities, and positive work attitudes in addition to the behaviours that will support the ongoing production of goods and services.

Therefore, the skills learned in accounting school may enable one to maintain accurate records of commercial dealings and analyse them to produce insightful data that can support decision-making. Furthermore, learning accounting can help graduates create a suitable budget for their earnings. As a business language, accounting may inform business owners or managers about the state of the company and how to run it effectively (Nwokike, 2022).

One may say that accounting is as old as humanity. The book "Summa De Arithmetica, Geometric Proportion," written by Luca Pacioli, an Italian mathematician and priest, is credited with establishing modern accounting as we know it today. The first book to explain and provide insight into the use of the double-entry bookkeeping system was published in Venice, Italy. Nonetheless, Pacioli's book significantly contributed to the adoption of double-entry bookkeeping across Europe. The significance of bookkeeping, according to his book, was to provide the trader with a wealth of knowledge about his assets and liabilities (Nwokike, 2022).

RESULTS AND DISCUSSION

The study has detailed how accounting education contributes to the long-term viability of entrepreneurship in South Africa and the rest of Africa. Various researchers have supported numerous theories. Evidence from Table 2, including their goals and conclusions, elucidates the role that entrepreneurship has played in the nation's sustained economic progress. Additionally, the study emphasised the value of education and the use of the curriculum in higher education. These findings are consistent with the study of Akinbinu and Chiloane-Phetla (2022), who confirmed that universities' contributions to entrepreneurial education go beyond only teaching theory; they also involve developing practical skills that give the world purpose. The study also confirmed that entrepreneurship curricula could be improved to support students' needs.

CONCLUSION

The importance of accounting education in fostering sustainable entrepreneurship has been detailed in this paper. Gaining accounting knowledge is essential to achieving long-term entrepreneurship. For sustained entrepreneurship, accounting principles such as the business entity and expanding concern are essential. The study also lists some of the difficulties business owners face and accounting teachers encountered when introducing new academic courses. However, the study attempted to bridge the gap by indicating that accounting graduates could demonstrate their accounting skills in the face of challenges, such as a shortage of capital or cash, a disaster, or dangers from the corporate environment. Additionally, to reduce graduate unemployment rates, more thorough entrepreneurial education must be incorporated into higher education. By giving graduates the skills, they need to start their own enterprises, accounting education will significantly reduce the unemployment rate among South African graduates.

Therefore, the new accounting curriculum should give students the practical skills they need to succeed in the real-world of work. Accounting students should be taught how to manage small businesses, develop and implement business concepts, and take on simulated entrepreneurial challenges to enhance their practical understanding and entrepreneurship skills. Additionally, the department should offer a comprehensive curriculum and clear requirements for learning outcomes, thereby enhancing students' experiences and educational results. Students' perceptions of business or entrepreneurship should also be explored. Their experiences in the entrepreneurial process can be enhanced by taking part in experiential learning techniques such as field trips, business simulations, and entrepreneurship boot camps. To bridge the gap between academic training and aspiring entrepreneurs, the university can offer mentorship and support, including crucial resources, professional advice, and possible funding sources. In turn, this will assist accounting graduates in launching sustainable businesses and leveraging their valuable accounting education.

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