Accounting Business Knowledge for Successful Employment

Vlasta Roška
University North, Koprivnica, Croatia
Vesna Sesar
University North, Koprivnica, Croatia
Ivana Martinčević
University North, Koprivnica, Croatia

Abstract

Accounting challenges in modern business conditions grow everyday due to that market demands and grow on a daily basis as well as the needs of management for the information's necessary to make business decisions. Accounting education is not only important for accounting profession but should be significant for all other activities such as software engineers, technical engineers or managers. Accounting does not mean just entry business events but include understanding of financial statements, tax systems and controlling. The main aim of this paper is to examine if students of other non-economic professions are aware of the importance of accounting, taxation and controlling in their education, or can they recognize their significance in future business or private life. Statistical data processing, obtained by questionnaires of University North students, was done in SPSS. The paper has proved information's that today's students start to become aware of the importance of accounting, taxation and controlling as the essential skills of the general culture to improve they business and private life. Maybe the implementation of this part of education will help young educated staff to stay in Croatia and find the part of foreign dream at home.

Keywords: accounting, business knowledge, controlling, tax, university education
JEL classification: M41, M49, L26

Introduction

The knowledge of accounting, taxation and controlling should be basis courses in university education included in all type of studies. Today's student often in a failed job search decides to start his own business, especially today, when the possibility of obtaining grants from EU funds is great for starting own business. To enable today's student from various studies, for example, engineers, IT professionals, medical practitioners, journalists to successfully overcome all the traps of today's entrepreneurship, preparation is needed not only in their professional courses but also in the area of accounting, taxation and controlling. Nowadays, the owner, manager, or director can't rely only on the knowledge of his employees or external partners, but he himself must possess certain accounting knowledge.

The main aim of this paper is to examine how many students of other non-economical professions are aware of the importance of accounting, taxation and controlling in their education, or can they recognize their significance for future business or private life.

The work consists of five parts including the introduction and the conclusion. The second part refers to the accounting education framework, the third part on the research goals, basis and hypothesis. The fourth part refers to research results.

Accounting Education Framework

The importance of accounting, taxes and controlling in higher education

Entrepreneurship is widespread in all areas. Many IT specialists, engineers, medical practitioners, artists open their own companies or are self-employed.

Their main profession is what they have been educated for, but in order to carry out this profession, it is not enough for them only the education from their profession, but also a wide range of entrepreneurial skills and knowledge. Even in the 15th century, Kotrulj points out the importance of educating traders whom we can identify with today's entrepreneur. In the foreword of his book, Kotrulj points out the value of knowledge even though the trader is more "turned to the creation of material values." Therefore, he encourages the trader to read and learn primarily latin language, folk language, grammar, oratory, literature, moral philosophy, theology, christian faith, and other sciences. He has to know arithmetic, bookkeeping, cosmography, logic and astrology (Kotrulj, 2009). Still, Benedict Kotrulj recognized the need of entrepreneurs bookkeeping knowledge.

We can say that accounting is the basis for successful business management. According to the American Accounting Association: "Accounting refers to the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information." Accounting business is not just a matter of recording business occasions, but its support is also essential for management and its tactical and strategic decision-making. Acquiring and possessing knowledge in the area of accounting is important to all individuals who manage the enterprise.

But, it is not just accounting that is subject to legal regulations. Every area of business activity is subject to legal regulations that owners or managers must follow and apply. Every entrepreneur is faced with tax on income, income tax, value added tax. By joining the EU, business activities are also subject to the EU directives and regulations. Harmonization with EU regulations is especially expressed in value added tax (VAT).

Numerous companies in the recession are faced with the lack of financial resources and liquidity problems, and management has to think how and where to make savings, as well as which markets to gain in order to survive. Due to such environment conditions, many companies have recognized the need to introduce controlling into their business as a long-term management strategy.

Students with those specific skills have advantage in the labour market. Students also see private benefits from this courses and use acquired skills when planning their home budget or when they choose to start their own businesses. Also, they gain valuable management knowledge which is important for achieving goals of companies on the strategic, operational and tactical level which is closely interconnected with controlling.

Previous research

Accounting education is the basis for the entire entrepreneurial education. Managing business is impossible without understanding the basic categories of financial statements, taxation or controlling. Accounting is a business language that

should understand all entrepreneurs. Business language is simply the concept and term used in a profession and is easily understood by its users. "Carnas & Hedin (1999) sees accounting literacy as important to those who will succeed in business." (Elson et al., 2013).

Trombetta (2016) in his study investigate the level of financial literacy (financing and financial report) in a sample of self-employed entrepreneurs in Spain. Results show that level of basic financial literacy is quite low. In Australia they recognised the widening gap between the industry requirements around employability and industry-readiness, and the training of graduates. Over 90 % of the Australian workforce is employed by SMEs and is evident lack of entrepreneurial skills. The aim of the Fellowship is not to provide a dry (academic) account of skills requirements but rather to provide a rigorous and thorough roadmap for introducing and embedding entrepreneurship education programs in Australian higher education institutes (Collet, 2011).

"Analyses continuously conducted in the sphere of the Croatian economy (Global Entrepreneurship Monitor, Training Needs Analysis, etc.) point out insufficient and inappropriate entrepreneurial education and a more pronounced awareness of the necessity of such education. Business reports also show that key challenges to entrepreneurs are related to their organizational and managerial abilities and the lack of skills to effectively start a business. "(Tafra, 2010, p. 20).

The research (Hunjet et al., 2015) showed that 40.00% students believe that employment prospects for young people increase with the development of entrepreneurial competences.

In the Strategy of the Entrepreneurship Development of the Republic of Croatia 2013-2020 (2013), it is highlighted considerable difficulty with strategic planning, investment assessment, quality management and especially marketing for small entrepreneurs due to poor management of the enterprise it is hard for them to become competitive.

Objectives and Research Hypothesis

The objective of the research was to show that students, who don't study in the field of economics, are also becoming aware of the importance to learn knowledge from accounting, taxation and controlling courses. The research question was set as: "Do students who study technical and medicine filed perceive accounting, taxation and controlling courses important for improving their business and private life?". Mentioned courses provide certain advantages on labour market regarding better exploitation of business opportunities and employment.

The research was conducted on the students of University North. The sample included students who study technical and medicine field. Table 1 represents departments on the University North that were included in the research. Those students did not have former education in accounting, taxes or controlling during their educations. From total number of students 14,7% answered survey questionnaire.

Table 1
Departments on the University North

DEPARTMENT	Total No. of Students	No. of Students participated in the research	Percentage
ELECTRICAL ENGINEERING	231	39	16,9
MULTIMEDIA	309	40	12,9
MECHANICAL ENGINEERING	333	75	22,5
CIVIL ENGINEERING	284	121	42,6
NURSING	625	34	5,4
JOURNALISAM	165		0,0
MEDIA DESIGN	131		0,0
PACKAGING	20		0,0
Total	2098	309	14,7

Source: Authors' work

For confirming set objective there were two hypotheses set:

H1: Students are becoming aware of the need to gain knowledge from non-professional courses such as accounting, taxes and controlling and would like to have those subjects included into their education.

H2: There is a statistically significant correlation between some of student characteristics (gender, employment, working experience, status, study, year of study and department) and future working place, employer status check, opportunities regarding starting a new business venture and gaining new knowledge from different fields of study.

Research Results

Analysing Croatian Universities with the focus on technical and medicine programs it was found that those students don't have courses such as accounting, taxes or controlling. So, they don't have the possibility to broaden their specific knowledge with economics knowledge needed for possible future positions they will obtain.

In analysing research results, descriptive analysis was used and analysis stemming from correlation coefficients to examine interdependencies. Also, was used 5-point Likert scale for questionnaire survey, where 1 means „ not necessary at all "and 5 means „totally necessary ". For statistical analysis authors used software package SPSS 24.

In the survey participated 309 students from four departments held at University North. The basic characteristic of the sample regarding departments are shown in table 2. According to the gender 36,6% are female students and 63,4% are male students. Regular students are 65% and 79% are unemployed students. Undergraduate professional studies attend 98,4 students and 2,6% have continued graduate university studies.

Table 2
The Basic Characteristics of the Sample

DESCRIPTION		DEPARTMENT					Total
		ELECTRICAL ENGINEERING	MULTIMEDIA	MECHANICAL ENGINEERING	CIVIL ENGINEERING	NURSING	
GENDER	FEMALE	,6%	7,1%	3,2%	16,5%	9,1%	36,6%
	MALE	94,9%	45,0%	86,7%	57,9%	17,6%	63,4%
EMPLOYMENT	EMPLOYED	20,5%	25,0%	22,7%	19,0%	20,6%	21,0%
	UNEMPLOYED	79,5%	75,0%	77,3%	81,0%	79,4%	79,0%
WORKING EXPERIENCE	NO W.E.	59,0%	55,0%	56,0%	62,8%	52,9%	58,6%
	LESS THAN 1 Y.	15,4%	30,0%	26,7%	20,7%	20,6%	22,7%
	1 TO 5 Y	25,6%	5,0%	16,0%	16,5%	23,5%	16,8%
	6 TO 10 Y	0,0%	5,0%	0,0%	0,0%	0,0%	,6%
	MORE THAN 10 Y.	0,0%	5,0%	1,3%	0,0%	2,9%	1,3%
STATUS OF STUDING	REGULAR	66,7%	65,0%	68,0%	74,4%	23,5%	65,0%
	INREGULAR	33,3%	35,0%	32,0%	25,6%	76,5%	35,0%
STUDY	UNGRADUATE	97,4%	95,0%	100,0%	98,3%	100,0%	98,4%
	GRADUATE	2,6%	5,0%	0,0%	1,7%	0,0%	1,6%
YEAR OF STUDY	1.	41,1%	2,5%	77,3%	53,7%	0,0%	44,7%
	2.	58,9%	97,5%	22,7%	46,3%	100,0%	55,3%

Source: Authors' work

The question 14 asked students' opinion on the necessity and benefits they could get out of accounting, taxes and controlling courses in their education. The results show that accounting is at the average point of 2.8, tax courses are at 2.69 and controlling is at 2.73 of a 5-point Likert scale. Students of civil and mechanical engineering gave in percentage the highest score for accounting, tax and controlling courses.

Question 15 asked students' opinion on the usefulness of accounting, taxes and controlling courses in their private and business life. The results show that accounting is at the average point of 3.24, taxes are at 3.16 and controlling are at 2,96 on a 5-point Likert scale.

The usefulness of knowledge from accounting, tax and controlling courses are the most aware students of civil and mechanical engineering and the least student of multimedia.

12.9 % of students expressed a desire to attend accounting courses, 6.8% for tax course, and 3.2% for controlling course due to everyday needs in private and business life. They also expressed the need for taking courses in finance 4.5% and business and management 2.9%.

Based on the results, there is a significant relation between Q7 and the Q 8 (X^2> = 194.257, p <.001). 33.33% of students expect to perform some administrative work in the future and 28.8% stated they want to open their own companies, 13,59 % expect to be self-employed after graduation and 7,12 % want to held managerial positions.

Based on the research results, the first hypothesis can be confirmed.

In table 3 is shown correlation between basic student characteristics (gender, employment, year of employment, status, study, year of study and department) and future working place, employer status check, opportunities regarding starting a new business venture and gaining new knowledge from different fields of study.

In question 8, students were asked which job they are planning to perform after graduation. And question 9 asked their opinion if they should check their possible future employer or business partner before they start working in the company or with a partner. Further, question 12 asked students' opinion if they are aware about the possibilities they have when starting their own company. In question 16 they were asked to write which course they think would enrich their knowledge and will be useful in the future that is not related to courses from their specific field.

The analysis showed statistically significant correlations ($p < .01$) between certain student characteristics and other as follows:

- Gender and expected future working place Q 8 (negative correlations) r = -,276
- Working experience and expected future working place Q 8 (positive correlations) r = ,158
- Status of study and expected future working place Q 8 (positive correlations) r = ,180
- Status of study and employer status check Q 9 (positive correlations) r = ,184
- Department and expected future working place Q 8 (positive correlations) r = ,437
- Department and info about the possibilities they have when starting their own company Q 12 (negative correlations) r = -,168

The analysis shows statistically significant correlations ($p < .05$) between certain student characteristics and other as follows:

- Year of study and course Q 16 (negative correlations) r = -,114
- Department and employer status check Q 9 (positive correlations) r =,118.

The second hypothesis can be confirmed.

44.2% of students think that knowledge about taxation would be useful in private and business life, 28.5% of students think that controlling knowledge would be helpful and 18.4% see usefulness from gaining accounting knowledge.

Table 3

The Correlations between Basic Sample Characteristics and Awareness about the Significance of Accounting, Tax and Controlling Curses

Correlations

		JOBS	VERIFICATION OF THE EMPLOYER	DO YOU NEED KNOWLADGE OF	SOURCE OF INFO	SOURCE OF POSSIBILITIES	SOURCE OF FS	SUBJECT WHICH IS NEED TO BE
GENDER	Pearson Correlation	-,276**	,076	,084	,059	,063	-,027	,073
	Sig. (2-tailed)	,000	,181	,142	,300	,269	,637	,199
	N	309	309	309	309	309	309	309
EMPLOYMENT	Pearson Correlation	-,042	,072	-,007	,055	,047	,035	-,025
	Sig. (2-tailed)	,459	,204	,896	,332	,408	,543	,659
	N	309	309	309	309	309	309	309
WORKING EXPERIENCE	Pearson Correlation	,158**	,071	-,035	-,096	-,008	-,048	,033
	Sig. (2-tailed)	,005	,213	,535	,093	,891	,397	,560
	N	309	309	309	309	309	309	309
STATUS OF STUDY	Pearson Correlation	,180**	,184**	-,051	,019	-,037	,047	,021
	Sig. (2-tailed)	,001	,001	,375	,742	,522	,409	,715
	N	309	309	309	309	309	309	309
STUDY	Pearson Correlation	-,100	,263**	-,081	-,021	-,076	-,033	-,051
	Sig. (2-tailed)	,080	,000	,153	,715	,185	,564	,376
	N	309	309	309	309	309	309	309
YEAR OF STUDY	Pearson Correlation	,088	-,060	-,017	,002	-,011	-,009	-,114*
	Sig. (2-tailed)	,123	,295	,764	,978	,844	,881	,045
	N	309	309	309	309	309	309	309
DEPARTMENT	Pearson Correlation	,437**	,118*	-,015	-,016	-,168**	,007	-,081
	Sig. (2-tailed)	,000	,038	,794	,786	,003	,901	,156
	N	309	309	309	309	309	309	309

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Authors' work

Conclusions

Accounting, taxation and controlling knowledge becomes a starting point for understanding business operations either for a manager's position or for managing a business.

Often, many computer scientists, engineers, builders, journalists, and artists decide to be self-employers by opening limited companies or independent activities due negative economic situation.

Most of the students, 39.5% of them are familiar with web pages of tax administration service and 37.2% is familiar with Croatian Employment Service website as a source for gaining information's about employment opportunities.

Research results showed that students in their education also want economics subjects to help them overcome everyday business or private life. In the first place, 12.9% mentioned they would like to attend accounting courses, 6.8% tax, and 3.2% controlling course.

Regarding the fact that 49.51% of students expect management position in the future or they expect to start their own job, confirms that students from technical and medicine field are aware of the need to gain knowledge about accounting, taxation and controlling in their higher education which they'll use in private and business life.

Maybe the implementation of those courses into fields beside economics will help young educated staff to stay in Croatia and find the part of foreign dream at home.

References

1. American Accounting Association, available at: https://iedunote.com/accounting-definition (10 March 2018)
2. Collet, C. (2011), Entrepreneurship Education in Non-Business Schools: Best practice for Australian contexts of knowledge and innovation communities, Australian Learning and Teaching Council, Sydney, Australia.
3. Elson, J. R., O'Callaghan, S., Walker, J. P., Williams, R., (2013), "The meta language of accounting: What's the level of students' understanding?", Journal of Instructional Pedagogies, Vol. 10.
4. Hunjet, A., Kozina, G., Kurečić, P. (2015), "The Role of Higher Education Institutions in the Development of Entrepreneurship Competences on the Study Programs other than Economics", in proceedings of the 9th Economic and Social Development Conference, Istanbul, Turkey, 09-10 April 2015, pp. 620-629.
5. Kotrulj, B., (2009), Knjiga o vještini trgovanja (Trading skills book), HAZU, Zavod za povijesne znanosti, Dubrovnik.
6. Strategija razvoja poduzetništva Republike Hrvatske 2013. - 2020., (Strategy of the Entrepreneurship Development of the Republic of Croatia 2013-2020), 2013, Official Gazette No. 136.
7. Tafra, V., (2010), "Nacionalna strategija učenja za poduzetništvo" (National Learning Strategy for Entrepreneurship), Učenje za poduzetništvo, Vol. 1, No. 1, pp. 17-33.
8. Trombetta, M., (2016), Accounting and finance literacy and self-employment: an exploratory study, IE Business School, IE University, Spain.

About the authors

Vlasta Roška Ph.D. is an Assistant of Professor at the University North. She finished Faculty of Economy Osijek in 1996. After that, she received master degree in Faculty of Economy Zagreb in 1999. She received her doctoral degree at the Faculty of Economy Rijeka in 2012. During her working experiences, she has acquired competence in accounting, tax, management and organizations. She is chartered accountant from 1997, chartered auditor from 2004 and tax consultant from 2005. She is the author and co-author of numerous scientific articles. The author can be contacted at **vlasta.roska@unin.hr**.

Vesna Sesar, univ.spec.oec., MBA, finished the Faculty of Economics, University of Zagreb. Continued postgraduate studies in "Business Management" at the Faculty of Economics in Zagreb and acquired the title univ.spec.oec., MBA, 2014. She entered International Joint Cross-Border PhD Programme at University North. Through previous work experiences she has acquired competence in the area of financial analysis and in accounting. Today she works as a Lecturer at University North in the area of controlling, business management, microeconomics, the basic principles of economics, accounting, strategic management and business process management. The author can be contacted at **vesna.sesar@unin.hr**.

Ivana Martinčević, Master of Economics, is a lecturer at the University North, Department of Business and Management in the media, and a PhD candidate at the University of Applied Sciences Burgenland in Eisenstadtu. She is the author and co-author of numerous domestic and international professional and scientific articles, and has participated in several international conferences. The author can be contacted at **ivana.martincevic@unin.hr.**