

## **COST ACCOUNTING AND EMPLOYMENT OPPORTUNITY IN RIVERS STATE**

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### **ABSTRACT**

*The study determined how cost accounting education curriculum can be beneficial to the youths on employment opportunity in Rivers State. There is a high extent influence of accounting education curriculum on youth empowerment in Rivers State, it influences employment opportunities of business education youths, because it fills the students with the knowledge to adapt to job. Cost accounting education curriculum specifically influences entrepreneurial set ups, business start ups and employment opportunities of business education youths. Accounting education curriculum is a useful tool for employment opportunities of business education youths, therefore, the government through the Nigerian University commission should establish a viable curriculum that will promote youths of business education through job creation. In summary, it was found out that influence of cost accounting curriculum on employment opportunities, entrepreneurial set-ups and business start-ups of business education youths was at a high extent. Finally, it was also found out, that government policies affect quality education delivery especially in the area of the release of fund for proper planning of the accounting education curriculum in respect of the employment of business education youths.*

**Keywords: Cost Accounting, Employment Opportunity, Youth Empowerment, Curriculum**

### **INTRODUCTION**

Entry-level jobs. Public practice: auditor, tax accountant, management consultant, financial adviser, forensic accountant commerce and industry: cost analyst, investment analyst, financial accounting & reporting staff, management accounting staff, tax accounting staff, internal audit staff, financial analyst, budget analyst, credit analyst, and cost accountant. Government: state accounting examiner, NBI agent, treasury agent, state accountant, LGU accountant, revenue officer, audit examiner, budget officer, and financial services specialist education: junior accounting instruction. Middle-level positions public practice: senior audit manager, senior tax manager, senior consulting manager/financial advisory manager commerce and industry: comptroller, senior information systems auditor, senior loan officer, senior fraud examiner, senior forensic auditor government: state accountant v, director iii and director iv, government accountancy and audit, financial services manager, audit services manager, senior auditor education: senior faculty, accounting department chair advanced positions public practice: partner, senior partner, senior consultant/financial advisor commerce and industry: chief financial officer, chief information officer government: national treasurer, vice president for finance/CFO (forGOCCS), commissioner, associate commissioner, assistant commissioner, (COA, BIR, BOC) education: vice president for academic affairs, dean the research intends to investigate functional accounting education curriculum for sustainable youth empowerment in Rivers State.

### **Cost Accounting**

Cost accounting is a method of management accounting which aims to capture the total production cost of a business by measuring the variable costs of each production phase as well as fixed costs, such as expense. Historians believe that cost accounting was first introduced during the industrial revolution when the new global supply and demand economics forced producers to begin monitoring their fixed and variable costs to automate their manufacturing processes. Cost accounting allowed rail and steel companies to manage costs and make themselves more

competitive. By the early 20<sup>th</sup> century, cost accounting had become a widely discussed subject in the literature of business management. According to Bhavana (2021), a company's internal management department uses cost accounting to define both variable and fixed costs associated with the manufacturing process. It will first individually calculate and report these costs, then compare input costs with production results to assist in assessing financial performance and in making potential business decisions. Cost accounting includes several forms of costs which are listed below: fixed cost, operating costs, direct cost, variable costs and indirect costs. Cost accounting has now become the norm in most industries and firms. Almost all medium and large scale businesses rely on cost accounting to supplement the information that financial accounting provides. In fact, cost accounting is essential not only to business men and the management but also to the students and the economy as a whole. It also helps the students both undergraduates and post graduates to have a better understanding of what happens in the firms. According to "toppr.com/guides/fu" (2021), cost accounting enables students to gain mastery of measuring and improving efficiency. Cost accounting allows for data that enables the firms to measure efficacy. This could be efficiencies with respect to cost, time, expenses. Standard costing is then used to compare actual numbers with the industry or economy standards to indicate changes in efficiency. According to Firdausi et al (2021), cost accounting is a specialized branch of accounting that deals with the classification, recording and allocation of current costs and prospective costs. In modern commercial world, it is one of the most important technology or process for a business. The management of an organization and its workers both greatly benefit from it. Ordinarily students will not understand the importance of cost accounting, but by its importance to the management, workers and even the government, they can certainly have a feel of the importance of cost accounting. One of the biggest uses of cost accounting is that it helps us calculate efficiency. So it is clear that students who study accounting are potential beneficiaries of companies incentive scheme for workers. Cost accounting creates the privilege for students to understand how the government can assess income tax or any other such government liabilities. Through cost accounting, the students who study accounting can also understand how to set industry standards and helps with prices fixing, tariff plans, cost control etc. In contemporary times cost accounting knowledge gained from tertiary institutions can arm the students with great advantages. The extent of advantages derived from cost accounting is based on the type, adequacy and efficiency of cost accounting system installation. Some of the advantages are: Elimination of wastes, losses and inefficiencies, cost reduction, identifying the reasons for profit or loss, advises on make or buy decision etc.

**Indicators of cost accounting as used in this study included the following;**

1. **Gross Profit Ratio:** gross margin is the difference between revenue and cost of goods sold (COGS) divided by revenue. Gross margin is expressed as a percentage. Generally, it is calculated as the selling price of an item, less the cost of goods sold, then divided by the same selling price it is a measure of the efficiency of a company using its raw materials and labour during the production process. The value of gross profit margin varies from company and industry. The higher the profit margin, the more efficient a company is. This can be assigned to a single products or an entire company, Farris et al, (2010).

The gross profit margin ratio, also known as gross margin, is the ratio of gross margin expressed as a percentage of sales. Gross margin, alone, indicates how much profit a company makes after paying off its Cost of Goods Sold. It is a measure of the efficiency of a company using its raw materials and labor during the production process. The value of gross profit margin varies from company and industry. The higher the profit margin, the more efficient a company is. This can be assigned to single products or an entire company, Farris et al, (2010). **Gross Profit Margin Ratio Formula**  $\text{Gross profit margin} = \text{Gross profit} \div \text{Total revenue}$  Or  $= (\text{Revenue} - \text{cost of goods sold}) \div \text{Total revenue}$  **Gross Profit Margin Ratio Example.** Joe is a plumber in Houston, Texas. He has recently started his company and has a lot to learn. Joe thinks he may be able to cut back on

raw materials by changing his construction process. Essentially, he is wondering what is his gross profit margin rate is. He evaluates his company financials for relevant information. Once the proper numbers are found uses the gross profit margin ratio calculator on his Texas Instruments BA II. His results are shown below. According to Bendle (2010), he calculate the gross profit margin ratio using the following formula: Gross profit = revenue – cost of goods sold. For example, a company has \$1 5,000 in sales and \$1 0,000 in cost of goods sold. Use the following formula to calculate the percentage of sales:

$$\text{Gross profit margin ratio} = (1\,5000 - 1\,0000) / 1\,5000 = 33\%.$$

In conclusion, for every dollar generated in sales, the company has 33 cents left over to cover basic operating costs and profit. Pfeifer (2010) further predicted that the gross profit margin ratio analysis is an indicator of a company's financial health. It tells investors how much gross profit every dollar of revenue a company is earning. Compared with industry average, a lower margin could indicate a company is under-ricing. A higher gross profit margin indicates that a company can make a reasonable profit on sales, as long as it keeps overhead costs in control. Investors tend to pay more for a company with higher gross profit. Many see gross profit margin disadvantages despite the common use of gross profit margin ratios. The issue is that certain production costs are not entirely variable. Some believe that only direct materials should be included as they are the only variable to change in proportion to revenue. When applied, this new gross profit margin causes the transference of all other related costs to operational and administrative cost categories. This tends to cause a higher gross margin percentage than originally. Certain industries and businesses apply it instead of the more common application. Use the following formula: Gross Profit Margin = (Revenue - Direct Materials) / Revenue; Reibstein (2010).

**2. Net Profit Margin ratio:** The net profit percentage is the ratio of after-tax profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized. As such, it is one of the best measures of the overall results of a firm, especially when combined with an evaluation of how well it is using its working capital. The measure is commonly reported on a trend line, to judge performance over time. It is also used to compare the results of a business with its competitors, Murphy, (2021) In net profit ratio analysis, net profit is not an indicator of cash flows, since net profit incorporates a number of non-cash expenses, such as accrued expenses, amortization, and depreciation.

To calculate the net profit ratio, the formula for the net profit ratio is to divide net profit by net sales, and then multiply by 100. The formula is:  $(\text{Net profit} \div \text{Net sales}) \times 100$  The measure could be modified for use by a nonprofit entity, if the change in net assets were to be used in the formula instead of net profit, Munichello, (2021). According to Munichello (2021) net profit ratio can be illustrated as shown below. For example, the Ottoman Tile Company has \$1,000,000 of sales in its most recent month, as well as sales returns of \$40,000, a cost of goods sold (CGS) of \$550,000, and administrative expenses of \$360,000. The income tax rate is 35%. The calculation of its net profit percentage is: \$1,000,000 Sales - \$40,000 Sales returns = \$960,000 Net sales \$960,000 Net sales - \$550,000 CGS - \$360,000 Administrative = \$50,000 Income before tax \$50,000 Income before tax x (1 - 0.35) = \$32,500 Profit after tax (\$32,500 profit after tax ÷ \$960,000 Net sales) x 100 = 3.4% Net profit ratio It can be difficult to improve a firm's net profit ratio, since a business tends to pursue the highest-profit opportunities first, leaving lower-margin sales for later. A good way to avoid this trap is to pursue economies of scale, so that it becomes less expensive to generate each additional sale. This can be accomplished by engaging in bulk purchases in order to drive down the cost of materials per unit. Another option is to invest in product redesigns and automation in order to reduce the labor involved in product assembly. These actions will eventually reduce product costs, which improves the net profit ratio, Murphy, (2021). The net profit ratio is really a short-term measurement, because it does not reveal a company's actions to maintain

profitability over the long term, as may be indicated by the level of capital investment or expenditures for advertising, training, or research and development. Also, a company may delay a variety of discretionary expenses, such as maintenance, to make its net profit ratio look better than it normally is. Consequently, you should evaluate the net profit ratio alongside a variety of other metrics to gain a full picture of a company's ability to continue as a going concern. Another issue with the net profit margin is that a company may intentionally keep it low in accordance with a low-pricing strategy that aims to grab market share in exchange for low profitability. In such cases, it may be a mistake to assume that a company is doing poorly, when in fact it may own the bulk of the market share precisely because of its low margins. Conversely, the reverse strategy may result in a very high net profit ratio, but at the cost of only capturing a small market niche. Another strategy that can artificially drive down the ratio is when a company's owners want to minimize income taxes, and so accelerate the recognition of taxable expenses into the current reporting period. This approach is most commonly found in a privately held business, where there is no need to impress outside investors with the results of operations, Smith, (2021)

3. **Working Capital Ratio:** The working capital ratio is a measure of liquidity, revealing whether a business can pay its obligations. The ratio is the relative proportion of an entity's current assets to its current liabilities, and shows the ability of a business to pay for its current liabilities with its current assets. A working capital ratio of less than 1.0 is a strong indicator that there will be liquidity problems in the future, while a ratio in the vicinity of 2.0 is considered to represent good short term liquidity. The ratio is used by lenders and creditors when deciding whether to extend credit to a borrower.

To calculate the working capital ratio, divide all current assets by all current liabilities. The formula is:

Current assets ÷ Current liabilities = Working capital ratio  
 Example of the Working Capital Ratio, a potential acquirer is interested in the current financial health of the Beemer Designs retail chain, which sells add-on products for BMW automobiles. She obtains the following information about the company for the past three years:

Year 1	Year 2	Year 3	Current assets
\$4,000,000	\$8,200,000	\$11,700,000	
Current liabilities	\$2,000,000	\$4,825,000	\$9,000,000
Working capital ratio	2.1	1.1:1	1.3:1

- **Employment opportunity**

Employment is the state of being engaged in an activity or service for wages or salary; the occupation for which you are paid, the Titi Tudorancea Bulletin, (2021).

Employment can also mean the relationship between two parties, usually based on contract where work is paid for, where one party, which may be a corporation, for profit, not-for-profit organization, co-operative or other entity is the employer and the other is the employee. Employees work in return for payment, which may be in the form of an hourly wage, by piece work or an annual salary, depending on the type of work an employee does or which sector they are working in. Employees in some fields or sectors may receive gratuities, bonus payment or stock options. In some types of employment opportunities, employees may receive benefits in addition to payment. Benefits can include health insurance, housing, disability insurance or use of a gym. Employment is typically governed by employment laws, organization or legal contracts, Wikipedia

**The indicators of Employment Opportunities as used in this study include the following:**

**Problem of unemployment solved:** According to TVC NEWS, Nigeria's unemployment problem needs to be solved from the roots – Ngige Nigeria's unemployment problem needs to be solved from the roots – Ngige.

The Minister for Labour and Employment, Chris Ngige, has stated that more action is required to address the country's unemployment crisis.

Ngige made the remarks while launching a new electronic platform, the National Electronic Labour Exchange Centre, aimed at reducing the difficulties faced by job searchers.

Ngige said, "We need to solve the problem of unemployment from the roots. Inasmuch as we know these are things we have been doing, we have not done enough and we need to do more.

"The money we use in fighting insurgency, and buying bullets, and airplanes, if we spend half, we can stem poverty, unemployment and violence from the roots."

The minister added, "In Nigeria with our population, we have 90 per cent of the young population. For me, that is the greatest danger; it has already started showing symptoms and signs.

There is violence, insecurity, banditry ravaging all of Africa; Nigeria now is getting its turn of the madness. For me as minister, while I thank the German government, ILO, and European Union, we need to do more.

"The Nigeria government is doing their own thing; we need more synergy, we need your funding to meet the people and stop them from even thinking of migration. Sometimes, they pose a menace, especially if they don't have skills, but those who have skills, we need to regularise them and make them legal migrants and residents in your country."

### **Empirical review**

Osuala (2010) examined the impact of accounting skills on the business education graduates in Enugu state. Four research questions and three hypotheses were formulated to guide the study. The null hypothesis was tested at 0.05 level of significance. The population of 960 with a sample size of 374 of business education graduates in Enugu state metropolis. A simple random sampling method was used and data were analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS) softwares. Correlation and multiple regression analysis were employed to analyse the data and test the hypotheses. The study revealed that accounting skills were significant in on performance of business education graduates. The study concluded that accounting skill has an economy impact on business education graduates in Enugu state. Both studies are related in the sense it was on the impact of accounting skills on the business education graduates while the present study differs because it is a correlational study between accounting education curriculum and youth empowerment. The former also differs in idea in that it is based on relationship of impact of accounting skills on the business education graduates. However; the present study departs from Osuala's study because the present study is on the accounting education curriculum and youth empowerment in Rivers.

Akpomi (2008) examined the influence of business education curriculum on students academic achievement in Delta State. Three research questions and hypotheses were formulated to guide the study. The population of 150 with a sample size of 108 of business education students in Delta state. No sampling was used because of the manageable size of the population and data were analyzed using analysis of covariance ANCOVA statistics were employed to test the null hypotheses at 0.05 levels of significance with the aid of Statistical Package for Social Sciences (SPSS) softwares. The study revealed that accounting skills were significant in on the influence of business education curriculum on students' academic achievement in Delta State. The study concluded that business education curriculum influence students' academic achievement. Both studies are related in the sense it was on the business education curriculum on students academic achievement while the present study differs because it is a correlational study between accounting education curriculum and youth empowerment. The former also differs in idea in that it is based on relationship of business education curriculum on students academic achievement.

Ameawhule (2012) investigated the impact of business education programmes on business education graduates in Rivers state. Three research questions and hypotheses were formulated to guide the study and the hypothesis were tested at 0.05 level of significance. The population of the study was 3,965 business education graduates in Rivers state. The sample size was 502

respondents which were randomly selected. The empirical study employed panel data and multiple regressions. The findings reveal that business education graduates have employable skills in Rivers state of Nigeria. This study is related to the present study because it was carried out on the investigation impact of business education programmes on business education graduates in Rivers state. Both studies are related in the sense it was on the impact of business education programmes on business education graduates while the present study differs because it is a correlational study between accounting education curriculum and youth empowerment. The former also differs in idea in that it is based on relationship of impact of business education programmes on business education graduates. However, the present study departs from Ameawhule's study because the present study is on the accounting education curriculum and youth empowerment in Rivers state.

Obara (2015) conducted a study on the accounting skills needed by accounting student's intertiary institutions in Rivers State of Nigeria. The purpose of the study was to determine the impact accounting skills needed by accounting students in the tertiary institution in Rivers State. Three research questions and two hypotheses were formulated to guild the study.. The population of the study was 600 accounting students in tertiary institutions in Rivers State. A sample size of 234 was drawn from the population and the study adopted simply random sample technique. Mean and standard deviation was used to answer the research question while Z-TEST was used to test the null hypothesis at 0.05 level of significance. The findings of this study reveal that accounting skills is highly needed by accounting students in intertiary institutions. It is also reveals that accounting students recieved financial security. However this study is related to the present study because it was carried out on the accounting skills needed by business education students in tertiary institutions while the present study is on the the accounting education curriculum and youth empowerment in Rivers state.

## **CONCLUSION**

Based on the findings made, it is concluded among others that accounting education curriculum was beneficial to the youths of business education in tertiary institutions in Rivers state. accounting education curriculum have made a significant impact on the economic growth and sustainability of youths of business education as widely reported in the literature reviewed. It is also concluded that accounting education curriculum was was a viable curriculum used by youths of business education in tertiary institutions to strive in bid to achieve economic growth and development.

## **RECOMMENDATIONS**

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

1. Nigerian University Commission should establish a viable curriculum that will promote youths of business education through ob creation.
2. Financial accounting should be thought effectively in tertiary institutions for business start ups.
3. Tertiary institution should always review lecturers' workload distribution on a periodic basis to ensure equitable distribution of tasks to lecturers and help to make them more productive in delivering the accounting education curriculum. Nigerian University Commission through tertiary institution should conduct periodic review of accounting education curriculum with a view to update them in tertiary institutions in Rivers State.
4. Cost accounting should be thought effectively in tertiary institutions for business start ups
5. Management accounting should be thought effectively in tertiary institutions for entrepreneurship set up.

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