



Basic Accounting Literacy Skills among 2nd Year BSAIS Students at Laguna University: A Basis for Sustainable Accounting Literacy Enhancement Program

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ABSTRACT

One crucial component of financial literacy is accounting literacy, which describes a person's capacity to understand and apply fundamental accounting concepts. A financial transaction, a financial document analysis, and the ability to make informed financial decisions are all included in this. In this study, second-year Bachelor of Science in Accounting Information System (BSAIS) students from Laguna University in the Philippines will have their basic accounting literacy skills assessed. Descriptive statistics were utilized to examine the data in this exploratory, quantitative study that included a diagnostic test. This study set out to investigate the respondents' basic accounting skills as well as their demographics, including gender, age, family income, and GWA, and determine whether these factors had a significant effect on their accounting literacy competence. The results of the study showed that although respondents are "Approaching Proficiency" in financial statements and accounting principles, they are skilled at recording financial transactions. The financial statements that were presented to the respondents were understandable, but the majority of the students struggled to apply their knowledge of fundamental accounting concepts in practical situations. The study also found no evidence of a significant relationship between respondents' accounting literacy and demographic characteristics. This would suggest that resources, educational opportunities, and learning styles are some of the other factors that have a greater impact on accounting literacy. The study's recommendations for strategies to improve accounting literacy among students included supporting underprivileged students, facilitating financial literacy programs, and implementing focused academic interventions.

Keywords: Accounting Literacy; Financial Literacy; Basic Accounting; Demographic Profile; Second-Year BSAIS Students;

1. Introduction

The accounting literacy and its importance cannot be stated enough. Accounting literacy is one of the primary components of financial literacy. It is the ability to understand and apply the fundamental concepts and principles in accounting. It is also the ability to manage financial transactions, evaluates financial statements, and a logical financial judgments that is all require to have a fundamental knowledge and abilities. Gaining skills is a must for students studying accounting. Students go from introductory courses to specialized degrees in academic study, which require a thorough understanding of accounting principles. Accounting literacy helps students succeed both academically and professionally by equipping them with the practice skills they need to overcome challenges in their professional lives. However, the majority of students are unable to put their theoretical accounting knowledge into reality itself. Studies show that students are under a lot of stress while taking broad examinations that assess their ability to apply theory to real-world situations, which leads to frustration and a lack of confidence in their accounting skills (Asri, 2024). These days, employers highly value applicants with strong accounting literacy since it demonstrates their capacity for analytical and critical thinking and problem-solving. Companies demand graduates with both technical and non-technical skills, such accounting literacy, to succeed in their careers, according to a study (Ismail et al., 2020). In addition to improving accounting literacy, general financial literacy plays a major role in building financial competence in individuals.

The Philippines' financial literacy is lower than that of other ASEAN countries, despite years of efforts to improve it. Only 25% of Filipino adults are globally financially literate, according to surveys conducted by Global Financial Literacy Excellence Centers. The Philippines falls in the bottom 30 out of 144 countries in terms of financial literacy, according to additional Standard & Poor's research. Metrobank claims that financial literacy has an impact on all aspects of our life, including investing and creating a budget. However, most students struggle with effective money management because they lack access to financial education.

Given the significance of accounting literacy, the study focuses on Laguna University second-year Bachelor of Science in Accounting Information System (BSAIS) students, who are in the phase of their education where they have completed the foundational accounting courses but continue to further develop their skills. It aimed to accurately assess their competency in accounting at the most fundamental level, investigate the demographic factors that influence

their literacy, and demonstrate how the skills are applied in practice while asserting their applicability to all students as part of their preparation for adulthood.

2. Research Problems

The study's main objective is to assess the accounting literacy skills of second-year BS AIS students at Laguna University. It seeks to measure their level of familiarity with fundamental accounting concepts and their potential application in real-world situations. It specifically includes their demographics (age, gender, household income, and GWA), as well as their level of proficiency in recording financial transactions, understanding financial statements, applying accounting principles. Additionally, it investigates how often individuals use these abilities for budgeting, investing, and spending as well as whether there is a significant correlation between their demographic characteristics and accounting literacy.

3. Data and Methods

The study uses a quantitative, exploratory research design to evaluate the respondents' foundational accounting knowledge. Students' ability to record financial transactions, comprehend financial statements, and apply accounting principles was assessed through the use of a diagnostic test. A complete enumeration sampling method was used, involving all 28 regular second-year BS AIS students. With the help of statistical methods, the collected data was quantitatively examined.

4. Results

Table 1 shows the summary of mean results of Level of Proficiency in Basic Accounting Literacy Skills.

Table 1. Summary of the Mean Results

Level of Proficiency in Basic Accounting Literacy Skills	Mean	SD	Interpretation
1. Recording Financial Transactions	4.10	1.93	Proficient
2. Understanding Financial Statements	3.21	2.40	Approaching Proficiency
3. Applying Accounting Principles	3.36	2.35	Approaching Proficiency
General Weighted Mean	3.56	2.27	Proficient

Legend: 4.20 – 5.00 Highly Proficient, 3.40 – 4.14 Proficient, 2.60 – 3.39 Approaching Proficiency, 1.80 – 2.59 Developing Proficiency, 1.00 – 1.79 Beginner Proficiency

Source: Authors

The data in Table 1 shows the respondents' cumulative level of proficiency in the basic accounting literacy skills, particularly recording financial transactions, understanding financial statements, and applying accounting principles. In "Recording Financial Transactions" the mean level of 4.10 and standard deviation of 1.93 and "Understanding Financial Statements" the mean level of 3.21 and standard deviation of 2.40 means that the respondents are "Proficient". Additionally, the mean level of 3.36 and standard deviation of 2.35 show that the respondents are just "Approaching Proficiency" in terms of "Applying Accounting Principles". The results also showed that the respondents' overall weighted mean of 3.56 and standard deviation of 2.27 indicate that they are "Proficient" in the basic accounting literacy skills of recording financial transactions, understanding financial statements, and applying accounting principles.

This result also suggests that respondents are proficient in recording financial transactions and understanding financial statements, but they are more proficient in one area than the others since they are comparatively at the "approaching proficiency" level in the area of accounting principles. This is consistent with the findings of Velasco (2021), who points out that the use of transactions may result in strange outcomes requiring for additional training. The study suggests that while it is possible to achieve a basic level of competency in important technical tasks such as transaction recording and understanding of financial statements, application of accounting principles is a process of continuous education and precise experience. The challenges associated with applying, for instance, the periodicity concept and the accrual basis imply that employees of the organization need more specialized training and continual education in these ideas in order to become more proficient in accounting.

Table 2 shows the summary of mean results on the application of basic accounting skills to real-world situation.

Table 2. Summary of the Mean Results

Application of Basic Accounting Skills to Real-World Situation	Mean	SD	Interpretation
1. Personal Budgeting	3.86	2.11	Proficient
2. Expenditures	3.82	2.13	Proficient
3. Investing Activities	3.96	2.03	Proficient
General Weighted Mean	3.88	2.09	Proficient

Legend: 4.20 – 5.00 Highly Proficient, 3.40 – 4.14 Proficient, 2.60 – 3.39 Approaching Proficiency, 1.80 – 2.59 Developing Proficiency, 1.00 – 1.79 Beginner Proficiency

Source: Authors

Table 2 shows how the respondent applied basic accounting knowledge to a real-world scenario including personal budgeting with relation to expenditures and investing activities. In terms of "Investing Activities" (mean = 3.96; SD = 2.03), "Personal Budgeting" (mean = 3.86; SD = 2.11), and "Expenditures" (mean = 3.82; SD = 2.13), the findings indicate that the respondents are "Proficient."

The mean level of 3.88 and standard deviation of 2.09 show that the respondent applies fundamental accounting abilities to real-world situations involving personal budgeting in terms of spending and investing activities in a "Proficient" manner.

Additionally, this result suggests that respondents are able to apply basic accounting skills to personal budgeting, expenditure, and investing activities. This supports the argument made by Kaur & Singh (2022) that accounting knowledge is essential when making personal budgeting decisions. This paper emphasizes that knowledge may significantly contribute to proper individual financial management in addition to fundamental concepts about accounting disciplines. For example, as noted by Kaur and Singh, understanding the basic records of incomes and expenses is essential to fiscal rationality and contributes to improving one's long-term financial situation. Therefore, it can be claimed that understanding and applying accounting principles to actual circumstances enhances the effectiveness of the financial management decision-making process.

Table 3 shows the summary of mean results on the correlation between demographic profile and basic accounting literacy skills.

Table 3. Summary of the Mean Results

Profile	Basic Accounting Literacy Skills	Pearson-r	p-value	Interpretation
Age	Recording Financial Transactions	0.1008	0.6099	Not Significant
	Understanding Financial Statements	0.1035	0.5930	Not Significant
	Applying Accounting Principles	-0.0077	0.9690	Not Significant
Gender	Recording Financial Transactions	0.1205	0.9049	Not Significant
	Understanding Financial Statements	-0.4175	0.6796	Not Significant
	Applying Accounting Principles	1.6211	0.1170	Not Significant
GWA	Recording Financial Transactions	-0.4682	0.6434	Not Significant
	Understanding Financial Statements	0.5807	0.5663	Not Significant
	Applying Accounting Principles	0.6528	0.5195	Not Significant
Income	Recording Financial Transactions	-0.8932	0.3799	Not Significant
	Understanding Financial Statements	0.1036	0.9182	Not Significant
	Applying Accounting Principles	-0.3036	0.7638	Not Significant

Legend: 4.20 – 5.00 Highly Significant, 3.40 – 4.14 Very Significant, 2.60 – 3.39 Neutral, 1.80 – 2.59 Significant, 1.00 – 1.79 Not Significant

Source: Authors

Table 3 shows the association between fundamental accounting literacy competencies-recording financial transactions, understanding financial statements, and applying accounting principles-and demographic profiles-age, gender, GWA, and income. These will be supported by their respective p-values and Pearson's r-values.

As all p-values are greater than 0.05, then none of the demographic characteristic- accounting literacy abilities associations are statistically significant. It implies that the tested accounting skills are not significantly related to age, gender, GWA, and income. For instance, even the correlation coefficient is high, the "Applying Accounting Principles" and "Gender" association is not statistically significant because of the p-value 0.1170 and Pearson-r value of 1.6211. The relatively strong negative correlation between income and "Recording Financial Transactions" is not significant at $p = 0.3799$. The evidence suggests that basic accounting literacy skills are not considerably influenced by demographic characteristics including age, gender, GWA, and income.

The ideas presented in this research concern the absence of the statistical relevance of the demographic attributes with basic accounting literacy skills, which are also consistent with PICPA (2024), to which it is stated that the accuracy of accounts for recording financial transactions contributes towards the credibility of financial data. This supports the claim that accounting literacy specifically in terms of transacting, does not hinge on demographic variables such as age, sex, or income brackets. It should be on the relative efficiency and equitable consistency of disparate groups' accounting practices which indicates that boosting accounting proficiency through methodological and procedural uniformity and skill-building may be a more efficient strategy for raising financial literacy in total.

5. Conclusion

The study's findings provide valuable insights into the demographic profile of respondents, their proficiency in basic accounting literacy skills.

Key conclusions include:

1. The predominance of younger individuals and a significant female representation highlight important trends within the Bachelor of Science in Accounting Information Systems program.
2. Academic performance is generally strong among students. However, economic backgrounds may pose challenges that affect access to educational resources.
3. While respondents exhibit a solid understanding of fundamental accounting skills, there remains room for improvement in applying certain accounting principles effectively.
4. The absence of a significant relationship between demographic profile and basic accounting literacy skills suggests that individual competencies are influenced by factors beyond this demographic profile

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