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The Role of Financial Literacy in Enhancing Entrepreneurial Competencies Among Business Education Students in Nigerian Colleges of Education

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Abstract

This study explores the role of financial literacy in enhancing the entrepreneurial competencies of Business Education students in Nigerian Colleges of Education. A descriptive survey research design was employed, involving a sample of 220 respondents from various institutions. Data were collected using a structured questionnaire, focusing on the levels of financial literacy, the relationship between financial literacy and entrepreneurial competencies, and the influence of financial literacy on students' ability to identify business opportunities and manage finances. The findings revealed a moderate level of financial literacy among students, with significant positive correlations between financial literacy and entrepreneurial competencies. Specifically, financial literacy was found to improve students' capacity to identify business opportunities and enhance their financial management skills. The study concludes that integrating comprehensive financial literacy training into the Business Education curriculum is essential for equipping students with the necessary skills to succeed as entrepreneurs. Recommendations for educational institutions include developing targeted financial literacy programs, organizing workshops, promoting certification, and partnering with financial institutions to provide practical financial knowledge.

Keywords: Financial literacy, Entrepreneurial competencies, Business Education, Nigerian Colleges of Education

INTRODUCTION

In today's rapidly changing economic landscape, entrepreneurial skills have become critical for individuals seeking to thrive in the business world. Business education plays a crucial role in equipping students with the knowledge and competencies required to navigate the complexities of entrepreneurship. However, financial literacy, which is an essential component of entrepreneurial success, is often overlooked in the curricula of many educational institutions, particularly in Nigeria (Akinyemi, 2020). Financial literacy encompasses the ability to understand and manage personal and business finances, make informed financial decisions, and effectively allocate resources for business growth (Olawale & Adekunle, 2021).

Entrepreneurial competencies refer to a broad range of skills, knowledge, and attitudes that enable individuals to effectively identify and exploit business opportunities, manage both internal and external risks, and navigate the complexities of operating in competitive markets. These competencies include critical thinking, creativity, financial planning, decision-making, leadership, and risk management, all of which are essential for the success of any entrepreneurial endeavor. For students in Business Education programs, developing these competencies is crucial, as they form the foundation upon which successful businesses are built. The ability to identify market trends, assess customer needs, develop innovative products or services, and sustain business operations is dependent on the strength of these competencies (Adebayo & Ekong, 2020).

In the context of Nigerian Colleges of Education, entrepreneurial competencies are not only important for students' personal and professional growth but also for addressing the high unemployment rates in the country. Business Education programs are designed to equip students with the knowledge and practical skills required for self-employment and job creation, which can significantly contribute to national economic development. However, a key component of these competencies is financial literacy—an area where many students in Nigerian Colleges of Education are deficient (Eze, 2019). Financial literacy, defined as the ability to understand and manage finances effectively, plays a central role in ensuring that entrepreneurs can make sound financial decisions, budget wisely, manage cash flow, and plan for long-term financial sustainability.

Unfortunately, research has revealed that many Business Education students lack the financial knowledge needed to navigate the financial complexities of running a business. This deficiency often hampers their entrepreneurial potential, making it difficult for them to assess the financial feasibility of business opportunities or to effectively manage their resources once their businesses are established (Eze, 2019). For instance, aspiring entrepreneurs who lack basic financial literacy may struggle with setting up budgets, securing funding, and managing debt, which can lead to poor financial decisions and ultimately result in business failure.

Studies have consistently shown that inadequate financial literacy is one of the major causes of business failure, especially among small and medium enterprises (SMEs) in Nigeria. Ogunleye (2022) highlights that without the proper financial management skills, entrepreneurs are more likely to mismanage resources, underprice products, overestimate revenue, or underestimate costs, all of which are detrimental to the sustainability of a business. Additionally, financially illiterate entrepreneurs often find it challenging to secure loans or attract investors due to their inability to present accurate financial projections or business plans. Consequently, they are more vulnerable to business downturns, market shocks, and other financial challenges that could have been mitigated with sound financial management practices.

In essence, while Business Education programs in Nigerian Colleges of Education provide students with some entrepreneurial skills, the lack of comprehensive financial literacy education leaves a significant gap in their training. Integrating financial literacy into the curriculum is, therefore, essential to enhance the entrepreneurial competencies of students, allowing them to not only start businesses but to sustain and grow them in competitive markets. Strengthening these competencies through financial education would enable future entrepreneurs to better manage business finances, improve decision-making, and ultimately increase their chances of long-term business success (Akinyemi, 2020).

Recognizing the importance of financial literacy in fostering entrepreneurship, there is a growing call for the integration of financial management education into Business

Education curricula. This would provide students with the practical tools and knowledge needed to succeed in the entrepreneurial world. Recent research by Akpan (2020) highlights the significant impact of financial literacy on entrepreneurial outcomes, noting that students with strong financial knowledge are better equipped to handle the financial aspects of running a business.

Given the high rate of youth unemployment in Nigeria, fostering entrepreneurship among students has become a national priority. By integrating financial literacy into Business Education programs, Nigerian Colleges of Education can empower their students to become self-reliant entrepreneurs, thus contributing to economic growth and reducing unemployment (Abiola, 2021). This study, therefore, seeks to examine the role of financial literacy in enhancing entrepreneurial competencies among Business Education students in Nigerian Colleges of Education, with a view to improving their entrepreneurial outcomes.

Statement of the Problem

Entrepreneurship is increasingly recognized as a key driver of economic growth and job creation, especially in developing countries like Nigeria. Business Education programs in Nigerian Colleges of Education are expected to equip students with the skills and knowledge necessary for entrepreneurial success. However, despite the growing emphasis on entrepreneurship in these programs, many graduates struggle to achieve sustainable success in their entrepreneurial ventures. One of the major factors contributing to this challenge is the lack of financial literacy among Business Education students. Financial literacy, which includes understanding budgeting, financial planning, debt management, and investment, is crucial for making sound business decisions and ensuring long-term sustainability in competitive markets (Akinyemi, 2020; Eze, 2019).

Research has shown that without adequate financial literacy, aspiring entrepreneurs face difficulties in managing business finances, securing funding, and making informed financial decisions, which often results in business failures (Ogunleye, 2022). Despite the importance of financial literacy for entrepreneurship, many Business Education programs in Nigerian Colleges of Education do not place sufficient emphasis on financial education. This gap in financial literacy undermines the entrepreneurial competencies of students, limiting their ability to successfully start, manage, and grow businesses.

Given the pressing need for economic diversification and employment generation in Nigeria, it is critical to address this gap in the educational system. The problem, therefore, is that the lack of financial literacy among Business Education students in Nigerian Colleges of Education hampers their entrepreneurial competencies, thus limiting their potential to become successful entrepreneurs and contribute to the nation's economic development. This study seeks to explore the role of financial literacy in enhancing the entrepreneurial competencies of Business Education students, with a view to improving their preparedness for entrepreneurial success.

Purpose of the Study

The main purpose of the study was to determine the role of financial literacy in enhancing entrepreneurial competencies among business education students in Nigerian colleges of education. Specifically, the study sought to:

1. Examine the level of financial literacy among Business Education students in Nigerian Colleges of Education.
2. Assess the relationship between financial literacy and entrepreneurial competencies of Business Education students.
3. Investigate how financial literacy influences students' ability to identify business opportunities.
4. Determine the impact of financial literacy on the financial management skills of Business Education students.

Research Questions

The following research question guided the study:

1. What is the level of financial literacy among Business Education students in Nigerian Colleges of Education?
2. What is the relationship between financial literacy and the entrepreneurial competencies of Business Education students?
3. How does financial literacy influence the ability of Business Education students to identify business opportunities?
4. In what ways does financial literacy affect the financial management skills of Business Education students?

METHODS

This study employed a descriptive survey research design. As noted by Gall, et al. (2017), the descriptive survey approach is appropriate for collecting data through questionnaires from a representative sample, allowing for the generalization of the findings to the broader population. The study was conducted in Nigerian Colleges of Education, with a focus on students enrolled in Business Education programs. These institutions were selected to provide insights into the level of financial literacy and its role in enhancing entrepreneurial competencies.

Population of the Study

The study population consisted of 350 respondents, including 10 administrators, 60 Business Education lecturers, and 280 Business Education students across selected Colleges of Education in Nigeria. These participants were chosen because of their direct involvement in Business Education and entrepreneurship training.

Sample and Sampling Techniques

A total sample size of 220 respondents was selected for the study. This sample comprised 10 administrators, 60 Business Education lecturers, and 150 Business Education students. The sample was chosen using a simple random sampling technique to ensure equal representation and to avoid bias. This method ensured that each participant had an equal chance of being selected for the study, which enhances the validity of the findings.

Instrument for Data Collection

Data were collected using a structured questionnaire developed by the researchers, titled "Financial Literacy and Entrepreneurial Competency Questionnaire (FLECQ)." The questionnaire was designed on a 5-point Likert scale, with response options ranging from Strongly Agree (SA) to Strongly Disagree (SD). It consisted of two sections: the first section gathered demographic information, while the second section focused on the respondents' financial literacy levels and entrepreneurial competencies.

Validity and Reliability of the Instrument

The questionnaire was validated by three experts from the Department of Business Education at Modibbo Adama University, Yola, to ensure content and construct validity. Their feedback was incorporated into the final version of the questionnaire. To determine the reliability of the instrument, the Cronbach's alpha method was employed, yielding a reliability coefficient of 0.85, which indicates that the instrument was reliable and consistent in measuring the intended variables.

Method of Data Analysis

Mean statistics were used to answer the research questions, while Analysis of Variance (ANOVA) was employed to test the hypotheses at a 0.05 level of significance. The mean values were used to determine the respondents' level of agreement with the statements regarding financial literacy and entrepreneurial competencies, while ANOVA was used to examine differences in responses among the various groups of respondents (administrators, lecturers, and students).

RESULTS

Research Question 1:

What is the level of financial literacy among Business Education students in Nigerian Colleges of Education?

Table 1: Mean and Standard Deviation on the Level of Financial Literacy Among Business Education Students (N = 220)

S/No.	Items	Mean	Standard Deviation	Remark
1.	Students understand basic financial terms (e.g., interest rates, inflation)	3.52	0.94	High
2.	Students are able to prepare a budget for personal and business use	3.28	1.01	Moderate
3.	Students can manage personal savings and investments	3.01	1.12	Moderate
4.	Students understand the concept of debt management	3.35	0.97	Moderate
5.	Students are familiar with financial risk assessment	2.89	1.15	Moderate
	Overall Financial Literacy Level	**3.21**	**1.04**	**Moderate**

The results from Table 1 indicate that the overall level of financial literacy among Business Education students in Nigerian Colleges of Education is moderate, with a mean score of 3.21 and a standard deviation of 1.04. The highest mean score (M = 3.52, SD = 0.94) suggests that students have a reasonable understanding of basic financial terms, while the lowest score (M = 2.89, SD = 1.15) shows that familiarity with financial risk assessment is relatively low.

Research Question 2: What is the relationship between financial literacy and the entrepreneurial competencies of Business Education students?

Table 2: Mean and Standard Deviation on the Relationship Between Financial Literacy and Entrepreneurial Competencies (N = 220)

S/No.	Items	Mean (M)	Standard Deviation (SD)	Remark
6.	Financial literacy helps students in recognizing business opportunities	3.65	0.85	High
7.	Financial literacy enhances students' decision-making skills	3.72	0.91	High
8.	Financial literacy contributes to better risk management strategies	3.44	1.03	Moderate
9.	Financial literacy strengthens entrepreneurial competencies	3.81	0.88	High
	Overall Relationship Between Financial Literacy and Competencies	3.66	0.92	High

Table 2 shows that there is a strong relationship between financial literacy and entrepreneurial competencies, with an overall mean of 3.66 and a standard deviation of 0.92. The highest mean (M = 3.81, SD = 0.88) suggests that financial literacy significantly strengthens entrepreneurial competencies, while the lowest score (M = 3.44, SD = 1.03) indicates a moderate contribution to risk management strategies.

Research Question 3: How does financial literacy influence the ability of Business Education students to identify business opportunities?

Table 3: Mean and Standard Deviation on the Influence of Financial Literacy on Identifying Business Opportunities (N = 220)

S/No.	Items	Mean (M)	Standard Deviation (SD)	Remark
10.	Financial literacy enhances the ability to evaluate market trends	3.57	0.92	High
11.	Financial literacy enables students to assess the profitability of ventures	3.69	0.90	High
12.	Financial literacy improves students' ability to analyze financial reports	3.41	1.01	Moderate

13.	Financial literacy helps students in forecasting financial outcomes	3.28	1.11	Moderate
124	Overall Influence on Identifying Business Opportunities	3.49	0.99	Moderate

Table 3 reveals that financial literacy positively influences students' ability to identify business opportunities, with an overall mean score of 3.49 and a standard deviation of 0.99. The highest mean (M = 3.69, SD = 0.90) indicates that financial literacy enables students to assess the profitability of ventures, while the lowest score (M = 3.28, SD = 1.11) suggests a moderate ability to forecast financial outcomes.

Research Question 4: In what ways does financial literacy affect the financial management skills of Business Education students?

Table 4: Mean and Standard Deviation on the Effect of Financial Literacy on Financial Management Skills (N = 220)

S/No.	Items	Mean (M)	Standard Deviation (SD)	Remark
14.	Financial literacy improves budgeting skills	3.79	0.83	Agreed
15.	Financial literacy enhances cash flow management	3.64	0.87	Agreed
16.	Financial literacy helps in setting financial goals	3.71	0.91	Agreed
17.	Financial literacy enables students to track business expenses	3.55	0.99	Agreed
18.	Financial literacy aids in investment decisions	3.48	1.05	Agreed
	Overall Effect on Financial Management Skills	3.63	0.93	Agreed

Table 4 demonstrates that financial literacy significantly impacts the financial management skills of Business Education students, with an overall mean of 3.63 and a standard deviation of 0.93. The highest mean (M = 3.79, SD = 0.83) reflects that financial literacy improves budgeting skills, while the lowest score (M = 3.48, SD = 1.05) indicates a moderate effect on students' investment decisions.

DISCUSSION

The findings revealed that the level of financial literacy among Business Education students in Nigerian Colleges of Education is moderate, with a mean score of 3.21 and a standard deviation of 1.04. This suggests that while students may possess basic financial knowledge in areas such as budgeting and managing debts, they often lack advanced skills, such as investment planning and risk management. This finding is consistent with research by Adeola (2020), who emphasized that financial literacy remains underdeveloped in many Nigerian educational institutions, which affects students' readiness for real-world financial challenges. Furthermore, Oladele (2018) noted that financial literacy plays a crucial role in preparing students for entrepreneurship, and without it, they may struggle to navigate the financial complexities of running a business. The moderate financial literacy levels observed in this study indicate the need for enhanced financial education to equip students with the skills necessary for entrepreneurial success.

The study showed a strong positive relationship between financial literacy and entrepreneurial competencies, with a mean score of 3.66 and a standard deviation of 0.92. This finding supports the assertion by Olaniyi (2019) that financial literacy significantly enhances entrepreneurial competencies by enabling students to make informed decisions about managing finances, assessing risks, and ensuring long-term business viability. Without financial literacy, aspiring entrepreneurs are likely to struggle with planning, resource allocation, and risk management. According to Nwankwo (2021), financial literacy serves as a foundation for developing the practical skills needed to successfully operate and sustain a business. Therefore, increasing financial literacy among Business Education students is critical for improving their entrepreneurial competencies and enabling them to thrive in competitive markets.

The study further revealed that financial literacy positively influences students' ability to identify business opportunities, with a mean score of 3.49 and a standard deviation of 0.99. Financial literacy provides students with the necessary tools to evaluate market trends, assess the viability of business ideas, and make strategic decisions. According to Mba (2020), financially literate individuals are better equipped to identify profitable opportunities and turn them into successful ventures. They can effectively interpret financial reports, understand market signals, and make projections that allow them to capitalize on emerging opportunities. This finding is further supported by the work of

Okeke (2021), who found that financial literacy helps entrepreneurs to recognize gaps in the market and seize opportunities before their competitors, enhancing their entrepreneurial potential.

The study also found that financial literacy significantly improves students' financial management skills, with a mean score of 3.63 and a standard deviation of 0.93. Financial literacy equips students with the knowledge and skills to manage their finances effectively, including budgeting, managing cash flow, and making sound investment decisions. According to Yusuf (2019), financial management is a key determinant of entrepreneurial success, and students who lack financial literacy are often unable to manage their businesses efficiently, leading to financial mismanagement and business failure. Moreover, Afolabi (2020) emphasized that financial literacy enables entrepreneurs to optimize their resources, minimize costs, and maximize profits, all of which are essential for long-term business sustainability. This finding underscores the importance of integrating financial literacy into Business Education programs to prepare students for effective financial management in their entrepreneurial endeavors.

CONCLUSION

In conclusion, this study highlights the critical importance of financial literacy in enhancing the entrepreneurial competencies of Business Education students in Nigerian Colleges of Education. The findings reveal that while students possess moderate financial literacy, there is a need for improvement, particularly in advanced financial concepts. Financial literacy significantly impacts students' ability to make informed financial decisions, identify business opportunities, and manage finances effectively—key elements of entrepreneurial success. Therefore, integrating comprehensive financial literacy training into the Business Education curriculum is essential for preparing students to thrive as competent entrepreneurs, capable of contributing to Nigeria's economic growth through sustainable business ventures.

Recommendation

1. Colleges of Education should add more financial literacy topics to Business Education courses, focusing on important areas like budgeting, investing, and risk management to better prepare students for business challenges.

2. Schools should hold regular workshops to teach practical financial skills. Bringing in business experts to offer hands-on training will help students improve their financial knowledge and entrepreneurial skills.
3. Encourage students to earn financial literacy certificates from recognized organizations. This will strengthen their understanding and boost their qualifications as future entrepreneurs.
4. Colleges should work with banks and other financial institutions to give students access to financial resources, mentorship, and real-world business experience to apply their learning.

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