

Perceptions on the Success of the CPA Licensure Examination

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Abstract

This paper endeavored to identify the determinants of success of 26 CPA Licensure Examination passers of the UNP College of Business Administration and Accountancy from 1995-2001. The descriptive-survey method of research was done by means of questionnaires.

More than half of the CPA board passers claimed that not all the BSA faculty members were efficient; however, majority of them considered the BSA curriculum adequate.

Majority of the CPA Licensure Examination passers believed that if the examinee were to succeed in achieving the CPA title, taking the BSA course must be his personal choice; he must have thorough preparation which includes sufficient review; and he must be financially stable.

Screening tests, adequacy of supplementary reading materials in the library, efficiency of professors, peer influence, and taking the examination right after graduation greatly affect the readiness and success of a CPA board examinee.

Since the CPA Licensure Examination is an arduous test, the role of the school is to provide adequate academic preparation.

Future CPA Board examination takers will benefit from the results of this study.

Introduction

Background of the Study

The goal of every accountancy student is to become a Certified Public Accountant (CPA). To achieve this, the candidate goes through a rigorous process. He must finish Bachelor of Science in Accountancy (BSA), take the CPA review, and pass the CPA Licensure Examination.

The CPA Licensure Examination is an arduous test. In order to pass it, the examinee must be thoroughly prepared.

There are several determinants of success of a candidate - school detenninants, personal determinants, and socio-economic determinants. The first is inherent in the school but the second and the third reside in the student and his family.

It was the aim of this study to identify the perceptions of the CPA Licensure Examination passers on the success of the examinee so that he can be guided throughout the process which is composed of three stages - undergraduate preparation, review, and examination proper.

Objectives of the Study

This paper endeavored to determine the perceptions of the CPA Licensure Examination passers on the success of the aforementioned licensure examination. More specifically, it answered the following questions:

1. What is the profile of the CPA Licensure Examination passers?
2. What are their personal perceptions about the BSA Program and the BSA faculty?
3. What is the assessment of the CPA Board passers on the school-related factors?
4. What is the role of the school in preparing the examinees for the CPA Licensure examination as perceived by the students?
5. What pieces of advice do the CPA Licensure Examination passers offer to the future takers?

Significance of the Study

The main concern of the present educational leadership in accountancy is producing globally competitive CPAs. Global competence demands the highest quality service. Global competence demands the highest quality standard. As faculty members in the accountancy program of the University of Northern Philippines College of Business Administration and

Accountancy (UNP CBAA), the researchers have the responsibility to spot the causes of the failure of the CPA candidates in the CPA Licensure Examination so that they can recommend solutions to these problems at the same time direct their teaching efforts toward equipping undergraduate accounting students with adequate preparation, moral support, and guidance.

Educational settings provide learning environments and learning opportunities. Since this research was primarily concerned with the CPA passers' perceptions on their success in the CPA board examination, the findings will provide direction on whatever enrichment or revision to be made in the accounting curriculum. This will guide the college on how to structure curricular content in order to cater to the needs of the CPA candidates.

Every year the UNP produces a good number of BSA graduates despite the rigidity of its admission and retention policies. It is, likewise, able to come out with two or more CPAs each year even if not all the graduates for each school year go for review or take the board examination. In terms of producing topnotchers, one of the CBAA's board passers ranked 20th in the national ranking in October 1997. The result of this study is expected to encourage the UNP administration to offer review classes which will cater to the need of the UNP graduates and all CPA candidates in the region, who are not financially capable to go to Manila.

In the final analysis, the accountancy students are the immediate beneficiaries of the findings of this study. Becoming a CPA is the obsession of every accountancy student; it is also the dream of his parents. It is, therefore, imperative that the student thoroughly prepares himself for the licensure examination. This study will guide the CPA candidate to prepare himself for the arduous test. On the part of the parents, this research has implications for parental guidance and support, economic as well as moral, thus, enabling them to become active partners in the student's effort to achieve the CPA title.

Review of Related Literature

This study was anchored on the philosophy of Existentialism. Existentialism holds the view that human existence or the human situation is the starting point of thinking. Existentialists believe that each person possesses an essential self which he ought to actualize and that by his free choices, he makes himself -not that he creates himself out of nothing but rather by a series of choices and decisions he converts his existence into the essence of his self. Man possesses this freedom to create himself within some limitations such as the conditions of his birth and the circumstances of each particular situation. Existentialism also upholds concreteness of experience, personal concern, self-actualization, and the uniqueness of the individual. Freedom of choice, individual dignity, personal love, and creative effort are generally the values of existentialism. For the BSA student, becoming a CPA is part of self-actualization.

The researchers reviewed a number of related literature and research studies conducted locally on the success of CPA candidates in order to have background for this present investigation. They are hereby cited.

The Accounting Profession

Accounting is the language of business. It is a communication tool which enables the CPA to disseminate to various interested parties certain quantitative information about the financial activities of a business. The activities of an enterprise involve and affect the following interested parties: management, owners, short-term and long-term creditors, employees, prospective investors, the government, and the general public. All these parties need to be informed about the financial affairs of a business. Accounting serves the need.

Accounting is a service activity. Its purpose is to provide quantitative information about economic entities primarily financial in nature that is useful in making economic decisions (PICPA, 1979.)

The Professional Accounting Education Program

The policies and standards of Accounting Education as per Department of Education, Culture, and Sports (DECS) Order No. 5 Series of 1990 provides that the mission of the professional accounting education is to prepare accountancy students for their careers in accounting and to make them ready to deal effectively with the problems they will face as professional accountants.

Formal education is the basis for the ability to pass the CPA Board Examination. Many areas of professional education will require further development before an ideal educational goal can be attained (Holmer and Overmeyer, 1975).

The typical accounting program is four academic years. However, some universities in the country have already extended it to five years in their desire to better equip the student for the CPA Licensure Examination. Upon finishing Bachelor of Science in Accountancy, most of the BSA graduates undergo an intensive review course to ensure better performance in the board examination.

Reyes (1985), in a speech delivered in an accounting seminar at the University of the East, underscored that the members of the accounting profession should not remain complacent with the problem of deteriorating education because there might be repercussions in the future. He further said that some senior professionals have cited the need of improving the accountancy profession. They suggested the following measures: (a) enrichment of the accounting curriculum; (b) the practice of selective admission to the profession; and (c) the selective retention to it

Perceptions on the Success of the CPA Licensure Examination

Banaria (1993) identified a group of teachers that accounting education and CPA board members should have a common goal which is to produce competent and upright CPAs to enhance and stabilize the accounting profession. He gave the following recommendations;

1. There is a need for a fifth year program.
2. The accounting curriculum is clogged with statute mandated subjects.
3. There is a need for computer education.
4. The CPA review should be integrated in the curriculum.

The Admission Requirements in the BSA Program

Before being admitted to the BSA program of the UNP-CBAA, a student must first comply with the following requirements:

1. He must have a weighted average grade of 88% in his Form 138.
2. He must have passed the UNP College Admission Test.
3. Qualified applicants are ranked in accordance with the following criteria:
 - a. weighted average grade - 20%
 - b. mental ability - 40%
 - c. aptitude test - 30%
 - d. interview - 10%

Retention Policy for the BSA Program

To be able to continue with the BSA program, a student must have or maintain a final grade of 2.5 in all Accounting, Law, and Taxation subjects and must pass the qualifying examination for entry to second year and third year. A student who gets a grade lower than 2.5 or failing mark is required to repeat the subject once only.

The UNP College Admission Test UNP CAT

The UNP CAT is a 3.5 hour examination consisting of a mental ability (IQ) and an aptitude test. The aptitude test consists of five sub-tests: verbal reasoning, numerical ability, abstract reasoning, language usage, and spelling.

The CPA Licensure Examination

The CPA Licensure Examination is a rigorous trial given to those who successfully finish the degree of Bachelor of Science in Accountancy. This is likewise the evidence of technical proficiency in the field of accounting. (Needless and Williams, 1980). The examination is given twice a year.

Each CPA Examination is composed of seven parts - Practical Accounting I, Practical Accounting II, Auditing Theory, Auditing Problems, Theory of Accounts, Management Services, and Business Law and Taxation.

The passing score of the CPA Board examination is a general average of 75% with no grade lower than 65% in any area. A candidate who receives a rating of 75% in four subjects in the examination is said to be qualified as a conditioned candidate. In general, this means that the candidate must pass the remaining subjects at one or more subsequent examination dates in order to totally pass the examination.

Methodology

This study involved 26 CPA Board passers from 1995-2000, who served as respondents of the study.

The descriptive-survey method of research was used to answer the specific problems. Data gathering was done by means of questionnaires.

The data were analyzed through the use of frequencies and percentages.

Discussion of Results

This portion of the study presents the analysis and interpretation of data gathered.

Profile of Respondents

The profile of the CPA Licensure Examination passers is presented in Table 1.

Sex. A greater number of respondents (57.69%) were males, while 42.31% were females.

Age. Among the 26 respondents, 30.77% were 21 years old, 19.23%, 23 years old; 19.23%; 7.69%, 22 years old; 3.85%, 26 years old, and 3.85%, 33 years old.

Civil status. Among the 26 respondents, 96.15% were single and only one (3.85%) was married.

Year graduated and year passed the examination. In 1995, two graduated but only one passed the examination. However, this did not mean that the other one failed. It was possible that the other one did not take the examination. In 1996, four graduated but only

two passed the board examination. Again, the possibility was that the other two either failed or did not take the test. It was interesting to note that in 1997, four graduated but six passed the test. Obviously, the other two were graduates of prior years. In 1998, three graduated and four passed the board examination. Again, the number of passers exceeded the number of graduates and the obvious reason was that the other one graduated earlier. In 1998, seven graduated and seven also passed the examination. This showed a 100% passing rate. In 2000, six graduated and six passed. Again, this showed another 100% passing rate.

Table 1. Profile of the respondents.

PROFILE OF RESPONDENTS	NO.	%
Sex		
Male	15	57.69
Female	11	42.31
Age		
20	3	11.54
21	8	30.77
22	4	15.38
23	5	19.23
24	2	7.69
25	2	7.69
26	1	3.85
33	1	3.85
Civil status		
Single	25	96.15
Married	1	3.85
Year graduated		
1995	2	7.69
1996	4	15.38
1997	4	15.38
1998	3	11.54
1999	7	26.92
2000	6	23.08
Year passed the examination		
1995	1	3.85
1996	2	7.69
1997	6	23.08
1998	4	15.38
1999	7	26.92
2000	6	23.08

Personal Perceptions of the BSA Program and the CPA Licensure Examination

Table 2 shows the respondents' personal perceptions about the BSA program and the CPA Licensure Examination.

Personal choice. Majority (73.08%) of the respondents personally chose their course, Bachelor of Science in Accountancy. The other respondents (26.92%) did not choose their course personally.

Trials encountered during the CPA review. During the CPA review, reviewees claimed that they encountered a lot of trials. Most of them (65.38%) each had financial difficulties and personal problems; 7.69% had health problems; and 3.85% each had spiritual problems, problem regarding his professor, and difficulty related to heavy traffic.

Motivation to finish the course. The students had the strong determination to earn the BSA degree, hence, majority (80.76%) had the intrinsic motivation to finish the course. It was also noted that 30.77% had been motivated by parental prodding. One student each (3.85%) was motivated to finish the course by peer prodding and by successful accountants.

Best time to take the CPA Examination. Among the 26 respondents, a great majority (96.15%) believed that the best time to take the CPA board examination is immediately after graduation. Only one (3.85%) claimed that it is better to rest for a few months before taking the examination.

Effect of BSA Screening Tests in passing the board? Every year screening tests in accounting is administered to BSA students. A great number of respondents (92.31%) claimed that these screening tests helped them a lot in passing the board while 7.69% of them responded negatively.

Peer influence. Majority (84.62%) of the respondents believed that their peers influenced their success while 15.38% of the respondents did not think so.

Residence during the review. Majority of the respondents (76.92%) stayed in a boarding house; 11.54% stayed in a relatives house; 7.69% stayed in a donnitory; and 3.85% lived with the family.

Effect of residence during the review. Majority (76.92%) of the respondents believed that the place where they stayed affected their review, while 19.23% said it did not affect them at all. One or 3.85% did not respond.

Table 2. Personal perceptions about the BSA program and the CPA licensure examination.

PERSONAL PERCEPTION	NO.	%	
Personal choice			
Yes	19	73.08	
No	7	26.92	
Trials encountered during the CPA Review			
Financial	17	65.38	
Personal	7	65.38	
Health problem	2	7.69	
Spiritual	1	3.85	
Conflict with professor	1	3.85	
Heavy traffic	1	3.85	
Motivation to finish the course			
Own choice	21	80.76	
Parental prodding	8	30.77	
Peer prodding	1	3.85	
Successful accountants	1	3.85	
Best time to take the CPA examination			
Immediately after graduation	25	96.15	
Rest for a few months	1	3.85	
Did the BSA Screening Tests help in passing the Board?			
Yes	24	92.31	
No	2	7.69	
Did your peers influence your success?			
Yes	22	84.62	
No	4	15.38	
Where did you stay during the review?			
Boarding house	20	76.92	
Relatives' house	3	11.54	
Donnitory	2	7.69	
With the family	1	3.85	
Did the place where you stayed affect your review?			
Yes	20	76.92	
No	5	19.23	
No response	1	3.85	

School-related Factors

Table 3 shows the respondents' assessment of the school-related factors.

Adequacy of the BSA curriculum. Majority (76.92%) of the respondents believed that the BSA curriculum was adequate while 23.08% responded negatively.

Adequacy of reading materials in the library. Majority of the respondents (88.46%) claimed that reading materials in the library were not adequate; 7.69% believed that reading materials were adequate; one or 3.85% did not respond.

Efficiency of the professors. More than half (53.85%) of the respondents claimed that not all professors in the BSA program were efficient; 34.61% of them believed that all of the professors were efficient; while 11.54% did not respond.

Integration of relevant subjects. Majority of the respondents (76.92%) perceived that relevant subjects had been integrated in the BSA curriculum; 7.69% claimed that relevant subjects had been integrated sometimes only; while 15.38% did not respond.

Is integration beneficial? Among the 26 respondents, 61.54% believed that it was beneficial to integrate the relevant subjects, while 38.46% did not think so.

Table 3. Assessment on the school-related factors.

SCHOOL-RELATED FACTOR	NO.	%
Adequacy of the BSA curriculum		
Adequate	20	76.92
Not Adequate	6	23.08
Adequacy of reading materials in the library		
Adequate	2	7.69
Not Adequate	23	88.46
No response	1	3.85
Efficiency of the professors		
Efficient	9	34.61
Not efficient	14	53.85
No response	3	11.54
Integration of relevant subjects		
Yes	20	76.92
Sometimes	2	7.69
No response	4	15.38
Is integration beneficial?		
Yes	16	61.54
No	10	38.46

Role of the School in Preparation for the CPA Licensure Examination

CPA Licensure Examination passers perceived that the school has the following roles in their preparation for the aforementioned examination:

1. provide sufficient practice/review materials.
2. give yearly rigid screening tests
3. conduct review classes
4. discuss unfinished topics on seminars
5. update the BSA curriculum
6. have patience in sharing knowledge and ideas
7. expose students to previous and possible CPA licensure examination questions
8. give tips on taking examinations

Tips to Future CPA Licensure Examination Takers

The CPA board passers gave the following pieces of advice to the future takes:

1. Do advanced reading of topics to be discussed and practice solving problems.
2. Have enough sleep, then review.
3. Read theory first, then solve the problems.
4. Review early in the morning.
5. Study and practice solving problems.
6. Provide a timetable for each subject to be reviewed. Prioritize very important subjects.
7. Review at night while listening to radio.
8. Have a rest after two hours of reviewing, then continue.
9. Eat and review.
10. Read a chapter for three hours then practice solving problems after a few hours break.
11. Eat, sleep, review, and pray.
12. Attend review classes during vacant hours.
13. 10-15 minutes break every 2 hours.
14. Be familiar with topics before discussion.
15. Consider studying as a hobby, not an obligation.
16. Listen to mellow music while reviewing.
17. Concentrate on areas which are not clear.
18. Discuss the subject with others.
19. Take a 15-minute break between each topic.
20. Have a snack after every two hours of review.

21. Read up to 12:00 midnight.
22. Read, make assignments and go to school.
23. Spend at least two hours a day in reading accounting materials.
24. Study comes before pleasure.
25. Review alone at home.
26. Review from 8:00 pm to 1:00 am.
27. Know your strengths and weaknesses.

Conclusions

1. More than half of the CPA board passers claimed that not all the BSA faculty members were efficient; however, majority of them considered the BSA curriculum adequate.
2. Majority of the CPA Licensure Examination passers believed that if the examinee were to succeed in achieving the CPA title, taking the BSA course must be his personal choice; he must have thorough preparation which includes sufficient review; and he must be financially stable.
3. Screening tests, adequacy of supplementary reading materials in the library, efficiency of professors, peer influence, and taking the examination right after graduation greatly affect the readiness and success of CPA board examinee.
4. Since the CPA licensure examination is an arduous test, the role of school is to provide adequate academic preparation.

Recommendations

1. The BSA faculty should continue enhancing their competence in facilitating learning at the same time upgrading instructional materials so that they can help the CPA candidate to continually move in the direction of excellence. They should encourage BSA graduates to enroll in formal review classes.
2. More extensive and intensive reviews should be integrated in the BSA curriculum.
3. Supplementary reading materials and practice exercises in all the components of the CPA Licensure Examination should be displayed in the CBAA library for the consumption of the CPA candidates.
4. The UNP CBAA should disseminate the results of this study to future CPAs through the advisers/faculty or by publishing the findings and recommendations.

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