

## **CPA LICENSURE EXAMINATION PERFORMANCE OF USM GRADUATES: AN IN-DEPTH ANALYSIS**

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### **ABSTRACT**

Various researches associate to several factors the performance of a student in a professional licensure examination. To develop improvements in the Accountancy program offered at the University of Southern Mindanao, a state university, and to further improve the performance of its graduates in the Certified Public Accountant (CPA) Licensure Examination, the researcher conducted this study examining the correlates of the performance of the first three batches of graduates.

Of the seven (7) subject areas in the CPA Licensure Examination, Management Services came out as the most difficult subject; Auditing Problem turned out to be the least difficult.

Result shows that none of the high school academic performance variables of graduates had significant influence in their CPA Licensure Examination ratings. In the same manner, their University of Southern Mindanao College Entrance Examination (USMCEE) scores did not significantly influence their licensure examination rating. On the other hand, college General Percentile Average (GPA) registered significant influence in their licensure examination ratings.

**Keywords:** Performance, Licensure Examination Rating, CPA

### **INTRODUCTION**

All educational institutions bat for quality education. Of the various functions of a higher education institution, quality education is the primordial aim under instruction. An educational institution may boast of the best curriculum designed for a program, but with uncommitted and ineffective teachers, results are doomed to fail. Students may learn on their own but it cannot be denied that the quality of the output of education is a function, to a great extent, of instruction and students' interaction with the teachers (Montemayor, et al., 2009). Bilbao (2006) claims that the relationship between good teaching and student achievement relates the importance of teacher quality in the eyes of parents, educators and policymakers.

For the Accountancy program of the University, perhaps its ultimate effectiveness index is the performance of its graduates in the CPA Licensure Examination. The success of a candidate in the professional examination means so much not only to the individual but also to the institution granting him/her the degree. It enables the individual to legally practice his/her profession, while to the institution, performance in the licensure examination reflects the quality of education that it had provided its graduates.

Notwithstanding educational thoughts on student achievement, this study proceeded to conduct an in-depth analysis on the CPA Licensure Examination Performance of USM

graduates. Specifically, the study aimed to (1) determine the High School General Percentile Average (GPA) of the examinees; (2) determine if the examinees graduated with honors or not during high school; (3) determine the University of Southern Mindanao College Entrance Examination (USMCEE) scores of the examinees; (4) determine the General Percentile Average (GPA) of the examinees upon completion of the baccalaureate degree; (5) determine the lowest and highest mean subject ratings of the examinees in the CPA Licensure Examination; (6) determine the general average ratings of the examinees in the CPA Licensure Examination; (7) determine if the ratings of the examinees in the CPA Licensure Examination was influenced by high school academic performance; and (8) determine if the ratings of the examinees in the CPA Licensure Examination was influenced by their USMCEE scores and GPA.

The study benefits several parties, for varied reasons. The College of Business, Development Economics and Management (CBDEM) will be able to assess the performance of its Accountancy program, including the effectiveness of its admission requirements, thus, will serve as a basis in crafting revisions in its existing standards, rules and policies. As admission policy, the BS in Accountancy program of the University of Southern Mindanao requires freshmen enrollees to meet the high school GPA of at least 85% with grades in English and Mathematics subjects of at least 85%. For the USMCEE score, requirement is at least 600. However, in exceptional cases, an applicant with less than 600 USMCEE score may be admitted provided the score in Math and English areas are very high. The retention policy of the program requires students to maintain a GPA of 2.0 in major subjects with no grade below 2.50.

Likewise, the University of Southern Mindanao (USM) will be able to compare its performance in the licensure examination vis-à-vis the performance of schools within the region. Results will likewise serve as a guide to incumbent and prospective Accountancy students. Incumbent students will become aware of the relationships of the predictor variables relative to their aspiration of becoming a CPA someday, thus, would either motivate them to push harder or withdraw from the program in the earlier stage. On the other hand, prospective students will be able to assess themselves on whether to pursue enrollment in the Accountancy program or consider other academic courses.

The study made use of a combination of descriptive and causal research designs. The study involved all B.S. in Accountancy graduates who have taken the CPA Licensure Examination. Specifically, it included the first three batches only of Accountancy graduates who have taken the CPA Licensure Examination.

Scholastic performances of the examinees were taken from the University's Admission and Records Office. The examinees' licensure examination ratings were requested from the Professional Regulation Commission (PRC).

To determine the factors that influence the ratings in the CPA Licensure Examination of the examinees, this research employed multiple regression analysis. Significance level for this study was set at .05.

## **RESULTS AND DISCUSSION**

The socio-demographic profile of the CPA licensure examinees of the University of Southern Mindanao, Kabacan, Cotabato, specifically the batch and gender, is presented in

Table 1. It can be gleaned from the table that of the three batches with 71 total examinees in the CPA Licensure Examination, 25 (35.2%) of them came from the first batch (2011); 25 (35.2%) were from the second batch (2012); and 21 (29.6%) were from the third batch (2013). The result indicates that the examinees from the three batches have almost the same number.

**Table 1.** Socio-demographic Profile of CPA Licensure Examinees of USM

<b>Variable</b>	<b>Frequency (n=71)</b>	<b>Percent (%)</b>
<b>Batch</b>		
2011	25	35.20
2012	25	35.20
2013	21	29.60
<b>Total</b>	<b>71</b>	<b>100.00</b>
<b>Gender</b>		
Female	46	64.8
Male	25	35.2
<b>Total</b>	<b>71</b>	<b>100.00</b>

Accountancy program is a “tough” course as shown in few students surviving and finishing it. Masasi (2012), in his study, states that a decline in the number of accounting graduates may be caused by negative attitude and limited accurate knowledge about accountants. The decrease in number of the CPA licensure examinees was due to the low number of graduates owing to stringent retention policy of the Accountancy program which is very much consistent with the vision of the University of producing quality and competitive graduates.

Of the 71 CPA examinees who were subjects of this study, females composed almost twice the number of males. Broadbent (1998), Hines (1992), Komori (2008), Worthington and Higgs (2001), as cited by Okafor and Egbon (2011), added that Accounting has been traditionally viewed as a male-dominated profession with few female entrants. However, recent studies, including this study, show an increasing influx of females into the accounting profession.

The high school academic performance of the subject-examinees is shown in Table 2. This basically includes the admission requirement for the B.S. in Accountancy program of the University. The mean GPA of the examinees is 90.56 with mean grades for English and Mathematics subjects of 90.37 and 90.39, respectively.

**Table 2.** High School General Percentile Average of the CPA Examinees

<b>Variable</b>	<b>Frequency (n=71)</b>	<b>Percent (%)</b>	<b>Mean</b>
<b>High School General Percentile Average (GPA)</b>			<b>90.56</b>
87.50 and below	7	9.90	
87.51 - 90.00	21	29.60	
90.01 - 92.50	29	40.80	
92.51 and above	14	19.70	
<b>Total</b>	<b>71</b>	<b>100.00</b>	
<b>High School Grade in English</b>			<b>90.37</b>
87.50 and below	9	12.70	
87.51 - 90.00	32	45.10	
90.01 - 92.50	13	18.30	
92.51 and above	17	23.90	
<b>Total</b>	<b>71</b>	<b>100.00</b>	
<b>High School Grade in Mathematics</b>			<b>90.39</b>
87.50 and below	16	22.50	
87.51 - 90.00	19	26.80	
90.01 - 92.50	16	22.50	
92.51 and above	20	28.20	
<b>Total</b>	<b>71</b>	<b>100.00</b>	

Table 3 shows the honors received by the examinees during high school. Of the 71 CPA examinees, 50 (70.42%) did not graduate with honors, while 21 (29.58%) graduated with honors. Results revealed that about 30% of the examinees graduated from high school with flying colors.

**Table 3.** High Honors Received by the Examinees During High School

<b>Variable</b>	<b>Frequency (n=71)</b>	<b>Percent (%)</b>
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### Honors Received

Without Honors	50	70.42
Second Honorable Mention	1	1.40
First Honorable Mention	3	4.23
Salutatorian	3	4.23
Valedictorian	14	19.72
<b>Total</b>	<b>71</b>	<b>100.00</b>

As to USMCEE score, results in Table 4 show that only 6 (8.45%) had below 600 scores, while the rest had 600 and above scores, with 678.07 as their overall mean score.

**Table 4.** USMCEE Scores of the Examinees

Variable	Frequency (n=71)	Percent (%)	Mean
<b>USMCEE scores</b>			<b>678.07</b>
Below 600	6	8.45	
600-650	16	22.54	
651-700	22	30.99	
701-750	23	32.39	
751 and above	4	5.63	
<b>Total</b>	<b>71</b>	<b>100.00</b>	

The General Percentile Average (GPA) of examinees from 2011-2013 upon completion of their baccalaureate degree can be gleaned in Table 5. Of the 71 Accountancy graduates of USM, 2 (2.80%) had a GPA of 1.50 or below and graduated *magna cum laude*; 20 (28.17%) had GPAs falling within the range of 1.51-1.75 and graduated *cum laude*; while the rest, who graduated without Latin honors, had GPAs of 1.76 or lower. Overall, the mean GPA of the respondents is 1.848.

**Table 5.** General Percentile Average (GPA) of the Examinees upon Completion of the Baccalaureate Degree

Variable	Frequency (n=71)	Percent (%)	Mean
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<b>Baccalaureate degree GPA</b>		<b>1.848</b>
1.50 and below	2	2.82
1.51-1.75	20	28.17
1.76-2.00	36	50.70
2.01 and above	13	18.31
Total	71	100.00

Reflected in Table 6 are the mean ratings of the examinees in the CPA Licensure Examination in the seven subject areas, namely: Theory of Accounts, Business Law and Taxation, Management Services, Auditing Theory, Auditing Problems, Practical Accounting Problems I, and Practical Accounting Problems II. All of the subjects bear equal weights. The details of ratings per subject is depicted in Appendix A.

As reflected in Table 6, Management Services subject was found to be the lowest among the seven subjects with a mean rating of 69.65. This shows that the 71 examinees manifested weakness in this subject, thus considered the most difficult subject. This focuses on financial management-related services, capital budgeting concepts and techniques, and project feasibility studies. This result is opposite to the result of the study conducted by Perez et al. (2008) that this subject is the strength of the examinees since it is much simpler than those of accounting, auditing theory and problems, and business and taxation subjects. The subject Auditing Problems was found to have the highest mean rating (75.55), the subject where examinees performed best, thus considered the least difficult among the seven licensure examination subjects.

**Table 6.** Mean Ratings of the Examinees in the Seven (7) Subject Areas of the CPA Licensure Examination

<b>Variable</b>	<b>Mean</b>
Theory of Accounts	75.08
Business Law and Taxation	75.27
Management Services	69.65
Auditing Theory	71.56
Auditing Problems	75.55
Practical Accounting Problems I	71.70
Practical Accounting Problems II	72.79

Table 7 shows the general average ratings of the examinees in the seven CPA Licensure Examination subjects. The mean rating is 73.09. Considering that the passing mark is 75%, it

only shows that 40 (56.33%) of the 71 examinees failed while 31 (43.67%) passed the licensure examination.

**Table 7.** General Average Ratings of the Examinees in the CPA Licensure Examination

Variable	Frequency (n=71)	Percent (%)	Mean
<b>Average Ratings</b>			<b>73.09</b>
64.99 and below	11	15.49	
65.00-74.99	29	40.84	
75.00-84.99	28	39.44	
85.00 and above	3	4.23	
<b>Total</b>	<b>71</b>	<b>100.00</b>	

Regression analysis on the influence of high school academic performance in the ratings of the examinees in the CPA Licensure Examination is depicted in Table 8. It can be gleaned from the table that none of the four high school performance variables have significant influence on the CPA Licensure Examination ratings as shown in the variable's significance level being over the .05 level of significance set for this study. The model's F-value of .119 and significance of .975 show that the model is not a good model. The result implies that whether or not the examinees have higher grades in the English and Mathematics subjects, or a student is an honor student in high school, it is not an assurance that one passes the CPA Licensure Examination. Despite the examinees doing well in high school years and making it to the honor roll, some of them did not excel in college and/or in the licensure examination, while others had the stark opposite performance. This also means that the college years are a fair opportunity for all students to excel and develop their skills and field of specialization, and a room for academic excellence and progress.

**Table 8.** Influence of the High School Academic Performance to the Ratings of CPA Licensure Examination.

Variables	Unstandardized Coefficients		T	Significant	R <sup>2</sup>
	ß	Std. Error			
(Constant)	90.706	49.778	1.822	.073	.007

High school GPA	-.345	.899	-.384	.702	
High school English	.158	.536	.294	.769	
High school Math	-.011	.527	-.021	.984	
Honors Received	.303	.560	.074	.560	

*F- value = .119 with significance of .975*

The findings of this study were opposite to the result of some researches. According to Gist et al. (1996), and Koh and Koh (1999) as cited by Seow et al. (2014), accounting students' prior academic subjects are positively related to their future performance. A consistent statement of Gammie et al. (2003), and Duff (2004), suggests that previous academic performance is a significant indicator of the university performance.

This study did not look into the student-examinees' higher level course of Accounting Mathematics- and English-related subjects. There might be a different result if higher level of Accounting-related subjects in Mathematics and English are examined because only high school academic subjects were considered in this study as predictor that affect CPA Licensure Examination ratings.

Table 9 shows the regression coefficient of USMCEE scores and GPA that influence the ratings in the CPA Licensure Examination performance of USM graduates. Results indicated in the table show that USMCEE does not influence the result of the licensure examination with its significance level of .121.

**Table 9.** Influence of the USMCEE Scores and GPA to the Ratings of CPA Licensure Examination

Variables	Unstandardized Coefficients		T	Significance	R <sup>2</sup>
	$\beta$	Std. Error			
(Constant)	113.178	17.089	6.623	.000	.472
USMCEE	.026	.017	1.569	.121	
GPA	-31.207	4.924	-6.338	.000	

*F- value = 30.444 with significance of .000*



On the other hand, it can be gleaned from the table that the GPA of the graduates, during the completion of their baccalaureate degrees, influenced significantly their CPA Licensure Examination ratings with a significance level of .000, but in an inverse relationship. The USM grading system is as follows: 1.0 as the highest, 3.0 as passing mark and 5.0 as failing grade. Additionally, students who graduated with GPA of 1.75 or better are awarded Latin honors. The effect of the negative beta coefficient of GPA ( $\beta = -31.207$ ) indicates that the higher the GPA (lower in numerical value) the graduates achieve after completion of their baccalaureate degree is, the higher also is the average ratings they make in the CPA licensure examination, hence the higher probability of passing the licensure exam.

Previously indicated in Table 5, 22 (30.99%) of the total graduates achieved higher GPAs and with Latin Honors while the remaining 49 (69.01%) graduates achieved lower GPAs and without Latin honors, the implication is clear that those who graduated with higher GPAs significantly posted a positive result in the CPA Licensure Examination and successfully made it to the list of passers, while those with lower GPA (higher in numerical value) registered a negative effect on the CPA Licensure Examination.

The result of this study coincides with the statement of Bañez (2002) as cited by Tan (2014), that GPA has a significant positive effect to licensure examination performance. They also added that honor graduates perform well in board exam and have a higher chance of passing the CPA Licensure Examination, although, not to be considered as an absolute index since some of the honor graduates failed in the licensure examination. Tan (2014) added that the academic performance of a particular student sums up the examinees' level of preparation for the licensure examination.

The coefficient of determination ( $R^2$ ) of .472 is moderately low, which indicates that only 47.20% of the changes or variations in the CPA Licensure Examination ratings is predicted by the significant variable in the model while the rest is not captured by the model, that is, there are other factors accounting to 52.80% that influence the variation in ratings in the CPA Licensure Examination. The F-value of 30.444 with significance of .000 shows that the model is a reliable model in predicting the variation in the dependent variable.

## **CONCLUSION**

Among the seven subjects, Management Services, having the lowest mean rating, is considered the most difficult subject. On the other hand, Auditing Problems, having the highest mean rating, is considered the least difficult subject.

Results show that the examinees' high school academic performance and USMCEE scores have no significant influence on the licensure examination ratings. On the other hand, the examinees' GPA upon completion of their baccalaureate degrees was found to have a significant influence on the CPA Licensure Examination ratings. It is pointed out, however, that there are other factors that influence the ratings of examinees. It is inferred from the result that one's rating is not solely a function of students' academic performance in college since it is undeniable that teachers, institution's library, classroom facilities, curriculum, instructional materials and other factors as a whole play a role and instrumental in nurturing and feeding of students' mind with theories, principles and concepts that they may apply during the actual licensure examination.

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## Appendix A

### Detailed Rating of Examinees per Subject in the CPA Licensure Examination

Variable	Frequency (n=71)	Percent (%)	Mean
<b>Theory of Accounts</b>			<b>75.08</b>
60 and below	8	11.30	
61-70	11	15.50	
71-80	28	39.40	
81-90	23	32.40	
91 and above	1	1.40	
<b>Business Law and Taxation</b>			<b>75.27</b>
60 and below	5	7.00	
61-70	13	18.30	
71-80	30	42.30	
81-90	22	31.00	
91 and above	1	1.40	
<b>Management Services</b>			<b>69.65</b>
60 and below	15	21.10	
61-70	21	29.60	
71-80	22	31.00	
81-90	12	16.90	
91 and above	1	1.40	
<b>Auditing Theory</b>			<b>71.56</b>
60 and below	9	12.60	
61-70	22	31.00	
71-80	23	46.50	
81-90	7	9.90	
<b>Auditing Problems</b>			<b>75.55</b>

60 and below	6	8.50	
61-70	18	25.40	
71-80	15	21.10	
81-90	28	39.40	
91 and above	4	5.60	
<b>Practical Accounting Problems I</b>			<b>71.70</b>
60 and below	12	16.90	
61-70	20	28.20	
71-80	19	26.80	
81-90	18	25.30	
91 and above	2	2.80	
<b>Practical Accounting Problems II</b>			<b>72.79</b>
60 and below	11	15.50	
61-70	17	23.90	
71-80	24	33.80	
81-90	19	26.80	

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