

**PERFORMANCE IN THE CPA LICENSURE EXAMINATIONS OF BACHELOR OF  
SCIENCE IN ACCOUNTANCY: INPUTS TO DEVELOPMENTAL ACTIVITIES FOR  
UNDERGRADUATE STUDENTS**

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## ABSTRACT

The barometer of performance of graduates should be one of the thrusts and primary concern of any university. One way to gauge graduates performance is the result of its respective licensure examinations. The study determined the level of performance in the Certified Public Accountant (CPA) licensure examinations of the accountancy graduates as inputs to developmental activities for the undergraduate accountancy students of Eastern Visayas State University from 2007 to 2011. The performance of graduates in the CPA licensure examinations during October was better than the May examinations because fresh graduates preferred to take the October examination. Apparently, the result has helped the university in crafting developmental activities for the undergraduate accountancy students to help them pass the licensure examinations. Some notable developmental activities suggested to the department were: the conduct of mock board or comprehensive examinations and peer tutorial or mentoring and participation in the regional and national competitions.

**Keywords:** accountancy performance, accountancy graduates, graduates performance, licensure examination, developmental activities, undergraduate accountancy students.

### 1. INTRODUCTION

The Philippines, is considered as one of the biggest providers of pools of qualified workers, and in terms of labour market is growing faster than the economy can create jobs (Bitonio, 2008). The fast growing population is a big factor. In fact, ever since the country enjoyed its independence many years ago, its population has grown an annual rate that is among the highest in the East Asian region (Sicat, 2004). However, the labor force is dominated by people that have an educational attainment below tertiary level. Among the underemployed are the young ones as well as the unemployed in the labor market (Bitonio, 2008). In Biton's book, it is mentioned that the participation of young workers in the labour force can yield a demographic dividend if their skills can be put to productive use. To counter this dilemma, the Technical Education, Skill Development Authority (TESDA) has trained many Filipinos as this is part of their objective to develop human capital, help it allocate it efficiently and reduce labour underutilization (Briton, 2008). Of course, this is never enough that is why the Commission on Higher Education (CHED) is doing its best to help Higher Education Institutions (HEI) produce quality graduates that would enter the labor force of the country. Education has become a priority. It is said that educating our people makes our country competitive and progressive. It is, after all, a priority of the State as declared in the Philippine Constitution which says, the State shall constantly improve the standards of higher education to ensure that students get the best education possible in both public and private higher education institutions. Thus (HEI) must provide quality education for the youth and help in the nation building. With improved quality education, the country

will be producing quality graduates that will become productive labor force in return will help our country to greater heights of progress.

It is true however that our country can produce graduates and become part of the labor market, ironically, these graduates become unemployed or underemployed. There is mismatch between the type of graduates our schools produce and the kinds of skills that the labor market needs. It is therefore, important that our country produces quality graduates especially those courses with licensure examinations so that our labor force will become globally competitive and equipped.

The barometer of performance of the graduates should be one of the thrusts and the primary concern of any university. Orbeta (2003) stressed that passing the board exam is a common measure of the quality of graduates. This was supported by Marshall (2007) stating that bar exam pass rate measures law school graduates performance.

The development of effective curriculum and Instruction should complement with the kind of graduates a university is producing. These graduates should be academically and mentally prepared to step into the real world after four to five years studying theories and concepts. The first challenge is passing the Licensure Examinations. It is because level of performance of these graduates in the licensure examinations becomes the ultimate measure of the quality graduates and effective Instruction of a university.

One of the programs of Eastern Visayas State University (EVSU) with a Licensure Examination is the Bachelor of Science in Accountancy (BSA). Graduates from this program take the Certified Public Accountant (CPA) licensure examinations. The Philippine CPA Licensure Examinations are some of the few difficult, challenging and enduring professional exams both in terms of coverage and depth of testing one's knowledge of technical concepts and applications. Many have tried to pass the exams but only few have succeeded at an average national passing percentage of 37%. With the increasing demand for business expansions and merging of giant companies, a lucrative position in the Accounting department in a decent and coveted company is assured for every CPA here and abroad. It is seemingly appropriate for a University with high calibre professionals and educators to divulge time and resources to further enhance and advance programs having licensure exams with a positive and high demand for graduates in the business and government sectors. Moreover, the University must continue its efforts and support to boost such programs. The performance of each program with licensure exams must be considered in identifying its priorities.

It is in this premise this research was based. It determined the level of performance of EVSU graduates the CPA licensure examinations conducted by the PRC from May 2007-October 2011. Further the result of the study would be used to recommend developmental set of activities to enhance the academic performance of undergraduate BSA students to sustain and increase the school passing percentage in the CPA licensure examinations.

## 2. STATEMENT OF THE PROBLEM

1. What is the level of performance of EVSU-BSA graduates who took the CPA licensure examinations from 2007-2011 as compared to the national passing percentage?
2. What is the level of performance of BSA graduates in the CPA licensure examinations from 2007-2011 in terms of the following board subjects:
  - 2.1 Theory of Accounts (TOA)
  - 2.2. Business Law and Taxation (BLT)
  - 2.3. Management Advisory Services (MAS)
  - 2.4. Auditing Theory (AT)
  - 2.5. Auditing Problems (AP)
  - 2.6. Practical Accounting I (PI)
  - 2.7. Practical Accounting II (PII)?
3. What are the developmental activities that can be recommended for undergraduate BSA students based on the findings of the study?

## 3. METHODOLOGY

The study used the documentary analysis in determining the performance of EVSU graduates in the CPA licensure examinations taken from the Professional Regulation Commission (PRC) official records who took the Exams from May 2007 to October 2011. The examinees are rated based on the seven subjects given by the PRC with equal credit units. To wit: Theory of Accounts (TOA); Business Law and Taxation (BLT); Management Advisory Services(MAS); Auditing Theory(AT); Auditing Problems (AP); Practical Accounting Problems I (P1) and Practical Accounting Problems II(P2). Simple mathematical computations were used in analysing and generating the needed information such as the mean.

The researcher used a purposive sampling technique in addressing the factors affecting the success and failure in the CPA as well as the recommended activities for undergraduate students. The opinions of the graduates from 2006-2011 through a survey questionnaire were considered. At first the researcher prepared a hard copy of the survey questionnaire to be distributed to the respondents but only few were collected. Since it was difficult for the researcher to distribute the survey questionnaires personally, instead he conducted the survey on line using facebook.

## 4. RESULTS AND DISCUSSION

### 4.1 School passing against national passing percentage

It can be seen in Table 1, that during May Examinations from year 2007 to 2011, the school passing percentage was not at its best. In fact, it was only in 2008 (35.00%) and 2009 (35.29%) that the school passing was higher than the national passing rate. This scenario can be explained since the fresh graduates would take the board during October schedule and those who took the May exams were mostly repeaters or graduates from the

past years. It showed also that the grand mean of 29.10% was lower than the 33.28% national passing rate. The table included the first time takers and the repeaters. Those first timers who failed will be given a chance to take the next board examination schedule (Tan, 2014).

The performance of EVSU graduates during the October schedule was really impressive. For a period of five years (2007-2011), the school passing rate was consistently higher than the national passing rate. In 2010, it reached up to 69.44% passing rate, higher than the 48.36% national passing percentage. The grand mean for the five-year period was 54.48%. The performance in the October schedule was above the performance of the May schedule consistently.

#### 4.2 Graduates performance in CPA Licensure Examination

Table 2 presented the performance of graduates from school year 2005-2006 to school year 2010-2011 in the CPA licensure examinations starting from May 2007 up to October 2011. It can be noted that graduates from 2008 and earlier were under the four year program while graduates from 2009 onwards were from the five-year program. In school year 2005-2006, there were fifty-six (56) students who graduated from EVSU and there were already twenty-eight (28) graduates who took the CPA licensure exams from May 2007 to October 2011. It can be seen in the table that out of the twenty-eight (28) takers, eighteen (18) graduates passed the exam or a 64.29% passing percentage.

During the school year 2006-2007, there were thirty-six (36) graduates who took the board exam and twenty-seven (27) graduates already passed the same at approximately 75% passing percentage. There was a favourable increase by 16.65% between the 2007 and 2006 graduates.

Since there was only one graduate during school year 2007-2008, the researcher intentionally excluded it. The reason was that the first batch to graduate in the five-year curriculum was still in the 4<sup>th</sup> year level. They graduated their bachelor's degree on the following year, 2009. It shall be noted that the only graduate in 2008 has not taken the exam as of the completion of this study.

By March 2009, the first batch in the five-year curriculum graduated with a total of 24 graduates. There was a decline in the number of graduates due to the retention policy of the program where the students having a grade below 2.5 (80%) in any Accounting subjects, would mean automatic elimination from the program. It can be gleaned that in 2009 there were only twenty-four (24) graduates, the first batch to graduate in the BSA five-year curriculum. As observed, 78.95% of the total graduates had passed the CPA licensure exams or a total of fifteen (15) graduates out of nineteen (19) takers. The passing percentage of graduates of batch 2010 had increased from 78.95% to 83.33%, in 2009. As presented, there were twenty-four (24) graduates in 2010 and the same took the CPA board exam. Fortunately, twenty (20) or 83.33% (20/24) of them are now Certified Public Accountants and only four (4) of them need to take and pass the board exam still. As shown, the 2011 batch had twenty-three (23) graduates. As of October 2011, there were

nineteen (19) graduates who took the CPA licensure exam. As observed the passing rate of the takers who passed the exams totalled 89.47% or seventeen (17) out of nineteen (19) takers.

It can be observed that graduates from 2006 to 2011, did pretty well. As observed there was a consistent increase from 64.29% in 2006 to 89.47 in 2011. There was a decrease of number of graduates from fifty-four (54) graduates in 2006 to just twenty-three (23) graduates in 2011 due to the implementation of the retention policy of the program. Below is a graphical presentation of the performance of graduates from SY 2005-2006 to SY 2010-2011.

It can be said that there was an increasing number/percentage of graduates passing the board exams from 64.29% in 2006 to 89.47 in 2011. The school year 2007-2008 was intentionally excluded since this was the transition period from the four-year curriculum to the five-year ladderized program of the Bachelor of Science in Accountancy. This can be construed that EVSU has produced quality graduates capable of passing the CPA licensure examinations.

#### 4.3 Graduates performance per board exam subject

In Table 3, it explained the performance of EVSU examinees in CPA licensure exams in from 2007 to 2011 per subject. The PRC is giving two (2) examinations during the year. One is on the month of May and the other is on October. Each CPA licensure examination is composed of seven (7) subjects namely, Theory of Accounts (TOA); Business Law and Taxation (BLT); Management Advisory Services (MAS); Auditing Theory (AT); Auditing Problems (AP); Practical Accounting Problems (P 1); Practical Accounting Problems II (P 2). Each examinee is rated from the scale of 1-100 each subject. Then the sum of all the subjects will be divided by the number of subjects taken. According to Republic Act 9298, to pass the CPA licensure examination an examinee should get a weighted average grade of at least 75% in all the subjects taken, and should have no grade lower than 65 in any of the subjects taken. In the event that an examinee does not meet the criteria to pass the board exams and get a grade of 75% and above in at least four (4) board subjects, then the examinee is declared a conditioned examinee. A conditioned examinee should take his/her removal subjects within two (2) years reckoned from the date of his/her examination, otherwise he /she shall be considered to have obtained a failing grade.

The first column presents the different subjects in the CPA licensure examinations. The second and third columns represent the average overall results in the average May and October board exams respectively from 2007-2011. The fourth and fifth columns represent the average performance results of graduates who passed in the May and October exams respectively. While the sixth and final columns are the average results of the May and October exams respectively.

As seen in the table, during the May schedule, the average with the highest score for those who passed was in the sixth subject (P1), with an average grade of 71.48 % from 2007-2011, while the lowest score passed was the 4<sup>th</sup> subject (AT) with an average grade of

65.52%. P1 is a subject which tests the student's skill in solving problems, while AT is a theoretical subject.

For the October schedule, the highest rate gained by students was in TOA, another theoretical subject with an average rating of 77.27%, while the lowest was PII (72.02%). The overall mean was 73.46% which was below the required passing rate.

As observed, the overall average ratings of those who passed in the exam were 79.78% and 81.01 for May and October 2007, respectively. The EVSU graduates performed.

#### 4.4 Developmental Activities

The researcher has suggested different activities that would help Accountancy department improve the results of the CPA Licensure. The conduct of mock board examinations has proven to have a positive relationship with the result of the board examinations (Stewart, et., al., 2004). Another is peer tutoring. This is a very old practice, traceable back at least as far as the ancient Greeks. (Topping, K. J.,1996). Peer tutoring is characterised by specific role taking: at any point someone has the job of tutor while the other(s) are in role as tutee(s). Peer tutoring typically has high focus on curriculum content. Peer tutoring is often promoted on the grounds that, for the tutors, it is 'Learning by Teaching'. A similar study by Benware and Deci (1984) compared the relative effectiveness of reading to learn for a test and reading for learning to teach a peer. Subjects were randomly assigned to conditions and the outcome measure was a 24 item test of both rote memory and conceptual understanding. While both groups performed equally well on rote learning, the 'learn to teach' group performed better on higher order conceptual understanding, and on a questionnaire regarding motivation and learning perceived their experience as more active and interesting. Finally, sending students to regional and national competitions may augment the chance of performing well in the CPA Licensure Examinations.

#### 4. CONCLUSIONS

After thorough analysis of the data generated, the following findings were drawn: The performance of EVSU graduates in the CPA licensure examinations during October examination from 2007 to 2011 was apparently higher than the May examinations. This was because the graduates during the end of the school year will take the exam in the October exam in the same year they graduated. Thus only few graduates take the May exams. It can be concluded that the school passing percentage in comparison to the national passing percentage in October was higher than in May, thus there were more graduates who passed the exams during the October examinations. There was a decrease of number of graduates from 2006 to 2011. However, there was a consistent increase of passing percentage in terms of the performance of each batch year, from 64.29% in 2006 to 89.47% in 2011. The examinees in the CPA Licensure Examinations were excellent in the following subjects: Theory of Accounts (TOA); Auditing Problems (AP) and Practical Accounting Part I (P 1).

The examinees in the CPA licensure examinations were weak in the following subjects: Auditing Theory (AT); and Business Law and Taxation (BLT). To combat the dilemma in increasing the passing percentage the university may consider mock board exams and other activities that would augment the chance of the graduates to pass the board exam.

## 5. RECOMMENDATIONS

Based on the findings of the study the following are the recommendations of the researcher:

1. To increase the number of graduates without sacrificing the retention policy of the program since there is a consistent increase of the school passing percentage in CPA Licensure Examinations.
2. To extensively and intensively train undergraduate students in the areas where examinees are weak. And at the same time sustain the training in the areas where graduates are excellent such as giving mock board exams, providing practice sets, etc.
3. To conduct series of seminars on how to enhance interpersonal skills of students; develop strong personality; improve study habits and deal with situations under pressure. Further, to recommend developmental activities to help undergraduate students better prepare the CPA Licensure examinations such as: the conduct mock board or comprehensive examinations every end of the school year; and allow students to participate in the students regional and national conventions to give them confidence and boost their morale.

## 6. TABLES

Table 1. School passing against national passing (2007-2011)

	May - school	May – National	Oct - school	October- National
2007	20.69%	30.21%	47.83%	37.00%
2008	35.00%	27.26%	36.84%	36.65%
2009	35.29%	28.88%	51.61%	41.48%
2010	17.65%	39.52%	69.44%	48.36%
2011	36.85%	40.51%	66.67%	47.70%
<b>Grand Mean</b>	<b>29.10%</b>	<b>33.28%</b>	<b>54.48%</b>	<b>42.24%</b>

Table 2. Graduates Performance in the CPA Licensure Exam

	No. of Graduates	No. of Takers	No. of Passers	Percentage
SY 2005-2006	56	28	18	64.29%
SY 2006-2007	46	36	27	75.00%
SY 2007-2008	NA	NA	NA	NA
SY 2008-2009	24	19	15	78.95%
SY 2009-2010	24	24	20	83.33%
SY 2010-2011	23	19	17	89.47%
<b>Total</b>	<b>173</b>	<b>126</b>	<b>97</b>	<b>76.98 %</b>

Table 3. Graduates performance per board exam subject (2007-2011)

Subject Area	Mean (Overall)		Passed		Failed	
	May	October	May	October	May	October
1. TOA	71.48 %	77.27 %	80.03 %	82.84 %	67.97 %	71.46 %
2. BLT	69.31 %	73.87 %	78.17 %	80.06 %	65.66 %	67.29 %
3. MAS	69.64 %	73.39 %	81.06 %	80.49 %	65.20 %	65.77 %
4. AT	65.52 %	72.62 %	76.69 %	78.57 %	60.95 %	66.14 %
5. AP	70.34 %	72.67 %	83.70 %	82.16 %	64.96 %	64.04 %
6. P I	66.78 %	72.36 %	81.01 %	81.90 %	61.23 %	61.58 %
7. P II	65.9 %	72.02 %	77.82 %	81.06 %	61.18 %	62.80 %
<b>Overall Mean</b>	<b>68.42 %</b>	<b>73.46 %</b>	<b>79.78 %</b>	<b>81.01 %</b>	<b>63.88 %</b>	<b>65.58 %</b>

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