

PERFORMANCE OF BSA GRADUATES IN THE CPA LICENSURE EXAMINATION: BASIS OF ENHANCEMENT

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ABSTRACT

Performance of students in the Bachelor of Science in Accountancy Program is best tested with the actual results in the Philippine CPA Licensure Examination. A closer look at its past performance would create a basis of enhancement on how to improve a program's current passing rate and would serve as reflection of how effective the teaching-learning process is. The study aimed to evaluate the performance Bachelor of Science of Accountancy Program at Lyceum of the Philippines – Laguna. The evaluation covered the CPA Licensure examinations from October 2006 to October 2013. The study determined the number of graduates who became licensed accountants, the number of times they took the exam before they became licensed and the board subjects in which the graduates performed weak based on date of exams and batch or year of graduation. A comparison between the list of students provided by school with that of the list provided by Philippine Professional Regulation Commission was done to evaluate the individual student's board exam mean rating according to date of examinations and year of graduation. The means of board rating of first takers who passed the exam were ranked to identify the subjects which graduates found difficult. The data provided 100 graduates of the Bachelor of Science of Accountancy Program, with 81 takers and 46 passers. Frequency of first takers and repeaters, frequency of students who never passed and board exam mean rating based on date of exams and year of graduation were evaluated. Based on findings, the researcher recommended corrective measures on how to improve the accountancy program.

Key Words: *licensure examination, accountancy, graduates, performance, subjects.*

INTRODUCTION

“If you don’t know where you are headed, you’ll probably end up someplace else.” -Douglas J. Eder, PhD

Becoming a Certified Public Accountant (CPA) is not an easy task in the Philippines—one has to graduate with a Bachelor’s Degree in Accountancy and pass the CPA board examination. As many critiques would say, the CPA licensure examination is one of the most difficult board examinations in the entire history of the Philippine career professionalism.

The performance of the graduates in licensure examination is a positive measure of the quality and standard of education a particular school provides. A source of prestige of an educational institution is the quality of its graduates. It is an indicator of the kind of educational training and learning they were provided by their school (Basaen, Bejar & Bambao, 2005).

Buenaobra and Medallon (2013) also corroborate that the true measure of any board program is passing the ultimate test, the board exams.

Basaen et al. (2005) further corroborate that the passing rate is a key factor measuring the kind of students and quality of instruction the faculty provided. It is also an indicator of the kind of faculty and teaching competence that prevail in a school. Moreover, the performance of the graduates reveals to a certain extent how well equipped they are which could also be attributed to the instructional materials provided by the institution.

A high passing rate in the CPA examination is then recognized to be one of the best tests of a school’s performance in offering the B.S. Accountancy Program. The Philippine Regulation Commission (PRC), in its October 2013 CPA results, revealed that 29.90% (119 out of 398) of schools offering Bachelor of Science in Accountancy that had fielded their candidates

in the CPA examinations got a passing rate above the national passing rate of 40.84%. The rest, composing of 24.87% (99 out of 398 schools) got zero passing rate and 45.23% (180 out of 398 schools) got rate above zero but not above national passing rate. Lyceum of the Philippines – Laguna belongs to the 119 schools that received a rating above national.

The Commission on Higher Education (CMO-03-s2007) warned that schools offering Bachelor of Science in Accountancy that have poor performance of their graduates in ten CPA Board examinations within a period of five years could lead to the gradual phase-out and eventual closure of the school's accountancy program. With this memorandum, accountancy schools had to closely monitor the overall passing performance of their BSA graduates and that the overall rating should not fall below the national passing rating, else the school shall be given a warning or shall cease to exist.

Del Mundo and Reforzar (2007) state that a less-than-five percent pass-rate, as determined by the Board of Accountancy and the Commission on Higher Education, is already a danger signal for an accountancy school to begin sharpening its accountancy program. Worst, four-zero-rate might bring the program to an embarrassing closure.

The difficulty of the Philippine Certified Accountant examination could be attributed to its content. It composes of seven subjects, namely Theory of Accounts, Business Law and Taxation, Management Services, Auditing Theory, Auditing Practice, Practical Accounting Problem 1 and Practical Accounting Problem II (RA 9298, section 15).

Further, the Philippine Accountancy Law (RA 9298, Section 16), clearly states that to be qualified as having passed the licensure examination for accountants, a candidate must obtain a general average of seventy-five

percent (75%), with no grades lower than sixty-five percent (65%) in any given subject. In the event a candidate obtains the rating of seventy-five percent (75%) and above in at least a majority of subjects as provided, he/she shall receive a conditional credit for the subjects passed; Provided, that a candidate shall take an examination in the remaining subjects within two years from the preceding examination.

To address this difficulty, the College of Business and Accountancy in 2010 devised a retention policy. In the school year 2013 to 2014 the retention policy was improved in which an accountancy student should maintain a grade of 2.5 in all accounting, law, taxation, English and mathematics subjects. In addition, the program has a qualifying examination per year level before admittance to the next level. There are in total three qualifying exams for the program where the examination will simulate actual board methods and standards, following the zero transmutation. The results of the licensure CPA examination would test the effectiveness of this policy.

In addition, independent local and international accreditors also need to determine how well an institution deals with its accountancy program. Going up the level of accreditation would mean consistently less casualties in the licensure examinations and higher passing percentage.

Howell and Heishizer (2014) stressed the importance of accreditation with international organization. Howell and Heishizer mentioned that an accreditation with AACSB (Association to Advance Collegiate Schools of Business), an international accrediting body, is perceived to have better trained students.

Further, Hardin and Stock (in Howel and Heishizer, 2014) found that graduates from AACSB accredited colleges were evaluated more positively than graduates from non-AACSB accredited colleges. This could

imply that a better preparation of students to achieve a rating above the national passing rate.

The Bachelor of Science in Accountancy program of Lyceum of the Philippines – Laguna started in June 2002 when the school was named Lyceum Institute of Technology and began fielding its graduates in the CPA Licensure examination by October 2006. In October 2008 the school changed its name to Lyceum of the Philippines-Laguna.

Lyceum of the Philippines-Laguna, being a professional higher education institution and having both its national accreditation (PACOCOA and PAASCU) and International Accreditations/ Certifications (International Organization Standard (ISO) and Investors in People (IIP), saw the need to find the gap(s) between students' actual performance and faculty service delivery. The result of the licensure examinations would be a test of the quality of faculty service delivery and what the student has received. The results of this study would then be useful for making strategic management improvements in running the Bachelor of Science in Accountancy program, including the processing of the requirements with AACSB accreditation.

In addition, the results of the study will influence the creation of innovations in the form of improvements in methods of teaching and techniques, student activities and possible drills to improve the performance of BSA graduates in the accounting licensure examination.

Finally, this study could be a basis for other board programs in the institution to study their performances in the past and make necessary improvements based on their findings.

Conceptual Framework

This research determined the trend of LPU-Laguna CPA Board Examination ratings over a period of eight years starting October 2006 to October 2013. The study also identified the board examination subjects LPU-Laguna CPA Board examinees performed poorly. Figure 1 illustrates the conceptual framework of the study. This study follows the Input-Process-Output model.

The inputs to this study include the results of CPA board examinations from October 2006 to October 2013 showing the names of graduates of BSA program of LPU-Laguna from April 2006 to April 2013.

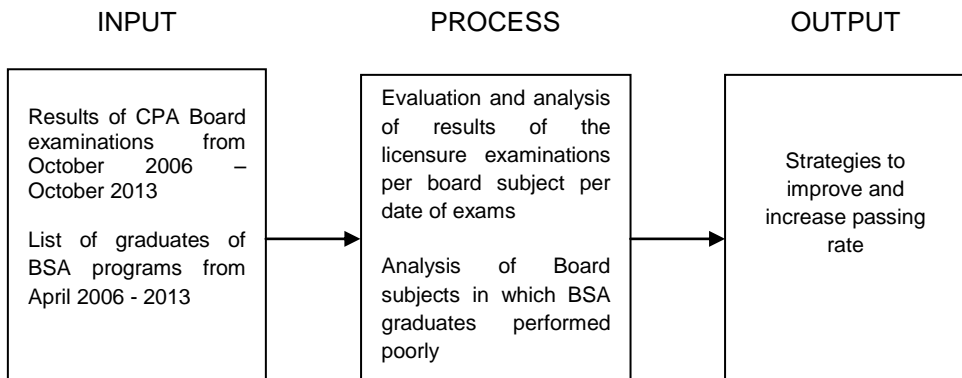


Figure 1. Conceptual framework of the study

The process, on the other hand, involves evaluation and analysis of results of licensure examinations per board subject per date of exams and analysis of board subjects in which BSA graduates performed poorly. Board examination subjects include Theory of Accounts, Business Law and Taxation, Management Services, Auditing Theory, Auditing Problems, Practical Accounting 1 and Practical Accounting 2. Finally, the output refers

to the strategies that could be formulated based on the results of the study. These strategies are expected to help CBA to improve accountancy program and increase board exam rating.

Objectives of the Study

This research is concerned with the trend of passing rate of BSA Accountancy Program in the CPA Licensure examinations and analysis of what board exam subjects BSA students were weak or strong at, as well as their frequency of taking the board exams before they became licensed accountants.

Generally, this research aimed to determine the performance of Lyceum of the Philippines - Laguna Bachelor of Science in Accountancy students in the past CPA Licensure Examination from October 2006 to October 2013.

Specifically, it sought to:

1. determine how many BSA graduates were produced and became CPAs from 2006 to 2013;
2. determine the frequency of taking the board exam before a BSA graduate becomes a licensed accountant;
3. identify the board subjects the graduates were generally weak at in their first take based on:
 - a. Date of exams and
 - b. Batch of graduates

4. develop strategies that could be implemented to increase passing rate

METHOD

Research Design

Basically, this research is an assessment of the performance of LPU-Laguna BSA graduates in the Certified Public Accountancy (CPA) Licensure Examinations from October 2006 to October 2013.

The analysis started from counting the total number of BSA students who graduated and who became Certified Public Accountants (CPAs), as well as their frequency of taking the exams before they were considered professional accountants.

The analysis extended further by taking the ratings per subject per examination date to find out which board subjects examinees were weak at.

Subjects of the Study

The study considered the scores of graduating BS Accountancy students of Lyceum of the Philippines – Laguna in their first Certified Public Accountant Licensure Examinations either in May or October from the years 2006 to 2013.

Data Gathering Tools

The data were taken from the registrar's office of Lyceum of the Philippines-Laguna and compared with the data on board passers the Professional Regulation Commission (PRC) released.

Data Gathering Procedures

The list of graduates from April 2006 to April 2013 of Bachelor of Science in Accountancy was taken from the registrar's office. This list was compared and verified with the actual list of CPA board passers from Professional Regulatory Commission. The number of those who took and did not take the exams was accounted for. The frequency of those who took the exams more than once before they finally became a certified accountant was counted.

The raw data of each board examinee were gathered and processed. Only the score when the examinee first took the exams was gathered.

Data Analysis

For every date of licensure exams, mean rating per exam subject taken was computed. This was done for all the years of examination. The total mean was taken for the total of eight years of licensure examination. Then, the means were ranked.

As to batch of graduates, after getting the mean per subject per year, the proponent computed for the total mean ratings and ranked them according to difficulty, with rank one as the most difficult and seven the easiest among the seven subjects.

RESULTS AND DISCUSSION

BSA graduates towards becoming CPA's

From a period of eight years (2006 to 2013), LPU-Laguna produced 100 BSA graduates. Table 1 presents that 81 out of 100 students took the

board exams. Further, only 46 out of 100 or 46% of the total graduates became licensed certified public accountants. These 46 students composed of 56.79%(46 out of 81 students)who took the exams and passed.

Table 1. Distribution of BSA graduates who took the CPA

Name Used	BSA Graduates		Non-takers	Takers	Passers	Failers	TOTAL	Passing Percentage
	Year	No						
LIT	2006	24	9	15	4	11	24	26.67
LIT	2007	14	5	9	3	6	14	33.33
LPU-L	2008	13	0	13	6	7	13	46.15
LPU-L	2009	12	1	11	3	8	12	27.27
LPU-L	2010	11	3	8	7	1	11	87.5
LPU-L	2011	7	1	6	6	0	7	100.0
LPU-L	2012	10	0	10	10	0	10	100.0
LPU-L	2013	9	0	9	7	2	9	77.78
Total		100	19	81	46	35	100	

Licensure Exams

Table 1 further presents that the number of graduates who took the exam and passed was greater in years 2010 to 2013 as compared with the earlier years. This may imply better preparation of the students and prompt taking of the licensure examinations during these years.

Buchanan, et al. as cited by Charron and Lowe (2009) mentioned that delay in taking initial board exam and length of time being away from school are factors influencing perceived difficulty in passing the board exam.

Frequency of taking the CPA Licensure Examination

Table 2 shows that majority (37/46) of graduates who passed the exam were first takers. On the other hand, repeaters took the exam from two to five times before they passed.

Results suggest positive CPA licensure exam figures for LPU-Laguna, since majority of students from 2006 to 2013 passed the board exam in their initial take. However, few students who failed would take the exam several times until they became licensed accountants.

Table 2. Distribution of first takers and repeaters who passed the CPA Licensure examination

NAME USED	BSA Graduates		Passed					Total
	Year	No	1st	2nd	3rd	4th	5 th	
LIT	2006	24	1	1	1	1	0	4
LIT	2007	14	2	0	0	1	0	3
LPU-L	2008	13	2	2	1	0	1	6
LPU-L	2009	12	3	0	0	0	0	3
LPU-L	2010	11	6	1	0	0	0	7
LPU-L	2011	7	6	0	0	0	0	6
LPU-L	2012	10	10	0	0	0	0	10
LPU-L	2013	9	7	0	0	0	0	7
TOTAL		100	37	4	2	3	0	46

Boone et al. (2004) and Johnson (2003) stated that the purpose of the CPA exam is to certify that person who becomes a CPA has the requisite knowledge and skills necessary to protect the public interest. In addition, Snyder (2004) mentioned that from a firm perspective, the CPA exam acts as a form of quality control in the hiring, retention, and promotion of employees.

Further, results show that for the year 2011 to 2013, there were more first-time takers who passed the board exams. It was during this period

when the College of Business and Accountancy started the implemented of the retention policy on Bachelor of Science in Accountancy.

On the other hand, Table 3 provides that there were 68.57% (24/35) first-time takers, 28.57%(24/35) second-time takers and 2.86% third-time takers who never made it to be a licensed accountant.

Table 3. Distribution of students who failed and never passed the licensure examinations

Name Used	BSA Graduates			FAILED				TOTAL
	Year	No	1st	2nd	3rd	4 th	5 th	
LIT	2006	24	11	0	0	0	0	11
LIT	2007	14	4	2	0	0	0	6
LPU-L	2008	13	3	3	1	0	0	7
LPU-L	2009	12	3	5	0	0	0	8
LPU-L	2010	11	1	0	0	0	0	1
LPU-L	2011	7	0	0	0	0	0	0
LPU-L	2012	10	0	0	0	0	0	0
LPU-L	2013	9	2	0	0	0	0	2
Total		100	24	10	1	0	0	35

Results on Table 3 also show that about 54% of students (19 students did not yet take the exams and another 35 students who failed) may still in the future take the certified public accounting licensure exams, which may be a threat to establishing a high passing overall passing percentage in the future. As shown in Appendix 1, records in May 2008, May 2010, May 2011, May 2012 and May 2013 have all produced below national passing with May 2008 and May 2013 with no passers at all. Majority if not all were all second-time takers.

Board rating evaluation based on date of exams

When the data were arranged based on date of exams, results reveal that the average rating of students who took only for the first time from 2006 to 2010 was below the 75% passing rate, except for October 2009 Theory of Accounts, May 2008 Business Law and Taxation and Auditing Theory and May 2007 Auditing Theory (Table 4). This may imply lack of preparation on the part of the student or a possible lack of possible classroom instructions.

Table 4. Mean rating of students' board exam per subject per exam date

			Theory of Accounts	Business Law and Taxation	Mgmt. Services	Auditing Theory	Auditing Problems	Practical Acctng 1	Practical Acctng 2
Oct	2006	mean	56.85	64.77	54.46	58.08	49.15	45.31	54.31
May	2007	mean	74.00	56.00	71.00	77.00	61.00	64.00	58.00
Oct	2007	mean	69.86	69.86	69.14	63.86	65.00	60.71	66.86
May	2008	mean	74.00	78.00	68.00	75.00	65.00	63.00	69.00
Oct	2008	mean	72.13	67.25	66.38	68.38	58.13	68.00	63.25
May	2009	mean	67.50	69.00	61.00	61.00	60.50	57.00	52.50
Oct	2009	mean	85.00	70.60	74.60	74.40	65.40	61.00	63.00
May	2010	mean	57.00	62.71	63.00	58.57	69.71	50.71	47.57
Oct	2010	mean	77.71	87.86	80.71	82.00	83.43	73.71	74.71
May	2011	mean	77.50	67.00	69.50	62.00	76.50	73.50	71.00
Oct	2011	mean	74.71	83.14	76.29	73.43	79.86	81.71	78.43
Oct	2012	mean	84.45	82.45	81.82	77.45	90.36	83.36	83.36
Oct	2013	mean	84.50	75.30	76.70	69.40	82.90	78.30	76.40
OVERALL MEAN			73.48	71.84	70.20	69.27	69.76	66.18	66.03
Difficulty level			7	6	5	3	4	2	1

As shown in Table 4, the examinees' rating for the last three examinations (2011 to 2013) had increased above 75%, except for October 2011 Theory of Accounts and Auditing Theory and October 2013 Auditing Theory. It can also be gleaned on the table that for the whole eight years of exams, Practical Accounting 2 ranked the most difficult followed by Practical Accounting 1, Auditing Theory and Auditing Problems.

Moreover, during the last three years (2011-2013) the difficult subjects were Auditing Theory, Business Law and Taxation, Management Services and Theory of Accounts. The transition may be due to lack of qualified faculty members and lack of time to further students' mastery of these subjects.

Board rating evaluation based on respective batch or year of graduation

When the data were arranged based on batch, Table 5 reveals that Batch 2011 to 2013 had better ratings compared to the previous years. Their mean per subject would generally be above the minimum board rating of 65%, but majority of its ratings were above the passing rate of 75%.

Table 5. Mean rating of students' board exam per subject per batch or year of graduation

			Theory of Accounts	Business Law and Taxation	Mgt. Services	Audi- ting Theory	Audi- ing Proble ms	Practical Accntng 1	Practical Accntng 2
1	2006	mean	57.93	63.40	55.13	58.40	50.07	46.53	52.67
		ranking	5	7	4	6	2	1	3
2	2007	mean	66.78	70.44	66.56	64.56	63.78	58.44	64.11
		ranking	6	7	5	4	2	1	3
3	2008	mean	69.85	65.46	62.69	64.23	62.38	63.00	59.62
		ranking	6	7	3	5	2	4	1

(Table continues)

			Theory of Accounts	Business Law and Taxation	Mgt. Services	Audi- ting Theory	Audi- ting Proble ms	Practical Accntng 1	Practical Accntng 2
4	2009	mean	69.82	67.45	66.82	66.27	64.91	53.55	56.00
		ranking	7	6	5	4	3	1	2
5	2010	mean	70.56	75.33	73.44	72.56	75.56	68.33	67.11
		ranking	3	7	5	4	6	2	1
6	2011	mean	80.17	88.17	82.50	76.00	86.83	90.33	85.00
		ranking	2	6	3	1	5	7	4
7	2012	mean	86.70	84.50	85.30	79.80	93.10	87.70	86.80
		ranking	4	2	3	1	7	6	5
8	2013	mean	86.56	77.11	79.78	70.56	84.22	80.89	79.44
		ranking	7	2	4	1	6	5	3
		OVERALL MEAN	73.55	73.98	71.53	69.05	72.61	68.60	68.84
		Difficulty level	6	7	4	3	5	1	2

The most difficult subjects would be Practical Accounting 1 followed by Practical Accounting 2 and Auditing Theory.

Table 5 further shows that in recent years(2012 and 2013), students were weakest in Auditing Theory and Business Law and Taxation.

CONCLUSION AND RECOMMENDATION

Conclusion

The results and performance of Accountancy students are manifestation of the school's competency and effectiveness as a learning institution.

The following conclusions were drawn from the findings:

1. Out of 100 students, 46 became Certified Public Accountants from 2006 to 2013.
2. It took a maximum of five times before a candidate became a licensed certified public accountant.
3. Practical Accounting 2, Practical Accounting 1 and Auditing theory were difficult exams for both date of exam and batch of graduates

Recommendation

The researcher proposed the following recommendations:

1. Increase the number of passers in the CPA Licensure examinations through the following measures:
 - 1.1. Re-evaluate of the different course syllabi based on PRC and Board of Accountancy recommendations vis-à-vis actual board syllabus;
 - 1.2. Implement stricter selective admission and retention policy;
 - 1.3. Implement review for qualifying examinations to students;
 - 1.4. Administer comprehensive examinations to graduating students to determine their strengths and weaknesses based on course. The problem should be a simulation of the problems in the actual board exams; and,

- 1.5. Hold a boot-camp for graduating students.
2. Conduct a tracer study of students who graduated in the accountancy program, considering the following:
 - 2.1. Determine non-CPA graduates—where they are currently employed and the possibility of guiding them if ever these students plan to take the board examinations.
 - 2.2. Determine any possible linkage building with our CPA graduates who in turn can serve as inspirational speakers or classroom resource speakers for enrichment of the undergraduate students.
3. Improve performance of our graduates on Practical Accounting 1, Practical Accounting 2 and Auditing theory through the following measures:
 - 3.1. Instructor should review their syllabi on the said course to include recent trends, developments and industry exposures.
 - 3.2. Instructors should include new methodologies and techniques in their syllabi.
 - 3.3. Instructors should give their students simulation of the problems given in the actual board examinations.
 - 3.4. Instructors should construct exercises and instructional materials patterned from the problems

given in the CPA board examinations to develop the student's skills in answering and solving problems.

- 3.5. Invite resource speakers to shed light and provide expertise on board subjects which graduates were weak at.

Further, the researcher recommends that there should be a strategic planning session among the dean and faculty of accountancy program to ensure that the recommendations previously mentioned will be integrated in the program plans. The planning sessions may also serve as venue where various strategies may be developed to improve the passing rate of LPU-Laguna CPA candidates.

To this end, it would be advisable that a separate program coordinator for the Accountancy Program who would give full attention to the needs and directions of the program be appointed. Such position shall be with the guidance of the dean and would schedule series of academic activities for enhancing the needs of the accountancy students.

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