

## **Academic and CPALE performance of accountancy graduates' achievement across various academic subjects: Inputs for developmental activity of accountancy students**

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### **Abstract**

*This research was conducted to determine if there is a significant relationship between academic performance and the CPA Licensure Examination performance of the Accountancy graduates who took the CPA Licensure Examination in the years 2016-2019 from colleges and universities within Cavite. The results of the study would help accountancy students and those who aim to enter this field. This research uses chi-square test distribution to identify the relationship between academic and CPA Licensure Examination performance of the respondents. Results showed that there is no significant relationship between academic performance and the CPA Licensure Examination, which means that the scores of the respondents on the CPA Licensure Examination are independent of their academic performance. Meanwhile, there is a significant relationship between academic performance and CPA Licensure Examination results, implying that academic performance and CPA Licensure Examination results are related. Academic performance has a significant relationship to CPA Licensure Examination performance. Since the null hypothesis is rejected in all academic subjects, it implies that academic performance and CPA Licensure Examination results are correlated with each other.*

**Keywords:** Academic performance; Certified Public Accountant Licensure Examination; Accountancy graduates; Achievement; Academic subjects.

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### **Introduction**

The decision to pursue becoming a certified public accountant is challenging for an undergraduate student choosing their career path. Candidates who exert time and effort to survive are the ones who deserve the title. Hence, academic performance is considered as the basis for a student's quality and outcome, which leads to positive measures in their CPA Licensure Examination results. The Professional Regulatory Commission's Board of Accountancy (BOA) acknowledges that more Filipinos should pursue accounting careers to meet the growing demand for the field both domestically and internationally (Cu, 2016). Pilapil (2019) stated that "former chair of the Professional Regulatory Board of Accountancy and a board topper in 1979, Joel Tan Torres, decried the declining number of CPA board exam passers." The narrowing gap between its passing percentage and the national passing percentage may cause an alarm.

The number of licensure examination passers continues to decrease over the years. A total of 2,967 out of 6,925 examinees passed, with 42.84 percent in May 2016. In October of the same year, 5,249 out of 14,390 examinees passed, for a 36.48 percent pass rate. In May 2017, 3,389 of the 9,645 examinees, or 35.15 percent, passed, and 4,511 in October 2017. 2,843 of the 9,830 examinees passed in May 2018 and 3,616 of the 14,358 examinees passed in October of the same year.

Meanwhile, in May 2019, 1,699 out of 10,319 (or 16.46 percent) passed, and in October 2019, only 2,075 out of 14,492 examinees passed the Professional Regulation Commission's (PRC) Certified Public Accountant Licensure Examination (CPALE). If the demand for the accounting profession will continuously increase over time, then there is a need for more determined accountancy students who are able to provide a high rate of passes.

CPA licensure examination passers have been continuously decreasing overtime, so there is a chance that our country will have a hard time meeting the demand for the accounting profession. The CPA licensure examination is one of the most difficult government tests administered by the Professional Regulatory Commission (PRC), which has a relatively low passing rating. With that, accountancy graduates should be academically and mentally prepared to pass the licensure examination.

Academic performance in the following subjects, such as Financial Accounting and Reporting, Advanced Financial Accounting and Reporting, Management Advisory Services, Auditing, Taxation, and Accounting Regulatory Framework for Business Transactions, was explained because these are also the six revised subjects taken in the CPA licensure examination. Seven subjects in the CPA examination as provided in the Revised Philippine Accountancy Law of 2004, Republic Act 9298, have been in place for almost half a century. The seven subjects are Theory of Accounts, Auditing Theory, Management Services, Auditing Problems, Practical Accounting Problems P1, Practical Accounting Problems P2, and Business Law and Taxation. The Board of Accountancy (BOA) decided to make the long-overdue revisions after considering the developments surrounding the accounting profession and the demand of the various sectors of the profession, especially those in academia, during the debriefing held following the May 2015 examinations. This was because Section 15 of the Accountancy Law permits amendments to the CPA examination (Tolentino-Baysa, 2015). The highlights of the revisions are as follows: reduction in the number of subjects from seven to six, merging auditing theory and practice into one subject. Merging accounting theory and practice and distributing the pertinent topics in Theory of Accounts, Practical Accounting I, Practical Accounting II into Financial Accounting and Reporting, and Advanced Financial Accounting and Reporting, Segregating Business Law and Taxation into Taxation and Regulatory Framework for Business Transactions and renaming Management Services to Management Accounting Services.

The highest producers of CPAs in the Philippines belong to schools from the National Capital Region and CALABARZON in terms of numbers (Laguador & Refozar, 2020). In Cavite, one of the highest producers of CPAs in the Philippines, researchers wanted to know if there was a significant relationship between academic performance and the CPA Licensure Examination results of the respondents and to identify if the academic performance can foresee the possibility of passing the CPA licensure exam. Respondents' personal recommendations would be used for developmental activities to enhance the academic performance of BSA students and those who aim to enter this field. This serves as a guide and motivation to continuously work on the goal, becoming a Certified Public Accountant (CPA) and fighting for a declining rate of CPA passers.

An institution's graduates' success in regulatory examinations serves as an indicator of their competence. The study determined the level of students' academic performance, aspirations, attitudes towards accounting, and study habits. It also stated that the performance of the graduates in the Certified Public Accountant (CPA) licensure examination, as well as the relationship between their academic performance, contribute to having a favorable attitude towards accounting. Good academic performance gives an assurance of passing the CPA board examination (Ballado-Tan, 2014).

The cumulative grade point average of accounting graduates had a positive relationship with the CPA board examination (Salcedo et al., 2021). According to Howell and Heshizer (2008), aspiring CPAs with high grade point averages (GPAs) are likely to possess a deeper comprehension of accounting, which would help them prepare for the CPA exam. GPA is an indication of success on tests during a student's college career, so a high GPA would be expected to correlate with fewer attempts to pass the CPA exam.

### ***Academic Performance***

The students' academic performance or achievement, generally, reflects the capability of a student. It is crucial for students to achieve their own personal goals, ambitions, and targets. In addition, students with excellent academic performance can meet the demand in the employment market. Studies on the effect of educational background on academic performance have discovered significant positive relationships between prior academic achievement, prior accounting knowledge, and students' academic performance (Byrne & Flood, 2008; Jones & Wright, 2011; Lianza, 2016).

The findings of Pachejo and Allaga (2014) that academic average correlate positively with the ratings of the licensure examination coincide with the findings of Herrero (2015), which implies that the academic performance of accounting graduates had a positive relationship with the CPA board examination. They further stated that grades also present a clear picture of how far a student's performance and achievement have reached the required standard. Generally, good academic performance gives assurance of passing the CPA board examination (Ballado-Tan, 2014).

Ballado-Tan (2015) investigated the relationship of curriculum, program of studies, instruction, admission and retention, administrative support to instruction and physical facilities and resources with the performance of graduates in the CPA licensure examination. She also wrote that research-based innovative and continuous intervention programs must be undertaken to improve the graduates' performance in the CPA Board examination.

### **Statement of the Problem**

This study aims to determine the academic and CPALE performance of accountancy graduates' achievements across various academic subjects. Specifically, the study aims to answer the following questions:

1. What is the academic performance of accountancy graduates?
  - 1.1 Financial Accounting and Reporting
  - 1.2 Advanced Financial Accounting and Reporting
  - 1.3 Management Advisory Services
  - 1.4 Auditing
  - 1.5 Taxation
  - 1.6 Regulatory Framework for Business Transaction
2. What is the performance of the respondents based on their CPA licensure examination result?
3. What is the academic performance of the respondents when grouped according to their CPA licensure examination performance?
4. Is there a significant relationship between the academic performance and CPA licensure examination performance of the respondents?
5. What are the recommendations of the respondents as input for developmental activity of BSA students?

### **Hypothesis**

There is no significant relationship between academic performance and the CPA licensure examination results of the respondents.

## Methodology

### *Research Design*

Documentary analysis is a form of qualitative research that uses a systematic procedure to analyze documentary evidence and answer specific research questions. Like other methods of analysis in qualitative research, document analysis requires repeated review, examination, and interpretation of the data to gain meaning and empirical knowledge of the construct being studied. Documentary analysis can be conducted as a stand-alone study or as a component of a larger qualitative or mixed methods study, where it is often used to triangulate findings gathered from another data source. Since this study measures data that already exists, which is the academic performance of Accountancy graduates and their CPA Licensure Examination Performance, it would also determine the correlation of these variables. This is generated using a researcher-made questionnaire.

### *Respondents of the Study*

The researchers considered the 96 accountancy graduates from different colleges and universities in the Cavite vicinity. Researchers did not include the demographic profile of the respondents since it does not have relevance to the purpose of the research paper. The researchers used Slovin's formula to calculate the appropriate sample size of the population, with 90% confidence level according to the responsiveness of the respondents. The number of Accountancy graduates from different colleges and universities within Cavite who took CPALE in the years 2016 (284), 2017 (265), 2018 (286), and 2019 (194) totaled to 1,029 passers. Since the respondents were accountancy graduates who took CPALE in the years 2016-2019, they were not that responsive.

### *Statistical Treatment*

Responses in the questionnaires were tallied, tabulated, and recorded according to the statistical tools. The study adopted the percentage distribution to identify whether graduates were approaching proficiency, proficient, or advanced in their academic performance and whether they passed the subjects based on CPA licensure examination performance. The Chi-square test was used to determine the significant differences between the academic performance and CPA licensure examination results. Advanced the following subjects, such as Financial Accounting and Reporting, Advanced Financial Accounting and Reporting, Management Advisory and Services, Auditing, Taxation, and Regulatory Framework and Business Transactions. These statistics can be evaluated by comparing the actual value against a critical value found in a Chi-square distribution (where degrees of freedom are calculated as number of rows – 1 x number of columns – 1).

## Results and Discussion

**Table 1.** Academic performance of the respondents

Subjects	Approaching Proficiency (80-84)	Proficient (85-89)	Advanced (90-100)
Financial Accounting and Reporting	35.42%	31.25%	33.33%
Advanced Financial Accounting and Reporting	41.67%	33.33%	25.00%
Management Advisory Services	33.33%	38.54%	28.13%
Auditing	37.50%	36.46%	26.04%
Taxation	51.04%	29.17%	19.79%
Regulatory Framework and Business Transactions	44.79%	33.33%	21.88%

Table 1 shows the academic performance of the respondents on different subjects. This shows that most respondents got an academic performance of 80-84 (Approaching Proficiency) in Financial Accounting and Reporting (35.42%), in Advanced Financial Accounting and Reporting (41.67%), in Auditing (33.93%), in Taxation (51.04%), and in Regulatory Framework and Business Transactions (44.79%). These subjects may be difficult for students, which were commonly the range for maintaining grades. Meanwhile, many respondents (38.54%) got an academic performance of 85-89 (Proficient) in Management Advisory Services, which they did well. It also shows that the percentages of the respondents for those academic performance show a slight difference in different subjects, yet some still managed to get high.

**Table 2.** CPA Licensure Examination performance of the respondents

<b>Subjects</b>	<b>Passed</b>	<b>Conditional</b>	<b>Failed</b>
Financial Accounting and Reporting	80.21%	3.13%	16.67%
Advanced Financial Accounting and Reporting	77.08%	5.21%	17.71%
Management Advisory Services	80.21%	4.17%	15.63%
Auditing	72.92%	4.17%	22.92%
Taxation	66.67%	6.25%	27.08%
Regulatory Framework and Business Transactions	73.96%	7.29%	18.75%

Table 2 shows the CPA Licensure Examination performance of the respondents on different subjects. Based on the table, most of the respondents were able to pass the subjects such as in Financial Accounting and Reporting (80.21%), Advanced Financial Accounting and Reporting (77.08%), Management Advisory Services (80.21%), Auditing (72.92%), Taxation (66.67%), and Regulatory Framework and Business Transactions (73.96%). This shows that most respondents did well in all subjects during their CPA licensure examination.

**Table 3.** Academic performance of the respondents who passed the subjects when grouped according to their CPA Licensure Examination performance

<b>Subjects</b>	<b>Approaching Proficiency (80-84)</b>	<b>Proficient (85-89)</b>	<b>Advanced (90-100)</b>
Financial Accounting and Reporting	29.87%	32.47%	37.66%
Advanced Financial Accounting and Reporting	35.14%	37.84%	27.03%
Management Advisory Services	32.47%	35.06%	32.47%
Auditing	31.43%	37.14%	31.43%
Taxation	43.75%	29.69%	26.56%
Regulatory Framework and Business Transactions	39.44%	35.21%	25.35%

Table 3 indicates the respondents who passed the following subjects on their CPA Licensure Examination and their corresponding academic performance. Results showed that graduates got an approaching proficiency academic performance on the subjects Taxation (43.75%) and Regulatory Framework and Business Transactions (39.44%), while those with proficient academic performance passed the subjects Advanced Financial Accounting and Reporting (37.84%), Management Advisory Services (35.06%), and Auditing (37.14%) and those with advanced academic performance passed the subject Financial Accounting and Reporting (37.66%). This table reveals that most of the respondents managed to maintain the knowledge and pass the CPA licensure exams, which showed a positive outcome when having different academic performances.

**Table 4.** Academic performance of the respondents who conditionally passed the subjects when grouped according to their CPA Licensure Examination performance

Subjects	Approaching Proficiency (80-84)	Proficient (85-89)	Advanced (90-100)
Financial Accounting and Reporting	66.67%	33.33%	0%
Advanced Financial Accounting and Reporting	80.00%	20.00%	0%
Management Advisory Services	75.00%	25.00%	0%
Auditing	75.00%	25.00%	0%
Taxation	83.33%	16.67%	0%
Regulatory Framework and Business Transactions	57.14%	28.57%	14.29%

Table 4 indicates the respondents who are conditional on the following subjects on their CPA licensure examination performance and their corresponding academic performance. This table reveals that most of the respondents who have 80-84 (approaching proficiency) leads them to have these subjects conditionally passed: Financial Accounting and Reporting (66.67%), Advanced Financial Accounting and Reporting (80.00%), Management Advisory Services (75.00%), Auditing (75.00%), Taxation (83.33%), and Regulatory Framework and Business Transactions (57.14%) subjects that are conditional. On Regulatory Framework and Business Transactions, there are at least 14.29% of the respondents who have 90-100 (advanced) academic performance yet still resulted as conditional, which is an indication of difficulty on their CPA licensure exam.

**Table 5.** Academic performance of the respondents who failed the subjects when grouped according to their CPA Licensure Examination performance

Subjects	Approaching Proficiency (80-84)	Proficient (85-89)	Advanced (90-100)
Financial Accounting and Reporting	56.25%	25.00%	18.75%
Advanced Financial Accounting and Reporting	58.82%	17.65%	23.53%
Management Advisory Services	26.67%	60.00%	13.33%
Auditing	50.00%	36.36%	13.64%
Taxation	61.54%	30.77%	7.69%
Regulatory Framework and Business Transactions	61.11%	27.78%	11.11%

Table 5 indicates the respondents who failed the following subjects on their CPA licensure examination performance and their corresponding academic performance. This table reveals that most of the respondents who have 80-84 (approaching proficiency) academic performance led them to fail on their CPA licensure exam on these following subjects: Financial Accounting and Reporting (56.25%), Advanced Financial Accounting and Reporting (58.82%), Auditing (50.00%), Taxation (61.54%), and Regulatory Framework and Business Transaction (61.11%) subjects. On Management Advisory Services, most of the respondents who failed got an academic performance of 85-89 (proficient) with a percentage of 60. Respondents with advanced academic performance in all subjects exist, but their proportion is small when compared to those with approaching proficiency in academic performance. Having low academic performance can probably affect performance on the CPA licensure examinations if students do not pay much attention to those subjects that they find hard.

Table 6 shows the significant relationship between the academic performance and CPA Licensure Examination performance of the respondents on the following subjects, whether to accept or reject the null hypothesis. The decision for the null hypothesis has two interpretations: There is a significant relationship between academic performance and the CPA licensure examination performance. This means that the results of the respondents on the CPA licensure examination are dependent on their academic performance. There is no significant relationship between academic performance and CPA licensure examination results, implying that the variables are not related.

**Table 6.** Significant difference between the academic performance and CPA licensure examination performance of the respondents

Subject	df	Critical Value	Computed Value	Decision
Financial Accounting and Reporting	8	15.51	48.26	Reject
Advanced Financial Accounting and Reporting			54.92	Reject
Management Advisory Services			41.06	Reject
Auditing			49.03	Reject
Taxation			60.82	Reject
Regulatory Framework and Business Transactions			35.84	Reject

The table reveals that all subjects have higher computed values than the critical value. This means that the null hypothesis is rejected, which means that the academic performance of the respondents has a significant relationship to their CPA licensure examination performance.

Accountancy students should be exposed to the outside world of accounting. More computer-related subjects should be included in the curriculum. Outside the accounting world, most of the time is spent doing Excel spreadsheets, creating PowerPoint presentations, filing Bureau of Internal Revenue (BIR) Forms, and using other systems such as SAP. A columnar worksheet and friction pen are almost never used.

They also recommend removing qualifying examinations, which would force students who are failing their accounting courses to change courses. Instead, curriculum developers should focus on improving the standard of teaching and examinations and find the root cause of why many accountancy students fail and address the issue.

Accountancy students should learn the fundamentals of accounting, understand the principles, and analyze the concepts rather than memorize, because it will serve as a solid basis of understanding. Study habits such as advanced reading and note-taking are important so that they can review topics when examinations come around to avoid cramming. Students must have a list of references and try to solve as many problems as they can. They should never be afraid of a low score, as their aim is to pass the CPA board examinations, regardless of their mock score. Students should focus on their goal to become a licensed accountant without any distractions and maintain a healthy balance between school and life. If the lesson is too hard, and they have a hard time understanding, they will never be afraid to ask for help from their seniors or professor.

We, as accountancy students, are also having a hard time being consistent on those things that should be done as part of being an accountancy student. We commonly hear about time management, advanced studies, and focus. It is easy to plan and start those things, but what is not easy is to be consistent. Students should never stop learning and searching for the answers to the questions of why and how. Studying accounting is not just a definition to memorize; it is more like a real-life experience to understand and comprehend. You may find yourself creating your own ways based on what you understand. We may find hardships along the way, but what is important to bear in mind is the reason we entered this path in the first place.

## Conclusions

The study was conducted to determine if there is a significant relationship between academic performance and the CPA Licensure Examination performance of the respondents. It aims to identify if their academic performance can foresee the possibility of passing the CPA licensure exam. Respondents' personal recommendations would be used for developmental activities to enhance the academic performance of BSA students and those who aim to enter this field.

Ninety-six accounting graduates from various colleges and universities in Cavite took the CPA licensure examination. There is no significant relationship between academic performance and the CPA licensure examination results of the respondents. If the academic performance of accountancy graduates is good, then it has a positive result on their CPA licensure examination performance. According to the results, subjects such as Financial Accounting and Reporting, Advanced Financial Accounting and Reporting, Auditing, Taxation, and Regulatory Framework and Business Transactions do not have a significant relationship to the academic performance of students with their CPA licensure examination performance. While the subject, Management Advisory and Services, academic performance has a significant relationship to their CPA licensure examination performance.

Based on the gathered data, findings show that all subjects, which are Financial Accounting and Reporting, Advanced Financial Accounting and Reporting, Management Advisory and Services, Auditing, Taxation, and Regulatory Framework and Business Transactions, have a significant relationship between academic and CPALE performance.

Having a good academic performance during the academic years has something to do with the possibility of passing or failing the CPA Licensure Exam. Since there is a significant relationship between academic performance and the CPA licensure examination results, academic performance and the CPA licensure examination results are related. Although this research found out that there is no significant relationship between the academic performance of graduates in the CPA licensure examination and their ability to be motivated, the study suggests that academic performance still plays a significant role in being goal driven in the examination.

## Recommendations

For accountancy students and those who aim to enter this field, having a good foundation in accounting is very important so that you will understand the topic discussed and be able to master it along the way until the CPA Licensure Examinations. Respondents who failed and have conditional subjects on CPALE are likely to have a high academic performance of 90-100, which is advanced. Researchers suggest that Accountancy students learn the fundamentals of accounting, understand the principles, and analyze rather than memorize, because it will serve as a solid basis of understanding and application, just like what the respondents recommend.

Students should not be overconfident because they are performing well in their academics, as they will also perform well in their CPALE. Researchers recommend students to continue studying even if they feel like they have mastered everything in their course. The new challenge that may affect the incoming accountancy board takers are the high expectations due to the declining passing rate. Researchers suggest that students do not overwork themselves, as they might get burned out, which could be worse for their health. Future researchers should identify other factors that could improve licensure examination performance. Identification of the other possible variables could ensure success in the licensure examination performance.

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