



Violeta V. Vicente

The Performance of Accounting Graduates in the CPA Licensure Examinations May, 1977 to October, 1986

THE ACCOUNTANCY PROFESSION is now in its sixty-fifth year since its official recognition in March, 1923. The profession has grown by geometric progression since then. There are at present more than 75,000 certified public accountants (CPAs) registered in the Philippines, according to the Professional Regulation Commission (PRC) records. As observed by many professionals and academicians, the proliferation of business schools started in 1950, the year when a number of business firms were organized. This gave rise to a big demand for accounting graduates.

The number of CPA candidates grew from year to year--from only 10 or 20 to more than 23,000 as registered in 1984. Schedule A shows the yearly examinees who took and passed the CPA examinations from May 1977 to October 1986, a ten-year period, covering 20 examinations.

The percentage of passing in the CPA Licensure Examinations has not improved since the first examination. Various theses have since then been written and defended, pinpointing the causes of the large failure percentage experienced by the candidates. The accounting education curriculum has been studied, revised, and improved a number of times. For instance, the first few examinees had to earn only 120 units, provided they comply with the minimum requirements set for accounting and auditing, commercial law, and other subjects. This was changed only during the late '60s when the subjects in the licensure examinations were increased from four to eight. The candidates were also allowed to pass by installment, i. e., passing the examinations in two sittings.

The topical coverage in the different subjects has been expanded to include the current developments in the profession. The CPA syllabi had been prepared and revised for the third time now. But despite these efforts, varied reactions have been received from the different

Professor Vicente is the vice chairperson and an academic chairholder of the Accountancy department of the DLSU College of Business and Economics. She has authored and co-authored accounting books and instructional materials both in basic and advanced accounting. She is a member of the Accounting Standards Council of the Philippines.

sectors of the end users of the accounting graduates' services.

Articles have been written and various dialogues and conferences have been held on the need to improve the quality of accounting education in the Philippines. However, this observation which seems relevant and valid has not been supported by any empirical study.

A pioneering move was made by the Board of Accountancy in September, 1987, when a task force was commissioned to evaluate the performance of graduates of 408 schools, colleges, and universities in 20 successive licensure examinations starting May, 1977 up to October 1986. The study as completed strongly supports a common observation made by academicians and practitioners that the quality of the accounting graduates has deteriorated. By summarizing, computing, and analyzing the secondary data provided by the Board of Accountancy, the task force submitted the following conclusions:

- (a) 88.58% of all the CPA candidates who passed the examinations were graduates of the 73 schools which fielded an average of 400 or more candidates during the ten-year period.
- (b) Majority or 82.21% of schools, colleges, and universities whose graduates take the CPA licensure examinations belong to the groups that fielded only from 1 to 399 actual candidates during the ten-year period.
- (c) Only 20.59% of all these schools registered a passing percentage above the national average. The national average which is 25.17%, was computed by dividing 42,436 by 168,570 (examinees who passed over those who took the examinations). 79.41% of the schools had passing percentages below the national average.

EVALUATING EDUCATIONAL EFFECTIVENESS

- (d) 77 of the 408 schools fielded only from one to 25 actual examinees during the period under study. These candidates did not pass the examination(s), resulting in a zero percentage of passing for the schools concerned.

Based on the results of the study, the Board of Accountancy passed Resolution No.22, series of 1988, and sent letters to heads of schools --

- (1) Informing them of their graduates' performance in the licensure examinations;
- (2) Requiring the schools to accomplish and submit to the PRC a registration form designed and prepared for monitoring purposes;
- (3) Requesting school heads to adopt immediate and necessary measures to improve their graduates' performance in future examinations; and
- (4) Informing them of the Board's planned activities aimed at enhancing the quality of accounting education, and providing each of the schools covered by the study with a copy of the Board resolution.

On June 10 and 11, 1988 a conference for a more effective accounting education was held and attended by more than 200 school administrators at the Development Academy of the Philippines. The root causes of the problems and solutions were discussed. The group agreed to conduct echo seminars on a regional basis. A regional dialogue was held in Cebu City on August 26 and 27, 1988. All these activities were supported by the PICPA Foundation, Inc. The Department of Education, Culture, and Sports officials participated actively in these two conferences. Another dialogue is scheduled in Baguio City on November 25 and 26.

The Task Force, composed of ten members representing six schools and two Philippine Institute of Certified Public Accountants (PICPA) committees, was organized on September 1, 1987. Its main objective was to study the performance of schools, colleges, and universities whose graduates take the CPA Licensure Examinations. The study covered a 10-year period from May, 1977 to October, 1986. Since two examinations were administered every year -- one in May and another in October -- the study covered 20 successive examinations.

The data furnished by the Board of Accountancy to the group did not indicate whether

- (a) The candidates taking the examination were repeaters, such as those who failed a previous examination partially or completely;
- (b) The examinees enrolled and completed a refresher or review course before taking the ex-

amination; or

- (c) The candidates or some of them were required to present an evidence that they had re-enrolled and completed 24 units in any of the subjects given in the CPA examination. This requirement has to be complied with by candidates who failed in two complete examinations.

The data did not also show the addresses of the schools.

An initial step taken was to categorize the schools. Various bases for categorization were suggested, but after a few deliberations, the group decided to use as basis the average number of examinees each school fielded per examination. Using the ten-year total, the average number of examinees was computed by dividing the total examinees per school by 20. The resulting figure, therefore, does not reflect the number of times a school has fielded its graduates. This decision was arrived at after the group consulted an expert in statistics.

During the meetings held, the Chairman and the liaison member of the Board of Accountancy were present, to facilitate the approval of the group's actions.

This procedure resulted in the formation of three groups. Group 1 consisted of colleges and universities with 20 or more average examinees, while Group 2 included schools and colleges with 10 to 19 average examinees. Group 3, which is the largest group, included schools with .05 to 9 average examinees. Shown in Table 1-A are the schools, colleges, and universities, according to this classification. As reflected in the table, only 17.89% and 10.54% belong to Groups 1 and 2, respectively. Majority of the schools, or 71.57%, fielded only from 1 to 199 actual examinees during the ten-year period.

Shown in separate tables are the schools, colleges, and universities belonging to each of the three groups. Table 2 reflects that 73 schools had 20 or more average examinees with the University of the East having an average of 1,355.3, followed by Polytechnic University of the Philippines with 740.8 average examinees per examination. Out of 73, only 22 schools had passing percentages above the national average of 25.17%. This means that only 30.14% of the 73 schools performed above the national average. The national average as well as a particular school's average were computed by dividing the total examinees who passed by the total examinees who took the examinations. The postings by school and per examination for the three groups are now in diskettes.

Table 3 shows the 43 schools belonging to the second group. These schools are those with 10 to 19 average examinees. Only seven schools, or 16.28% had passing percentages above the national average.

The third group, consisting of 292 schools, is shown in Table 4. Out of 292 schools, only 55 or 18.84% had passing percentages above the national average. This

THE PERFORMANCE OF ACCOUNTING GRADUATES

table shows that 77 schools had zero percentage of passing. This is equivalent to 18.8% of the total of 408 schools. Majority of the 77 schools fielded only one or two candidates during the ten-year period. The reasons why they fielded only one or two candidates are not known.

By combining the three groups and comparing the schools' performance with the national average, the summary, as shown in Table 1-B, clearly reflects that only 20.59% of the 408 schools, colleges, and universities obtained averages equal to or higher than the national average.

The data as analyzed show that 70.41% of all schools whose graduates take the CPA Licensure examinations have not performed according to the yardstick used in the study. This could be one cause for the complaints aired by both public and private companies who employ the accounting graduates. The common observation is that a deterioration in the quality of the accounting graduates is strongly felt.

Using the total number of candidates, the 73 schools belonging to Group 1 fielded 140,085 out of a total of 168,570, or 83.1% of all those who registered for the examinations during the ten-year period; 37,590 out of 42,436, or 88.58% of all examinees who passed came from this group.

To identify the various problems and probably offer solutions to these problems, the task force submitted the following recommendations:

- (1) All schools offering accounting as a major program must register with the PRC. This will help the Board of Accountancy in properly monitoring them.
- (2) A conference should be organized and scheduled in April or May, 1988. This will be participated in by the schools' administrators (preferably the Dean and the Department Chairperson in charge of the accounting program). Problems encountered in the administration of the program could be threshed out and more concrete guidelines could be adopted for improvement and standardization purposes.
- (3) A program of accrediting schools offering accounting as a major subject could evolve, based on a periodic appraisal of the academic program, facilities, etc., to be undertaken by the Board of Accountancy. A task force may be organized to help the Board in drafting the proposed guidelines.
- (4) Further studies could be undertaken, one of which is to determine the subjects in the licensure examination where majority of the candidates performed poorly. Another study

could be a critical analysis of the subjects in the accounting program vis-a-vis the program's objectives, considering the type of graduates the end users expect from business schools.

The task force was chaired by Ms. Violeta V. Vicente, of De La Salle University. The members were:

- Ms. Erlinda C. Pefianco - University of the East and PICPA Committee on Research and Special Studies
- Ms. Elenita B. Cabrera - St. Scholastica's College
- Ms. Annie See - University of the East, Caloocan
- Ms. Ellen Mantalaba - Polytechnic University of the Philippines
- Ms. Dorie Lee - University of Santo Tomas
- Ms. Violeta M. Calanog - De La Salle University
- Mr. Isidro Magpayo - De La Salle University
- Mr. Fernando Guhit - Far Eastern University
- Mr. Archimedes Ibay - PICPA Committee on Education

Dean Alberto Javier was the liaison Board of Accountancy member.

Table 1-A.
Grouping of Schools, Colleges, and Universities

Group of Examinees	Average No. Schools	No. of	Percentage
1	20 and more	73	17.89%
2	10 to 19	43	10.54
3	.05 to 9	292	71.57
		<u>408</u>	<u>100.00%</u>

Table 1-B.
Summary Showing the Number of Schools with Passing Percentages Above and Below the National Average

Group	national average		Total
	Above	Below	
1	22 (30.14%)	51 (69.86%)	73
2	7 (16.28%)	36 (83.72%)	43
3	55 (18.84%)	237 (81.16%)	292
	<u>84 (20.59%)</u>	<u>324 (79.41%)</u>	<u>408</u>

EVALUATING EDUCATIONAL EFFECTIVENESS

SCHEDULE A
CPA CANDIDATES
FROM 1977 to 1986

Year	Candidates who took the examinations			Candidates who passed the examinations			General	
	May	October	Total	May	October	Total	Average	
1986	7,733	10,772	18,505	1,748	2,495	4,243	23%	
1985	8,618	12,673	21,291	1,985	2,500	4,485	21	
1984	8,931	14,844	24,775	2,517	2,890	5,407	23	
1983	7,689	14,007	21,696	2,080	3,108	5,188	24	
1982	6,316	12,249	18,585	1,930	2,682	4,612	25	
1981	5,182	10,600	15,782	1,371	3,370	4,741	30	
1980	4,895	8,393	13,288	1,300	1,995	3,295	25	
1979	4,599	8,058	12,657	1,324	2,605	3,929	31	
1978	4,077	7,799	11,876	904	2,101	3,005	25	
1977	3,264	7,871	11,135	883	2,644	3,527	32	
Total	61,304	107,266	168,570	16,042	26,390	42,432	25.17%	

Note: The above figures were taken from the PRC releases of the CPA examinations results.

The author expresses her deep appreciation for the privilege of chairing the task force. This is a pioneer study on the performance of accounting graduates in the CPA Licensure Examinations. The proliferation of schools offering the accounting program has contributed to the low percentage of passing. There was no proper monitoring by the government agencies concerned. With the cooperation of all parties concerned, the 25.17% general average could be improved.

As embodied in the resolution and in order to validate the figures in the study, a conference has been scheduled on April 7 to 8, 1988, targeting only 50% of the 324 schools shown in the study. The conference will focus on the effective accounting education program and hopes to achieve the following:

- a) to determine the problems and the causes of the unsatisfactory performance of the graduates of

schools concerned;

- b) to propose solutions to improve the accounting graduates' performance in future examinations;
- c) to facilitate gathering of all pertinent information to be able to establish the profile of all schools, colleges, and universities offering the accounting program; and
- d) to recommend measures for the schools and the Board of Accountancy to implement for the purpose of enhancing the quality of accounting education.

The professional organization, particularly the Philippine Institute of Certified Public Accountants is the appropriate vehicle through which any program or activity aimed at enhancing and maintaining professional competence could be pursued.