

Performance in the Certified Public Accountant Licensure Examination of one Academic Institution in Batangas, Philippines

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Abstract - This study aimed to present and analyze the performance in the Licensure Examination for Certified Public Accountant of one Higher Education Institution in Batangas City, Philippines. The researchers wanted to discern the results of the CPA Board Exam from May 2013 to May 2015. The researchers believed that this study needs in seeking for the betterment and possible modification in teaching strategies and policies of the program. Specifically, this study sought to identify where the institution performed well in terms of examination and subjects; to determine the passing percentage and trend of performance rating of the examinees who passed the licensure examination and to develop a plan of action based from the findings of the study. The research employed the retrospective study and documentary analysis of research. Results showed that during May 2013, Theory of Accounts showed the highest performance rating and it was Business Law and Taxation and Management Advisory Services for the examination on October 2013. Management Advisory Services garnered the highest passing percentage for the examination period of July 2014 and it were Auditing Theory and Management Advisory Services for October 2014. On May 2015 examination, the results of the percentage in all subjects were appeared to be the same. The Institutional passing percentage surpasses the National passing percentage all throughout the preceding 5 CPA Licensure Examination.

Keywords: CPA Licensure Examination, Institutional Passing Percentage

INTRODUCTION

“Only fits survives”, the battle cry of anyone who accomplishes and propel to its limits. Certified Public Accountant (CPA) Licensure examination is one of the most difficult government test administered by the Professional Regulatory Commission (PRC) continues to grow and shine its prestige. The Accountancy profession has gone a long way in the global professional community. With the emersion of different companies and businesses all over the globe, there would always be a place for an accountant.

According to the Institute of Chartered Accountants in England and Wales (ICAEW) [1], the demand for professional accountants brought the need to protect the public from rogue practitioners who had the potential to damage the reputation of genuine, honest accountants. With the sustained increase in the demand for accountants, a governing body needs to be

established and licensure examinations must be passed.

Given this demands of the profession, Del Mundo [2] stated that universities offering the accountancy program must perform well, provide quality education to their students and makes sure that their students will be ready and prepared to take their licensure exam.

Lyceum of the Philippines University is dedicated to its mission of providing quality education to its students who are said to be lifelong learners, globally competitive and competent individuals[3]-[4]. The institution is committed in producing quality professionals who are ethical and dedicated in their respective fields (LPU Mission and Vision) through the implementation of Outcomes-based Education [5]-[7]. Further, the institution’s performance in the Professional Regulatory Commission licensure

examination is a reflection of their staunch in providing quality education to its students [8]. As part of the continuous growth of the university, it never stopped and is persistent to shine as they achieve different accreditations and recognitions within and outside the country [9]. The Accountancy program at Lyceum of the Philippines University – Batangas has achieved the highest level of recognition being the first level IV PACUCOA accredited program in the country. Through its modern facilities, numerous research studies, community extensions, instructional materials and other student services, the institution proved that they are being at par with other prestigious universities in the country.

However, despite of the achievements received by the institution, it aims to continuously improve and do better. The institution is always welcome in unfolding the room for improvement in order to live up to their mission of providing quality education to their students. The researchers conducted this study because of their interest in continuing BS Accountancy. They believe that this study is significant in seeking for the betterment and improvement in teaching strategies and policies of the program.

OBJECTIVES OF THE STUDY

This study aimed to assess the performance in the Licensure Examination for Certified Public Accountants from May 2013 - May 2015 in terms of date of examination and subjects; to determine the passing percentage and trend of performance rating of examinees in the CPA Licensure Examination from May 2013 - May 2015 and to develop a plan of action based from the findings of the study.

METHODS

The researchers employed the retrospective study and documentary analysis of research with the gathered documents. Retrospective studies investigate a phenomenon or issue that has occurred in the past.

Such studies most often involve secondary data collection, based upon data available from previous studies or databases. Document or documentary analysis on the other hand refers to the various procedures involved in analysing and interpreting data generated from the examination of documents and records relevant to a particular study.

The gathered information of this research came from library references, books, undergraduate theses, and online reference materials to obtain an adequate knowledge regarding the topic. From the consulted resources, the researchers conceptualized the chosen topic which was eventually proposed to the research adviser for approval. After the topic has been approved, the statement of the problem was established. The data of the past five board examinations was drafted together with the letter of request containing the favour that asked permission from the Associate Dean of the College of Business Administration of Lyceum of the Philippines University-Batangas to give us the result of Accountancy Board Exams and Performance of each examinee per subject in the last five board examination from May 2013 to May 2015.

The data gathered were encoded, tallied, interpreted and analyzed using frequency and percentage distribution. Frequency was used to determine the number of graduates who took the licensure examination, whereas percentage was used to describe the frequency of the target population in relation to the whole population of the board passers.

RESULT AND DISCUSSION

Table 1 presents the performance rating during the 2013 Licensure Examination Result. On May 2013, the passing percentage for Theory of Accounts was 88.90% wherein 8 out of 9 examinees passed. The passing percentage in the said subject increased up to 94.40% during October 2013 wherein 17 out of 18 examinees passed.

Table 1. Performance Rating on 2013 Licensure Examination Result

Subject Taken	May 2013 (N = 9)				October 2013 (N = 18)			
	Passed		Failed		Passed		Failed	
	f	%	f	%	f	%	f	%
Theory of Accounts	8	88.90	1	11.10	17	94.40	1	5.60
Business Law and Taxation	6	66.70	3	33.30	18	100.00	-	-
Management Advisory Services	6	66.70	3	33.30	18	100.00	-	-
Auditing Theory	7	77.80	2	22.20	17	94.40	1	5.60
Auditing Problems	7	77.80	2	22.20	17	94.40	1	5.60
Practical Accounting 1	6	66.70	3	33.30	16	88.90	2	11.10
Practical Accounting 2	7	77.80	2	22.20	18	100.00	-	-

Another subject in the CPA board exam is Business Law and Taxation. On May 2013, 6 out of 9 examinees passed garnering a passing percentage of 66.70%. The passing percentage improved during October 2013 wherein 18 out of 18 examinees passed with a total passing percentage of 100% in Business Law and Taxation. With regards to Management Advisory Services, the May 2013 examination got a passing percentage of 66.70% wherein 6 out of 9 examinees passed. On the other hand, the October 2013 examinees got a total passing percentage of 100%.

The performance on May 2013 in the subject Auditing Theory was 77.80% wherein 7 out of 9 examinees passed, while the October 2013 examination got 94.40% with 17 out of 18 examinees. May 2013 showed a passing percentage of 77.80% on Auditing Problems with a total of 7 out of 9 examinees. The passing percentage on Auditing Problems increased up to 94.40% wherein 17 out of 18 examinees passed. The performance of May 2013 on Practical Accounting 1 was 66.70% with 6 out of 9 examinees who passed the subject. The performance of October 2013 on Practical Accounting 1 increased the passing percentage to 88.90% wherein 16 out of 18 examinees passed. On the other hand concerning Practical Accounting 2, May 2013 got a passing percentage of 77.80% with 7 out of 9 examinees that passed the subject. The October 2013 examination raised the passing percentage in Practical Accounting 2 to 100% wherein 18 out of 18 examinees passed.

In the twenty seven (27) examinees of May and October 2013 Licensure Examination, most of the examinees who failed and contributed to a low performance rate are old graduates. It is due to the fact that October batch have a longer time to review than May batch. Likewise, repeaters often take the May Licensure Examination.

On the study made by Pido [10], review school performance has the strongest correlation with the

performance in the CPA board examination. Together with review school performance are stress management and the length of time from college graduation. Therefore, one of the possible reasons for the decrease in the passing percentage is their performance in their respective review schools and the time gap between their college graduation and the date of their examination.

Since there were more repeaters during May 2013, most probably, they took the examination a little late from their graduation. The later they took the examination, the more outdated the examinee would be in the revisions of the standards.

Table 2 shows the performance rating for the year 2014. During July 2014 a total of 3 students from LPU Batangas took the exam. The subjects which resulted to a failing grade were Theory of Accounts, Business Law and Taxation, Auditing problems and Practical Accounting 2 of which only one out of three passed. For October 2014 majority of the subjects passed having a 50% passing rate, the only 75% were Management Advisory Services and Auditing Theory.

On July 2014, Theory of Accounts and Business Law and Taxation garnered 33.30% passing rate which increased to 50% on October 2013 examination. For Management Advisory Services, it gained an outstanding rate of 100% on July 2014 examination, however it dropped to 75% only during October 2014. Auditing theory and Practical Accounting both obtained 66.7% for July 2014. With regards to October 2014, Auditing Problems showed an increase up to 75% while Practical Accounting 1 declined to 50%. Finally, 33.30% was achieved by Auditing Problems and Practical Accounting 2 in July 2014 which rose to 50% in October 2014.

Of the 7 examinees that took the July and October 2014 examination, 4 of them were repeaters. During March of 2014, there were no new graduates from BS Accountancy of LPU-Batangas due to the shifting of the program from 4 years to 5 years on 2011.

Table 2. Performance Rating on 2014 Licensure Examination Result

Subject Taken	July 2014 N = 3				October 2014 N = 4			
	Passed		Failed		Passed		Failed	
	f	%	f	%	f	%	f	%
Theory of Accounts	1	33.30	2	66.70	2	50.00	2	50.00
Business Law and Taxation	1	33.30	2	66.70	2	50.00	2	50.00
Management Advisory Services	3	100.00	-	-	3	75.00	1	25.00
Auditing Theory	2	66.70	1	33.30	3	75.00	1	25.00
Auditing Problems	1	33.30	2	66.70	2	50.00	2	50.00
Practical Accounting 1	2	66.70	1	33.30	2	50.00	2	50.00
Practical Accounting 2	1	33.30	2	66.70	2	50.00	2	50.00

As a result, from the seven candidates who took on July and October 2014 Licensure Examination, most of the examinees who failed and contributed to the low performance rate are repeaters and old graduates first timers.

Table 3. Performance Rating on May 2015 Licensure Examination Result (N = 3)

Subject Taken	Passed		Failed	
	f	%	f	%
Theory of Accounts	2	66.70	1	33.30
Business Law and Taxation	2	66.70	1	33.30
Management Advisory Services	2	66.70	1	33.30
Auditing Theory	2	66.70	1	33.30
Auditing Problems	2	66.70	1	33.30
Practical Accounting 1	2	66.70	1	33.30
Practical Accounting 2	2	66.70	1	33.30

Table 3 presents the performance of May 2015 CPA Licensure Examination. It was observed that for May 2015, 2 out of 3 of the examinees or 66.70% passed all of the subjects. Based on the given data, two of the examinees were fresh graduates. Since they were fresh graduates, they have fresh memories of their acquired learning. Also, the 2 fresh

examinees were the first batch to graduate from the 5 year curriculum of BS Accountancy here in the Institution.

Figure 1 presents the comparison of Institutional passing percentage against the National passing percentage in the Licensure Examination for Certified Public Accountants. For both the institution and the national performance, there is an increase during May to October 2013. However there is a sudden decrease in the passing percentage during the period of July to October 2014. Whereas, the recent licensure examination result of May 2015 shows a positive increase in the performance of passing rate.

It can be observed that both the national and institutional passing percentage acquired a fluctuating trend in passing rate. Also, the graph shows that for the last 5 CPA examinations, the passing percentage of LPU is higher than the national percentage. It can be due to the actions that the department took in order to increase the performance of the Institution. Likewise, it includes shifting of the BS Accountancy curriculum from 4 years to 5 years and its implementation of double review program to its undergraduates.

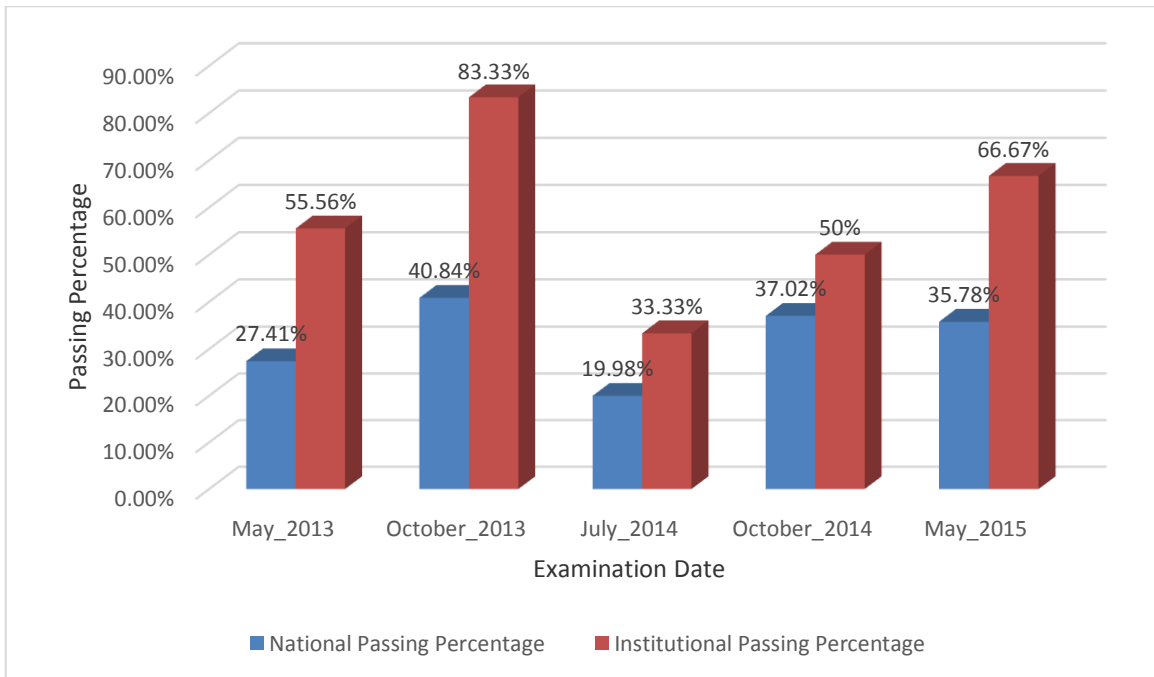


Figure 1. Performance Rating of Passers on the Licensure Examination for Certified Public Accountant from May 2013 – May 2015

Table 4. Proposed Plan of Action to improve Performance in CPA Licensure Examination

Key Result Area	Strategies/Activities	Persons Involved
Business Law and Taxation	<ul style="list-style-type: none"> • Set the required units of Income taxation from 3 to 6 units 	<ul style="list-style-type: none"> • Department Chair
Practical Accounting 2	<ul style="list-style-type: none"> • Partner with reputable review centers in Manila to conduct in-house review 	<ul style="list-style-type: none"> • College Dean, Department Chair
Auditing Problems	<ul style="list-style-type: none"> • Update the students with regards to the latest revisions on Philippine Financial Reporting Standards 	<ul style="list-style-type: none"> • Professors
CPA Licensure Examination	<ul style="list-style-type: none"> • Consider the advise when to take Licensure Examination • Distribute equally the number of fresh graduate examinees per examination date • Repeaters should be advise well before the signature for releasing their Transcript of Records • Advise students to undergo double review. First in RESA while still in their undergrad, and on CPAR upon graduation 	<ul style="list-style-type: none"> • Students • Department Chair • College Dean, Department Chair • Department Chair

CONCLUSION AND RECOMMENDATION

Theory of Accounts showed the highest performance rating during May 2013 CPA Licensure Examination while Business Law and Taxation and Management Advisory Services for the examination on October 2013. Management Advisory Services garnered the highest passing percentage for the July 2014 examination while Auditing Theory and Management Advisory Services for October 2014. On May 2015 examination, the results of the percentage in all subjects were appeared to be the same.

The Institutional passing percentage surpasses the National passing percentage all throughout the preceding five CPA Licensure Examination. The proposed plan of action was designed to help the improvement of institutional passing rate.

It is recommended that the College of Business Administration may consider the adding of 3 more units to Income Taxation. Accounting professors may provide reading materials regarding revisions on standards and its application on practice. The College of Business Administration may closely monitor the review in the performance of students in school to measure their progress in preparing for the licensure exam.

The proposed plan of action may be reviewed for further revisions and improvements. Future researchers may conduct similar studies and may consider assessing different date of examination.

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