

Becoming a CPA: Evidence from Recent Graduates

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Abstract

The demand for accountants is increasing and majoring in accounting is again very popular, but the number of accountants taking and passing the CPA exam is not keeping pace. We approach this problem by assessing potential candidates' current progress and outlook on taking the CPA exam as well as identifying certain factors that contribute to this occurrence. We collected survey data from 181 accounting alumni who had graduated from three different business schools. Our results indicated that while the overall interest in taking the CPA exam is very high, the actual follow-through on these intentions may be somewhat problematic. Nearly 20% of graduates who want to take the exam had not accumulated the necessary credits to be licensed. Moreover, of those graduates who are "exam ready", over 40% had not taken a single part, with nearly half of those graduates having been "exam ready" for more than a year. This may be due to the flexibility of the new exam which appears to be creating a procrastination mindset. Our research indicates that specific incentives and assistance were significantly related to individuals taking the exam. We also found that the level of pressure perceived from employers and the accommodations made to take the exam are rather modest. In fact, while new hires perceive that passing the CPA exam is very important to them personally, they perceive that it is of only moderate importance to their employers. These insights should prove valuable to the accounting profession in understanding how recent graduates approach the CPA exam as well as providing certain prescriptions to increase the number of candidates working toward and passing the exam.

Introduction

The Certified Public Accountant (CPA) designation has been the hallmark of the accounting profession and thus it is important to the accounting profession that recent graduates pursue the CPA designation. To become a full member of the profession it is necessary to pass the CPA exam and become a licensed professional. The majority of accounting graduates realize the importance and relevance of the CPA exam if they are planning a career in public accounting. Accounting graduates that take non-public accounting positions may also find the CPA certification to be beneficial to their careers, as "CPA preferred" is found in many accounting job postings.

During the 1990's, the number of students graduating in accounting declined (Billiot, Glandon, & McFerrin, 2004; Miller, 2003). However, recent reports suggest that majoring in accounting is again popular and experiencing growth. The number of graduates with accounting degrees has risen by nearly 19% since 2004 (AICPA 2008). While the increase in the pipeline of new accounting graduates is good news for the accounting profession, there is evidence of a relative decrease in the number of individuals taking the CPA exam (Arens & Elder, 2006; Johnson 2005; Weidman 2006), as well as passing the exam (Allen & Woodland, 2006).

While there are some anecdotal reasons given for the decline of CPA exam candidates, there is little if any empirical research for this occurrence. The purpose of this paper is to fill this void by directly examining issues related to

recent graduates taking the CPA exam. We approach this problem by determining whether new graduates actually intend to take the CPA exam and whether there are specific factors that contribute to this occurrence. Our research also looks at perceptions regarding the importance of the CPA exam, the testing patterns of recent graduates, the role employer-provided incentives and assistance play in becoming a CPA, and other corporate culture issues related to the CPA exam. To provide a clearer picture of these results, we also divide our analysis into public and non-public accounting firms. With a better understanding of how the CPA exam is approached and viewed by recent graduates, the accounting profession may be able to improve the number of candidates working toward and passing the CPA exam.

The remainder of the paper is organized as follows. The next section presents the literature review and concepts related to taking the CPA exam, the assistance and incentives offered by firms, and the influence of corporate culture on exam behavior. The third section details the methodology and specifics of our survey. The results are presented in the fourth section. Finally, the discussion and conclusions of our study as well as some limitations are provided in the last section.

Literature Review and Research Questions

The purpose of the CPA exam is to certify that CPAs have the requisite knowledge and skills necessary to protect the public interest (Boone et al., 2004; Johnson, 2003). From a firm perspective, the CPA exam acts as a form of quality control in the hiring, retention, and promotion of employees (Snyder, 2004).¹ During the late 1990s and the early part of this century there was some debate that the CPA exam was outdated and was not in line with present practices, nor was it preparing candidates for the work they were required to perform (Lasch, 2005; Turetsky & Chang, 2003). This became directly evident in a 2002 AICPA practice analysis survey of experienced CPAs. This survey revealed that entry-level accountants need to have the requisite skill to examine a business situation, identify the accounting issues and audit or business risks involved, and to communicate the relevant findings to appropriate parties (Babuin, 2003; Snyder, 2003a, 2004). After much discussion and debate as well as many exposure drafts, the AICPA implemented the “new” CPA exam in 2004. The rationale for the new CPA exam is to test candidates on their knowledge and ability to apply their skills in real-world scenarios (Lasch, 2005). The new exam focuses on a broader range of audit and attest topics and puts greater emphasis on questions relating to general business knowledge and information technology (Buchanan, Vucinic, Rigos, & Gleim, 2004; Snyder, 2003a). In addition to assessing the candidates’ computer skills (i.e., use of electronic tools such as spreadsheets, databases and word-processors), the computer-based delivery enables the evaluation of different critical skill sets through case simulations and by requiring the candidates to utilize research tools and access authoritative literature (Snyder, 2003b; Turetsky & Chang, 2003).

There was also a change in the administration of the CPA exam to provide greater flexibility to candidates. The twice-a-year paper-and-pencil exam was replaced with a computerized testing format available six days a week, during two months of each quarter of the year. The new schedule allows for much more flexibility and accessibility for candidates sitting for the exam. The new testing format also requires candidates to sit for only one part of the exam at a time, thus allowing them to focus on a specific topic. Once one part of the exam is passed, candidates have eighteen months to complete the other three sections (Johnson, 2003; Snyder, 2003b).

Taking the CPA Exam

There is some speculation that the flexibility of the new exam format is also its Achilles’ heel. Because candidates are no longer limited to taking the exam twice a year they can procrastinate taking the exam (Lasch, 2005). Even graduates with good intentions to take the exam are apt to delay taking the exam without having explicit deadlines. While the initial drop-off in candidates taking the revised exam was attributed to be a “wait and see” attitude, recently some have conjectured that procrastination may be the root of the problem (Buchanan et al., 2004). As potential candidates delay their initial exam taking and become further removed from school, they may perceive that passing the exam will be more difficult (Buchanan et al., 2004; Weidman, 2006).

¹ Firm is used as a generic term to represent any employer hiring accountants.

Family conflicts may also impede the progress of recent accounting graduates from taking the CPA exam and further the procrastination mindset. Whether they are caring for a child, parent or have other obligations, recent graduates may view the flexibility in taking the CPA exam as convenient with regard to being able to meet their obligations. If graduates face work or family conflicts, the lack of a specific test date allows potential candidates to postpone taking the exam.

Another reason that individuals may not be taking the CPA exam in a timely manner is that students may be accepting employment prior to meeting the requirements to sit for the exam and become licensed (Arens & Elder, 2006). This is in contrast to the traditional practice whereby students start to sit for the CPA exam in their last semester in school. Anecdotal evidence suggests that public accounting firms are courting students earlier in their academic career in an effort to maintain their edge in this increasingly competitive recruiting environment. Once these individuals are in the workforce and are trying to adjust to the typical work schedule associated with public accounting, they may find it difficult to take the time to continue their education and prepare and take the CPA exam (Arens & Elder, 2006). Thus, deadlines, scheduling conflicts and increased workloads may result in candidates postponing scheduled test dates.

The 150 hour requirement may be directly or indirectly influencing graduates to take alternative certifications or forego certifications in general. Bierstaker et al. (2004) found that accounting graduates were opting to pursue alternative certifications or skip certifications entirely as a result of the change to the 150-hour requirement to become a licensed CPA. The onus of taking additional coursework was suggested as a reason to pursue another accounting-related certification. Moreover, there has been a push by the Institute of Management Accountants in recent years to demonstrate the relevance of the Certified Management Accounting (CMA) certification for corporate accountants (IMA, 2007). While the CPA designation is still highly valued by employers outside of public accounting, there is likely to be stronger recognition of alternative certifications as well. Finally, there may be new graduates who start in public accounting but do not expect to work their entire career as a CPA or new graduates working in non-public accounting jobs who do not believe certification is important or aligned with their career goals.

Assistance and Incentives

Given that a smaller number of candidates are taking the exam than in previous years, firms may be offering an assortment of incentives and assistance to encourage new accountants to take the CPA exam. Of these incentives, *time* may be the most valuable form of assistance firms can offer their staff who have yet to pass the exam. Prior to the new testing format, many firms had a well-established practice of giving staff members the time off from work to take the exam (Weidman, 2006). With the exam being given just two weeks of the year, firms could avoid scheduling work or deadlines for those staff members during the scheduled test days. Presently, the lack of a specific target date makes this practice more difficult for firms to manage. While the new exam format ensures that a large group of employees will not be away from the office simultaneously to study and take the exam, this new process may reduce the firms' perceived responsibility to assist individual employees with the time necessary to study and sit for the exam (Snyder, 2004).

Providing assistance in the form of reimbursement for review courses and exam fees may encourage new graduates to take and pass the exam. Evidence suggests that greater pass rates are associated with CPA exam candidates that use review courses/materials (Lasch, 2005; Titard & Russell, 1989). With the rising costs of review programs and with more new graduates being saddled with substantial student loans from their education, firms may consider offering to pay for review materials.

Incentives, such as bonuses or pay raises, may also be offered for passing the CPA exam. Certainly in public accounting it is well known that being a licensed CPA is required for retention as well as promotion to certain levels within the firm. In some non-public accounting jobs there may be similar requirements to reach upper levels of management. However with management opportunities many years in the future, new graduates may not attach a tremendous amount of significance to passing the CPA exam because of their short-term views. By offering the

proverbial “carrot” in the form of a more immediate reward like a bonus, pay raise, or promotion, new hires may be more motivated to pass the CPA exam. Moreover, providing assistance or incentives of any form may have a larger impact on new accountants as it demonstrates to a new hire the firm’s commitment to and recognition of the importance of the CPA exam.

Corporate Culture

If becoming a CPA is truly crucial to the accounting profession then it must be part of the culture of the firms. Employers that have embedded the CPA exam into their culture would be expected to put some pressure on their employees to pass the exam as well as making certain accommodations or flexibility to enable employees to take the exam. However, perceptions of the existing corporate culture toward the CPA exam may differ between employers and employees. For instance, the CBT Volume Task Force finds that employers claim they are encouraging their employees to become CPAs; however, 77% of the candidates do not report feeling pressure from their employers to take the exam (AICPA, 2005). This study also found that while 90% of public accounting partners perceived that it is important for their staff to pass the CPA exam, only 47% of the staff believed that partners in their firm viewed passing the exam as being important. To resolve this discrepancy, firms should communicate their CPA exam policy to potential hires during recruiting and follow-up by monitoring the progress of employees toward reaching that goal.

Method

Administration

The data for this study was collected using an online survey. Letters were sent to 1390 alumni from three business schools at leading comprehensive public institutions in the Southwest region of the US.² Two hundred twenty-seven letters were returned for lack of a correct address. This provides a relevant sample of 1163. Letters were sent to alumni who graduated in the fall semester of 2003 to spring semester of 2006. We reasoned that this time period would encompass the appropriate target group that would have an opportunity to take some or all of the CPA exam. The letter asked alumni to participate in the online survey and directed them to a specific web address where results would be tabulated. Individuals were assured of complete anonymity. To encourage participation, the letter indicated that respondents could enter a drawing in which three individuals would be randomly selected to receive a \$50 prize and two \$25 prizes. To maintain anonymity, information about participants was not collected on the website. Rather, to enter the drawing the respondents were asked to send the authors their contact information via email once they completed the survey. On-line surveys were collected from 210 individuals.³ Respondents were excluded if they did not complete the entire survey, had graduated prior to fall 2003, or were not employed in accounting. This resulted in 181 usable responses and an effective response rate of 15.6%.⁴

² These business schools were located in different jurisdictions regarding testing and licensure requirements. However, there were no significant differences in subsequent tests provided in this study.

³ It is important to note that the alumni addresses over time are not reliable and that some of the letters to incorrect addresses may not have been returned. Therefore, the response rate is likely to be very conservative.

⁴ To assess a possible nonresponse rate bias we divided our sample into two groups—early and late respondents (see Oppenheimer, 1976). We analyzed the dependent measure responses and demographic information for each group. No significant differences for the dependent measures or demographic information were noted. While it is difficult to determine if nonresponse bias existed in our study, the above analysis suggests that the extent of any such bias appears minimal.

Respondents

The respondents were on average 30.2 years old and had about 18.9 months of work experience. Regarding their specific work experience, 48.6% were in public accounting, 23.8% in corporate accounting, 16.6% were in government positions, and the remaining 11% were in a variety of other accounting jobs. In terms of their educational background, 20.5% had just a bachelor's degree, 49.7% had a bachelor's degree plus additional coursework, and 29.8% had completed the master's degree. Table 1 provides complete demographic information of the respondents.

Survey

The survey collected a variety of information about the CPA exam, including the respondent's intention to take the CPA exam and whether they had met the education requirements (150 hours) for licensure. To determine the types of incentives and assistance offered by employers related to the CPA exam, respondents were asked to indicate all that were available to them.⁵ To ascertain their specific firm (or office) culture regarding the CPA exam, respondents were asked the importance that they and their employers attach to passing the CPA exam, whether they have felt pressure from their employer to take the exam, how accommodating the firm has been in assisting with their preparation for the exam, and whether they had been informed of the firm's policies regarding the CPA exam during recruitment. Respondents were also asked how many parts they had taken and completed (if any) as well as the reason for not taking any parts of the exam to date. The final section of the survey collected demographic information.

Results

Taking the CPA Exam

Among our respondents there is considerable interest in taking the CPA exam. As shown in Table 2, Panel A, 86.2% of the respondents indicated they plan on sitting (or have taken) the CPA exam; 70.2% stated that they have completed the 150 hours required to obtain the CPA license. Of those who intend to take the CPA exam, 56.4% indicated that they have already taken one or more parts of the exam, with 33.3% completing all four parts (see Table 2, Panel B). Respondents indicated that the parts taken or intended to be taken first were as follows: *Financial Accounting and Reporting* (37.9%), *Auditing and Attestation* (33.3%), *Business Environment and Concepts* (18.2%), and *Reporting Regulations* (10.6%) (see Table 2, Panel C). Respondents also stated that the primary reason for taking a part first was that it was perceived to be the most difficult followed by most familiar with the topic.

As one would expect, a significantly higher proportion of respondents who work in public accounting compared to non-public accounting positions are planning on taking the CPA exam ($\chi^2=6.32$; $p=.012$) and have taken at least one or more parts of the exam ($\chi^2=13.60$; $p<.001$). In fact, approximately 58% of all respondents who work in non-public accounting positions had not taken a single exam part despite an indication that 79.6% plan on taking the exam. About 70.2% of the respondents have the 150 hours necessary to become licensed, with a significantly greater proportion (83.0%) of those in public accounting having the necessary hours ($\chi^2=12.74$; $p<.001$).

We also examined the data in terms of the time lapse between becoming eligible to take the CPA exam and the number of exam parts taken. According to Table 2, Panel D, of those respondents who had become eligible during the last year, 58.7% had not taken any parts of the exam. Of those individuals who had become eligible between one and two years ago, only 40.4% had not taken any parts of the exam. By the time individuals have been eligible for at least three years, there are still 30.0% who have not taken the exam.

Finally, the most likely reasons for the delay in taking the exam are that their work schedule is too demanding (23.3%) and they are still attending classes (21.1%) (see Table 2, Panel E). These specific reasons for not taking the

⁵ It is important to note that in terms of assistance for review courses we did not differentiate reimbursement for outside review courses from review courses that are on site.

exam were particularly relevant for public accountants. Among non-public accountants, the responses were more varied and also included “not needed for employment,” “plan to pursue a different credential,” and “cost of exam and/or review course.” Overall, public accountants provided significantly different reasons than those in non-public accounting jobs ($\chi^2=15.02$; $p=.020$).

Incentives and Assistance

As shown in Table 3, there are a variety of incentives and assistance offered by employers to encourage employees to pass the CPA exam. Nearly 75% of all firms offered some type of incentive, with salary increases (34.3%) and bonuses (26.0%) being the most popular. Assistance comes primarily in the form of paid time-off to take the exam (41.4%), reimbursement of exam fees (40.3%) and reimbursement of review courses (35.9%).⁶ Of the respondents who indicated that they were provided paid time-off to study for the exam, the average amount of time provided was 12.5 hours per exam part.

Since the CPA exam is required for upward mobility in public accounting firms, but not necessarily for non-public accounting positions, we examined how incentives and assistance offered differs across types of firms. We found that public accounting firms in general are more likely to offer incentives and assistance than other accounting firms (see Table 3). In fact, only 14.8% of public accountants reported that their firms did not provide incentives as compared to 35.5% of the non-public accountants ($\chi^2= 10.52$; $p=.001$). Public accounting firms are significantly more likely to provide a bonus for passing the exam, reimburse exam fees and/or review courses, and provide paid time-off to study for the exam.

We also tested the relationship between having any type of incentive and taking the CPA exam. The overall chi-square results are marginally significant ($\chi^2= 3.78$; $p=.068$). Examining each incentive individually, we found that bonuses are significantly related to taking the CPA exam ($p=.015$). In testing the relationship between having any assistance and taking the CPA exam, the chi-square results are significant ($\chi^2=7.54$; $p=.006$). Individually, reimbursement of CPA exam registration fees ($p=.001$), reimbursement of review courses ($p=.047$) and paid time-off to take the exam ($p=.023$) are significantly related to taking the CPA exam.⁷

Corporate Culture

The last section of this study examines respondent perceptions regarding the importance of the CPA exam, employer pressure to take the exam and employer flexibility in accommodating studying for the exam. Individuals were asked to respond to several questions regarding these issues using a 7-point scale, where “7” implies extremely important, extreme pressure or extremely flexible. Respondents were also asked if they were informed of the CPA exam policies of their respective firms during the recruiting process.

As shown in Table 4, respondents perceived that passing the CPA exam is very important to them personally (6.0), but is less important to their employers (4.6). This is consistent with AICPA (2005) which found a similar discrepancy. We also found that respondents working in public accounting are significantly more likely to place a higher importance on passing the CPA exam ($p=.006$) and assess that their employers likewise attach a higher importance to passing the exam ($p<.001$) than non-public accountants.

Given that respondents’ perceptions of the importance placed on passing the CPA exam by their employers was only moderate, we examined whether this result is consistent with other related corporate culture measures such as the perceived level of employer pressure as well as the degree to which the employer was perceived to be accommodating in studying for the exam. Respondents reported a modest mean of 2.48 (on a 7 point scale) as to the pressure they perceived from their employer. While public accountants (3.39) reported significantly higher perceived pressure from their employers than non-public accountants (1.63) ($t=8.05$; $p<.001$), the numbers are still

⁶ Respondents could provide multiple incentives and firm assistance responses so the percentages do not sum to 100%.

⁷ We also assessed the relationship between incentives and assistance to individuals passing the exam. Overall, the chi-square results were very similar to those reported for taking the exam.

rather low.⁸ Further, the results suggested only a moderate level of employer accommodation for the CPA exam (4.08), with the results being significantly higher for public accountants (4.55) as compared to other accountants (3.63) ($t=3.32$; $p=.001$). Finally, the results indicated that only about half of the respondents were told of their firms' CPA exam policies during the interview process, with 71.6% of the public accountants being informed and 28.0% of other accountants ($t=33.78$; $p<.001$).

It could also be expected that while many individuals intend to take the CPA exam, those who have started (and possibly completed) the exam may have different perceptions and circumstances than those who have not taken any parts of the exam. The results suggest that those who have taken one or more parts of the CPA exam were significantly ($p<.05$) more likely to perceive that passing the CPA exam is important to themselves and to their employer, received more pressure from their employer, and have an employer who is more accommodating regarding studying for the CPA exam, than those who have not taken any parts at all.⁹

Ancillary Results

We ascertained respondents' perceptions of how comfortable they were in taking a computerized exam as well as whether several potential demographic measures (e.g., age, gender) influenced respondents' perceptions of the CPA exam. Respondents indicated that they were quite comfortable in taking a computerized exam as revealed by a mean assessment of 5.72 (on 7 point scale). The analysis also indicated that none of the demographic measures were related to the specific questions in this study.

Discussion and Conclusions

The demand for accountants is increasing and enrollments in accounting programs are rising. However, the number of accountants taking and passing the CPA exam is not keeping pace. To strengthen the quality of the accounting profession there should be a concerted effort by the profession to encourage new accountants, whether they work in public accounting or industry, to pursue the CPA credential (Allen & Woodland, 2006).

The results of this study provide several insights into CPA exam testing behaviors and patterns of recent graduates that have implications for the accounting profession and its members. First, we find that while the overall interest in taking the CPA exam is very high, the actual follow-through on these intentions may be somewhat problematic. Nearly 20% of graduates who want to take the exam had not accumulated the necessary credits to be licensed. Moreover, of those graduates who are "exam ready", over 40% had not taken a single part, with nearly half of those graduates having been "exam ready" for more than a year. This indicates that firms need to do more to encourage recent graduates to get started in the CPA exam process. While the actual credential may not be necessary for years down the road, we conjecture that new graduates are more likely to succeed in passing the exam if they take the exam soon after graduating. Over time, potential CPA candidates are more likely to forget material and be less apt to keep up to date on changes to GAAP. Employers should provide strict guidance to new employees to take the exam sooner rather than later to deter the procrastination mindset that the testing flexibility associated with the computerized exam can encourage.

Second, our results indicate that offering assistance and incentives to new graduates may provide them some impetus to take the CPA exam. New accountants at times have a short-term perspective of their careers and thus may need short-term incentives and assistance to achieve their goals. Employers need to be more mindful to block-off time periods for study and reimburse the costs associated with testing and review materials.

⁸ We also asked when their firms expected them to have passed the CPA exam. Eighty-two percent of respondents from public accounting firms indicated that their firms expected them to have passed the CPA exam within 2 years of being hired. It is important to note that only three other accountants indicated some expectation of pressure from their firms to pass the exam in a specific time frame.

⁹ The results are likewise significant for these measures if we compare those who have taken all 4 parts of the CPA exam to those who have not taken any parts at all.

Third, the corporate culture of firms also plays an important role in encouraging recent graduates to take the exam. Presently, the level of pressure perceived from their employers and the accommodations made to take the exam are rather modest. There also appears to be a difference in perceptions such that new hires perceive that passing the CPA exam is very important to them personally but is only of moderate importance to their employers. Firms need to make sure they inform new hires of their expectations regarding CPA certification during the interview process and follow-up on those expectations by providing new hires the opportunity and encouragement to take the exam. A structured timetable could be provided which would guide employees to certain realizable short-term goals. Firms can also assign a mentor or “study buddy” at new employee orientation and incorporate the attainment of the CPA into the annual review process.

Fourth, we found that individuals were very comfortable in taking a *computerized* exam. While there was some initial concern regarding how computer literate potential CPA candidates would be (AICPA, 2005), it appears that this concern was not well founded.

Finally, the results presented in this study must be viewed in light of certain limitations. Our study only considers accounting graduates from three business schools at leading comprehensive public institutions in states that require 150 hours to be licensed. Graduates from other types of institutions or states that do not have the 150 hour requirement may have different perceptions and plans regarding the CPA exam. In addition, the data from this study is all self-reported from recent accounting graduates. This becomes more of an issue when considering respondents’ perceptions of their employers’ behavior rather than having actual employer perceptions. This study also recognizes the fact that the computerized CPA exam is still relatively new and the pool of recent graduates from which the sample can be drawn is limited. CPA exam patterns and related behaviors observed in this study may change dramatically in the next few years. Future research could examine these issues in a follow-up study at a later time when a longer time horizon is available to provide a better indication of CPA exam testing behavior and patterns. Research could also develop and test a model that could predict which factors influence individuals to sit and pass the CPA exam.

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TABLE 1
Demographics

Panel A: Continuous Measures			
	Min	Max	Mean
Age	21	54	30.2 years
Months of work experience	0	110	18.9 months
Panel B: Discrete Measures			
	Level	n	%
Gender	Male	72	39.8
	Female	109	60.2
Family status	Married	82	45.3
	Children	58	32.0
Industry Affiliation	Public Accounting	88	48.6
	Corporate	43	23.8
	Government	30	16.6
	Other Accounting	20	11.0
Education Attainment	Bachelors degree	37	20.5
	Bachelors + coursework	90	49.7
	Masters degree	54	29.8

TABLE 2
Taking the CPA Exam

Panel A: CPA Plans

	Overall n (%)	Public Acct n (%)	Non-P Acct n (%)	Chi-square (p-value)
Those not planning on taking the CPA exam.	25 (13.8)	6 (6.8)	19 (20.4)	
Those planning on taking the CPA exam.	156 (86.2)	82 (93.2)	74 (79.6)	6.32 (.012)
Those who have the 150 hours required for licensure. ^a	127 (70.2)	73 (83.0)	54 (58.0)	12.74 (<.001)

^aAn additional 29 students in one jurisdiction are eligible to sit for the CPA exam but have not yet earned the 150 hours for licensure.

Panel B: Number of Parts Taken For Those Planning on Taking the CPA Exam:
($\chi^2=13.60$; $p=.009$)

Level	Overall		Public Acct		Non-P Acct	
	n	%	n	%	n	%
None	68	43.6	25	30.5	43	58.1
One	12	7.7	5	6.1	7	9.5
Two	10	6.4	8	9.7	2	2.7
Three	14	9.0	10	12.2	4	5.4
Four	52	33.3	34	41.5	18	24.3

Panel C: Specific Parts Taken First^b ($\chi^2=7.29$; $p=.063$)

Level	Overall		Public Acct		Non-P Acct	
	n	%	n	%	n	%
Auditing and Attestation	44	33.3	21	33.3	23	33.3
Business Environment and Concepts	24	18.2	12	19.0	12	17.4
Financial Accounting and Reporting	50	37.9	19	30.2	31	44.9
Regulation	14	10.6	11	17.5	3	4.4

^bThis analysis also includes those that have not taken any parts yet but have stated their intentions to take a specific part first.

Panel D: Time Lapse Between No. of Parts Taken and being Eligible to take the Exam^c
 N =156 ($\chi^2 =28.44$; $p<.028$)

Parts taken	< 1 year n=63		1 ≤ 2 years n=52		2 ≤ 3 years n=21		> 3 years n=20	
	n	%	n	%	n	%	n	%
None	37	58.7	21	40.4	4	19.0	6	30.0
One	4	6.4	4	7.7	2	9.5	2	10.0
Two	4	6.4	3	5.8	2	9.5	1	5.0
Three	6	9.5	6	11.5	1	4.8	1	5.0
Four	12	19.0	18	34.6	12	57.2	10	50.0

^c It is important to note that this table does not reflect the time lapse between becoming exam eligible and taking the FIRST part of the exam for those who have taken more than one part.

Panel E: Reason for Not Taking the CPA Exam^d ($\chi^2 =15.02$; $p=.020$)

Level	Overall		Public Acct		Other Acct	
	n	%	n	%	n	%
Work schedule too demanding	21	23.3	10	34.5	11	18.0
Family commitments	8	8.9	1	3.4	7	11.5
Still attending classes	19	21.1	11	38.0	8	13.1
Cost of exam / review course	10	11.1	2	6.9	8	13.1
Not needed for employment	13	14.4	1	3.4	12	19.7
Plan for different credential	9	10.0	1	3.4	8	13.1
Other	10	11.1	3	10.4	7	11.5

^d There were a total of 93 respondents that indicated that they had not taken the CPA exam. Of these individuals, three did not provide reasons for not taking the exam.

TABLE 3
Incentives and Assistance^a

Level	Overall n (%)	Public Acct n (%)	Other Acct n (%)	Chi-square (p-value)
Panel A: CPA Exam Incentives				
Accelerated Advancement	31 (17.1)	17 (19.3)	14 (15.1)	.531 (.466)
Bonuses	47 (26.0)	34 (38.6)	13 (13.4)	14.0 (<.001)
Salary Increase	62 (34.3)	30 (34.1)	32 (34.4)	.010 (.992)
Promotion	36 (19.9)	21 (23.9)	15 (16.1)	1.61 (.205)
None	46 (25.4)	13 (14.8)	33 (35.5)	10.52 (.001)
Panel B: CPA Exam Assistance				
Reimbursement of exam fees	73 (40.3)	54 (61.4)	19 (20.4)	30.92 (<.001)
In house study materials	20 (11.0)	12 (13.6)	8 (8.6)	1.11 (.292)
Reimbursement of review course	65 (35.9)	44 (55.0)	21 (22.5)	14.39 (<.001)
Paid time-off to study	18 (9.9)	12 (13.6)	6 (6.5)	2.53 (.112)
Paid time-off to take exam	75 (41.4)	48 (54.5)	27 (29.0)	11.75 (.001)

^a Questions related to CPA firm incentives and assistance was stated such that respondents could offer multiple responses.

TABLE 4
Importance of CPA Exam and Firm Culture Issues

	Overall Mean (Std. Dev)	Public Acct Mean (Std. Dev)	Other Acct Mean (Std. Dev.)	t-statistic (p-value)
Panel A: Importance^a				
How important is passing the CPA exam to your present employer?	4.6 (2.16)	6.06 (1.28)	3.22 (1.90)	11.69 (<.001)
How important is passing the CPA exam to you personally?	6.0 (1.75)	6.39 (1.39)	5.68 (1.94)	2.78 (.006)
Panel B: Firm culture				
How much pressure have you received from your employer to pass the CPA exam? ^b	2.48 (1.70)	3.39 (1.71)	1.63 (1.18)	8.05 (<.001)
How flexible is your firm in accommodating studying for the CPA exam? ^c	4.08 (1.89)	4.55 (1.65)	3.63 (2.02)	3.32 (.001)
Number of respondents who were informed of their company's policies regarding the CPA exam during the recruiting process.	90 (49.7)	63 (71.6)	26 (28.0)	33.78 (<.001)

^a Importance is measured on a 7-point scale where 1= Not at all important and 7=Extremely important

^b Pressure is measured on a 7-point scale where 1= None and 7=Extreme pressure

^c Flexibility is measured on a 7-point scale where 1= Not at all flexible and 7=Extremely flexible

Appendix
CPA Exam Survey

1. Do you have the 150 hours necessary to sit for the CPA exam? YES NO

IF YES, when did you complete the hours (month, year)? _____

IF NO, when do you plan to complete the hours? _____

2. Do you plan on taking the CPA exam? YES NO

3a. Indicate how important it is to your present employer that you pass the CPA exam?

1	2	3	4	5	6	7
Not at all Important						Extremely Important

3b. Indicate how important it is to you personally that you pass the CPA examination?

1	2	3	4	5	6	7
Not at all Important						Extremely Important

4. What incentive (if any) does your firm offer to pass the CPA exam? Check all that apply

_____ Accelerated advancement
 _____ Bonuses
 _____ Salary increase
 _____ Promotion
 _____ No incentives
 OTHER _____

5. Indicate how comfortable you are with taking the CPA exam as a **computerized exam**:

1	2	3	4	5	6	7
Not at all Comfortable						Extremely Comfortable

6. What form of assistance (if any) does your firm offer related to the CPA exam?
Check all that apply.

_____ Reimbursement of CPA exam registration fees
 _____ In house review course/study materials
 _____ Reimbursement of review course costs
 _____ Paid time-off to study for the exam
 _____ Paid time-off to take exam
 OTHER _____

7. If in Question 6 you stated that your firm provides you with paid time-off to STUDY for the CPA Exam, how many hours do they allow per CPA Exam Part? _____

Confidential Respondent Profile: This information will be used for data analysis purposes ONLY. Further, your responses to these questions can NOT be used to identify you individually in any way. Please completely respond to all questions. Thank you.

1. Age: _____
2. Gender: Female Male
3. Marital Status: Married Not Married
4. Do you have children living at home? Yes No
5. What is your current position in your firm? _____
6. How long have you been with your current employer (in months)? _____
7. Approximately how many accounting employees does your company have? _____
8. Which of the following best describes your employment?

 _____ Public accounting, auditing
 _____ Public accounting, tax
 _____ Public accounting, other
 _____ Corporate/industry accounting
 _____ Government
 _____ Other accounting job
 _____ Non-accounting job
9. What is the highest level of education you have completed?

 _____ Bachelor's degree
 _____ Bachelor's degree plus additional courses
 _____ Master's degree