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Does AICPA Accreditation of Nonaudit Services Add Value? The Case of Personal Financial Planning

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SYNOPSIS: The AICPA has taken the position that accreditation of CPAs in specific areas of practice is an important aspect of repositioning the CPA profession for the future. The AICPA currently offers two designations exclusively to CPAs, one of which is the Personal Financial Specialist (PFS) designation. However, the issue of accrediting CPAs by granting official AICPA designations is a complex and highly debated issue with opposing sides having compelling arguments supporting their positions.

CPAs and other professionals specializing in personal financial planning have opportunities to obtain designations other than the PFS. This paper examines the relative value of these alternative options for financial planners. Specifically, the research was designed to examine the differential effects of alternative financial-planning accreditations on users' perceptions. These perceptions relate to various professional attributes of a financial planner such as their knowledge and expertise, objectivity, and level of trust and ethics possessed. In addition, these perceptions relate to fees charged and the influence that the designation has on the public's choice of a financial planner.

Our results indicate that the CPA designation used in conjunction with the PFS designation is generally perceived to signal a higher level of professional attributes than the other designations examined in the study. In addition, a CPA with a PFS designation has a significantly greater influence on the public's choice of a financial planner than do the other designations. These results suggest that important benefits may accrue to CPAs from holding the PFS specialty accreditation.

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INTRODUCTION

The issue of accreditation of CPAs as specialists has been controversial and remains a debated issue (Barfield 1971, 1974; Davidson 1970; Graber 1972, 1973; Hanks 1974; Siegel 1977; Stone 1968). The debate has intensified since the AICPA's 1987 adoption of the Personal Financial Specialist (PFS) designation (Hall 1988; O'Connell and Werner 1993; Shambo and Eveloff 1993; Trugman and Person 1995). Accreditation of CPAs is often compared to the accreditation of specialists within the older professions of law and medicine. The legal profession has recognized separate specialties for more than 25 years. For example, through an accreditation process, an attorney who wants to demonstrate his or her expertise in tax law can become a board-certified tax attorney (O'Connell and Werner 1993). The medical profession began endorsing specialists in the early 1900s, and has more than 20 specialties and subspecialties, many of which have specialty designations (Graber 1972). In accounting, *defacto* specialization has existed among CPAs for decades in functional areas such as auditing, taxation, and management advisory services. However, no formal credentialing process was in place to specifically accredit CPAs in a particular area of practice until 1987.

In the 1970s and early 1980s, the only credentialing process available to CPAs who desired to signify an area of specialty was by means of obtaining additional designations from non-AICPA organizations. Such organizations included the Certified Financial Planner Board of Standards, the Institute of Business Appraisers, the Institute of Internal Auditors, and the Institute of Management Accountants. However, these organizations do not offer designations exclusively to CPAs. More recently, the AICPA appears to be following the lead of the legal and medical professions and other professional organizations by offering additional designations exclusively to its members. The AICPA now offers two designations exclusively to CPAs: (1) the Accredited Personal Financial Specialist (APFS) designation which was first offered in 1987,[1] and (2) the Accredited in Business Valuations (ABV) designation which was approved in October 1996.

The debate related to AICPA accreditation will most likely persist in spite of the AICPA's steadfast movement toward accrediting CPAs in specific areas of practice.[2] This debate is complex since there are various constituents involved such as the designation holder, the AICPA, and the user of the professional's services. These constituents all likely incur costs and receive benefits related to AICPA accreditation. For example, issues involving costs and benefits of accreditation to constituents include: (1) increased CPA competency, thereby protecting the public, (2) increased competitiveness with non-CPAs offering specialty services, (3) alternative sources of fees for CPAs, and (4) meeting the marketplace demand that CPAs be experts in relatively narrow niches.

AICPA specialty accreditation will likely be unsuccessful unless the designation holder perceives that the designation is valuable. That is, a CPA will have no incentive to incur the added cost of obtaining and maintaining an additional designation unless

[1] The APFS designation was changed to the Personal Financial Specialist (PFS) designation in 1992.

[2] For the AICPA and various constituents, there is ongoing interest and debate concerning specialty designations since new credentials are constantly under consideration. For example, the AICPA is currently considering an Information Technology accreditation program. In addition, there is interest and debate regarding existing designations (the PFS and ABV) in terms of promoting, regulating, and monitoring these accreditations.

holding the designation produces benefits in the form of additional market share, growth opportunities, and increased billings.[3]

Prior research on AICPA accreditation has focused on practitioners' perceptions. This research, which has primarily addressed the benefits of specialization, has provided conflicting findings. However, the benefits of AICPA accreditation that accrue to a CPA are largely contingent on how the public perceives a CPA's additional AICPA designation.[4] Accordingly, the purpose of this study is to examine the differential effects of alternative financial-planning accreditations on users' perceptions. Such users' sentiments provide insight into whether holding an AICPA specialty designation produces benefits, in the form of enhanced public perception, to the designation holder.[5]

The remainder of the paper is organized as follows. The next section provides background information on accounting specialization and AICPA accreditation of CPAs. The third section discusses the theory associated with certification. The research methodology is described in the fourth section and the data analysis and interpretation of the results are presented in the fifth section. The final section of the paper contains concluding remarks and suggestions for future research.

BACKGROUND

During the last four decades there have been numerous unsuccessful attempts to develop an accounting specialization program for CPAs by the AICPA. In the 1950s and 1960s, several committees were appointed by the AICPA to study the feasibility of establishing some type of specialization program. Although many AICPA members favored the establishment of specialty sections, some AICPA members vigorously opposed specialization programs because they believed it would have a divisive effect on the profession. As a result of this opposition, the AICPA Council continued to defer any type of specialization proposal (Izard and McKinney 1983; Lambert 1977).

In 1972, the AICPA created the Committee on Scope and Structure to study the practice of public accounting and the accreditation of CPA specialists. In 1975, as a result of the recommendation made by the Committee on Scope and Structure, the AICPA created the Special Committee on Specialization. The committee's primary purpose was to decide if there was a need to establish specialist designations for CPAs. Although the work of the committee did not lead to the development of an approved program, it established that there was a need for accrediting CPA specialists, and set forth specific standards for an accreditation program (Lewis 1989).

In 1985, the Colorado Society of Certified Public Accountants (CSCPA) established the first specialization for CPAs in the area of personal financial planning. In 1985 and 1986, the CSCPA granted the Accredited Personal Financial Specialist (APFS) designation to approximately 70 CPAs. In 1987, the AICPA integrated the CSCPA specialization program into their own specialization activities and continued to issue the APFS designation (the name was later changed to the Personal Financial Specialist [PFS]

3 There are numerous constituents and issues involved in identifying and measuring costs and benefits. Therefore, satisfying the condition that benefits exceed costs for the designation holder may be necessary, but is not sufficient, to conclude that the AICPA should continue accrediting CPAs in specific areas.

4 Other benefits to the designation holder include increased knowledge and expertise as a result of continuing education and experience requirements.

5 Although our focus is on the designation holder, we are also indirectly concerned with other constituents. Specifically, if benefits from public perception accrue to the designation holder, this is also of value to the AICPA.

designation). In the same year, the AICPA Council established the Specialization Accreditation Board (SAB) to set standards for the accreditation of specialties, to decide which specialties to recognize, and to monitor the resulting programs. The SAB was abolished in 1994.

In 1996, the AICPA Strategic Planning Committee approved a new initiative related to accreditation of specializations because it was believed that previous efforts were reactive in nature, slow moving, passive, and had limited success. As a result of this new initiative, the AICPA created a Special Committee on Accreditation of Specialization (SCAS) in 1997 to take a fresh look at accreditation of specializations. The SCAS was charged with developing an improved means for formally identifying, recognizing, advocating, and supporting new areas of specialization that warrant an accreditation program. In contrast to prior AICPA accreditation efforts, the focus of the SCAS was on a market-driven approach to accreditation of specializations.[6] The accreditation model developed by the SCAS limits the areas for possible AICPA accreditation. In general, only those services that are new or emerging will be considered for accreditation. At the recommendation of the SCAS, a new body entitled the National Accreditation Commission (NAC) was created to take ownership of the accreditation process. The NAC reports directly to the AICPA Board and is responsible for evaluating the criteria for the accreditation and maintenance requirements of a new designation (AICPA 1998).

With the AICPA's recent accreditation efforts, it is obvious that the institute is committed to a formal specialization process. However, the AICPA acknowledges that many CPAs have not supported or requested formal specializations. This is further evidenced by previous research that indicates dissension among the profession related to AICPA accreditation. Most of this research attempts to clarify the issues associated with AICPA accreditation and is generally descriptive in nature, focusing on the potential advantages and disadvantages of specialization from practitioners' perspectives (Davidson 1970; Graber 1972, 1973; Donelan and Elsea 1992; Shambo and Eveloff 1993).[7] Although substantial research has been conducted that addresses practitioners' perceptions of AICPA accreditation, there has been virtually no research examining the user perspective of AICPA accreditation. Accordingly, this study fills a void in the prior research by providing evidence related to the public (user) perception of AICPA accreditation.

THEORY ASSOCIATED WITH CERTIFICATION

Occupational certification is a form of regulation that is well grounded in the economic literature. Certification, often suggested as an alternative to licensing, has been referred to as "optional licensing" (Barron 1966) and "title control" (Shimberg 1981). Certification is a process by which an individual is granted a specified title by a governmental agency or private entity. However, an individual does not have to obtain this specified title in order to work in a profession or occupation. For example, a professional does not have to possess a financial-planning designation, nor does a CPA have to possess

[6] This market-driven approach is consistent with the current study in that we consider the user perspective of alternative specialty designations.

[7] Potential advantages include increased competency, increased competitiveness with non-CPAs, and an alternative source of fees. Potential disadvantages include fragmenting the CPA profession, promotion of narrowness which undermines the generalist, erosion of the image and credibility of the CPA designation, and confusing (rather than aiding) the public.

the PFS designation, to practice financial planning. Certification allows individuals who are certified in a particular occupation to have an attestation (or signal) to support the claim that they have met certain identifiable prerequisites and standards. Those individuals who are not certified do not have third-party attestation to support such a claim.

Screening signaling theory suggests that occupational certification exists for the primary purpose of screening out practitioners who are incompetent. Screening out incompetent practitioners takes place either by legally excluding them from the market via occupational licensing, or providing a mechanism by which competent practitioners can differentiate themselves voluntarily from incompetent practitioners. This can be accomplished by "signaling" their competence through a certification process of a credible third party (Arrow 1973; Johnson 1984; Spence 1973; Stiglitz 1975).

Johnson (1984) further categorizes screening signaling theory arrangements either as a primary or secondary screening mechanism. A primary screening classification refers to a certification arrangement that is available to any individual who can meet the requirements of certification. However, a secondary screening classification is a certification arrangement that is available only to individuals who already meet the requirements to practice a certain occupation (e.g., accountants, doctors, attorneys). The intent of a secondary screening arrangement is to allow a member of a certain occupation to signal knowledge and competency in a specialized area via an additional designation (e.g. CPA/PFS). While the CPA designation is a primary screening mechanism, AICPA specialty accreditation can be categorized as a secondary screening arrangement because AICPA specialty designations can only be obtained by CPAs.

The relative effects of alternative screening arrangements are not well understood. Secondary screening theory suggests that the professional attributes of a CPA holding an AICPA specialty designation (a secondary screening mechanism) may be perceived differently by the public than the professional attributes of an individual providing similar services who holds one or more alternative primary designations (a primary screening mechanism). Additionally, there may exist differences in perceptions related to fees charged and the influence that the designation has on the public's choice of a financial planner. In summary, screening signaling theory suggests that there may be differences in perceptions for various primary and secondary screening mechanisms of financial planners.

Hypotheses

To empirically assess the public's perception of AICPA accreditation for financial planners, the Personal Financial Specialist (PFS) designation is investigated.[8] The public's perception of the PFS designation combined with the CPA designation (CPA/PFS) is compared to the public's perception of other optional alternative designations used by individuals who provide financial-planning services. Specifically, it is compared to the CPA designation alone, the CPA designation combined with

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[8] As of March 1999, the PFS designation was held by approximately 2,500 CPAs, up from roughly 1,500 in July 1994. In order for a CPA to obtain the PFS designation from the AICPA, he or she must: (1) possess a valid CPA certificate, (2) pass an examination covering various key aspects of financial planning, (3) meet experience requirements in financial planning, (4) provide references substantiating professional experience in personal financial planning, and (5) meet the AICPA's Code of Ethics and continuing education requirements.

the CFP®[9] designation (CPA/CFP), and the CFP designation alone. These comparisons specifically examine AICPA accreditation and are referred to as Contrasts 1, 2, and 3, respectively, in the "Hypotheses Testing" section. For purposes of fully investigating screening signaling theory, three additional contrasts are performed. These include the CPA designation compared to the CPA/CFP designation (Contrast 4), and to the CFP designation (Contrast 5). Finally, the CFP designation is compared to the CPA/CFP designation (Contrast 6). Although screening signaling theory indicates that the public may perceive a difference between primary and secondary screening arrangements, we are hesitant to predict a specific direction, as explained below.

First, we are compare various screening signaling arrangements including (1) a secondary screening mechanism (CPA/PFS), (2) a primary screening mechanism (the CPA), (3) an alternative primary screening mechanism (the CFP), and (4) the combination of two primary screening mechanisms (CPA/CFP). Each screening arrangement may have differential abilities to screen and signal. For example, a potential advantage of a secondary screening mechanism (CPA/PFS) is that the PFS designation is available only to CPAs. Alternatively, a potential advantage of two primary mechanisms (CPA/CFP) is that the individual is certified by two separate third-party organizations, the AICPA and the CFP Board of Standards.

Second, we investigate several dimensions of screening signaling abilities in Hypotheses 1 through 7. A particular credential may screen and signal more favorably in some contexts, but not in others. Finally, while some research suggests that AICPA accreditation may provide a favorable signal, other research suggests that it confuses the public and may provide an unfavorable signal (Hall 1988; Siegel 1977; Shambo and Eveloff 1993). Accordingly, although we are hesitant to make specific directional predictions, screening signaling theory does suggest that there may be differences across experimental conditions. For these reasons, all hypotheses are stated in the null.

An important professional attribute for a financial planner to signal to the public is the level of specialized knowledge and expertise possessed. Accordingly, our first hypothesis is stated as follows:

H1: There is not a significant difference in the *public's perception of financial-planning knowledge and expertise possessed* among financial planners possessing alternative certifications.

As stated previously, screening signaling theory indicates that the public may perceive differences in certain professional attributes based on the financial-planning designation(s) held. Therefore, it is interesting to ascertain whether the user also perceives differences in fee structures for alternative financial-planning designations. The following two hypotheses investigate whether such differences in perceptions exist:

H2: There is not a significant difference in the *public's perception of fees charged for financial-planning services* among financial planners possessing alternative certifications.

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[9] The CFP® and Certified Financial Planner® are federally registered service marks of the Certified Financial Planner Board of Standards, Inc. As of March 1999, the CFP designation was held by 33,789 financial planners. In order to obtain the CFP designation from the CFP Board of Standards, an individual must: (1) pass an examination covering various key aspects of financial planning, (2) depending on the level of degree work completed in a collegiate setting, acquire three to five years of financial-planning-related experience, (3) ascribe to the CFP Board's Code of Ethics, and (4) meet the CFP Board's initial and continuing education requirement.

H3: There is not a significant difference in the *fees that the public is willing to pay for financial-planning services* among financial planners possessing alternative certifications.

In addition to specialized knowledge and expertise, other fundamental characteristics are important for financial planners to possess. These traits, which are broadly related to character and integrity, provide screening and signaling opportunities for financial planners to differentiate themselves from their competitors. The following hypotheses examine whether differences in perceptions exist for these attributes:

H4: There is not a significant difference in the *public's level of trust* among financial planners possessing alternative certifications.

H5: There is not a significant difference in the *public's perception of objectivity possessed* among financial planners possessing alternative certifications.

H6: There is not a significant difference in the *public's perception of ethics possessed* among financial planners possessing alternative certifications.

Our final hypothesis investigates whether the financial-planning designation held influences the choice of a financial planner. It is also stated in null form, as follows:

H7: There is not a significant difference among the influences of alternative financial planning certifications *on the public's choice of a financial planner*.

These hypotheses are tested based on the research methods and data analyses described in the following sections.

RESEARCH METHODOLOGY

This section provides a summary of the research methodology including a discussion of the research instruments, the data collection techniques, and the variables examined in the study.

Research Instruments

We used four versions of the research instrument. Each instrument presented a hypothetical case that required the subject to engage the services of a financial-planning professional. All instruments were identical with regard to the reasons for needing a financial-planning professional. The only difference in the four versions of the instrument was the designation(s) of the financial-planning professional that was being considered. Specifically, the financial-planning designation was identified as either a CPA, CPA/PFS, CPA/CFP, or CFP.[10] Information was presented in the case that described the financial-planning designation(s) of the financial-planning professional. Based on this information, the subject answered seven questions, one related to each hypothesis.

Data Collection

The participants in the study were drawn from Kiwanis organizations in six states in the southeast and southwest regions of the United States. The Kiwanis organization is comprised of business professionals including educators, government leaders, business owners and managers, salespeople, lawyers, retirees, and other individuals interested in assisting their communities. There are 8,600 Kiwanis clubs with a total membership of

[10] The CPA/PFS version of the research instrument is presented in the Appendix.

326,000 embracing every race, nationality, gender, and religion in the world. The "average" Kiwanis member is 55.1 years old, a college graduate, married, and a homeowner. He or she is an owner or manager of a firm in the $25 million or less range (http://www.kiwanis.org/kiwanis_quick_facts.html). The Kiwanis organization was used because its membership represents a cross section of the public who are generally familiar with financial-planning services and who might seek out personal financial planners. Kiwanis clubs were randomly selected from the 1996–97 Kiwanis Division Rosters covering the six states. The most efficient way to gather data was to allow the Kiwanis presidents to administer the research instruments to his or her chapter. Accordingly, the presidents of the Kiwanis clubs selected were contacted by the researchers and asked if they would participate in the study by personally administering the instrument during one of their weekly Kiwanis meetings.

To ensure that the presidents administered the instruments appropriately and to detect any potential problems with the instruments, three Kiwanis clubs were used as a pre-test. The researchers personally visited these clubs and the data-collection process was observed. At the pre-test, the presidents used the same instructional guidelines that were to be used by the presidents receiving the instruments via express mail. Also, the instruments used in the pre-test included an attachment requesting the participants' input regarding potential problems with the instruments. There were no problems observed at the pre-test nor did any of the participants have any major problems with the instruments. The research instruments were not revised as a result of the pre-test.

The number of instruments sent to a club was based on the president's estimate of the average number of members usually attending the weekly meeting. An equal number of each version of the instruments was sent to the president of each club. A package was sent via overnight mail to the president of each club that had agreed to participate in the study. This package included the research instruments (an equal number of collated versions), a letter to the president including instructions for administering the instruments, and a postage-paid envelope that could be used for returning the instruments to the researchers.

Initially, 62 Kiwanis clubs agreed to participate in the research. A total of 2,000 instruments were sent to these clubs. Ultimately, 46 Kiwanis clubs returned 688 instruments.[11] Of the surveys returned, 32 were incomplete and unusable because key data necessary for the data analysis were missing. As shown in Table 1, Panel A, this yields 656 usable responses corresponding to a relatively equal number of instruments from each of the six states.

Variables

The manipulation in the study was the type of professional designation used by the financial planner being considered (i.e., CPA, CPA/PFS, CPA/CFP, or CFP). The manipulation was between-person, so each participant was asked to consider only one of the four professional designations.

Hypotheses 1 through 6 relate to various professional attributes as well as implications of fee structures associated with a financial planner. Hypothesis 7 relates to the

[11] This response includes the three Kiwanis clubs (65 participants) used in the pre-tests. Subsequent analyses were conducted including and excluding the pre-test data to determine if there were any differences in the results, and none were detected. Also, the same research instruments were used to collect all data (i.e., no changes were made to the research instruments as a result of the pre-test).

TABLE 1
DEMOGRAPHIC CHARACTERISTICS

Panel A: Respondents' State of Residence

State	Number	Percent
Louisiana	110	16.7
Mississippi	114	17.4
Texas	101	15.4
Tennessee	103	15.7
Georgia	104	15.9
Alabama	124	18.9
Total	656	100.0

Panel B: Gender of Respondents

Gender	Number	Percent
Male	540	82.3
Female	113	17.2
Unreported	3	.5
Total	656	100.0

Panel C: Education Levels of Respondents

Education Level	Number[a]	Percent
High School	21	3.2
Some College	113	17.4
Bachelor's Degree	292	45.0
Master's Degree	136	21.0
Doctorate	87	13.4
Total	649	100.0

Panel D: Age of Respondents

Years of Age	Number[b]	Percent
Less than 30	18	2.8
30 – 39	105	16.3
40 – 49	164	25.4
50 – 59	150	23.2
Over 60	209	32.3
Total	646	100.0

Panel E: Years of Business Experience

Years of Experience	Number[c]	Percent
Less than 20	184	29.1
20 – 39	317	50.0
40 – 59	12	1.9
60 and Over	12	1.9
Total	633	100.0

[a] Seven participants did not report education level.
[b] Ten respondents did not report age.
[c] Twenty-three participants did not report years of experience.

influence that a designation(s) has on an individual's choice of a financial planner. The dependent variables for these hypotheses were obtained from responses to corresponding questions 1 through 7 of the instruments.

Several demographic characteristics were also collected from the respondents. These characteristics include the respondent's state of residence (STATE), GENDER, education level (EDLEV), AGE, number of years of business experience (BUSEXP), extent to which the subject had used financial-planning services (FPUSE), whether the subject holds a professional designation (PROFDESG), and income level (INCLEV).[12] These characteristics were deemed to possess possible explanatory power and were included in the analysis for control purposes and to reduce unexplained variance. The descriptive statistics for STATE, GENDER, EDLEV, AGE, and BUSEXP are presented in Table 1, Panels A through E, respectively.

DATA ANALYSIS

Means of Dependent Variables

As presented in Table 2, there are 180 responses for the CPA treatment level, 157 responses for the CPA/PFS treatment level, 158 responses for the CPA/CFP version, and 161 responses for the CFP version (for a total of 656 responses). The means of the seven dependent variables (DV1–DV7) are also presented in Table 2. These variables are presented in cross tabulations of the treatment levels of interest (i.e., CPA, CPA/PFS, CPA/CFP, and CFP). Although the means of the treatment levels related to each hypothesis are discussed and analyzed in detail in the hypotheses testing section, some general observations are made here.

[12] Between-cell comparisons of demographic variables revealed that randomization of participants to cells was generally achieved.

TABLE 2
Means of the Dependent Variables by Treatment Levels for All Participants
(n = 656)

Dependent Variable		Treatment Levels: CPA (n = 180)	CPA/PFS (n = 157)	CPA/CFP (n = 158)	CFP (n = 161)
DV1	(Knowledge)	57.3*	64.4	60.0	55.3
DV2	(Fees)	56.1	59.8	57.5	55.1
DV3	(Willing to pay)	47.9	51.0	47.7	44.4
DV4	(Trust)	57.3	62.3	55.8	49.1
DV5	(Objectivity)	60.6	60.3	54.9	50.1
DV6	(Ethics)	69.1	68.7	63.0	56.2
DV7	(Influence)	60.6	66.7	59.7	53.9
Grand Means		58.4	61.8	56.9	52.0

* The values in the cells represent perceptions of various attributes measured on a scale of 0 (low) to 90 (high). The original scale was 0 to 9. However, on the instruments mailed to Kiwanis organizations, an appropriate number of dash marks were placed between numerals, and participants were asked to respond by placing a / anywhere on the scale. This allowed the scale to be converted to 0 to 90 for purposes of hypotheses testing and presentation of results.

As a result of the structure of the questions presented in the instrument, higher scores reported by the subject on the scale from zero to 90 indicate a more favorable perception. As illustrated in Table 2, the grand means for the treatment levels are CPA (58.4), CPA/PFS (61.8), CPA/CFP (56.9), and CFP (52.0). Therefore, the overall means from highest to lowest are CPA/PFS, CPA, CPA/CFP, and CFP. For every measure, the CPA or CPA/PFS had the highest mean while the CFP had the lowest mean. Additionally, the CPA/PFS mean was always higher than the CPA/CFP mean.

Hypotheses Testing

The respondents' ratings on questions 1 through 7 served as the dependent variables. The independent variable of interest was the financial-planning designation (i.e., CPA, CPA/PFS, CPA/CFP, CFP), referred to as treatment (TRTMENT). A MANOVA using the seven dependent variables and treatment level as the only independent variable was performed. The results indicated that the treatment level possesses significant multivariate correlations, with a Wilks' Lamba significant F-statistic of $p < .001$. Although the Wilks' Lambda indicates whether there is an overall significance in MANOVA, it does not indicate which treatment level means are statistically different for a specific dependent variable. Therefore, given that there is a multivariate statistical significance in the model tested, seven univariate ANOVAs were estimated using treatment level and significant control variables.[13] These univariate tests provide greater detail about the relationships of the independent variables to each dependent variable. Table 3 presents a convenient summary of the ANOVA results for the significant main effects and of any significant control variables. Each of the ANOVA models indicates that (1) the independent variables have an overall significant relationship (see F-Statistic p-values in Table 3) to the dependent variable, (2) TRTMENT is significantly related to all seven dependent variables, and (3) some of the demographic characteristics significantly impact the dependent variables. Therefore, all hypotheses, stated in the null form, are rejected.

The purpose of this study is to examine the differential effects of alternative financial-planning accreditations on users' perceptions. Accordingly, appropriate contrasts of cell means must be investigated to determine any differences among the public's perception of various financial-planning designations. In order to specifically examine AICPA accreditation, the CPA/PFS designation is compared to the CPA designation (Contrast 1), to the CPA/CFP designation (Contrast 2), and to the CFP designation (Contrast 3). Contrasts 4 through 6 were performed to fully investigate screening signaling theory. These included the CPA designation compared to the CPA/CFP designation (Contrast 4), and to the CFP designation (Contrast 5). Finally, the CFP designation was compared to the CPA/CFP designation (Contrast 6). Table 4 presents a convenient summary of the contrasts of cell means. The following subsections present a discussion of the ANOVA results, the contrasts related to each hypothesis, and the implications of the results for screening signaling theory.

Hypothesis 1—Knowledge and Expertise

TRTMENT ($p < .001$) has significant explanatory power in relation to dependent

[13] We assessed the appropriateness of including various control variables in the analyses. The significant control variables identified are included in subsequent hypotheses testing to control for the influence of extraneous variables. However, the hypotheses were tested with and without the inclusion of the control variables. The significance level of the TRTMENT variable was the same, in direction and magnitude, in both sets of analyses. Discussion of the impact of these control variables is presented later in the "Additional Analyses" section.

variable (DV) 1. Therefore, H1 is rejected. An important finding is that the Contrast results (see Table 4) indicate that the public perceives a CPA/PFS to possess significantly more financial-planning knowledge and expertise than a financial planner with any of the other designations (i.e., mean for CPA/PFS is significantly greater than the means for CPA, CPA/CFP, and CFP). These findings suggest that a secondary screening mechanism is more successful than alternative primary screening mechanisms or a combination of two primary screening mechanisms in signaling expertise and knowledge of a financial planner to the public. In addition, the public perceives no difference in the financial-planning knowledge and expertise between a CPA/CFP (mean = 60.0) vs. a CPA (mean = 57.3) and a CPA compared to a CFP (mean = 55.3). However, the public perceives a CPA/CFP to possess significantly more financial-planning knowledge and expertise than a CFP.

Hypothesis 2—Fees Charged

Once again, the TRTMENT ($p < .011$) manipulation is a significant predictor of the dependent variable, providing sufficient evidence to reject H2. However, the only significant Contrast indicates that the public perceives a CPA/PFS to charge significantly higher fees for financial-planning services than does a CFP.[14] Therefore, even though the public perceives the CPA/PFS to possess superior knowledge and expertise compared to CPAs and CPA/CFPs (findings of H1), this does not result in a perception that significantly higher fees are charged. This may indicate that the public perceives a CPA (possessing the PFS) is either unable, or unwilling, to charge higher fees for financial-planning services than other CPAs. However, this may also indicate that there will be a greater demand for the services of a CPA/PFS compared to a CPA/CFP or CPA (since there is superior knowledge and expertise without resulting in higher fees).

[14] The contrast related to CPA/PFS (mean 59.8) vs. CPA (mean 56.1) is marginally significant at $p < .059$.

TABLE 3
ANOVA Results for H1–H7
Summary of Significant Main Effects and Control Variables

Dependent Variable	TRTMENT[a]	GENDER	FPUSE	STATE	PROFDESG	Overall Model F-Stat p-value
DV1 (Knowledge)	$p < .001$	$p < .016$	NA	NA	$p < .009$	.001
DV2 (Fees)	$p < .011$	NA	NA	NA	$p < .034$	.004
DV3 (Willing to Pay)	$p < .002$	$p < .009$	$p < .001$	NA	NA	.001
DV4 (Trust)	$p < .001$	NA	$p < .043$	$p < .022$	NA	.001
DV5 (Objectivity)	$p < .001$	NA	NA	NA	$p < .026$	.001
DV6 (Ethics)	$p < .001$	NA	$p < .015$	NA	NA	.001
DV7 (Influence)	$p < .001$	NA	NA	NA	NA	.001

[a] The treatment (TRTMENT) variable represents the type of financial-planning designation held. The results indicate that the designation held influences the perceptions for all dependent measures. For example, regarding dependent variable one (DV1), a TRTMENT value of $p < .001$ indicates that participants' perceptions of financial-planning knowledge and expertise differed significantly based on the financial-planning designation held by the professional. This finding holds for every dependent variable. In addition, various demographic characteristics also influenced the dependent measures.

TABLE 4
Summary of the Six Contrasts for Each Dependent Variable

Dependent Variable	Contrast 1 CPA/PFS vs. CPA	Contrast 2 CPA/PFS vs. CPA/CFP	Contrast 3 CPA/PFS vs. CFP	Contrast 4 CPA vs. CPA/CFP	Contrast 5 CPA vs. CFP	Contrast 6 CPA/CFP vs. CFP
1 (Knowledge)	CPA/PFS* (p < .001)	CPA/PFS* (p < .024)	CPA/PFS* (p < .001)	** (p < .149)	** (p < .303)	CPA/CFP* (p < .006)
2 (Fees)	** (p < .059)	** (p < .262)	CPA/PFS* (p < .020)	** (p < .461)	** (p < .603)	** (p < .223)
3 (Willing to Pay)	** (p < .099)	** (p < .093)	CPA/PFS* (p < .001)	** (p < .934)	** (p < .063)	** (p < .085)
4 (Trust)	CPA/PFS* (p < .016)	CPA/PFS* (p < .003)	CPA/PFS* (p < .001)	** (p < .482)	CPA* (p < .001)	CPA/CFP* (p <. 002)
5 (Objectivity)	** (p < .845)	CPA/PFS* (p < .009)	CPA/PFS* (p < .001)	CPA* (p < .004)	CPA* (p < .001)	CPA/CFP* (p < .018)
6 (Ethics)	** (p < .651)	CPA/PFS* (p < .001)	CPA/PFS* (p < .001)	CPA* (p < .001)	CPA* (p < .001)	CPA/CFP* (p < .001)
7 (Influence)	CPA/PFS* (p < .003)	CPA/PFS* (p < .001)	CPA/PFS* (p < .001)	** (p < .675)	CPA* (p < .001)	CPA/CFP* (p < .006

The current table identifies the specific differences among financial-planning designations.
* Indicates which treatment level is significantly greater.
** Indicates that there is no significant difference between the two treatments.
Of particular importance is the finding that whenever the CPA/PFS is compared to any other designation and differences are found, the CPA/PFS receives a more favorable perception.

Hypothesis 3—Willingness to Pay Fees

TRTMENT (p < .002) is significantly related to DV3. Therefore, H3 is rejected. As with H2, the only significant contrast involves the CPA/PFS vs. the CFP. Therefore, the public perceives a CPA/PFS to charge higher fees than a CFP (results of H2) and they are willing to pay these higher fees (results of H3). Comparisons among CPA/PFS (mean 51.0), CPA (mean 47.9), and CPA/CFP (mean 47.7) are particularly important to examine for a CPA financial planner who is considering a specialty designation. The Contrast results provide marginal support that the public is willing to pay higher fees for the CPA/PFS compared to the CPA (p < .099) and the CPA/CFP (p < .093).

Hypothesis 4—Trust

As with previous hypotheses, the TRTMENT (p < .001) variable significantly impacts the dependent variable in H4. These results provide evidence that there is a significant difference in the public's level of trust among CPAs, CPA/PFSs, CPA/CFPs, and CFPs. Therefore, H4 is rejected. Interestingly, the public perceives a significantly higher level of trust possessed by a CPA/PFS compared to a financial planner with any of the other designations. In addition, the public perceives no differences in the level of trust possessed by a CPA and a CPA/CFP. Finally, the public perceives a significantly greater level of trust possessed by a CPA and a CPA/CFP as compared to a CFP. As in H1, these findings support the contention that a secondary screening mechanism is more successful than all other combinations of screening mechanisms in signaling trust of a financial planner to the public. The results for H4 (trust) are identical to the results for H1 (knowledge and expertise) with one exception. The CPA is not perceived to have greater knowledge and expertise than a CFP, but is deemed to be more trustworthy.

Hypothesis 5—Objectivity

TRTMENT ($p < .001$) has significant explanatory power in relation to DV5, providing sufficient evidence to reject H5. As discussed below, with regard to Contrasts, the CFP designation appears to be driving the results. The results indicate that the public perceives no significant difference between objectivity possessed by a CPA and a CPA/PFS. However, both the CPA/PFS and CPA are perceived to have a significantly greater level of objectivity than a CPA/CFP or a CFP. In addition, the public perceives a significantly greater level of objectivity possessed by a CPA/CFP than a CFP. It is interesting to note that the public perceives the CPA (with or without the PFS) to display a greater level of objectivity than the CFP (with or without the CPA).

Hypothesis 6—Ethics Possessed

The results of hypothesis testing indicate that TRTMENT ($p < .001$) has significant explanatory power in predicting DV6. These results indicate that there is sufficient evidence to reject H6. The specific results are that (1) the public perceives no significant difference among ethics possessed by a CPA and a CPA/PFS, (2) the public perceives that a CPA/PFS and a CPA possess a significantly greater level of ethics than either a CPA/CFP or a CFP (Contrasts 2–5), and (3) the public perceives a significantly greater level of ethics possessed by a CPA/CFP than a CFP.

It is interesting to note that the results of H5 and H6 are identical. The public perceives a CPA (with or without the PFS) to display a greater level of objectivity (H5) and ethics (H6) than a CFP (with or without the CPA). For these two professional attributes, it appears that the PFS secondary screening mechanism is not driving the Contrast results. Rather, an alternative primary mechanism (CFP) is negatively impacting the public perception of objectivity and ethics possessed by a financial planner.

Hypothesis 7—Influence of Designation

Consistent with all prior hypotheses, TRTMENT ($p < .001$) has significant explanatory power for DV7. These results provide evidence that there is a significant difference among the influences of the CPA, CPA/PFS, CPA/CFP, and CFP designations on the public's choice of a financial planner. Therefore, H7 is rejected. The summary of Contrasts related to H7 indicates that the CPA/PFS designation has significantly greater influence on the public's choice of a financial planner than any of the other designations. In addition, there is no difference between the influence of the CPA designation and the CPA/CFP designation on the public's choice of a financial planner. Finally, both the CPA and CPA/CFP designations have significantly greater influence on the public's choice of a financial planner than the CFP designation.

The findings for H7 are important for a CPA financial planner when considering obtaining a specialty designation. First, the PFS in conjunction with the CPA (a secondary screening mechanism) provides significantly greater influence on the choice of a financial planner than a CFP in conjunction with the CPA (two primary screening mechanisms). Second, the PFS provides a significant incremental influence when compared to the CPA alone. This particular finding suggests that the secondary mechanism adds incremental influence to the primary mechanism. Finally, our results from Contrast 4 indicate that the CPA does not benefit from having the CFP when compared to the CPA designation alone (i.e., there is no significant difference between the CPA and CPA/CFP for H7, as well as for H1 through H4). In fact, having the CFP reduces the perceived objectivity and ethics of the CPA (results of H5 and H6 for Contrast 4).

Additional Analyses—Influence of Control Variables

As mentioned earlier, analysis was conducted to determine whether any of the demographic characteristics provided additional explanatory power in the hypothesis testing. Table 3 provides a summary of the demographic variables that were significant predictors of each of the dependent variables.[15] The inclusion of demographic characteristics as control variables does not impact the results of hypotheses testing, but yields several interesting findings. First, the results indicate that female participants perceive the knowledge and expertise of financial planners to be higher than do the male participants. Female participants also indicated a willingness to pay higher fees for financial planning services than did male participants. Second, participants who indicated that they had previously used a financial planner reported higher levels of perceived trust and ethics possessed by financial planners. These participants also reported a willingness to pay higher fees than did participants who had not previously utilized the services of a financial planner. This finding suggests that, in general, users of financial planners report favorable perceptions of their experiences. Finally, participants reporting that they held some professional designation reported higher perceived levels of the knowledge and trust placed in financial planners than did participants who did not hold a professional designation. These designation holders also reported an overall higher perception of the fees charged by financial planners.[16]

CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Although the AICPA is moving forward with their accreditation efforts, substantial debate continues within the profession regarding this issue. Prior research addressed this discord by focusing primarily on practitioners' perspectives of the potential advantages and disadvantages of AICPA accreditation. Presumably, in order for AICPA accreditation to be successful, it must be perceived by the public as having clear and distinct advantages over other credentialing processes offering similar designations to CPAs. This study presented an empirical investigation that examined the differential effects of alternative financial-planning accreditations on users' perceptions in order to provide insight into whether holding an AICPA specialty designation produces benefits, in the form of enhanced public perception, to the designation holder.

The results of the analysis provide empirical evidence related to AICPA accreditation of CPAs in one specific area of practice, personal financial planning. The empirical evidence presented indicates that the type of designation(s) possessed by a financial planner influences public perception. The evidence also indicates that the type of

[15] While not included in Table 3, data concerning the income level of participants was collected and analyzed. This analysis revealed that income level was not a significant predictor of any of the dependent variables.

[16] One additional difference was detected in the analysis of demographic variables. Participants from Texas perceived a lower level of trust in financial planners than did participants from Louisiana.

designation(s) held by financial planners directly influences the public's decision to use them. Generally, the results indicate that the public perceives the CPA designation used in conjunction with the PFS designation (CPA/PFS) to be preferred over (1) the CPA designation without an additional specialty designation, (2) the CPA designation combined with the CFP designation (CPA/CFP), and (3) the CFP designation by itself. Whenever a difference existed when comparing the CPA/PFS to other designations, the CPA/PFS was the preferred designation.

The results of the study expand certification theory, specifically the screening signaling theory arrangement. This theory suggests that ability can be signaled through certification and can be categorized as either a primary or secondary screening mechanism. The AICPA credentialing process is considered a secondary screening mechanism because only CPAs can obtain an AICPA designation. This study provides evidence that the public generally perceives the secondary screening mechanism used by the AICPA (CPA/PFS) more favorably than alternative primary mechanisms (CPA or CFP) as well as the combination of two primary arrangements (CPA/CFP). In addition, the analysis provides evidence that alternative primary arrangements (i.e., the CPA compared to the CFP) have largely different abilities to screen and signal, presumably as a result of the third-party credentialing organization and reputation of the credential. However, these findings may indeed be contextual in nature, applying primarily to the constructs we measure (in H1 through H7) as well as to financial-planning designations.

A limitation of the study is that it does not address all of the possible cost/benefit considerations associated with AICPA accreditation. There are numerous issues and constituents involved in making a cost/benefit analysis. Constituents include the AICPA, the designation holder, and the user of the professional's services. Our study is primarily concerned with the benefits that accrue to one constituent, the designation holder. Our findings lend insight into the potential value of AICPA accreditation because if benefits accrue to the designation holder, this is also of value to the AICPA as well as the user of the professional's services.

Since the AICPA has adopted two specialty designations and is likely to adopt others, future researchers should continue to focus on the costs and benefits (to various constituents) of the AICPA accreditation process to assure that each new credential adds value to the CPA profession. Also, future researchers should focus on the costs and benefits, to various constituents, of certifications offered by non-AICPA organizations that can be used by CPAs. An additional area that warrants future research is the identification of factors that influence CPAs to pursue additional designations. Potential factors may include (1) the extent to which CPAs specialize in particular areas, (2) the ability of the AICPA to promote specialty accreditations, and (3) the potential for an additional designation to help CPAs compete in the market for nonaudit services. The identification of such factors would provide insight to the AICPA in determining the specific areas of practice that justify the issuance of specialty designations.

The accounting literature suggests that there are compelling arguments for and against the issue of AICPA accreditation of CPAs in specific areas of practice. The results of this study suggest that there is support for (1) the AICPA to continue its mission of accrediting CPAs and (2) CPAs to pursue designations from the AICPA rather than other organizations. However, it is possible that the benefits of AICPA accreditation are only applicable to financial planning. Accordingly, future research is needed to provide continued guidance to the profession related to AICPA accreditation of CPAs in areas other than financial planning.

APPENDIX
CPA/PFS VERSION

Instructions—Please read the following before answering the questions in this section.

Assume that you are faced with the following situation: You have recently won a four million-dollar powerball lottery. You have never used a financial-planning professional, but now believe that it is prudent to engage the services of one. Considering that you have limited knowledge about financial planning and the credentials used by financial-planning professionals, you conduct research that provides the following information:

- The following five areas generally comprise financial-planning services and you believe that each area is important to your situation:

  1. Insurance Planning
  2. Investment Planning
  3. Income Tax Planning
  4. Retirement Planning
  5. Estate Planning

- There are no certification or accreditation requirements at the Federal or State levels applicable to an individual who offers financial-planning services. However, individuals offering investment advice may have to register with the Securities and Exchange Commission as an investment adviser and possess certain licenses to sell investment and insurance products.

- Your research leads you to an individual who offers financial-planning services. The individual has the necessary registration and licenses to sell investment and insurance products, five years of financial-planning experience, and the professional designations described below:

  Certified Public Accountant (CPA)—Many CPAs offer financial-planning services in addition to accounting services. Generally, in order for an individual to obtain the CPA designation and practice public accounting, he or she must have a college degree, pass an examination, and meet certain experience requirements. Many states now require an individual to have a minimum of 150 hours of college credit to include a bachelor's degree and a concentration in accounting. CPAs are licensed and regulated by individual states to practice public accounting.

  Personal Financial Specialist (PFS)—CPAs can voluntarily obtain the Personal Financial Specialist (PFS) designation issued by the American Institute of Certified Public Accountants (AICPA). The PFS designation is offered *exclusively* to CPAs (i.e., the individual must first meet all of the prerequisites for the CPA designation). Generally, in order for a CPA to obtain the PFS designation from the AICPA, he or she must possess a valid and unrevoked CPA certificate issued by a legally constituted state authority, pass an examination covering all areas of financial planning, meet experience requirements in financial planning, and provide references substantiating professional experience in personal financial planning.

1. Please indicate your perception as to the *knowledge and expertise* possessed by a *CPA / PFS* in the area of financial planning by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|

0 1 2 3 4 5 6 7 8 9

Low High

2 Please indicate your perception as to the *fees charged* by a *CPA / PFS* for financial-planning services by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

3. Please indicate the fees that you are *willing to pay* for financial-planning services provided by a *CPA / PFS* by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

4. Please indicate the *level of trust* you have in a *CPA / PFS* providing financial-planning services by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

5. Please indicate the *level of objectivity* that you perceive a *CPA / PFS* providing financial-planning services to possess by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

6. Please indicate the *level of ethics* that you perceive a *CPA / PFS* providing financial-planning services to possess by placing a / on the following scale:

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

7. When selecting a financial-planning professional, please indicate how much *influence* you would place on the fact that the individual is a *CPA / PFS* by placing a / on the following scale.

|----------|----------|----------|----------|----------|----------|----------|----------|----------|
0 1 2 3 4 5 6 7 8 9
Low High

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