

# Factors That Influence a Student's Intention to Sit for the CPA Exam

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According to the AICPA report “Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits,” hiring at public accounting firms rose 7% to reach record levels in 2013–14, and 91% of all firms said they expect to hire accounting graduates at the same or higher levels in 2015. An increase in the number of businesses, changing financial laws, increased corporate governance regulations, and increased accountability for protecting an organization's stake-holders will drive job growth.

While the demand for CPAs is good news for the profession, there is a widening gap between the number of students graduating with accounting degrees and the number of candidates sitting for the CPA exam. “The data in the Trends report is very positive overall, and the outlook for accounting students entering the profession is bright. At that same time, we've continued to see a slight widening of the gap between the number of students who are graduating with accounting degrees and the number of candidates sitting for the CPA exam, although the growth of the gap has slowed,” said Barry Melancon, president and CEO of the AICPA. “It is critical that we're producing enough CPAs to replace the retiring baby boomers and that the profession is continuing to meet the ever-changing needs of the U.S. capital markets” (Courtney L. Vien, “Hiring and Enrollments Reached Record Highs Last Year,” *Journal of Accountancy*, Aug. 10, 2015, <http://bit.ly/29T8EdD>).

Why are individuals with the necessary academic requirements to take the CPA exam deciding not to sit for the exam? The author received a grant from the National Association of State Boards of Accountancy (NASBA) to study this question.

## Survey Methods and Sample

A survey was utilized to study four factors that impact a student's intention to take the CPA exam: exam factors, cost factors, support factors, and career factors. Participants were upper-division accounting majors from six settings: a private liberal arts college located in Iowa, a private liberal arts college located in Illinois, two public universities located in Illinois, and two public universities located in Iowa. (Note that Illinois is a 120-hour-to-sit state, and Iowa is a 150-hour-to-sit state.) The survey was administered to students online.

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Of the 574 students invited to participate, 235 (41%) completed the survey. The average age of the respondents was 23. The number of male and female respondents was nearly equal, at 118 males (51%) and 115 females (49%). The respondents comprised four freshmen/sophomores (2%), 90 juniors (39%), 129 seniors (55%), and nine graduate students (4%). Of the respondents, 139 (60%) attended school in Illinois and 93 (40%) attended school in Iowa; 186 (80%) attended a public university, and 46 (20%) attended a private college or university. The number of respondents from each school ranged from 13 to 88. Respondents reported an average GPA of 3.42; 48 (21%) of respondents reported having a job offer. A total of 72 (31%) respondents completed an internship, versus 161 (69%) who did not.

## The Results

The option to sit for the CPA exam after completing 120 credit hours of education versus 150 credit hours was found to be positively associated with a student's intention to sit for the exam as soon as eligible. While almost every jurisdiction requires 150 credit hours of education for licensure, most jurisdictions only require 120 credit hours to sit for the exam. Interestingly, the majority of respondents (68%) reported that they were aware that the number of credit hours required to be eligible to take the exam differs by state; however, only 37% of the respondents were aware that they could take the exam in a jurisdiction that only requires 120 credit hours, even if they live or work in a jurisdiction that requires 150 credit hours.

The sense of urgency to sit for the CPA exam was not found to be positively associated with intention to sit for the exam as soon as eligible. This is interesting, because some CPA exam experts have concluded that there may be procrastination (or a decreased sense of urgency) on the part of candidates who are no longer limited to taking the exam just twice a year, which these results seem to refute.

A perception that exam success results from ability and effort was positively associated with a student's intention to sit for the CPA exam as soon as eligible. Conversely, a perception that exam success results from the difficulty of the exam and luck was found to be negatively associated with a student's intention to sit for the exam as soon as eligible.

Self-efficacy was found to be positively associated with intention to sit for the CPA exam as soon as eligible. Individuals with high self-efficacy activate sufficient effort, which produces successful outcomes if well executed, whereas those with low self-efficacy are likely to cease their efforts prematurely and fail on the task. The results suggest that a high level of self-efficacy produces a feeling of increased competence that can cause a student to undertake difficult tasks, such as taking the CPA exam.

The attractiveness of passing the CPA exam was found to be positively associated with intention to sit for the exam as soon as eligible. Expectancy theory implies that the motivational force upon an accounting student to achieve academic success (e.g., pass the CPA exam) is partially explained by the attractiveness of performing well. The results suggest that the attractiveness of passing the CPA exam can motivate a student to take the exam.

Contrary to expectations, a perception that it is expensive to prepare for and take the CPA exam was not found to be negatively associated with intention to sit for the exam as soon as eligible. Also contrary to expectations, the expectation of financial support from family to take the exam was not found to be positively associated with intention to sit for the exam as soon as eligible. It may be that respondents viewed the \$2,000–\$4,000 cost of preparing for and taking the exam to be immaterial when compared to the cost of a college education.

A perception of social support from family and friends to take the CPA exam was found to be positively associated with intention to sit for the exam as soon as eligible. Offering encouragement and advice are ways that family and friends can support an accounting student who may be considering the exam. The results provide evidence that perceived social support from family and friends can provide academic motivation.

Access to a role model who is a CPA was found to be positively associated with intention to sit for the CPA exam as soon as eligible. Perceptions of psychological and functional support from faculty to take the exam were also found to be positively associated with intention to sit for the exam as soon as eligible. Various faculty behaviors have been described by students as supportive and helpful. Some of these behaviors are psychologically supportive to students, helping them gain a sense of competence and self-worth, while others are functionally supportive and directed at the achievement of tasks to reach students' goals.

Contrary to expectations, perceived financial support from a future potential employer to take the CPA exam was not found to be negatively associated with intention to sit for the exam as soon as eligible. The results are interesting, because some CPA firms support employees with financial assistance to take the exam. It was expected that this might reduce a student's intention to take the exam as soon as eligible because the student might think it beneficial to wait until she is employed in order to receive financial assistance. Again, students may have thought the costs to prepare for and take the exam were immaterial.

A protean career attitude was found to be positively associated with intention to sit for the CPA exam as soon as eligible. A protean careerist is able to repackage his knowledge, skills, and abilities to fit the changing work environment in order to remain marketable. Recognizing the decreased stability and increased uncertainty in the work environment, as well as changes in employment relationships and reduced job

security, protean careerists take responsibility for managing their own career. The results suggest that gaining the CPA credential could be a way for a student to repackage her knowledge, skills, and abilities to fit the changing work environment in order to remain marketable.

### **Implications for Practitioners and Educators**

The results have several implications for practitioners and educators. The findings suggest that the attractiveness of passing the CPA exam is a motivational force upon an accounting student to sit for the exam. Accordingly, accounting educators should inform students of the benefits of being a CPA. The findings also suggest that accounting educators should use teaching methods that foster student self-efficacy and help students establish a belief that the student can pass the exam because of his or her competence and work effort, which will then affect the student's subsequent motivation. In addition, the findings suggest a need to inform students that they can take the CPA exam in a jurisdiction that only requires 120 credit hours, even if living or working in a jurisdiction that requires 150 credit hours. Furthermore, accounting educators should consider covering CPA exam content as part of the undergraduate program and encourage students to take the exam after completing their degree.

The findings also suggest that perceived social support from family and friends can positively influence a student's intention to take the CPA exam. Therefore, accounting educators may want to involve family and friends in events such as department award banquets. The findings further suggest that access to a role model who is a CPA can positively influence a student's intention to take the exam, so accounting educators and practitioners should consider ways to increase opportunities for students to interact with role models, such as with mentoring programs. The survey also found that faculty support can positively influence a student's intention to take the CPA exam. Accordingly, educators should help students gain a sense of competency and self-worth, as well as define and reach goals.

Finally, there are career implications. The findings suggest that gaining the CPA credential could be a way for a student to repackage his or her knowledge, skills, and abilities to fit the changing work environment in order to remain marketable. Accordingly, accounting educators should inform students of ways the CPA credential can be used to manage one's career. Likewise, practitioners should make presentations to students that emphasize how the knowledge, skills, and abilities related to the CPA credential can be used in multiple career paths.

### **Future Research**

In the future, it would be interesting to test actual behavior versus intention. One potential way would be to obtain a sample from a group of individual colleges and universities and conduct a longitudinal study of accounting graduates to see if the intention to take the CPA exam resulted in the behavior of taking the exam.

It is interesting that cost factors were not associated with a student's intention to sit for the CPA exam as soon as eligible. Future research might explore awareness of cost factors in greater detail. In addition, future research might investigate whether the direct and opportunity costs related to 30 additional credit hours of education required for licensure are associated with a student's intention to take the exam as soon as eligible.

Future research might also investigate specific ways that faculty can provide psychological and functional support. For example, just how can accounting faculty encourage students to take the CPA exam? It would also be interesting to study ways that faculty can increase a student's self-efficacy and motivation to take the exam. For example, questions could identify ways that faculty can increase a student's confidence in his ability to pass the exam if effort is applied.

In addition, future research might also help explain why individuals with the necessary academic requirements to take the CPA exam decide not to. Are students completing an accounting major with intentions to be an accountant or enter another field? Are graduates bypassing the CPA exam/licensure process because they can practice accounting without the designation? Do graduates not want the lifelong commitment to licensure required by some states? Finally, should all or at least some accounting professors be required to be CPAs?

Filling the increasing demand for CPAs naturally requires that students continue to take and pass the CPA exam. By educating students about the accessibility of the exam, providing psychological and practical support to students who resolve to take it, and emphasizing the value of the CPA credential to their careers, accounting educators can do their part to drive talented and dynamic students towards this essential and rewarding career.

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