

# PREDICTIVE VALIDITY OF CPA MOCK EXAMINATIONS TO CPA LICENSURE EXAMINATIONS OF USL ACCOUNTANCY GRADUATES

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## ABSTRACT

The purpose of the study is to ascertain the correlation between Certified Public Accountant (CPA) Mock Examinations and CPA Licensure Examination (CPALE) among Accountancy graduates in the University of Saint Louis for the years 2018 and 2019. Documentation was used by the researchers to gather the data. The result of the 2018 and 2019 mock examination and CPA Licensure Examination for the study was collected through a request letter sent to Philippine Regulatory Commission and Certified Public Accountant Reviewer of the Philippines. The data on the CPA mock examinations scores and CPALE scores were analyzed using frequency while the correlation between CPA mock examinations and CPALE scores was analyzed using Pearson-R. The study revealed that even when a graduate passed the mock examination with high remarks, it does not give a reasonable assurance in passing the CPALE and vice versa.

**Keywords:** Mock examinations, CPALE, Correlation

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## INTRODUCTION

One of the premier programs offered by the University of Saint Louis (USL) is Accountancy. The word “quality” is essential in the university particularly in accountancy. To become a qualified professional, licensure examination must be passed (Manalo & Obligar, 2013). A primary concern and also a core value of USL is the academic excellence of graduates. Developing a curriculum that is efficient and effective should be complemented with the kind of students a university produced.

In order for the students to step into the business or real-world after 4 to 5 years, academic and mental preparation should be done for them in mastering the concept and theories of accounting. To pass the Certified Public Accountant Licensure Examination (CPALE) is the first step. It is because their rating in the licensure examinations becomes the measure of graduate’s competency and the effective curriculum of the university (Lianza, 2016). Mock examinations could benefit and help a student in a lot of ways. It can serve as a tool to improve mastery and ability to recall information, instead of viewing the exam as a threat or a judgment on their knowledge; some students see the mock examination as a way for improving their mastery and memory. A high score in mock examination means a student is ready, a low score in mock examination signifies that more work is needed, revision of strategies and build skills necessary to perform under pressure.

Passing the board examination was a common measure of the quality of learning (Lianza, 2016). It is the greatest goal of every accountancy student. CPALE proves the graduates’ skills and qualifications in a particular profession. It is a need for a student a lot of time to study, to have self-discipline, patience, and determination (Manalo, 2010).

One of the most difficult and challenging exams is the Philippine CPA Licensure Examination because of how far and how deep it challenges your knowledge in terms of concepts, theories, and technical applications. Many have tried taking the CPA Licensure Exam but only a few came out victorious, only a few have succeeded at an average national passing percentage of 37% (Lianza, 2016). For all these reasons, mock exam experience is integral to accountancy students’ evaluation and readiness for the CPA licensure examination. The purpose of the study is to ascertain the correlation between the mock board exam and the CPA licensure examination on accountancy students.

## Research Objective and Questions

This study aimed to determine the predictive validity of CPA mock examinations to CPALE performance.

Specifically, the questions of the study are as follows:

1. What is the result of the CPA mock examination by USLT Accountancy graduates for the October 2018 and October 2019 board examinations?
2. What is the result of CPALE by USLT Accountancy graduates for the October 2018 and October 2019 board examinations?
3. What is the correlation between the CPA mock examination and CPALE?

## Hypothesis

There is no significant relationship between the profitability and leverage of MSMEs in Tuguegarao City.

## Significance of the Study

This study will help future board takers to assess their current position in taking the CPALE based on their CPA mock examination rating in review centers and suggest an intervention to improve the passing percentage. Mock examination builds up student confidence by showing their progress towards passing the incoming licensure examination. Knowing the relationship of Mock and actual exam

Accountancy, Business and Hospitality Research Bulletin is incredibly beneficial to students because it helps students rethink their strategy for studying if they think that something is lacking or they are focusing too much on the wrong part of the exam and correct it as early as they can, and students will take their mock examination seriously and use it as a tool to help their performance in the actual board examination.

## **Literature Review**

### **Conceptual Framework**

The correlation of continuous assessments and examination for different courses in the technical examination showed a variety of relationships that included negative correlations, low correlations, and high correlations in some studies. Even having a low correlation, a conclusion was still maintained that continuous assessment is an instrument that has vital importance in improving the graduate's knowledge and mastery in subjects. The mock examination which is done before the main examination is used as a predictor of performance in the board examinations (Andala, Digolo & Kamande 2014). Having a high correlation provides a positive impact on the graduates because it gives them a clear view of what topics are needed to master and skills that must be maintained in taking the examination (Maderazo & Ercia, 2017).

### **Mock Examination**

A Mock Board Examination is an exam made to imitate the actual board examination. The Mock board examination is not made or influenced by the Professional Regulation Commission (PRC). The Professional Regulation Commission does not require or mandate any school to contact the PRC prior to giving any mock board examination. Because of the similarity of the type of exam between the Mock Board and the actual Board examination, it gives the students the experience and the feeling of how the actual board will be. Mock examination results present the student with results to evaluate themselves in the area where they should focus more. For the past years, it provided examiners an opportunity to see the areas where they excel, areas where they needed to give more attention, and saw how an actual licensure examination would look and feel like (Montemayor & Roxas & Panayon, 2009). For some students, it is a highly effective help for the upcoming Board Examination. Although the Mock Board examination has no actual tangible bearing on the Board exam, some students did not take the mock board examination seriously thinking that it will have no effect or bearing in the actual licensure examination (Manalo & Obligar, 2013).

Mock examination, being a trial examination, is selective, predictive, and diagnostic in nature. The predictive nature of the mock examination can be used for the selection of students who will excel in their future academic activities. Giving a mock examination before the actual examination is already a tradition in most schools but correlating mock and actual examinations gave rise to negative sentiments. Past studies suggest that the two examinations show no significant correlation. Mock examination should only be used to predict the licensure examination only if the two examinations are taken under the same condition as a student and the environment while taking up the exam (Andala, 2014).

### **CPA licensure exam**

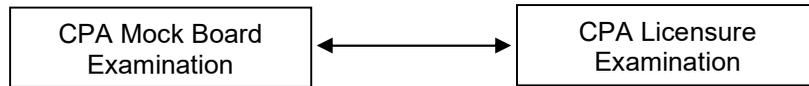
Every year, PRC conducts once or twice a year an exam for securing a license in line with student's courses like Bachelor of Science in Accountancy (BSA). In some schools, BSAC is taken up by students for four years and in other schools for five years. Countless students take up the CPA licensure examination yearly to achieve their dreams of becoming a CPA, but due to its difficulty, only a few make it. CPA licensure examination is regarded to be included with professions with the most difficult licensure examination (Herrero, 2015).

The PRC requires students to take the licensure exam to ensure that they have what it takes to practice their profession. This examination is great time consuming, examinees need to have restraint against influences, tolerance for long-duration review, and determination (Manalo & Obligar, 2013). The licensure examination result measures the effectiveness of school education provided. Graduates can be used as a measure of the success of a school (Perez, 2015).

### **Predictive Validity**

It refers to the relationship between test scores and later performance on knowledge, skill, or ability. It is the assessment tool's ability to predict performances in the near future either by some activity or on another activity with the same construct that is being measured at some time in the near future (Atieno, 2012). It is the extent to which a score on a scale or test predicts scores on some criterion measure. It is quantified by the correlation coefficient between two sets of paired measurements obtained for the same target population to indicate the degree of a linear relationship between two variables: the predictor variable and criterion variable (Komba, 2013).

**Research Paradigm**



**Figure 1. Research Paradigm**

Figure 1 shows how the different variables are related. The result of the CPA mock examination and the result of the CPA licensure exam may vary according to their performance.

**METHODS**

The correlational research design was used in the conduct of this study. The researchers requested for the results of the CPA mock board of Accountancy graduates of USL to their respective review centers. The researchers requested the results for the CPALE in Philippine Regulatory Commission. The researchers excluded the Accountancy graduates who were conditional in the CPA Licensure Examination. The data gathered was processed using statistical tools. Frequency distribution was applied to determine the performance of the mock board and Certified Public Accountant Licensure Examination. Pearson-r was used to know the correlation between the two examinations.

**RESULTS**

**Table 1. Mock board performance of the USL graduates for the years 2018 and 2019**

Ratings	Frequency	Percentage
95-99	2	1.17
90-94	6	3.52
85-89	29	17.06
80-84	95	55.88
75-79	31	18.24
70-74	4	2.35
65-69	1	0.58
60-64		
55-59		
Below 55	2	1.17
<b>TOTAL</b>	<b>170</b>	<b>100</b>

Table 1 presents the mock board performance of the USL accountancy graduates for the years 2018 and 2019. It can be gleaned from the table that 95(55.88%) graduates scored 80-84, 37(21.75%) graduates scored above the majority score. Graduates who scored below the majority score are 38(22.35%): 31(18.24%) of them who scored 75-79 still passed and 7(4.12%) failed because they scored below 75.

**Table 2. CPA Licensure Examination performance of the USL graduates for the years 2018 and 2019**

Ratings	Frequency	Percentage
95-99		
90-94		
85-89	10	5.88
80-84	48	28.35
75-79	57	33.53
70-74	27	15.88
65-69	17	10.00
60-64	8	4.70
55-59	2	1.18
Below 55	1	0.58
<b>Total</b>	<b>170</b>	<b>100</b>

Table 2 presents the CPA Licensure Examination performance of the USL graduates for the years 2018 and 2019. It can be gleaned from the table that 57 (33.53%) graduates scored 75-79, 58(34.12%) graduates scored above the majority score. Graduates who scored below the majority score are 55(32.35%), they failed because they scored below 75.

**Table 3: Correlation of CPA Mock Examination and CPA Licensure Examination**

Respondents (n)	Mock examination(X)	CPALE(Y)	X^2	Y^2	XY
n=170	Σ X= 13902.15	Σ Y= 12966.40	Σ X^2= 1146192.03	Σ Y^2= 996429.96	Σ XY= 1063855.17

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

$$r = \frac{170(1063855.17) - (13902.15)(12966.40)}{\sqrt{[170(1146192.03) - (13902.15)^2][170(996429.96) - (12966.40)^2]}}$$

**r = 0.42**

As seen from the result, r= 0.42, then there is a low positive correlation between CPA mock board examination and CPALE. As seen from table 1 and table 2 results given by CPAR and CPA licensure examination results in the last two October season (2018 and 2019), there is a low positive correlation between the two variables as shown on the table, 55.88% of the USL graduates scored between 80 and 84 in the mock board examination while 33.53%, which is the majority of the graduates scored between 75 and 79 in the CPA licensure examination. In other words, as a predictor, passing the mock examination do not give reasonable assurance in passing the CPALE. Since r=0.42 as shown in table 3 then there is a low positive correlation between CPA mock board examination and CPALE.

**DISCUSSION**

Philippine CPA Licensure Examination is one of the few difficult, demanding and enduring professional exams both in terms of scope and depth of testing one’s knowledge of technical concepts and applications (Lianza,2016). It is logical to believe that a new or recent graduate of an accredited school should be able to perform the basic procedures required for the practice of profession; however, in reality many recent graduates fail board examinations (Jessee,2010).

According to a 2020 study of correlation of Mock Examination results given by CPAR (First and Final Pre-board October 2018 and October 2019 CPALE candidates) and CPA licensure examination results in the last two October season (2018 and 2019), there is a low positive correlation between the two variables as shown on Table 1, it can be gleaned from the table that majority of the mock board examination performances of the USL Accountancy Graduates from year 2018 and 2019 scored between 80 and 84 which is 55.88% of the total while it can be

gleaned from Table 2 that majority of the CPA Licensure Examination performances of the USL Accountancy Graduates from year 2018 and 2019 scored between 75 and 79 which is 33.53% of the total graduates. In the both examinations, graduates who scored above the majority score has almost same number as to graduates who scored below the majority score. The study revealed that scores of the graduates from mock examinations to CPALE gradually fell down. It suggests that CPALE is harder than mock examination which is caused by the variability of the both examination. According to Pattaguan (2018), performance in CPA licensure examination performance could be affected by school factors such as: curriculum, faculty, learning resources, review programs and administrators.

In other words, as a predictor, passing the mock exams does not give a reasonable assurance of passing the CPALE. Since r=0.42 then there is a low positive correlation between CPA mock board examination and CPALE. Low positive correlation indicates that the independent variable, which is the mock examination, has a very low relationship to the dependent variable, which is the CPALE. This implies that the result of mock examinations does not give a reasonable assurance as a predictor for the result of CPALE. The result of the study was in agreement with the study of Manalo & Obligar (2013) for the Custom Brokers Board Examination and Jessee (2010) for The Success Rate on Clinical Qualifying Board. However, it was not in agreement in the study of Amedenu (2017) for the West African Senior School Certification Examination; Andala & Digolo & Kamande (2014) for Kenya Certificate of Secondary Examination; Martin & Rogo & Hodges (2017) for Clinical Board Examinations in Dental Hygiene Education; Maderazo & Ercia (2017) for Theoretical Phase of the Dentist Board Licensure Examination, their study revealed a high to very high significant relationship between mock examination and the actual examination. High to very high significant relationship means it is probable to have a high score in the actual examination when one scored a high score in the mock examination and vice versa.

**CONCLUSION**

This study found a statistically low positive relationship between mock board characteristics and USL Accountancy Graduates performance on CPALE. These relationships provide fundamental knowledge about mock boards that can assist educators in facilitating experiences to enhance student preparation for board exams and developing a mock board experience philosophy that drives strategic planning and resource allocation. Mock Board Examination does not give a reasonable assurance as a predictor in the performance of Accountancy graduates in the CPA Licensure Examination.

## RECOMMENDATION

Based on the results, the researchers recommend the following:

1. The University of Saint Louis may carry on another study to deliberate other predictors that can leverage the outcome of the actual board examination.
2. Further investigation as to the other variables of the exam must be conducted.
3. Implement stricter curriculum to better help with the building foundation of their knowledge to complement the help given by the mock board examination.
4. Have a group session after mock board examinations to help boost the confidence of students who failed the mock examination knowing that mock board is not a predictor of the actual examination.

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