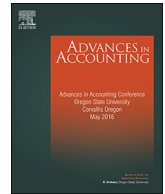




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Advanced placement and CPA exam performance: Implications for recruitment of quality students into college accounting programs

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ABSTRACT

Recruiting top talent into accounting careers is essential to the continued prosperity of the profession, and the AICPA Pathways Commission has speculated that an advanced placement accounting course could increase recruitment of quality students into accounting programs of study. Although the College Board does not currently offer an accounting course for advanced placement credit, research outside of accounting does suggest that advanced placement students, in general, may represent a high-quality pool for recruitment into college accounting programs. The current study explores this possibility by examining relationships between students' advanced placement engagement and success and their subsequent performance on the CPA exam. Data provided by the National Association of State Boards of Accountancy (NASBA) for 1005 CPA exam takers, along with additional survey information, shows that high school students who engaged in advanced placement courses and passed related exams experienced relatively greater success on the CPA exam compared to students who did not take or pass AP courses. Additional analyses using Bloom's Taxonomy, suggest that certain advanced placement courses, those that focus on higher-order thinking skills, have the highest correspondence with CPA exam success. The current research is the first in the accounting literature to provide empirical evidence showing advanced placement to be an important factor when recruiting high school students into college accounting programs.

1. Introduction

Accounting educators and professional accounting organizations have speculated that advanced placement (AP) may be an effective tool for recruiting high-quality students into accounting education programs (Deines, Bittner, & Eichman, 2012; The Pathways Commission, 2012), and it is not surprising that the accounting community perceives AP students to be good prospects for recruitment. Research shows that high-school students who pass AP exams have relatively higher college entrance exam scores (Warne, Larsen, Anderson, & Odasso, 2015), and they perform relatively better in college overall (Acerman, Kanfer, & Calderwood, 2013; Gruman, 2013). Similarly, the College Board found students who received AP credit for initial college courses performed better in subsequent intermediate-level courses than did students who took the traditional entry-level course (Morgan & Klaric, 2007). Collectively, these findings suggest that AP students may indeed represent the high-potential recruitment pool desired by the accounting profession. Although there has been substantial effort by the accounting community toward developing and gaining College Board approval for

an AP accounting course (Cohn, 2014), there has been no empirical evidence showing that AP students actually perform better in future accounting academic pursuits compared to non-AP students. The current research explores this possibility by examining relationships between AP engagement and success and performance on the CPA exam.

Since the early 1990's, changes in demographics and the global business environment have caused worry within the accounting profession about the supply chain of entry level accountants, both in terms of quantity and quality (Black, 2012). More recent predictions are that 75 percent of Certified Public Accountants (CPAs) will retire over the next two decades (Moore, 2011; Trabulsi, 2008), while overall high-school enrollments from 2014 to 2026 are expected to increase only a modest 2.9 percent, with twenty-one states experiencing an average 6.3 percent decrease in enrollments during that same period (National Center for Education Statistics, 2017). The Bureau of Labor Statistics predicts employment of accountants and auditors will grow 10 percent from 2016 to 2026, a rate that is faster than the average for all occupations (Bureau of Labor Statistics, 2017). Supply constraints, coupled with a global business environment that demands an increasingly

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higher set of analytical and critical thinking skills for entry-level accountants (AICPA, 2014), has fueled efforts within the accounting community to identify and recruit the best and brightest into the profession. The most high-profile response, a joint project by the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA), was the creation of the Commission on Accounting Higher Education, also known as the “Pathways Commission.”

Officially launched in 2010, the Pathways Commission was charged to “study the future structure of higher education for the accounting profession and develop recommendations for educational pathways to engage and retain the strongest possible community of students, academics, practitioners, and other knowledgeable leaders in the practice and study of accounting” (The Pathways Commission, 2012, pg. 12). After two years of work, the Pathways Commission produced a comprehensive framework, the “National Strategy for the Next Generation of Accountants.” Recommendation 5 of the framework challenges the profession to “Improve the ability to attract high-potential, diverse entrants into the profession,” (The Pathways Commission, 2012, pg. 39) and recommends the development of a high school accounting class “eligible for AP credit” (pg. 40). Pathways co-chair William Ezell noted that although the profession has “... been doing really well attracting students to this profession in the last few years” ... “it’s a cycle thing. It comes, it goes. We want to make sure we have the best and the brightest” (Cohn, 2014).

Like professional accounting organizations, many accounting educators have also embraced the potential recruitment value of advanced placement. For example, high school and college educators collaborated to create the Accounting Pilot and Bridge Project (APBP), in order to jump start the profession’s entry into advanced high school education, and encourage the College Board to offer an AP accounting course (Deines et al., 2012). Recently, the APBP joined forces with the AICPA to develop and provide training and curriculum to high schools interested in offering a rigorous AP “like” accounting course, and the schools can include a qualifying exam that leads to college credit at participating universities. Positive outcomes from the ongoing APBP initiative would support the premise, that an AP accounting course could attract high-achieving students into collegiate accounting programs (Cohn, 2014). Interest in advanced placement within the profession continues to grow, with the National Association of State Boards of Accountancy (NASBA) providing financial funding to “help educators and accounting professionals better understand some of the challenges associated with developing high-quality, advanced placement courses in accounting” (McCabe, 2017). Although the accounting community’s efforts toward implementing an AP accounting course have been productive, unfortunately, the College Board has yet to sanction an official AP accounting course.

The possibility that an AP accounting course could increase the number of high-quality students in college accounting programs is an exciting prospect; however, without an existing AP accounting course offering by the College Board, it is impossible to directly test the impact of such a course. However, the literature does present the possibility that students who pursue AP courses, in general, may represent the type of high-quality recruitment pool described by the Pathways Commission. One way to test this possibility is to examine how AP students actually perform in future accounting endeavors, such as the CPA exam. Furthermore, if recruiters can identify particular AP courses that correspond to future academic pursuits in accounting, it would be possible to design more targeted recruitment strategies. The current study is the first in the accounting literature to explore these issues empirically, by examining relationships between advanced placement engagement and success and actual CPA exam performance.

The current research examines whether AP engagement and success is associated with CPA exam performance. It also more narrowly

identifies *specific types* of AP courses that are likely to be associated with higher CPA exam performance. Using constructs from Bloom’s Taxonomy of Learning (Bloom & Krathwohl, 1956), the current study predicts that particular AP courses, specifically those emphasizing higher-order thinking skills, have a relatively stronger correspondence with the higher-order thinking skills demanded on the CPA exam. The surprising results from this analysis may help college recruiters identify high school students who have taken particular AP courses as the most likely to perform well in accounting curricula and ultimately on the CPA exam. Furthermore, the results provide valuable insights for the ongoing campaign to implement an official AP accounting course by identifying course characteristics that may translate to students’ success in future accounting endeavors.

The National Association of State Boards of Accountancy (NASBA) provided CPA exam data, as well as oversight and sponsorship for the current research. Additional survey data collected from 1005 exam takers included demographic information, educational background information, and individual levels of AP engagement and success. Twelve state boards of accountancy assisted in collecting the survey responses. The combined NASBA and survey data for the 1005 exam takers was used to test hypotheses related to advanced placement and CPA exam performance.

The remainder of this paper includes a review of relevant literature, development of the hypotheses, results of hypotheses testing and a discussion of the results and implications for future research.

2. Literature review

2.1. The evolution of advanced placement

Following World War II, concern about a gap between the preparedness of secondary education students and the demands of higher education prompted the Ford Foundation to create the Fund for the Advancement of Education. The fund sponsored two projects, the first “conducted by educators from three elite prep schools”—Andover, Exeter, and Lawrenceville—and three of the country’s most prestigious colleges—Harvard, Princeton, and Yale—urged schools and colleges to see themselves as “two halves of a common enterprise” (College Board, 2003). The second project “worked to develop college-level curricula that students could jump into during their final year (or years) in high school. Their challenge lay in creating high school courses and accompanying assessment tests that colleges would deem rigorous enough to be worthy of credit toward a degree” (College Board, 2003). The projects encouraged high schools to recruit talented teachers to design advanced courses that would qualify for dual high school/college credit, and promote those courses to top high school seniors. The projects also encouraged universities and high schools to work together to create seamlessly integrated courses that foster easy transition to college. High schools and colleges embraced the recommendations and, in 1952, an 11-subject pilot program was launched. In 1955, the College Board took over the program officially ordained as the “College Board Advanced Placement” (College Board, 2003). In the first year, 1229 students from 102 high schools participated in AP courses, and 130 colleges accepted AP credit.

AP has expanded over time, and by 2013, AP courses approved by the College Board had roughly tripled to 34 subjects, in the areas of arts, English, history and social science, math and computer sciences, world languages and cultures. In addition, student participation had increased to 2,218,578 students, 18,920 high schools offered AP courses, and 4,027 colleges and universities accepted AP credit. Given the popularity of AP courses among students, high schools and institutions of higher education, it is not surprising the Pathways Commission has recommended that an AP accounting course should be included as part of a comprehensive recruitment strategy.

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