

Abstract

Why does the CPA exam have a much lower passing rate than the Bar exam? Is the CPA exam more difficult than the Bar exam? The purpose of this study was to survey people who had taken both the CPA and Bar exams to determine if their perceptions of the difficulty of these examinations could explain the differences in the exams' passing rates. This study asked nine questions designed to explore the relative difficulty of the two examinations. Each respondent rated the questions along a 5-point scale to determine which examination the respondents considered more difficult. The results indicated that the respondents considered the CPA exam slightly more difficult than the Bar exam.

CAN THE RELATIVE DIFFICULTY OF THE CPA AND BAR EXAMS EXPLAIN DIFFERENCES IN THEIR PASSING RATES?

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Introduction

Why is the CPA exam's passing rate much lower than the Bar exam's passing rate (Brahmasrene and Whitten, 2001)? The CPA exam is a uniform national exam with a passing rate of between 10% and 20%, but individual state's passing rates vary from as little as 3% or 4% to as much as 30% (Brahmasrene and Whitten, 2001; Shafer et al., 2003). The Bar exam has a passing rate of approximately between 60% and 80%, but the Bar exams themselves and their passing rates vary somewhat from state to state (Brahmasrene and Whitten, 2001; Dunban, 1990; Logan, 1999; Munn, 1995).

Accounting educators have long been concerned about the low CPA exam's passing rate (Brahmasrene and Whitten, 2001; Pustorino, 1996). Perhaps the difference in the two exams' passing rates can be explained by the relative difficulty of the examinations themselves. Could the CPA exam simply be more difficult than the Bar exam and thus have a lower passing rate, or do other factors, such as rigorousness of training and admission standards, explain the difference?

Purpose

The purpose of this study was to survey persons who had taken both the CPA and Bar exams to determine if their perceptions of the difficulty of these examinations could explain the difference in the exams' passing rates. If the CPA exam is perceived as being much more difficult than the Bar exam by persons who have sat for both exams, then the low CPA passing rate could be at least partially ascribed to the difficulty of the CPA exam.

Testing order may also influence the survey's subjects and cause a bias in the perceived difficulty of one exam or the other. If the CPA exam were perceived to be more difficult and the order in which the examinations were taken had no influence on the survey's results, then the low CPA passing rate may be at least partially explained by the difficulty of the CPA exam. However, if the two examinations were perceived to be about the same in difficulty, and the order in which the examinations were taken had no influence on the survey's results, then the difficulty of the CPA exam could be ruled out as the cause for the low CPA passing rate and other factors should be examined.

In the early nineties, a study compared the CPA exam to the CMA exam (Smith, 1992). That study assembled a panel of experts (accounting professors) who compared a selection of questions from both examinations. The study's design was a valid approach because of the broad expertise of the examining panelists and their familiarity with the tested material. Unfortunately, that study's design does not seem appropriate for a comparison of the CPA and Bar exams. The main problem is the lack of similarity of

the tested material and the availability of experts broadly enough trained to make a valid comparison of the two examinations on a question-by-question basis. Instead, it seems more appropriate to directly ask persons who have sat for and passed both the CPA and Bar exams what their reasoned opinions, perceptions, and impressions were of various aspects of the two examinations. This design may be somewhat subjective, but the answers to many of the questions asked by this survey cannot be proven one way or the other and must be resolved by a consensus of opinion of those in the best position to render such an opinion: people who have taken both examinations.

Methodology

Nine survey questions were designed to explore various aspects of the two testing processes. The survey instrument made clear that the questions pertained only to the subject's own reasoned opinion of the Bar and CPA exams themselves, and not to any other factors leading up to the testing. There have been many studies conducted to determine what factors (education, admission standards, age, sex, GPA, etc.) influence success in passing major professional and academic examinations. Whatever these success factors are, they are not the concern of this study. The subjects of this study are deemed to possess these success factors and have good test taking abilities having passed both examinations. Persons who have passed both the CPA and Bar exams are a unique group and their reasoned opinion of the relative difficulty of the CPA and Bar exams is deemed to be fairly reliable and certainly interesting.

As mentioned above, the survey's questions did not pertain to the subject's preparation before sitting for the either examination. This narrows the focus to just a perceptual comparison of the two examinations. There was no attempt to compare law school curricula, admission standards, or instructional methods with those of accounting business schools.

The nine items were as follows:

1. Breadth of knowledge actually tested on the examinations
2. Complexity of questions tested on the examinations
3. Difficulty of understand topics actually tested on the examinations
4. Degree of security under which the examinations were given
5. Time pressure under which the examinations were given
6. Use of multiple-choice questions
7. Total amount of time permitted for the examinations
8. Use of intentionally devious or tricky questions
9. Overall difficulty of each exam

For each question, subjects were asked to select responses from a 5-point Likert-type scale that best described their experiences with the Bar exam and the CPA exam. If the average score for a question was less than three, the survey subjects favored the CPA exam; greater than three, the survey subjects favored the Bar exam.

The 5-point scale was as follows:

- 1- The CPA exam much more difficult than the Bar exam
- 2- The CPA exam somewhat more difficult than the Bar exam
- 3- The Bar exam and the CPA exam about the same
- 4- The Bar exam somewhat more difficult than the CPA exam
- 5- The Bar exam much more difficult than the CPA exam

The individual questions and the length of the questionnaire were intentionally kept short to make each question clear and easy to understand and to ensure a good response rate. Also asked was the year the subjects had passed the examinations. This was done to determine which examination had been taken first. An analysis then could be performed to determine if the order in which the examinations were taken influenced the subjects' perceptions of the examinations. A common testing effect is the tendency for the subjects to rate whatever exam they took first as more difficult (Churchill, Iocabucci, and Iocabucci, 2004). If these two groups, based on exam order, were found to be significantly different from one another, then perceived differences in the two exams may be influenced by test order and not the tests themselves.

Sample Selection, Size, and Statistical Technique

A search was preformed using Yahoo and Google search engines for the e-mail addresses of persons who possess both JD and CPA designations. Over the course of three weeks, approximately 350 addresses nationwide were obtained. Of those addresses, approximately 40 were undeliverable or unusable for various reasons. This left approximately 310 remaining e-mail addresses of which 77 usable responses were obtained. This was approximately a 25% response rate.

In order to estimate the required sample size, the first 20 responses were used to compute an estimated sample standard deviation for each question, and a tolerable error of + or - .3 was selected. The largest standard deviation for any question produced from the first 20 responses was 1.32. Using this standard deviation and amount of tolerable error with the formula $[\sqrt{n} \geq 2 \frac{s}{.3}]$, the required sample size was 77. When the 77-survey-sample was gathered, one question (no. 9) was found to have a slightly higher standard deviation than 1.32 at 1.35, which produced a confidence interval of +/- .31. This was considered sufficiently close to .3 to not warrant an increase in the sample size.

This study was also designed to determine if the order in which the examinations were taken had an effect on the responses of the survey subjects. The surveys were sorted into two groups. One group were subjects who had taken the Bar exam first and the other group were subjects who had taken the CPA exam first, and t-tests of two means were performed on each item.

Results and Discussion

| Table 1 - The results of all surveys received: | Sample Mean | STD Deviation | 95% Confidence Interval |
|--|-------------|---------------|-------------------------|
| 1. Breadth of knowledge actually tested on the examinations | 3.04 | 1.31 | 2.74-3.34 |
| 2. Complexity of questions actually tested on the examinations | 2.64 | 1.23 | 2.36-2.92 |
| 3. Difficulty to understand topics tested on the examinations | 2.86 | 0.96 | 2.64-3.08 |

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|---|------|------|-----------|
| 4. Degree of security under which the examinations were given | 3.06 | .078 | 2.89-3.24 |
| 5. Time pressure under which the examinations were given | 2.86 | 1.12 | 2.60-3.11 |
| 6. Use of multiple-choice questions | 2.71 | 1.06 | 2.47-2.95 |
| 7. Total amount of time permitted for the examinations | 2.53 | 0.96 | 2.31-2.75 |
| 8. Intentionally devious or tricky questions | 3.06 | 1.15 | 2.80-3.33 |
| 9. Overall, which examination was more formidable | 2.45 | 1.35 | 2.14-2.76 |

The first three questions were aimed directly at the rigorousness of the tests themselves. Question 1 indicated that the breadth of knowledge tested was about the same for either examination. The next two questions indicated a slight lean toward the CPA exam for complexity of questions and difficulty to understand topics tested. It should be noted that for questions 1 & 2, the standard deviations were somewhat large which indicated there was some disagreement among the subjects as to the answers for these questions. Question 3 had a fairly low standard deviation which indicated more agreement among the subjects concerning the CPA exam's slight edge on difficulty to understand topics as compared with the Bar exam.

Questions 5 and 8 were aimed indirectly at the rigorousness of the examinations. These questions indicated more the nature of the testing environment or testing stress than overt difficulty. Concerning time pressure and devious or tricky questions, both exams appeared to be considered about the same. Both of these questions seemed to have only moderate consensus as indicated by a fairly high standard deviation.

The purpose of question 6 was to ensure that the testing format under which both the CPA and the Bar exams were given was at least fairly similar. If one examination were all essay and the other examination all multiple-choice, then the results of the survey may be influenced by the testing format and not the tested material. The findings show that the CPA exam may have relied somewhat more on

multiple choice questions than did the Bar exam, but both examinations appeared to have made extensive use of multiple-choice questions. The two examinations were deemed to have substantially similar format.

Both examinations are conducted under strict testing protocols. The results for question 4 indicated that testing security was about the same, and because of the low standard deviation, there was wide agreement among the subjects. There was a slight perception that the CPA exam allowed more total time than the Bar exam. This question had a low standard deviation, which indicated fairly wide agreement by the survey's subjects. Until recently in most states, the CPA exam allots more total time for the examination than does the Bar exam (Munn, 1995).

Question 9 dealt directly with the difficulty of the examinations. This question asked which examination, overall, was more formidable. For this question, the lowest mean was recorded at 2.45 and the lowest 95% confidence interval. This indicated a slight perception among persons who had taken both examinations that the CPA exam was more imposing or difficult to overcome. It should be noted that this question may have had the lowest mean, but it also had the highest standard deviation indicating fairly wide disagreement.

Next, the study determined if the order in which the examinations were taken had an effect on the responses of the survey subjects. Not surprisingly, many more of the survey respondents had taken the CPA exam before the Bar exam. Until recently, the CPA exam could be taken after completion of an undergraduate degree, whereas the Bar exam was taken after law school. Of the 77 responses, only 22 indicated they had passed the Bar exam before the CPA exam. A t-test of two means was performed for each question. The difference between the two groups was not found to be significant for any of the

questions thus unlikely that the order in which the tests were taken had a significant influence on the subjects' responses.

Further, the overall mean (questions 1-9 summed and averaged) was determined for each group. For the group where the CPA exam was taken first the overall average was 2.759 and for the group where the Bar exam was taken first the overall average was 2.914. A t-test of two means showed a t-value of 1.36 with a p-value of .19, meaning there is a 19% or better probability that the two groups were from the same population, again making testing order unlikely to be of influence.

Conclusions and Implications for Accounting Education

This study found that the perception of the CPA exam as being more difficult than the Bar exam is slight and not sufficient to explain the large difference in passing rates between the two exams. The slight perceived difference in difficulty between the two examinations and the fact that testing order did not produce a significant difference indicate that other reasons explain the difference in passing rates. In others words, differences in passing rates between the Bar and the CPA exams have little to do with relative perceived examination difficulty. With the CPA and Bar examinations themselves ruled out as the cause for differences in passing rates, it seems likely the differences in passing rates are explained by differences in admission standards or the rigorousness of the training while preparing for the CPA or Bar exams.

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