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## CPAs and Advanced Education

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# CPAs and Advanced Education

DOMINICK THOMPSON

# Background

- ▶ Certified Public Accountant (CPA)
  - ▶ 150 semester hours of college credit
  - ▶ 1 year (2000 hours) of accounting experience
  - ▶ Pass all 4 sections of the CPA exam within 18 months
- ▶ Advanced Education
  - ▶ Education and/or licensure beyond a bachelor's degree and a CPA license
  - ▶ Does not include yearly education for license renewal

# Research Question

- ▶ What are the benefits for a CPA to pursue an advanced education?

# Intended Audience

- ▶ CPAs
  - ▶ CPAs will become more knowledgeable of the benefits of advancing their education
- ▶ Students
  - ▶ Students can learn from people in the workforce and start to make a plan of how much education they want to pursue
- ▶ Employers
  - ▶ Employers will become more knowledgeable of the benefits of their employees, as well as knowing the attitudes of their employees towards more education

# Existing Research

- ▶ “MBA, CMA, and CPA: Natural partners in the 150-hour requirement” (Fuller and Hargadon)
  - ▶ Certifications showcase a commitment to improving yourself as well as a commitment to the professional field
    - ▶ 150 hour requirement complements Master of Business Administration (MBA) and Master of Accountancy (MAc) programs
  - ▶ Multiple certifications increases marketability
  - ▶ Accountants with two certifications earn around \$5,000 more than their counterparts with only one certification

# Existing Research

- ▶ “Financial Incentives for Graduate Tax Education Offered by Public Accounting Firms” (Shoemaker and Stara)
  - ▶ A study conducted by two professors at University of Nebraska – Lincoln
  - ▶ Focused on if the head of the tax department recommended graduate education and what (if any) incentives their firms would offer for employees pursuing education
  - ▶ 592 surveys mailed out to public accounting firms

# Existing Research (Shoemaker & Stara Cont.)

## ▶ Major Findings

- ▶ 224 (37.8%) mailed back a completed survey
- ▶ 75% of the firms actively recruit individuals with advanced degree

Incentivized by:	Yes
Rapid Promotion Track	72.9%
Pay Increase of 5% or less	4.9%
Pay Increase between 5% and 10%	17.9%
Pay Increase of 10% or more	17.0%
Other	19.3%

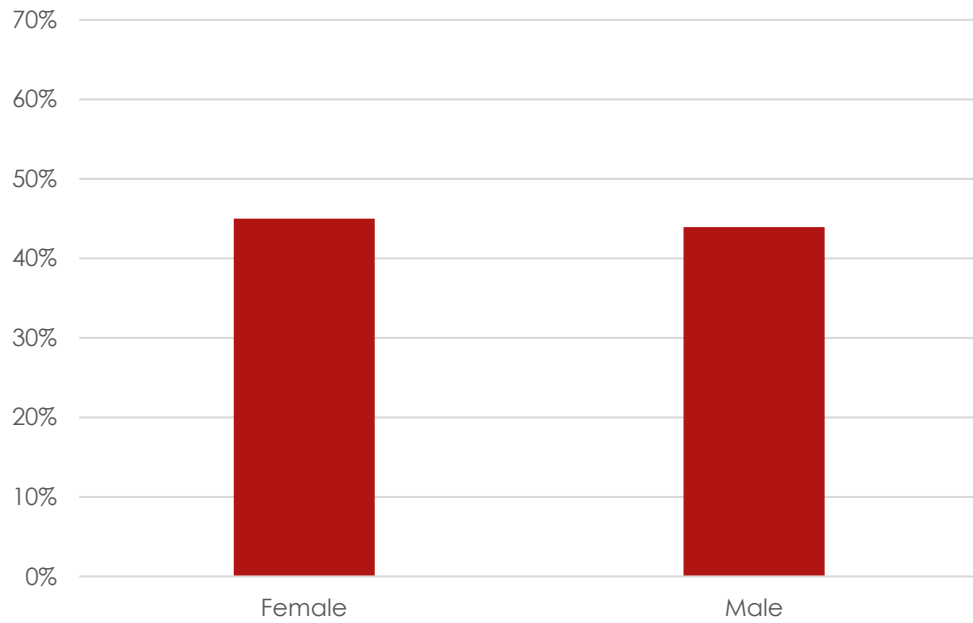


# Survey Findings

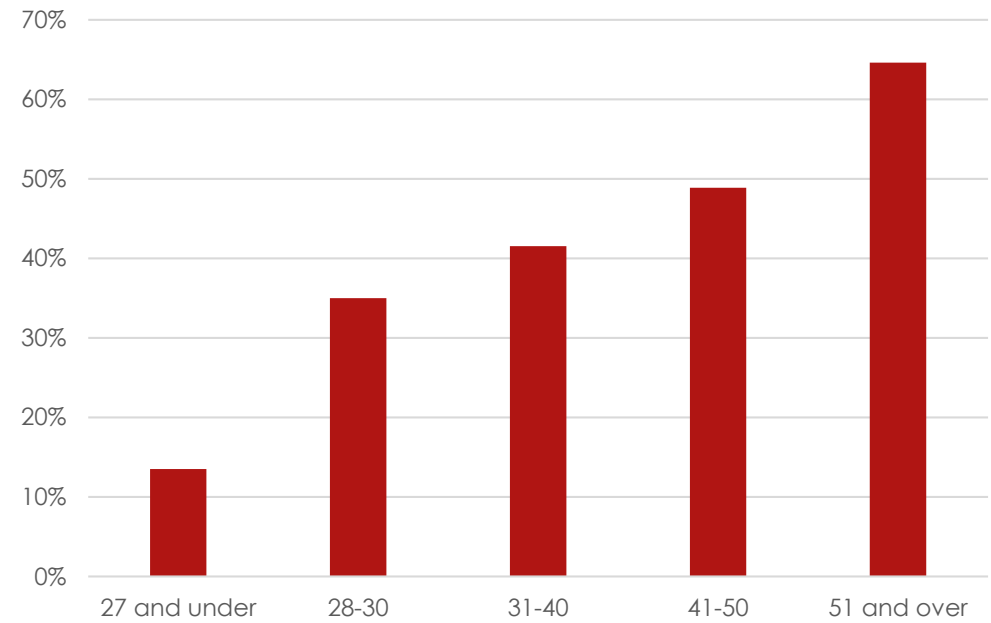
- ▶ Sent to several thousand CPAs in Minnesota
- ▶ Total Responses: 232
  - ▶ Sex
    - ▶ Male: 132
    - ▶ Female: 100
  - ▶ Education
    - ▶ No advanced education: 129
    - ▶ Advanced education: 103

# Education Demographic

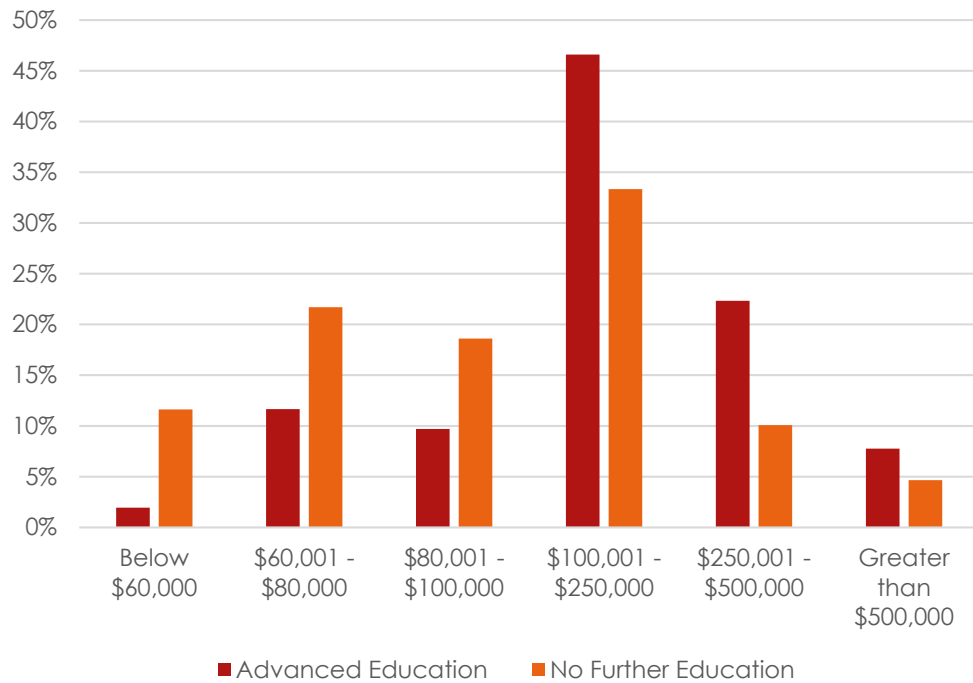
## Gender and Education



## Age and Education

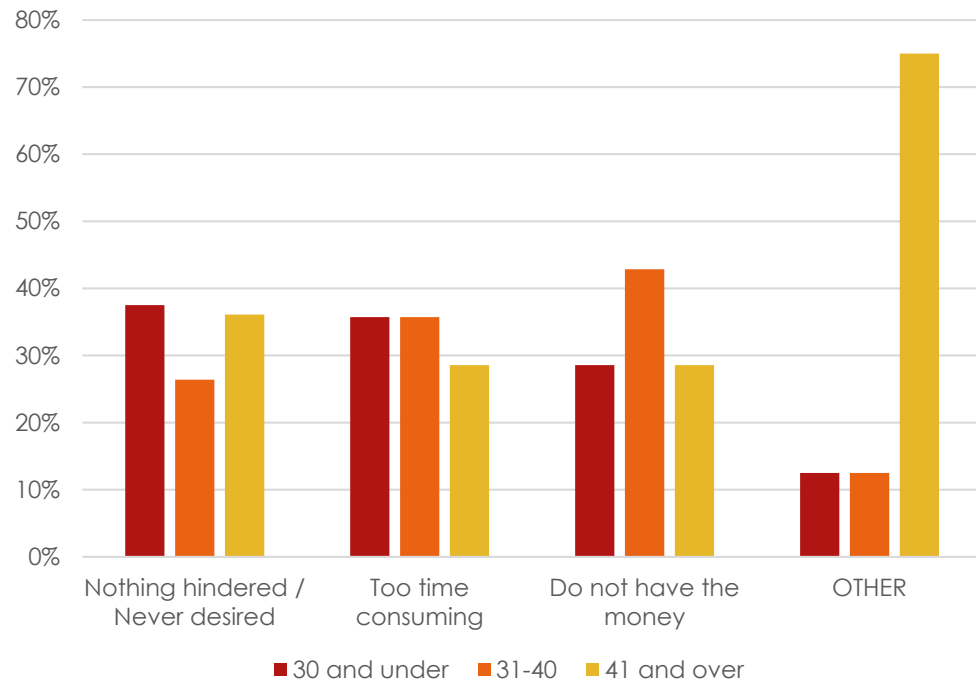


# Education Demographic



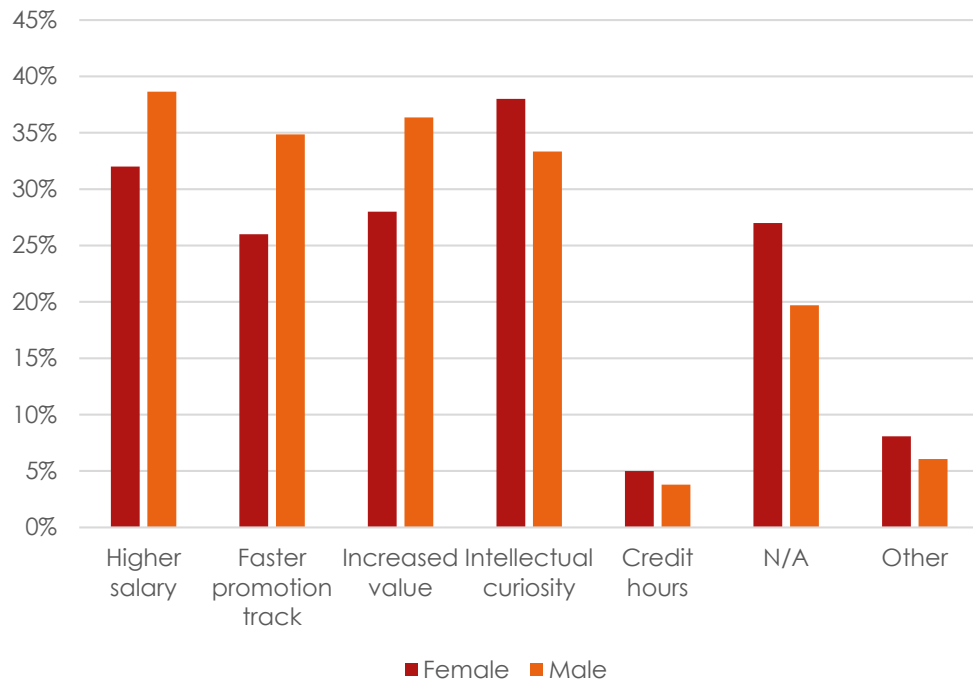
- ▶ As yearly compensation increases, larger percentage of CPAs with advanced education

# Analysis: Reasons for No Education



- ▶ Analyzed individuals with no advanced education
  - ▶ 129 of 232 responses
- ▶ All factors were fairly consistent
- ▶ Other factors
  - ▶ Prioritizing family
  - ▶ Opportunity cost outweighed the benefit

# Analysis: Gender and Incentives



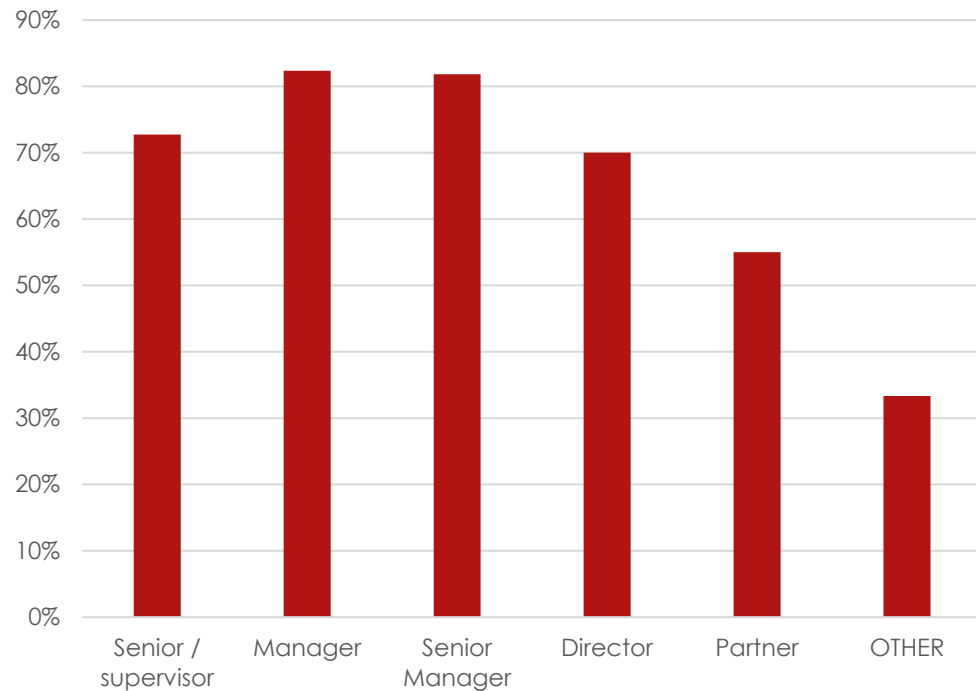
## ▶ Female Priorities

- ▶ Intellectual Curiosity (38%)
- ▶ Higher Salary (32%)
- ▶ Increased Value (28%)

## ▶ Male Priorities

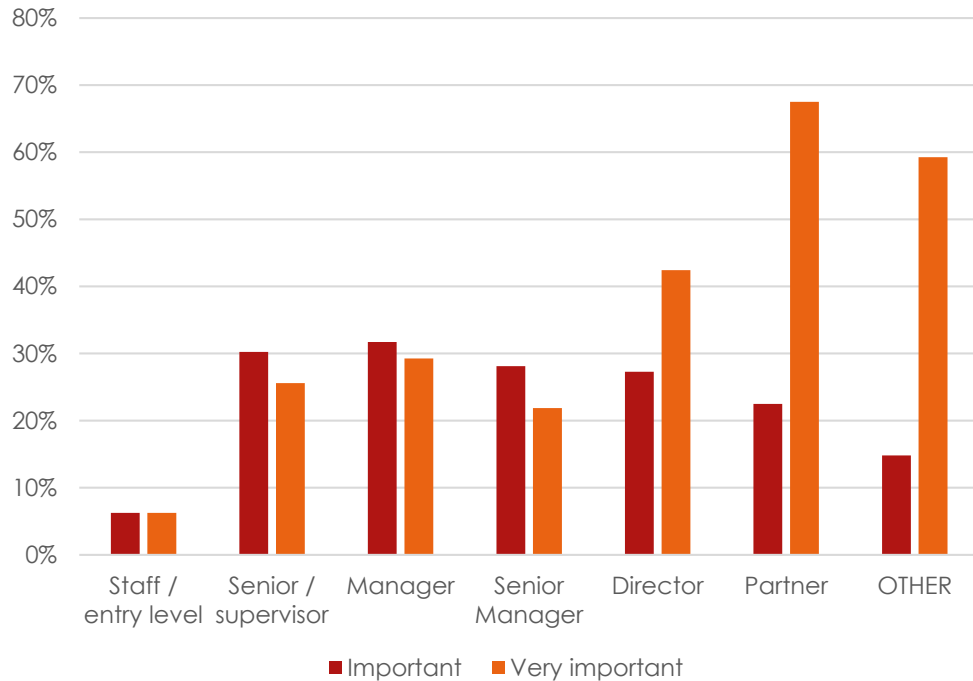
- ▶ Higher Salary (39%)
- ▶ Increased Value (36%)
- ▶ Faster Promotional Track (35%)

# Analysis: Did you pursue education to distinguish yourself?



- ▶ Analyzed CPAs with advanced education
  - ▶ 103 of 232 responses
- ▶ 82% Managers
- ▶ 82% Senior Managers
- ▶ 33% OTHER
  - ▶ Primarily Upper Management

# Analysis: Importance of Education



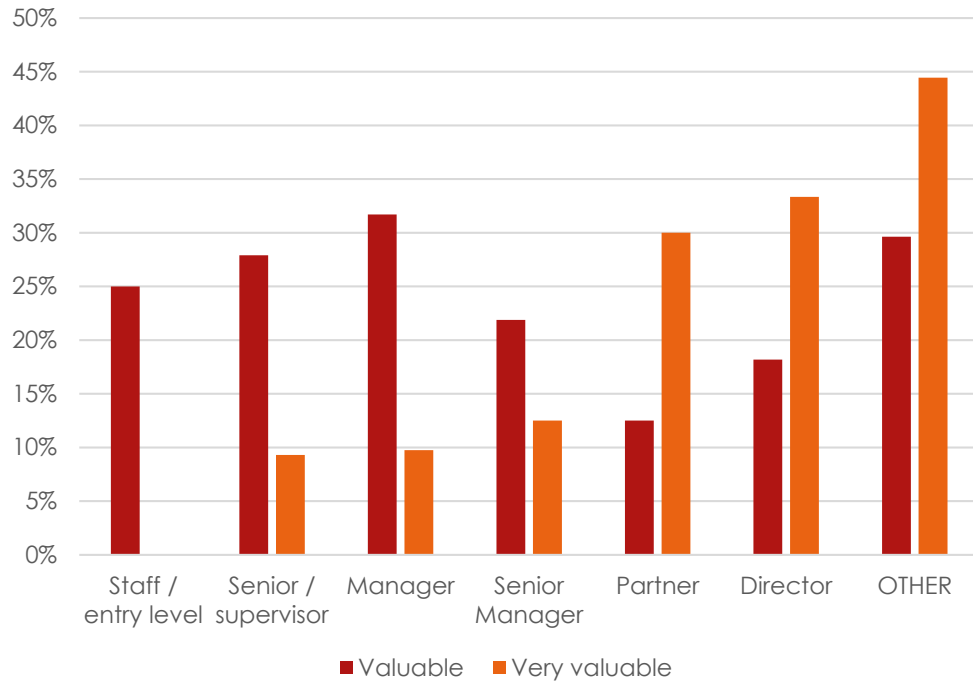
## ▶ Very Important

- ▶ Partner (68%)
- ▶ Other (59%)
- ▶ Director (42%)

## ▶ Important

- ▶ Manager (32%)
- ▶ Senior / Supervisor (30%)
- ▶ Staff / Entry Level (6%)

# Analysis: Value of Education

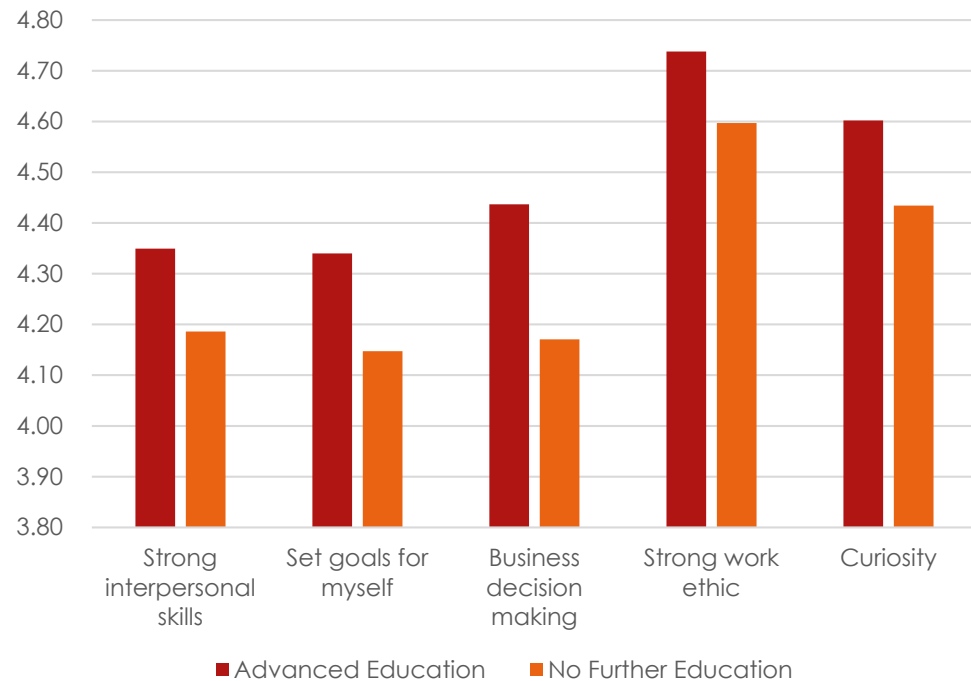


## ▶ Very Valuable or Valuable

- ▶ Other (74%)
- ▶ Director (51%)
- ▶ Partner (43%)
- ▶ Senior / Supervisor (37%)
- ▶ Staff / Entry Level (25%)

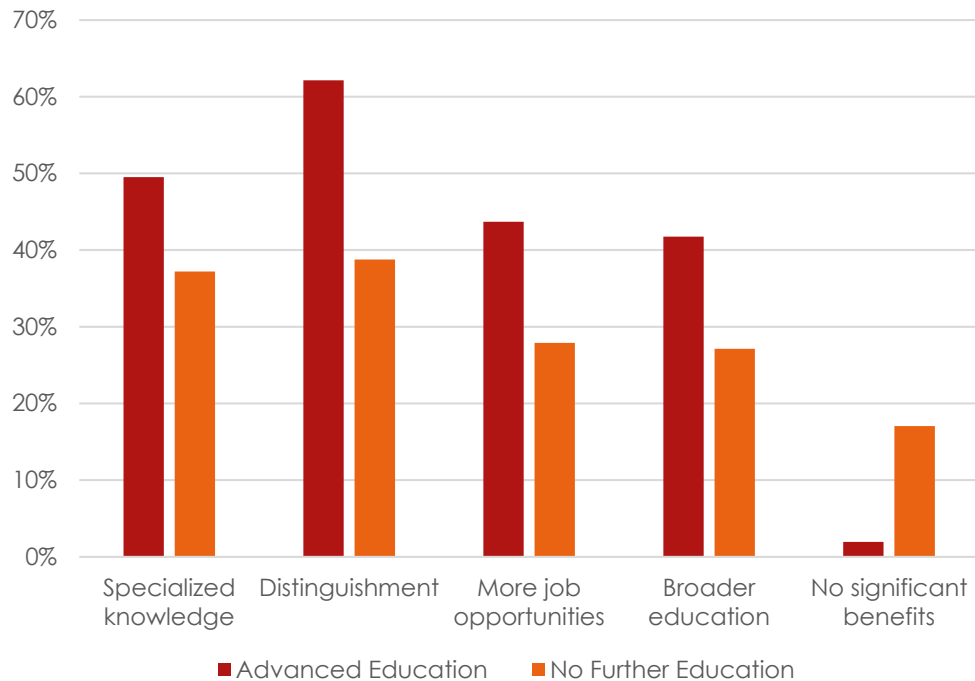


# Analysis: Education and Beliefs



▶ CPAs with advanced education are consistently higher than their counterparts

# Analysis: Education and Benefits



- ▶ CPAs with advanced education see the benefits of advanced education more than their counterparts
- ▶ 2% of CPAs with an advanced education stated there are no significant benefits to getting more education

# Common Free Responses

- ▶ Responses were all across the board
  - ▶ Get education right after college
  - ▶ Get education after experience
  - ▶ “CPA is your advanced degree”
- ▶ Need 150 credits? Get more education
- ▶ MBA worth it because it focuses on management

# Overall Takeaways

- ▶ An advanced education is more important and has more perceived value later in career
  - ▶ 68% of partners believe advanced education is very important
  - ▶ 74% of upper management believe advanced education is either very valuable or valuable
- ▶ Most common incentives of advanced education are higher salary and increased value in company
  - ▶ Higher salary (39% of males and 32% of females)
  - ▶ Increased value (36% of males and 28% of females)

# Limitations

- ▶ Sent to a few thousand CPAs
- ▶ Sent to mainly CPAs in Minnesota
- ▶ Only 232 responses
- ▶ Voluntary response bias
- ▶ Correlation  $\neq$  Causation

# Further research suggestions

- ▶ Add more questions
  - ▶ Rank incentives and benefits
  - ▶ Specific to advanced education costs
    - ▶ University characteristics
    - ▶ Loan considerations
    - ▶ Family Characteristics
- ▶ More in depth analysis on different demographics
  - ▶ Type of advanced education
  - ▶ Industry where individuals work

QUESTIONS?

# Existing Research

- ▶ Fuller, Lori R. "MBA, CMA, and CPA: Natural Partners in the 150-Hour Requirement." *Management Accounting Quarterly*, 2008, [go.galegroup.com/ps/retrieve.do?tabID=T002&resultListType=RESULT\\_LIST&searchResultsType=SingleTab&searchType=AdvancedSearchFormatPosition=1&docId=GALE%7CA190890176&docType=Article&sort=RELEVANCE&contentSegment=&prodId=EAIM&contentSet=GALE%7CA190890176&searchId=R1&userGroupName=mnastbens&inPS=true&u=mnastbens&authCount=1](http://go.galegroup.com/ps/retrieve.do?tabID=T002&resultListType=RESULT_LIST&searchResultsType=SingleTab&searchType=AdvancedSearchFormatPosition=1&docId=GALE%7CA190890176&docType=Article&sort=RELEVANCE&contentSegment=&prodId=EAIM&contentSet=GALE%7CA190890176&searchId=R1&userGroupName=mnastbens&inPS=true&u=mnastbens&authCount=1).
- ▶ Shoemaker, Paul. "Financial Incentives for Graduate Tax Education Offered by Public Accounting Firms." *Journal of Applied Business Research*, 1993, <https://cluteinstitute.com/ojs/index.php/JABR/article/view/6031/6109>