

What Happens to Accounting Graduates With Lower Grade Point Averages? The Impact of GPA on the Life Course of Accounting Undergraduates

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Anecdotal evidence suggests that accounting graduates with lower grade point averages (3.00 or less) are often screened out of university placement offices and employer conducted interviews. Yet these students do ultimately secure employment in the area of accounting and other sectors of the business world. The intent of the authors was explore and contrast the life course of lower grade point average accounting graduates with that of higher grade point average accounting graduates. Using a cross-sectional prospective survey the authors collected data on 203 accounting alumni of a public university on twelve categories related to their life course. Statistically significant results were found especially in regard to initial event history. Overall, there were no significant differences between the two groups in regard to job and career satisfaction. Implications of the results for accounting educators are discussed.

Keywords: Accounting, education, career, GPA

Introduction

What happens to students with lower grade point averages (GPA)? This question is of course of great interest to educators, placement officers, firms, and to students across all academic disciplines and majors. But this issue is particularly relevant to the accounting profession where success is thought to be related to academic achievement. (Note: the importance and high regard afforded to Beta Alpha Psi honorary society by the profession). The question about GPA and subsequent success falls within the purview of life course research.

Life course theory is an area of sociological study originally devised to link populations to social structures and persons to roles through cohort research. There are three main streams of life course research currently being explored by a variety of social scientists. First, one primary area of concern relates to historical and cultural conditions (including physical contexts) and how such variables can impact an individual's life course. For example, research has been published on the effect of falling population in Medieval France on inheritance laws and family structure (Forster and Ranum, 1976). Other studies have looked at long-term effect of deprivation on children in the American Great Depression (Elder, 1974). As stated by Willigan and Lynch (1982), "the identification of long-standing demographic, social,

or biological conditions in human societies is a necessary precondition for the identification of the historically unusual or unique."

A second area of life course research is concerned with how lives are linked (cohort groups) and how being a member of a certain cohort can significantly impact one's attitudes and ultimately one's actions. A classic example is the change in attitudes associated with the Baby Boomer generation in regard to any number of issues such as feminism.

The third type of life course research focuses on individual human agency and is concerned with the actions taken by individuals to guide their own destiny in achieving goals related to competence, personal control, and overall adaptation. Typically these studies attempt to relate consequent change to a single or a set of antecedent variables. For example, such studies may correlate the success of an individual's course throughout their life span (as measured by salary, status, etc) as a function of any number of individual variables such as family background, educational level, timing of first job, marital status, etc. In general, the research data is collected in the form of cross sectional surveys and interviews (representing a point in time) or as longitudinal panel data over a period of years. An example of a cross sectional study of this nature is one which investigated the effect of education, first job, and marriage on occupational status in mid-life

of a group of individuals (Hogan, 1981).

The authors of this study feel that the human agency approach is most relevant to defining any impact of overall undergraduate GPA for accounting graduates on the trajectory of their life course as defined by their career path. Historical (location) research and cohort analysis are neither particularly relevant to this study given that most of the subjects are immersed in the same set of historical circumstances and for the most part are members of the same cohorts.

Specifically, the authors wanted to define in this limited exploratory study any possible impact of overall grade point average on an undergraduate accounting major at three points in their career path; at the beginning of their career, over the career, and finally at an end point in terms of current levels of job and career satisfaction. The first point of interest relates to the initial job hiring process. In particular, did overall grade point average have an effect on how graduates with lower GPAs vs. those with higher GPAs were able to secure their jobs and were the positions in different sectors of the business and accounting world? Of particular concern was anecdotal evidence from students, faculty members, placement officers, and personnel officers that GPA is of particular importance as a screening tool. If GPA is used as a screening tool by the university's placement office or by the firm's personnel office then lower GPA graduates will be denied access to the major traditional hiring track. This anecdotal evidence is echoed by the New York Times in a 2006 article that stated, "Many (companies) use it (GPA) as an important factor in weeding out lower achieving students from the interview process. Often companies will advise college officers and recruiters that they will not see anyone with less than a 3.0 average." Other studies indicate decision makers report using GPA in screening decisions (Brown & Campion, 1994; Gardner, Kozloski & Hults, 1991; Hutchinson & Brefka, 1997; Posner, 1981; Rynes, Orlitsky, & Bretz, 1997; Thoms et al., 1999). In its Job Outlook Survey, the National Association of Colleges and Employers found that 66% of employers screen by grade point, and 58% were less than likely to hire those with lower than a 3.00 average (www.nacweb.org).

The first issue to be addressed then concerns the effect (if any) grade point average has on the way students with lower GPAs secure their first job and the nature of that position vs. the same issues and outcomes for higher GPA accounting graduates.. The authors used the cut-off of 3.00 and lower as indicative of a lower GPA and 3.01 and higher as indicative of a higher GPA. While this may be overstating the perception of a GPA of 3.00 it does

fall in line with established cut-off guidelines.

While it is likely that GPA will affect the initial hire of accounting students, the second issue is whether there is a persistent difference between lower GPA graduates and higher GPA graduates over their career path. For example, do these two groups continue to work in accounting, within different sectors of the accounting profession, in a corporate non-accounting function, as entrepreneurs, or completely outside of the business world? Are there differences in terms of career advancement? Do the groups differ in the number of jobs they have held since time of graduation, and are there differences in the average tenure of their employment?

Most importantly, the third issue deals with the evaluation of their career trajectory at this point in their life course. Specifically, how satisfied are the graduates with the field of accounting, and what is their overall job satisfaction? The evidence for a relationship between GPA and success as defined by a variety of measures of career achievement is at best ambiguous. In one such seminal study, involving GPA as related to success in the world of business (as defined by starting salary, salary growth, current salary, and job satisfaction), the author reported only a weak association (Bretz, 1989). He stated, "The empirical analysis generally supports the meta-analysis results that suggest that college GPA is generally a poor predictor of adult related achievement."

Is this the case for the accounting graduate? In essence, the authors wanted to explore possible effects of GPA on the life course of undergraduate accounting majors. Limitations of the study are noted in the methodology section.

Methodology

Overview

Life course research is concerned with three domains (a) event history, (b) end-point of event history, and (c) subjective evaluation of experiences. The first domain is concerned with the occurrence of events such as date of college graduation, job employment, etc. and with the timing of the event (such as year of graduation). The second domain, the end-point of event history, measures where persons are at a particular point in their life as a result of the culmination of event history. For example; an end-point in education may be a bachelor's degree that resulted from four years of college. The final domain is the individual's subjective evaluation of their current situation or state based on the variables identified in the first two categories. For example, an individual could be asked to evaluate the importance

of their education to their career path or asked their overall satisfaction with their current employment and career progress.

Further, these three domains can be related to the past, present, or the future. For example, a past event could include job employment history; a present event would be a description of current employment; and a future event could be expectation of career advancement. In regard to end-point of event history, a past end-point may be a bachelor's degree, while in the present the person may be in graduate school to achieve a future end-point of a master's degree. Finally, a past evaluation may involve a person's satisfaction with their bachelor's education, the present would query the person on their attitude toward their current education efforts, and future evaluation would involve an expectation of their satisfaction with a future advanced degree.

All three domains can be studied through either retrospective or prospective research designs. Retrospective studies typically employ cross-sectional survey or interview methods while prospective studies use longitudinal panel interviews or surveys. The most appropriate method will be dependent on the issue under study, efficiency, and cost concerns.

Retrospective studies involve query about past events or states as discerned from a present perspective. Survey cross-sectional methods are most appropriate when one is interested in the subject's present condition and their current attitudes about past events and states. For example, one may look at current salary levels as a correlate of years of education. In contrast, prospective studies involve both current and future surveys and/or interviews to be conducted over a series of months or years. Prospective longitudinal panel studies are most appropriate in analyzing outcomes based on prior conditions or goals that will change over time. For example, a study might correlate eighteen year olds goals with their actual career path over their life course and may also be concerned with any significant transitions in goals as a function of age or external circumstances. This research approach is

necessary when the interviewee's response about antecedent events or goals is unreliable because of psychological rationalization and denial. For example, the thirty year old subject may remember some of their goals at eighteen but will rationalize changes to their plans and possibly deny he or she did not actually succeed as planned or deny the plan was more than daydreaming. A further disadvantage of prospective longitudinal studies is the often prohibitive cost of keeping track of and making contact with respondents over a long span of time. In summary, the authors employed for this study a cross-sectional current time survey that requested information about past and present events; about past and present end-points; and about past and present evaluations. No attempt was made to capture future events, future end-points, or future evaluations since the study was concerned primarily with a past event (GPA) and its affect on other events, end-points, and evaluations. The researchers were not concerned with any future consequences of GPA since it was felt that most effects would impact early in a career, and later career trajectories would be subject of a host of variables such as personnel evaluations, personality, individual preferences, skill levels, further training, etc.

Survey Instrument

The survey was designed to collect information about event histories (past and present) and end-point history (past and present) and subjective evaluation (past and present). To this end the questionnaire consisted of 12 items (Appendix I)

. Subjective evaluation responses were based on a 1-5 Likert Scale. Respondent were also asked about their overall cumulative undergraduate grade point average (from a range of defined choices). An overview of the questions and their fit with the relevant life course domain is shown in Table 1. The Survey questionnaire was pretested by members of the psychology faculty and when appropriate small changes were made to the instrument.

Table 1. Survey questions in terms of the three life course domains (event history, end-points, and evaluation) as related to the past or to the present. Responses were analyzed in terms of grade point average for each of the 12 items listed in the chart.

Time Frame	Event History	End-Points	Evaluations
<i>Past</i>	.First occupational field .Resources used to discover first job	.Number of employers since graduation .Length of time with first employer	.Difficulty in finding first position .Helpfulness of college resources in regard to employers .Comparison of starting salary to other accounting graduates
<i>Present</i>	.Present occupational field	.Length of time with current employer	.Comparison of current salary to salary of individuals in your field .Satisfaction with current job .Satisfaction with overall career.

Population

The survey was distributed to 1,120 accounting alumni of a southeastern public university of approximately 9,000 students with a Carnegie classification of Master’s College and Universities (larger programs). The alumni database contained information from the past 35 years. Anonymity of responses was guaranteed and 203 survey responses were received yielding a response rate of 18.1%. While the response rate was somewhat low it does represent the life course of over two hundred individuals and well over two thousand years of professional employment. Approximately 52% of the respondents lived in the county of the university partially ensuring that the responses were from individuals who had experienced similar economic conditions over the span of their employment history.

Statistics

Each response category for lower and higher GPA groups was tested for statistical significance using the Chi Square Test for Differences and Probabilities for significance at the 0.05 level. Because of the problems involved in calculating the exact distribution

the totals for each category was used to determine the expected outcome. The expected outcome was then compared to the actual response rate for each category within each group.

Results

As noted all items will be discussed in terms of their categorization including event history, end-points, and evaluations both past and present; a total of twelve categories. Figure 1 shows the distribution of the grade point average of the respondents. As implied in the literature review, the authors deemed a GPA of less than 3.00 as a lower GPA and a GPA of 3.00 or greater to be a high GPA.

Grade Point Distribution		Respondents
4.0 to 3.5		80
3.5 to 3.0		79
3.0 to 2.5		34
2.5 to 2.0		9
2.0 below		0
Total		202

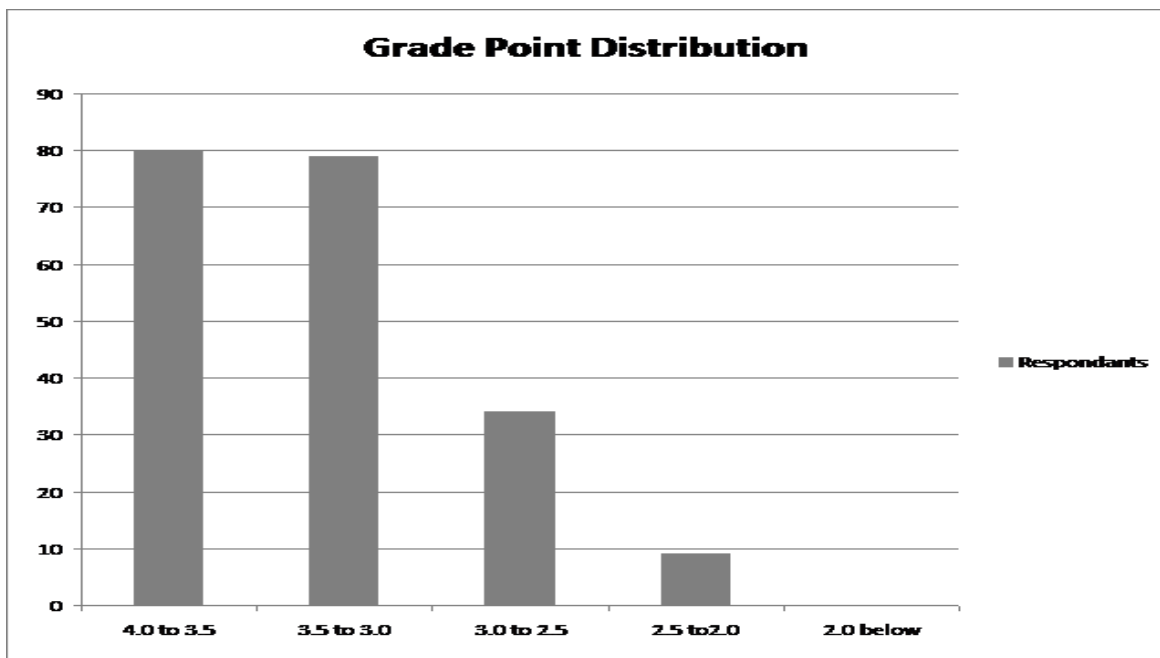
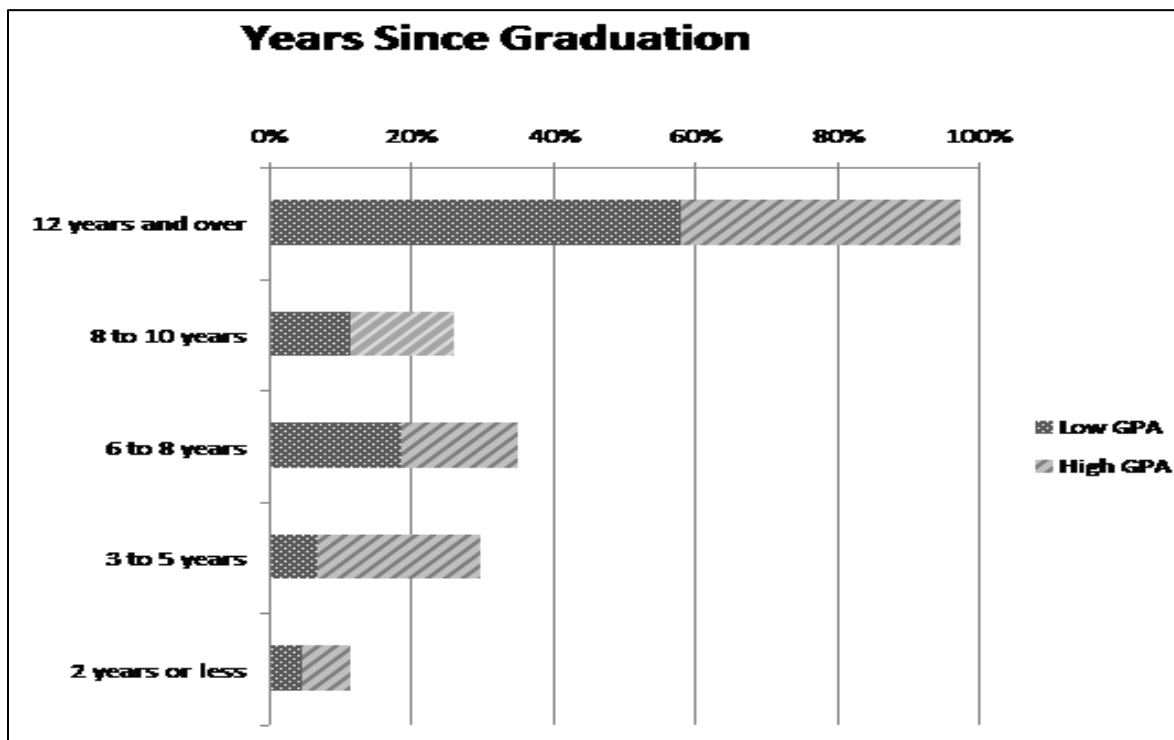


Figure 1. Grade point distribution

Figure 2 charts the length of time since graduation for lower and higher GPA groups. The groups were tested to ensure that effects subject to the passage of

time did not confound the results. No statistical difference was found in regard to time since graduation among the two study groups.

Years Since Graduation		High GPA	Low GPA
	12 years and over	39.2%	58.1%
	8 to 10 years	14.6%	11.6%
	6 to 8 years	16.5%	18.6%
	3 to 5 years	22.8%	7.0%
	2 years or less	7.0%	4.7%
		100.0%	100.0%
Total years of work history		2237	



Event history (Past)

For the first job after graduation there was a statistically significant difference in type of job position as a function of grade point average. Students with lower grade point averages were much more likely to work in industry as an accountant than those with higher grade point averages who more often chose public accounting (see Figure 3). This is probably not a surprise to most accounting educators but extends practical knowledge beyond the level of the anecdote. While other possible occupational

niches such as general management, etc. drew about half of both high and lower grade point average candidates there was no statistically significant difference between the two groups in this regard. In terms of resources used to discover their first job there was also a significant difference between the two groups. As is obvious from Figure 4 the low GPA students had a different path to employment than the high GPA students. In particular, the low GPA students were required to look beyond the resources of the university (note that 0% used the placement office) and most of these graduates often

depended on securing employment by networking through friends and family. This seems to in part confirm that overall GPA is being used as an effective screening tool by the university and employers to the detriment of students with grade point averages of 3.00 or lower. Low GPA students also made greater use of online job search engines and temp agencies. In summary, it would appear that

lower GPA accounting graduates do present with different initial event histories than those with high GPA averages. In particular, they work in different sectors in the accounting world and secure employment by utilizing a different set of resources. Therefore, lower GPA does have an initial effect on the life course of accounting students, but does the effect extend over the subsequent career path?

First Occupational Field		High GPA	Low GPA
Public Accounting	*	40.5%	15.4%
Private Accounting		35.6%	51.3%
Human Resources Management		1.2%	0.0%
Finance		5.5%	12.8%
General Management		4.9%	10.3%
Private Business Ownership		1.8%	5.1%
Other		10.4%	5.1%
		100.0%	100.0%

*Significant at the 0.05 level.

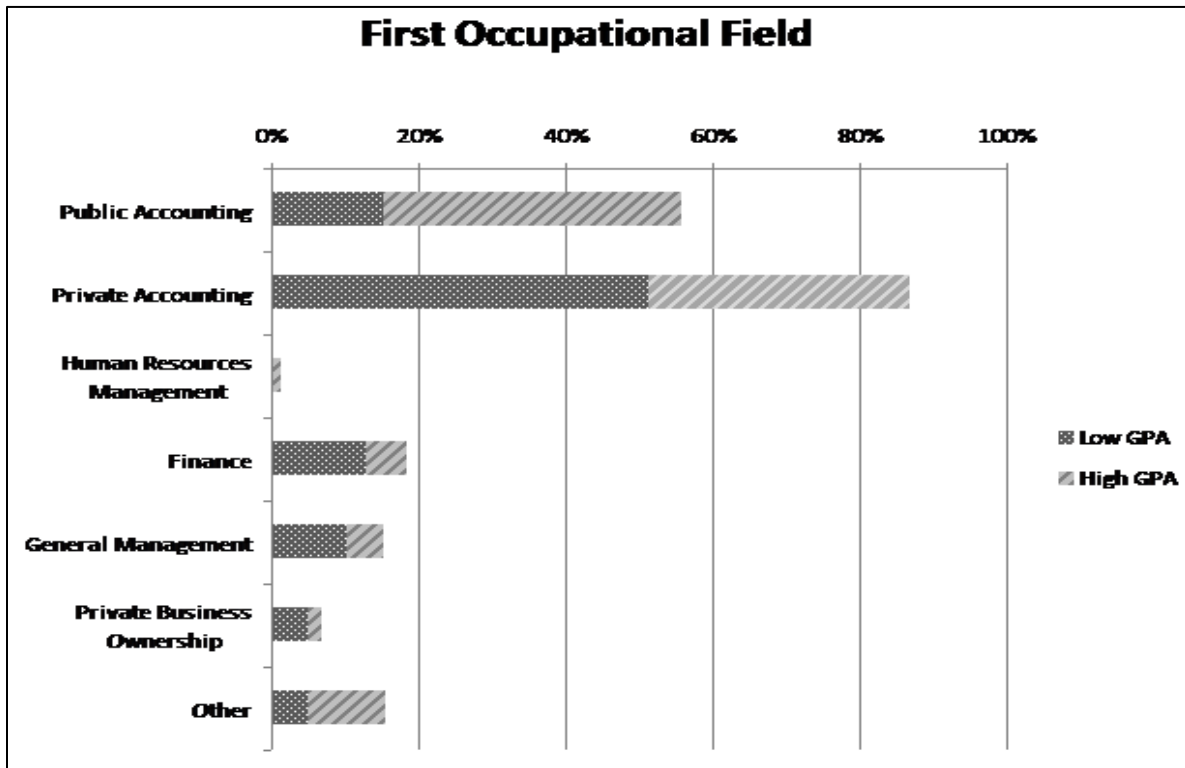


Figure 3. First occupational field

Resources Used to Discover First Job		High GPA	Low GPA
Online Search Engine		5.9%	10.6%
A Temp Agency		4.9%	8.5%
A Job Fair		7.6%	2.1%
A Friend/Family Member	*	19.5%	42.6%
A Recommendation from Advisor/Professor		7.0%	2.1%
A Classified Job Listing		15.1%	17.0%
College Placement Office	*	18.9%	0.0%
Internship		4.9%	2.1%
Other		16.2%	14.9%
		100.0%	100.0%

*Significant at the 0.05 level.

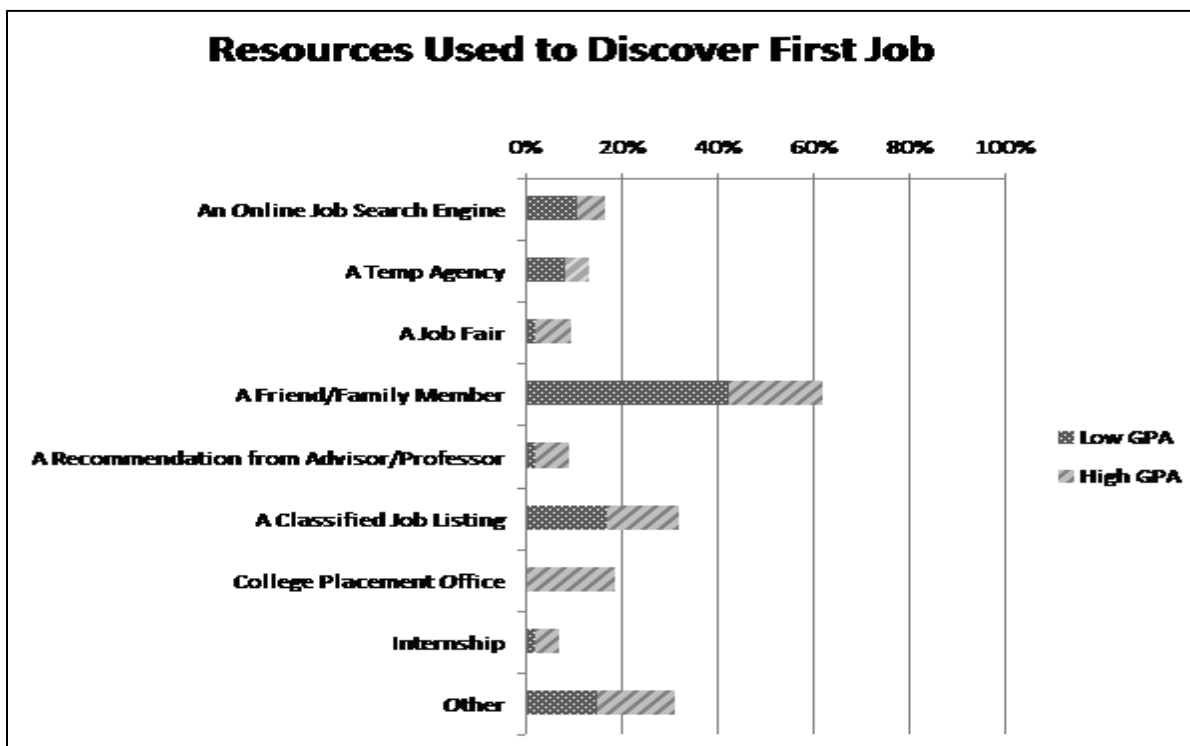


Figure 4. Resources used to discover first job

End-Points (Past)

This category is concerned with the culmination of experiences to-date for the individual. In this study, the past end-points include the number of employers since graduation (see Figure 5) and the length of time with first employer (Figure 6). In neither case was there a significant difference in past experience

leading to these end-points among lower and higher GPA graduates. This would imply that after an initial different event history (as discussed earlier), the career paths of both cohorts are equally stable. The results do not mean that the students are on the same career paths (as discussed earlier) simply that their life course trajectories in terms of employment are equally stable.

Number of Employers Since Graduation		High GPA	Low GPA
1 employer		34.0%	27.9%
2-3 employers		50.9%	48.8%
4-5 employers		11.9%	18.6%
6-8 employers		1.9%	2.3%
9 or more employers		1.3%	2.3%

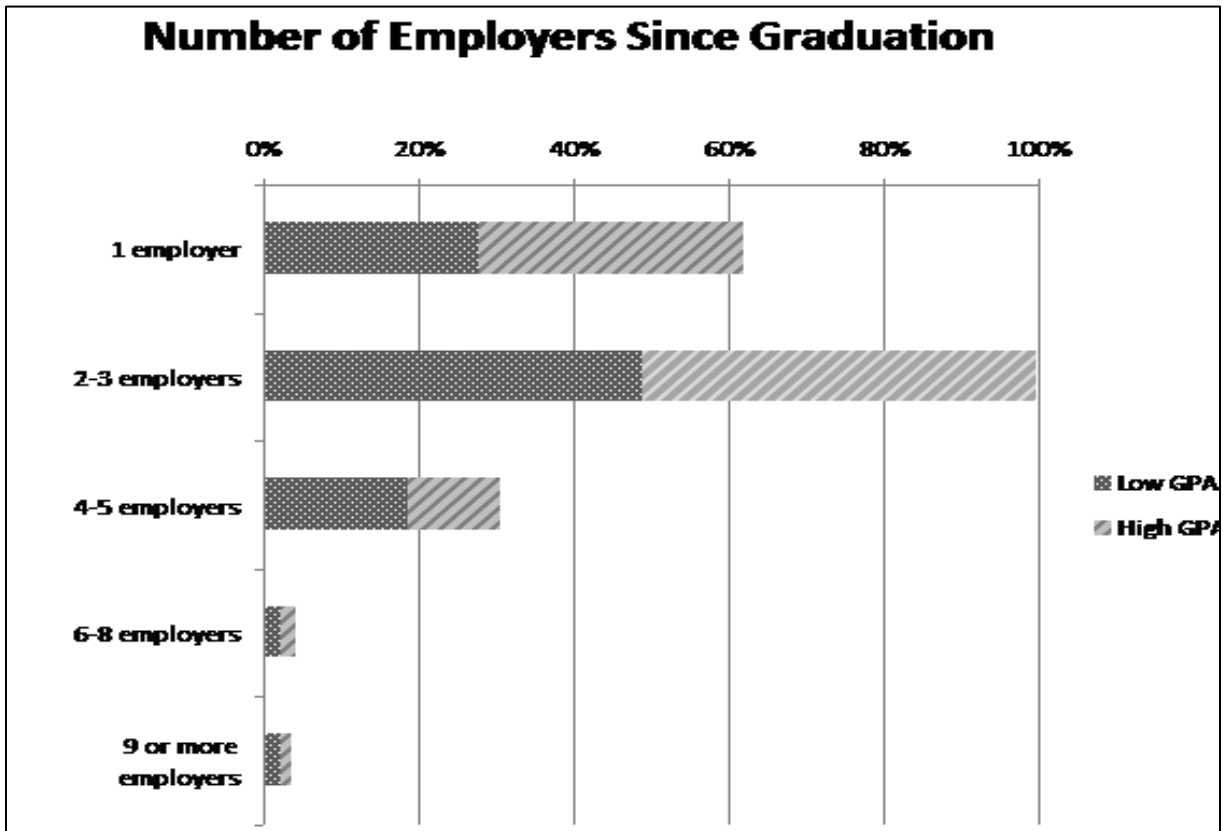


Figure 5. Number of employers since graduation

Length of Time with First Employer	High GPA	Low GPA
	Less than 1 year	8.0%
1-3 years	33.7%	34.1%
4-10 years	23.3%	27.3%
11-15 years	3.7%	4.5%
16-25 years	2.5%	4.5%
Currently Still with Same Employer	28.8%	22.7%

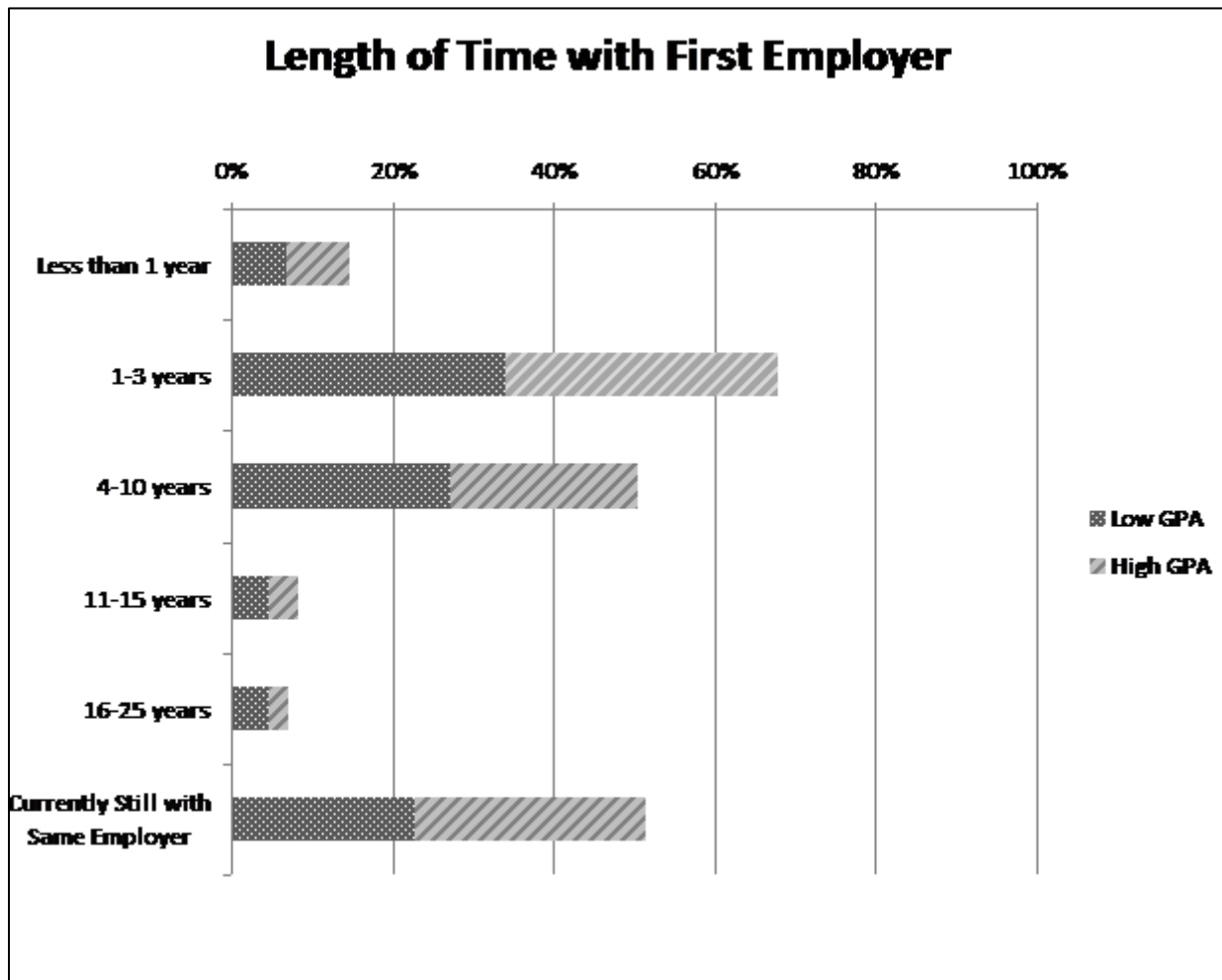


Figure 6. Length of time with first employer

Evaluation (Past)

This categorization is concerned with an individual’s interpretations of events and experiences and the meaning he or she subjectively places on these past occurrences. The survey questions were constructed to capture information about past events related to the initial hiring process and the subsequent outcome, the initial job position.

There were two statistically significant differences between the lower and higher GPA students in regard to evaluation of past events. First, the lower GPA accounting graduates found that the resources afforded them by the university were only

somewhat helpful compared to the higher GPA students who stated that the university was very helpful in the hiring process (Figure 7). This would seem to reflect that lower GPA accounting students were screened from campus interviews and may have also received marginal attention from the placement office and other student services. Secondly, students with higher GPA found it easy to secure a first position in contrast to those with lower grade point averages as would be expected (see Figure 8). In terms of perception of the starting salary compared to other entry level accountants, there was no statistically significant difference between groups (Figure 9).

Helpfulness of College Resources in Regard to Employers			High GPA	Low GPA
Very unhelpful			22.8%	28.6%
Somewhat unhelpful	*		18.6%	38.1%
Helpful			25.5%	28.6%
Very helpful	*		16.6%	4.8%
Extremely helpful			<u>16.6%</u>	<u>0.0%</u>
			100.0%	100.0%

*Significant at the 0.05 level.

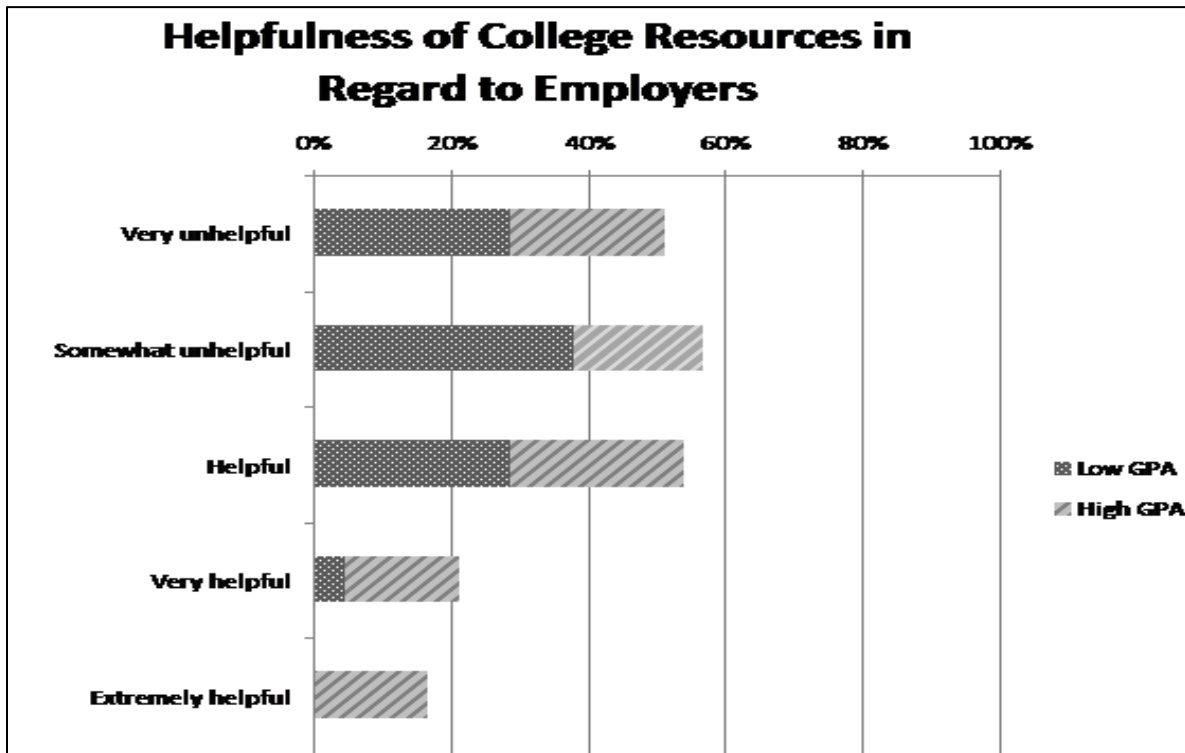


Figure 7. Helpfulness of college resources in regard to employers

Difficulty in Finding First Position		High GPA	Low GPA
Very Easy	*	44.2%	18.4%
Somewhat Easy		21.1%	21.1%
Average Amount of Difficulty		15.6%	28.9%
Somewhat Difficult		9.5%	21.1%
Very Difficult		9.5%	10.5%
		100.0%	100.0%

*Significant at the 0.05 level.

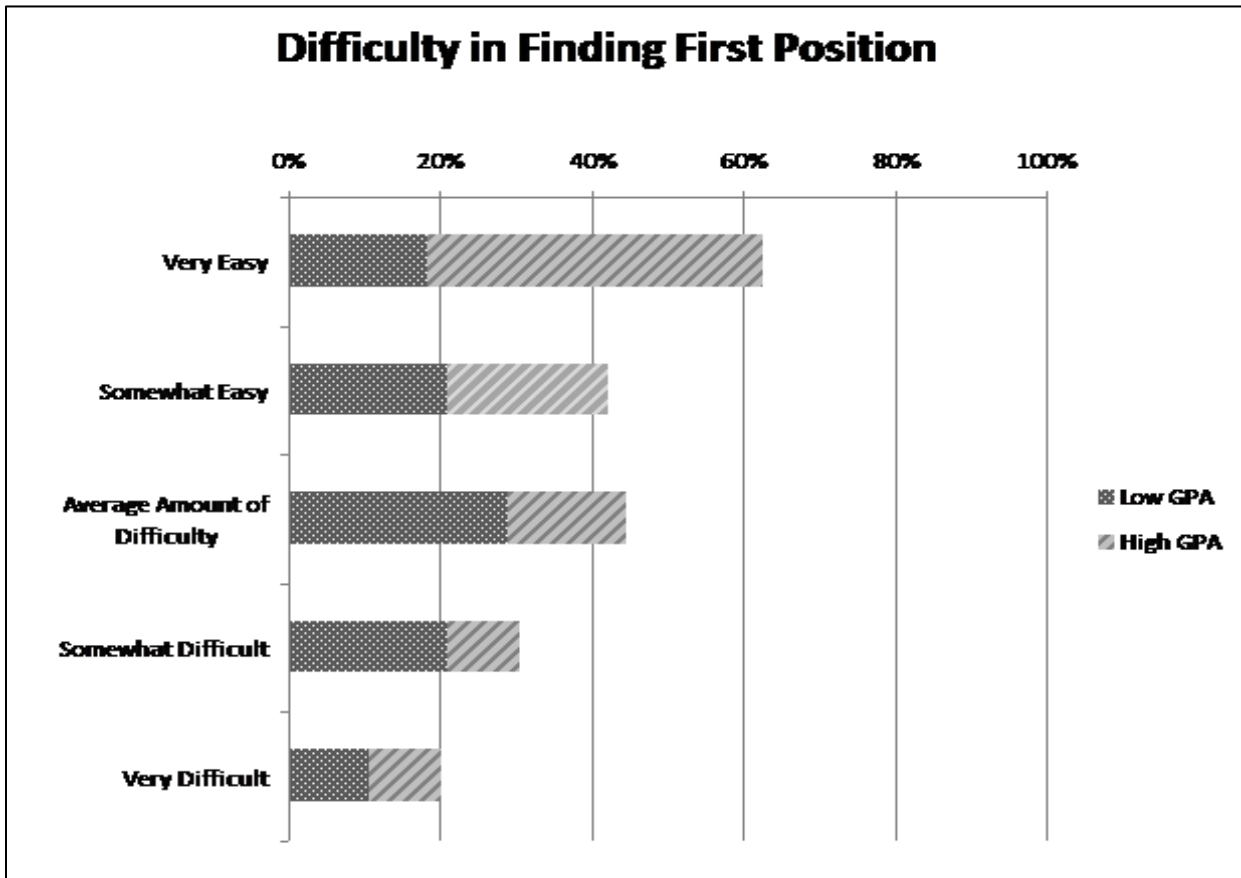


Figure 8. Difficulty in finding first position

Comparison of Starting Salary to Other Accounting Graduates		
	High GPA	Low GPA
Much Higher than Others	5.9%	0.0%
Somewhat Higher than Others	23.5%	26.2%
Same as Others	44.4%	35.7%
Somewhat Lower than Others	19.6%	31.0%
Much Lower than Others	6.5%	7.1%

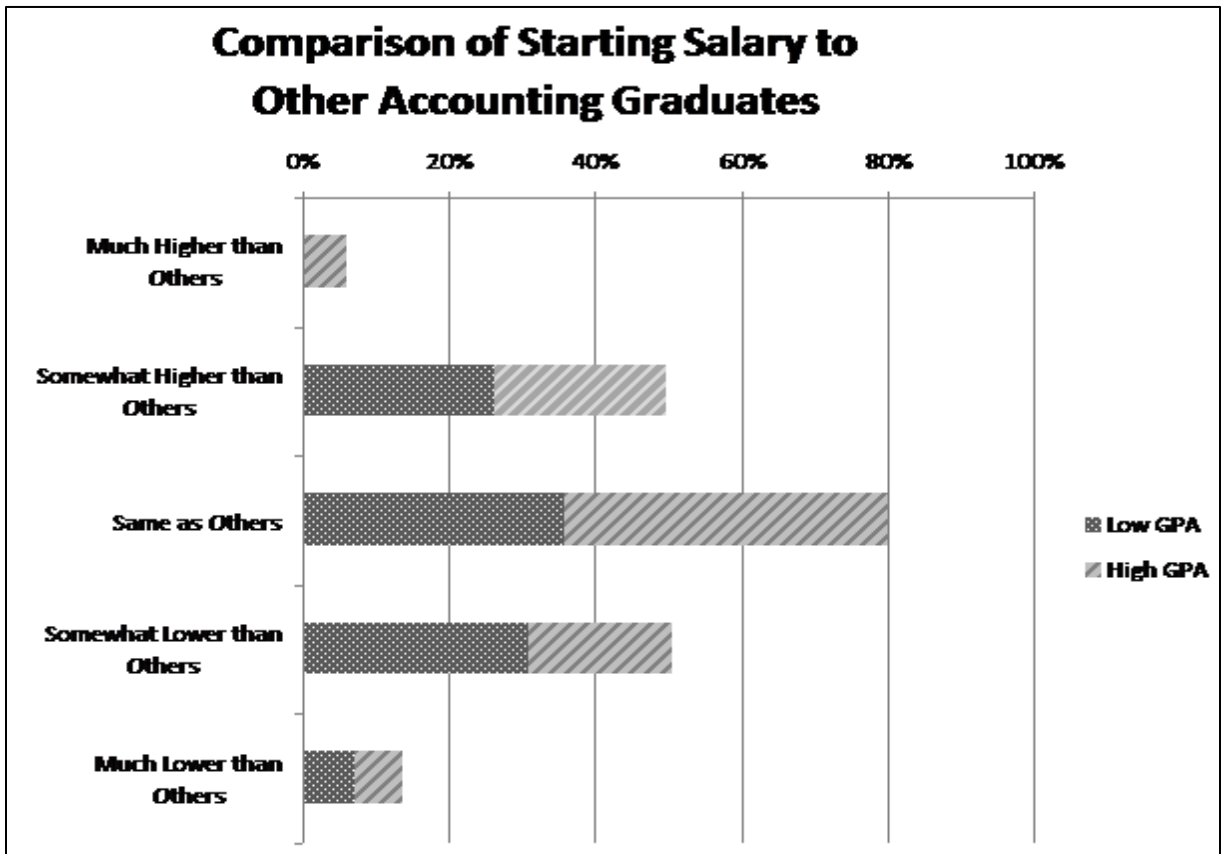


Figure 9. Comparison of starting salary to other accounting graduates

Event History (Present)

Currently a greater percentage of higher GPA respondents were employed in public accounting than in industry as an accountant, but there was not a significant statistical difference between the two groups (Figure 10). This would probably imply that

over time some of the higher GPA graduates moved from public accounting to industry although movement of the lower GPAs from industry to public accounting is theoretically possible. There was also a statistically significant difference between groups with a higher percentage of the lower GPAs reporting higher private business ownership (Figure 10).

Present Occupational Field		High GPA	Low GPA
Public Accounting		25.6%	15.2%
Private Accounting		31.1%	32.6%
Human Resource Management		1.2%	0.0%
Finance		8.5%	10.9%
Management		9.1%	2.2%
Private Business Ownership	*	4.3%	17.4%
Other		20.1%	21.7%
		100.0%	100.0%

*Significant at the 0.05 level.

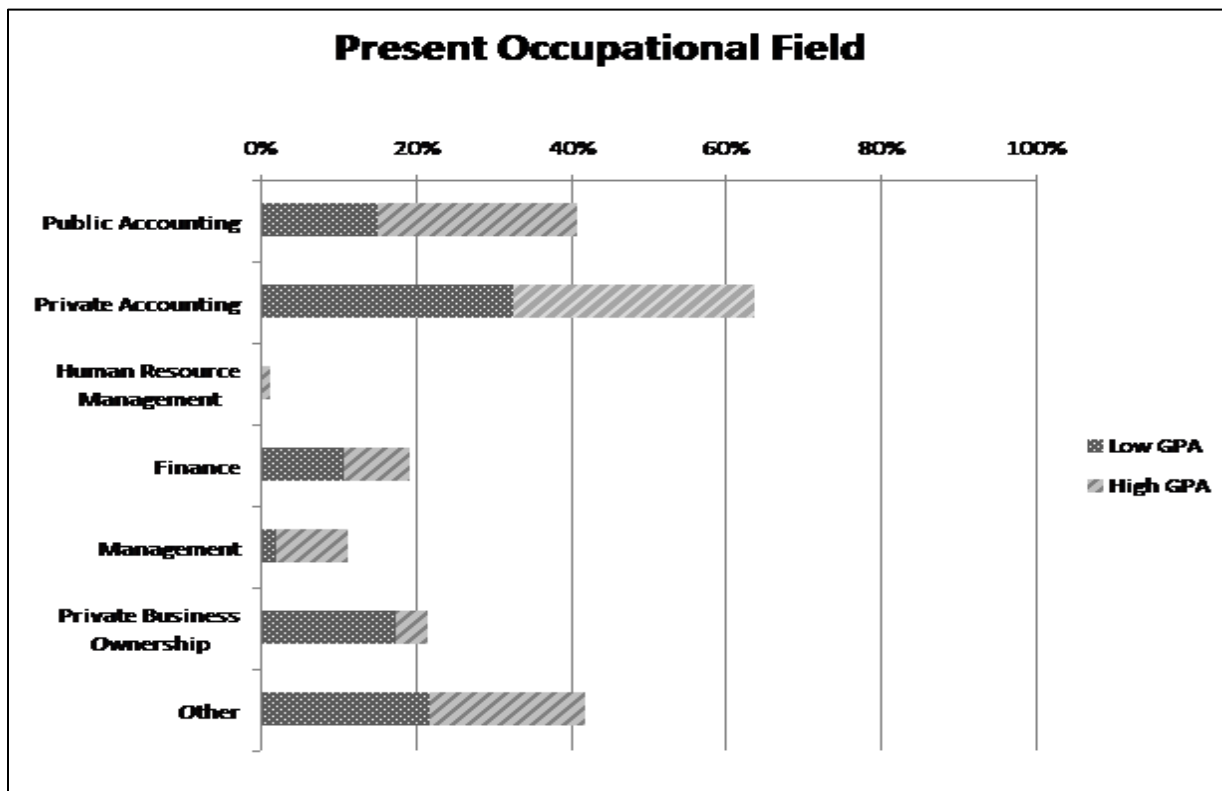


Figure 10. Present occupational field

End Points (Present)

There was no significant difference between groups in regard to length of tenure with current

employer (Figure 11). This would seem to indicate similar job stability between groups.

Length of Time with Current Employer	High GPA	Low GPA
Less than a Year	9.7%	4.8%
1-3 years	33.8%	31.0%
4-10 years	39.0%	42.9%
11-15 years	10.4%	14.3%
16-25 years	6.5%	7.1%
Over 25 years	0.6%	0.0%

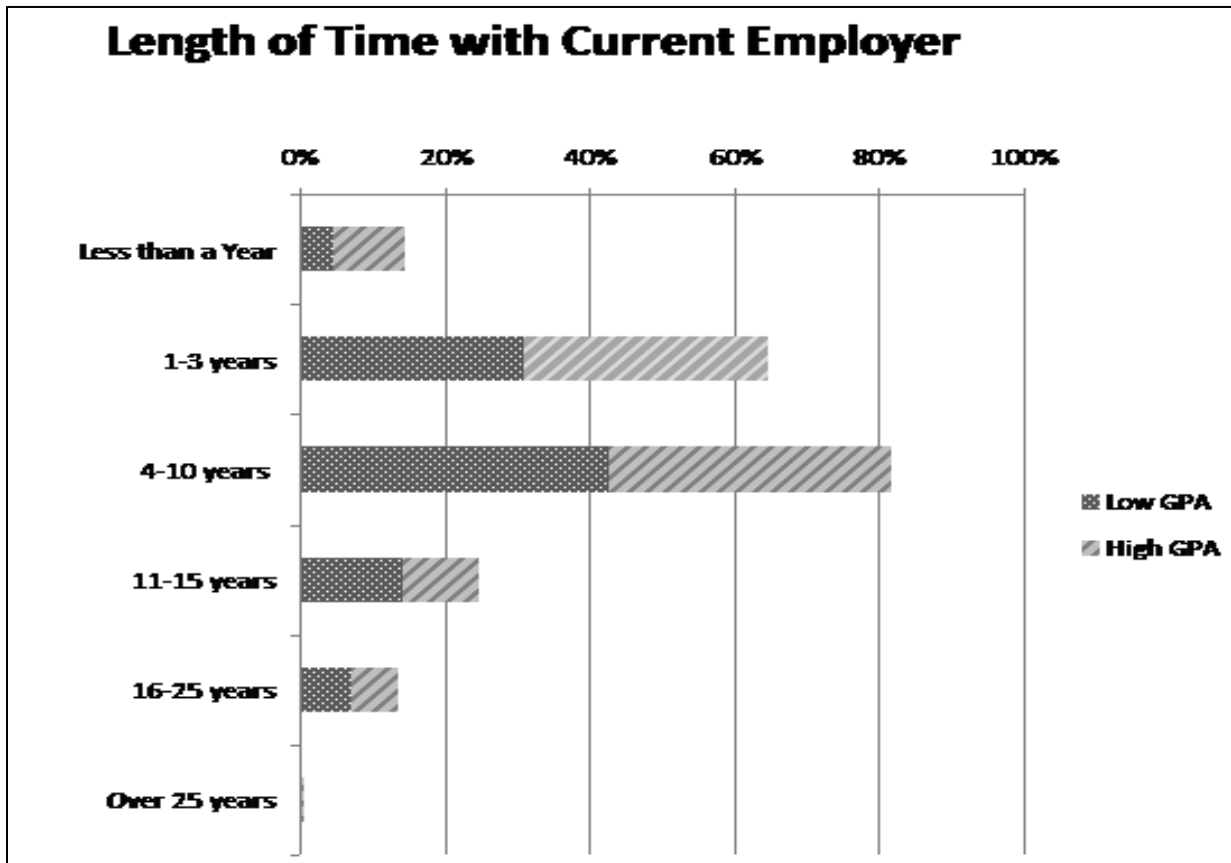


Figure 11. Length of time with current employer

Evaluation (Present)

There was no significant difference between groups in terms of their perception of salary in comparison to their peers (Figure 12). Most importantly, there were

no significant differences between lower GPA average accounting graduates and higher GPA graduates in regard to satisfaction with their current job (Figure 13) and satisfaction with their overall career (Figure 14).

Comparison of Current Salary to Salary of Individuals in Your Field		
	High GPA	Low GPA
Much Higher than Others	6.8%	14.3%
Somewhat Higher than Others	41.5%	38.1%
Same as Others	35.4%	35.7%
Somewhat Lower than Others	11.6%	9.5%
Lower than Others	4.8%	2.4%
	100.0%	100.0%

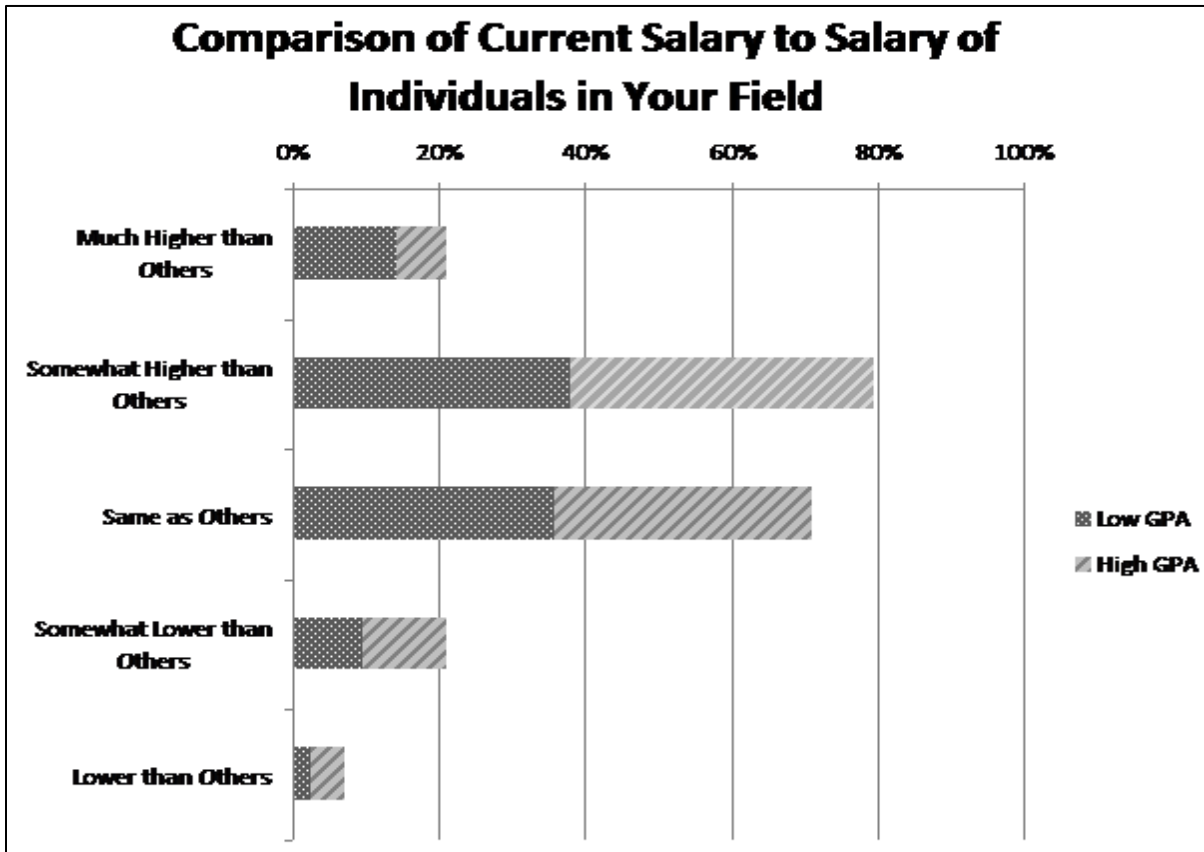


Figure 12. Comparison of current salary to salary of individuals in your field

Satisfaction with Current Job		High GPA	Low GPA
Extremely Unsatisfied		3.53%	0.00%
Very Unsatisfied		3.53%	0.00%
Satisfied		14.12%	27.78%
Very Satisfied		48.24%	38.89%
Extremely Satisfied		30.59%	33.33%



Figure 13. Satisfaction with current job

Satisfaction with Overall Career		
	High GPA	Low GPA
Extremely Unsatisfied	3.2%	2.3%
Very Unsatisfied	2.6%	7.0%
Satisfied	20.5%	7.0%
Very Satisfied	42.3%	46.5%
Extremely Satisfied	31.4%	37.2%

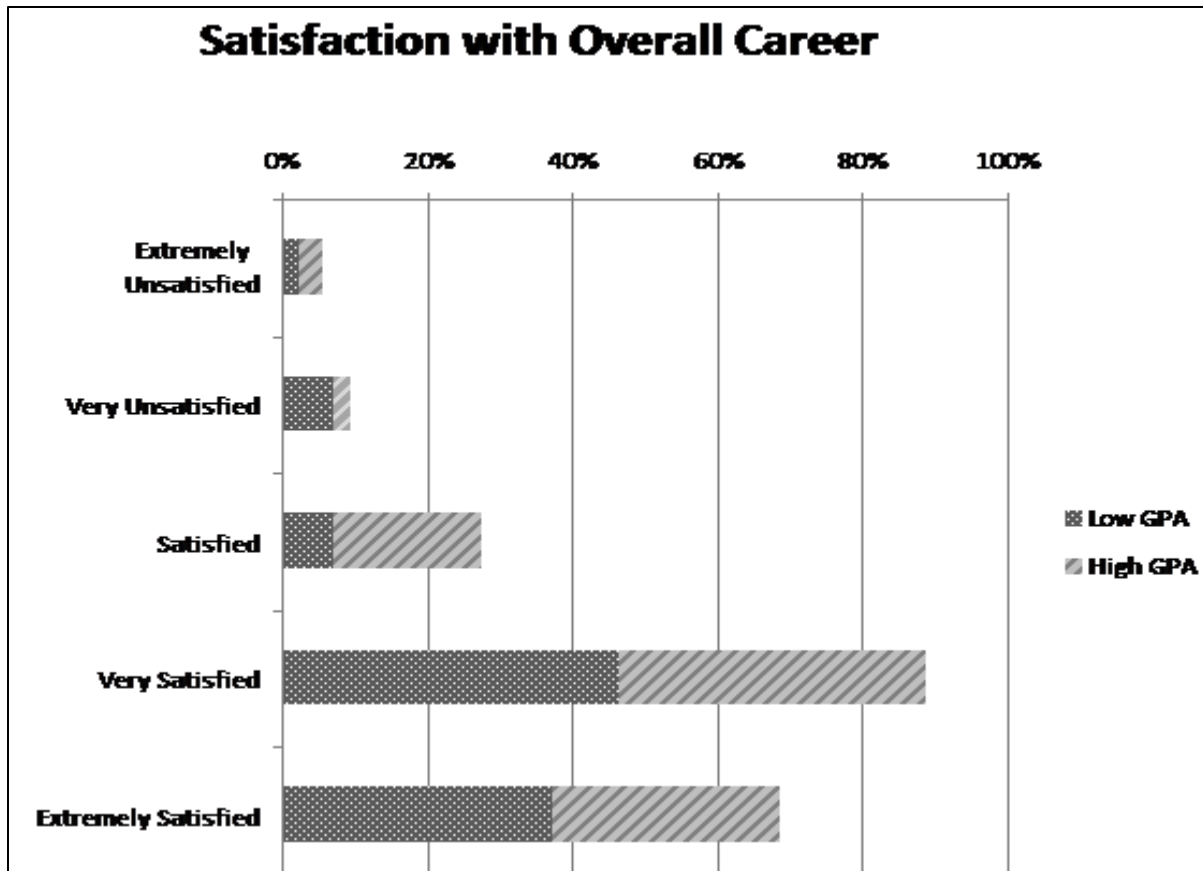


Figure 14. Satisfaction with overall career

Conclusion

The results of the study seem to tell a fairly coherent story about the life course of accounting graduates over the last three decades at this one public university. First, it appears that lower GPA students, particularly those with grade point averages less than 3.00, are effectively screened out of interviews by the placement office of the university and by employers for public accounting jobs. In any event, the respondents were unhappy with the placement resources made available to them prior to graduation by the university. Fortunately, most respondents appear to have overcome this obstacle primarily by

using networks of friends and acquaintances to secure their initial job as a private accountant in industry. These individuals also are more likely to start their own businesses and are a potential of entrepreneurial wealth for the community.

After initial employment (as noted usually in different occupational sectors) both groups appear to be equally stable in their employment in terms of the number of employers over time, tenure at first and current job. Grade point average would not seem to be related to the stability of the accounting graduate's career.

Finally, at present, both groups report essentially equity in terms of salary and equal satisfaction with

their current job and overall career. In summary it would appear that lower GPA accounting graduates have initial difficulties in securing a first position but over time develop stable and satisfying careers equal to that of higher GPA graduates. The impact of initial event is limited in its influence on the direction of career but not to its perceived success.

There are several implications of the study for accounting departments and universities. First, accounting educators should provide as many opportunities as possible for students with lower grade point averages to network and interact with practicing accountants and with the business community. This interaction can be effected through organizations other than Beta Alpha Psi, through internships and job fairs. Secondly, efforts should be made by accounting educators to change the attitude of both employers and placement offices in regard to screening of applicants by grade point average. Many firms and industries may be losing potentially valuable employees because of arbitrary rules based on ill founded beliefs about employee potential and grade point average. Finally, accounting educators should encourage students with lower grade point averages to make their best efforts academically possible, but to remain committed and positive about their future career in the accounting and business world.

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