

Do Passing Rates of Government CPA Examinations Predict the Future?



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The passing rates of the statutory CPA government examinations in advanced financial accounting and advanced auditing are easy to obtain and many are tempted to use these passing rates as a measure of student success as well as the quality of the accounting program. We offer three additional measures of quality and success: (i) The academic background of the partners in the leading five CPA firms; (ii) the academic background of the chief financial officers in the largest publicly traded firms in the Tel Aviv Stock Exchange; and (iii) the academic background of the members and participants in the Israel Accounting Standards Board. Unlike examination passing rates, which measure success in the short-run, these three measures have a long-term perspective. All three measures suggest a significant quality difference between the research universities and the colleges. These findings support the argument that students should apply to the best possible academic institution in order to correctly signal their quality to potential employers, and thus realize their full potential.

Merit as the Leading Cause for Mobility in Life and Pay



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Economic inequality is on the rise globally and in Israel, and has dire implications for social cohesion, health, and crime levels. However, both the public and policy makers in Israel are only minimally concerned with inequality, partly due, we propose, to a widespread belief in the role of merit (i.e., skills, ability, and effort) in mobility in society. Drawing from the "belief in a just world" theory, system justification theory, and equity theory, we predicted that the Israeli public views merit as the primary cause of actual upward mobility, and as the most desired determining factor of compensation. This prediction was examined using survey data collected in 2009-2010 from a large representative sample of Israeli citizens ($n=1,193$). We find that the belief in the importance of merit is pervasive, and increases as the individual is located higher in the socio-economic hierarchy. These findings are important for the regulation of compensation at both national and organizational levels.