THE SUPPLY OF ACCOUNTING GRADUATES

AND THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

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Prepared by

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INTRODUCTION

In response to the need for better information on the supply of and demand for public accounting recruits, the American Institute of CPAs publishes an annual study on this topic. This is the fifth of these annual studies and is intended to update the predictions of the 1974 study.

This study is based on a survey conducted in early 1975. The Institute's staff surveyed a stratified sample of 83 firms as to their projected manpower needs, and 469 colleges and universities as to their supply of accounting graduates during the same period. The response from both firms and schools was good. Almost 85% of the 83 public accounting firms replied, and this included all of the larger national and regional firms. Replies were received from schools which historically have produced approximately 84% of accounting graduates.

It is difficult to equate supply and demand or to precisely identify relative trends. This is because not all accounting graduates are employed by public accounting firms and no satisfactory way has been devised for estimating the number of accounting graduates who are employed in private industry, the various levels of government, or who remain in education or in other activities. Also, respondents use their own definition of what constitutes a major or concentration in accounting. This year many comments again were received from both firms and schools about the uncertainty of future predictions depending on the future level of business activity and the cost of higher education. Comments were also received from many of the public schools about their difficulty in maintaining educational standards within existing budgets because of the very large numbers of students who were seeking to obtain an accounting education. This too was noted as a factor which was imposing limits on estimates of the number of graduates expected during the survey period.

The three sections of this report deal with the supply of accounting graduates, the demand for public accounting recruits, and the relationship between supply and demand. Each section includes commentary followed by related tables. Interpretation has been minimized since persons reading these data will be competent to evaluate the many variables which could influence the actual and estimated numbers. With the dominant variables in mind, the readers are free to draw their own conclusions from the historic progressions in the data or from a comparison of the changed expectations shown for the current and preceding year.

THE SUPPLY OF ACCOUNTING GRADUATES

Participation in Supply Survey

The Institute's staff surveyed 469 colleges and universities as to the supply of accounting graduates in the United States for the academic year 1973-74 and their predictions for the next five years, 1974-75 through 1978-79. This represents an increase from prior years of 67 schools which have developed accounting programs to the point of cumulative numerical significance in their accounting graduates during the survey period. While the number of their graduates is under 2% of the bachelor's degrees total in 1973-74, the number is close to 4% of the total in 1978-79.

Participating schools were divided into two groups:

- *AACSB* (American Assembly of Collegiate Schools of Business) *Member Schools* are members of the AACSB assembly and have been accredited by the AACSB.
- *AACSB Assembly Schools* are members of the AACSB assembly but have not been accredited by the AACSB.

A summary of the participation in the survey follows:

	AACSB Member Schools		*AACSB Assembly Schools*		*Total*	
	Number	%	Number	%	Number	%
Usable Responses	131	77	219	73	350	75
Nonresponses	39	23	80	27	119	25
Survey Requests	170	100	299	100	469	100

There has been a 13% increase in the number of member schools during the five years surveyed. This number represents about a 3% transfer each year from the assembly to the member category. This qualitative change is slight when compared to the greater numerical changes shown each of the last two years between public and private schools in both member and assembly categories.

Estimation of Total Supply

Supply for the nonresponding schools was estimated under the assumption that the nonresponding schools will have the same growth rate as the responding schools. For determining this growth rate, information was obtained on the number of accounting graduates for a given year from either the most recent response to this survey or from an evaluation of comparable size and type schools responding to the survey for determination of an estimated number for the given year. Total supply was then estimated based on the following relationship:

$$\frac{\text{Given year graduates per responding schools}}{\text{Given year graduates per total schools surveyed}} \cdot \frac{\text{Response per responding schools}}{\text{Total estimated supply}}$$

Results of Supply Survey

Data on the number of accounting graduates for the period, 1967-68 through 1973-74 and for the projected period, 1974-75 through 1978-79, are shown in Tables I to XII at the end of this section.

In a time of extreme economic uncertainty it is revealing to see how quickly students have responded to the knowledge that employment opportunities continued to be available for accounting graduates (even though limited in number relative to the number of graduates) as contrasted with sharply curtailed opportunities for graduates in other educational areas. This is apparent in the sharp increases in total supply shown in Tables I to III but is most readily seen in a comparison of the percentage increases estimated in the 1974 and 1975 surveys as tabulated on pages 4, 5 and 6.

It is equally apparent that the educators are willing to recognize this surge of interest in accounting education only for the students presently in school who will be receiving degrees by 1977. After 1977, the growth rate projected declines.

Member Schools. Table IV compares the results of the 1975 and 1974 surveys for graduates from AACSB member schools. The 1974 survey, based on students who were currently enrolled in accounting programs, showed a marked increase in the number of both degrees going to accounting graduates. This sharp increase is repeated in the 1975 survey and projected into the future with a gradual decline after 1977 in the expected rate of increase. In 1974 the projection remained significantly higher for bachelor's than for master's degrees as the rate of rise for master's degrees flattened out after two years. In the 1975 survey the supply of both degrees continues to increase at about the same rate. In the 1974 survey and again in 1975, member schools were expecting larger increases in the number of accounting degree holders than were assembly schools although the gap between the two is narrowing in the number of bachelor's degrees.

Both the 1975 and 1974 surveys strongly support the expectation that students would continue transferring to the study of accounting as the word spreads among them of the availability of job opportunities for accounting trained graduates.

Assembly Schools. Table V compares the results of the 1975 and 1974 surveys for graduates from AACSB assembly schools. As is the case with the member schools, the expected supply increases are significant for bachelor's degree holders although for the first time in 1975 the percentage increases were proportionately greater for assembly than for member schools. The large percentage changes for master's degrees at assembly schools are related to the lower base, but even the actual numbers are becoming significant in the total degrees granted.

Holders of Bachelor's and Master's Degrees. The following tabulation indicates by a comparison of percentages the trends in supply of holders of bachelor's and master's degrees by AACSB affiliation and in total for both the 1975 and 1974 surveys. An index of 100 was based on the average experience for the period, 1967-68 through 1969-70.

In both years, for both categories of affiliation, a higher growth rate was projected for master's degrees than bachelor's degrees. The growth rate for both degrees in assembly schools is greatest in the 1975 survey which provides a contrast with the 1974 study when growth rates for bachelor's degrees in member schools was ahead of that for assembly schools. The apparent shift to assembly schools is in part caused by the lower base and in part is a reflection of the growth in regional public universities which tend to require less cost outlay for students living nearby.

	AACSB Member				*AACSB Assembly*				*Total*			
	Bachelor's		*Master's*		*Bachelor's*		*Master's*		*Bachelor's*		*Master's*	
	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974
1970-71	—	128	—	133	—	113	—	129	—	121	—	133
1971-72	—	148	—	150	—	128	—	172	—	138	—	154
1972-73	—	163	—	192	—	141	—	172	—	153	—	189
1973-74	184	181	225	225	181	156	300	258	182	169	237	231
1974-75	205	189	258	250	203	169	471	386	204	180	293	273
1975-76	221	195	308	283	223	181	558	472	222	188	349	315
1976-77	233	204	333	300	237	193	686	515	235	199	391	336
1977-78	238	207	367	317	250	204	816	601	244	206	440	364
1978-79	243	—	400	—	263	—	986	—	252	—	495	—

Public and Private Schools. The growth rates for public and private schools from 1973-74 to 1978-79 estimated in the 1975 survey are presented below with estimates from 1972-73 to 1977-78 made in the 1974 survey for comparison. Considering the larger base in 1973-74, the increases in the 1975 survey are even more significant than a direct comparison would indicate.

	Public		*Private*	
	1975	1974	1975	1974
Bachelor's Degrees	39%	36%	36%	31%
Master's Degrees	128%	113%	87%	64%

In the prior studies, the growth rate for public schools also has been greater than for private schools. The fact that public schools have a greater historical base (Table VI) partially explains why public schools now have and will continue to account for the majority of accounting graduates who are holders of bachelor's or master's degrees (Table VI). The other factor which has been a major influence in both 1975 and 1974 expectations as to type of school attended to get an accounting education is the mounting cost of education and the resulting decline in the number of students who can pay the higher private school tuition.

Regional Data. Information on graduates by AACSB regional classification is included in Tables IX to XI. Table XII lists the states that make up each region.

The regional growth patterns seen for bachelor's degrees after 1973-74 are varied although each region starts with large increases and progresses to lower increases in the last two years. The growth percentages for master's degrees are more erratic but tend to follow a similar pattern. The exception to this pattern is seen in Pacific region master's degrees where a decline was reported largely because of the revised estimates of two large universities in the member category.

The percentage changes for both 1975 and 1974 surveys by regions for both types of degrees are:

BACHELOR'S DEGREES

	New England		*North Central*		*South*		*Pacific*	
	1975	1974	1975	1974	1975	1974	1975	1974
1972-73	—	100	—	100	—	100	—	100
1973-74	100	109	100	111	100	111	100	112
1974-75	114	118	111	116	112	120	110	115
1975-76	125	124	122	121	122	127	115	120
1976-77	131	132	131	126	130	135	119	127
1977-78	136	138	136	130	136	139	121	129
1978-79	142	—	142	—	139	—	125	—

MASTER'S DEGREES

	New England		*North Central*		*South*		*Pacific*	
	1975	1974	1975	1974	1975	1974	1975	1974
1972-73	—	100	—	100	—	100	—	100
1973-74	100	125	100	129	100	117	100	117
1974-75	115	150	120	129	129	150	150	150
1975-76	138	163	140	157	157	183	175	167
1976-77	154	188	160	157	186	200	175	167
1977-78	170	200	180	186	214	217	200	167
1978-79	185	—	200	—	257	—	225	—

TABLE I
SUPPLY OF ACCOUNTING GRADUATES
FROM ALL SCHOOLS
1967-68 to 1978-79

	Educational Level		
Year	*Bachelor's Degrees*	*Master's Degrees*	*Total Supply*
1967-68	15,700	1,500	17,200
1968-69	17,200	1,500	18,700
1969-70	18,700	1,300	20,000
1970-71	20,800	1,900	22,700
1971-72	23,800	2,200	26,000
1972-73	26,300	2,700	29,000
1973-74	31,400	3,400	34,800
1974-75	35,100	4,200	39,300
1975-76	38,200	5,000	43,200
1976-77	40,400	5,600	46,000
1977-78	41,900	6,300	48,200
1978-79	43,400	7,100	50,500

TABLE II
SUPPLY OF ACCOUNTING GRADUATES
FROM AACSB MEMBER SCHOOLS
1967-68 to 1978-79

	Educational Level		
Year	*Bachelor's Degrees*	*Master's Degrees*	*Total Supply*
1967-68	8,400	1,300	9,700
1968-69	9,200	1,200	10,400
1969-70	9,800	1,100	10,900
1970-71	11,700	1,600	13,300
1971-72	13,500	1,800	15,300
1972-73	14,900	2,300	17,200
1973-74	16,800	2,700	19,500
1974-75	18,700	3,100	21,800
1975-76	20,200	3,700	23,900
1976-77	21,300	4,000	25,300
1977-78	21,700	4,400	26,100
1978-79	22,200	4,800	27,000

TABLE III
SUPPLY OF ACCOUNTING GRADUATES
FROM AACSB ASSEMBLY SCHOOLS
1967-68 to 1978-79

	Educational Level		
Year	*Bachelor's Degrees*	*Master's Degrees*	*Total Supply*
1967-68	7,300	200	7,500
1968-69	8,000	300	8,300
1969-70	8,900	200	9,100
1970-71	9,100	300	9,400
1971-72	10,300	400	10,700
1972-73	11,400	400	11,800
1973-74	14,600	700	15,300
1974-75	16,400	1,100	17,500
1975-76	18,000	1,300	19,300
1976-77	19,100	1,600	20,700
1977-78	20,200	1,900	22,100
1978-79	21,200	2,300	23,500

TABLE IV
COMPARISON OF 1975 AND 1974 SUPPLY STUDIES
FOR AACSB MEMBER SCHOOLS
1973-74 to 1977-78

	Educational Level					
	Bachelor's Degrees		*Master's Degrees*		*Total Supply*	
Year	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*
1973-74	16,800	16,500	2,700	2,700	19,500	19,200
1974-75	18,700	17,300	3,100	3,000	21,800	20,300
1975-76	20,200	17,800	3,700	3,400	23,900	21,200
1976-77	21,300	18,600	4,000	3,600	25,300	22,200
1977-78	21,700	18,900	4,400	3,800	26,100	22,700

TABLE V
COMPARISON OF 1975 AND 1974 SUPPLY STUDIES
FOR AACSB ASSEMBLY SCHOOLS
1973-74 to 1977-78

	Educational Level					
	Bachelor's Degrees		*Master's Degrees*		*Total Supply*	
Year	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*
1973-74	14,600	12,600	700	600	15,300	13,200
1974-75	16,400	13,600	1,100	900	17,500	14,500
1975-76	18,000	14,600	1,300	1,100	19,300	15,700
1976-77	19,100	15,600	1,600	1,200	20,300	16,800
1977-78	20,200	16,500	1,900	1,400	22,100	17,900

TABLE VI
SUPPLY OF ACCOUNTING GRADUATES
FROM ALL PUBLIC AND PRIVATE SCHOOLS
1967-68 to 1978-79

	Bachelor's Degrees		*Master's Degrees*	
Year	*Public*	*Private*	*Public*	*Private*
1967-68	9,400	6,300	900	600
1968-69	10,700	6,500	800	700
1969-70	12,100	6,600	700	600
1970-71	14,500	6,300	1,200	700
1971-72	16,800	7,000	1,300	900
1972-73	18,900	7,400	1,600	1,100
1973-74	22,200	9,200	1,800	1,600
1974-75	24,700	10,400	2,300	1,900
1975-76	27,000	11,200	2,800	2,200
1976-77	28,600	11,800	3,200	2,400
1977-78	29,700	12,200	3,600	2,700
1978-79	30,900	12,500	4,100	3,000

TABLE VII
SUPPLY OF ACCOUNTING GRADUATES
FROM PUBLIC AND PRIVATE AACSB MEMBER SCHOOLS
1967-68 to 1978-79

	Bachelor's Degrees		*Master's Degrees*	
Year	*Public*	*Private*	*Public*	*Private*
1967-68	5,900	2,500	800	500
1968-69	6,500	2,700	700	500
1969-70	7,200	2,600	600	500
1970-71	8,900	2,800	1,000	600
1971-72	10,400	3,100	1,000	800
1972-73	11,700	3,200	1,400	900
1973-74	13,000	3,800	1,500	1,200
1974-75	14,500	4,200	1,800	1,300
1975-76	15,700	4,500	2,200	1,500
1976-77	16,600	4,700	2,400	1,600
1977-78	16,900	4,800	2,700	1,700
1978-79	17,300	4,900	3,000	1,800

TABLE VIII
SUPPLY OF ACCOUNTING GRADUATES
FROM PUBLIC AND PRIVATE AACSB ASSEMBLY SCHOOLS
1967-68 to 1978-79

	Bachelor's Degrees		*Master's Degrees*	
Year	*Public*	*Private*	*Public*	*Private*
1967-68	3,500	3,800	100	100
1968-69	4,200	3,800	100	200
1969-70	4,900	4,000	100	100
1970-71	5,600	3,500	200	100
1971-72	6,400	3,900	300	100
1972-73	7,200	4,200	200	200
1973-74	9,200	5,400	300	400
1974-75	10,200	6,200	500	600
1975-76	11,300	6,700	600	700
1976-77	12,000	7,100	800	800
1977-78	12,800	7,400	900	1,000
1978-79	13,600	7,600	1,100	1,200

TABLE IX
SUPPLY OF ACCOUNTING GRADUATES BY REGION FROM ALL SCHOOLS
1970-71 to 1978-79

Year	New England	North Central	South	Pacific
		Bachelor's Degrees		
1970-71	5,100	6,700	5,800	3,200
1971-72	5,900	7,400	6,800	3,700
1972-73	6,500	8,200	7,500	4,100
1973-74	8,100	9,100	9,000	5,200
1974-75	9,200	10,100	10,100	5,700
1975-76	10,100	11,100	11,000	6,000
1976-77	10,600	11,900	11,700	6,200
1977-78	11,000	12,400	12,200	6,300
1978-79	11,500	12,900	12,500	6,500
		Master's Degrees		
1970-71	500	800	500	100
1971-72	800	600	500	300
1972-73	800	700	600	600
1973-74	1,300	1,000	700	400
1974-75	1,500	1,200	900	600
1975-76	1,800	1,400	1,100	700
1976-77	2,000	1,600	1,300	700
1977-78	2,200	1,800	1,500	800
1978-79	2,400	2,000	1,800	900

TABLE X
SUPPLY OF ACCOUNTING GRADUATES BY REGION
FROM AACSB MEMBER SCHOOLS
1970-71 to 1978-79

		Bachelor's Degrees		
Year	*New England*	*North Central*	*South*	*Pacific*
1970-71	2,400	3,900	3,100	2,300
1971-72	2,800	4,400	3,800	2,500
1972-73	3,000	4,800	4,100	3,000
1973-74	3,500	5,100	4,600	3,500
1974-75	3,900	5,700	5,200	3,800
1975-76	4,400	6,200	5,700	4,000
1976-77	4,600	6,600	6,000	4,100
1977-78	4,700	6,800	6,100	4,100
1978-79	4,800	7,000	6,200	4,200
		Master's Degrees		
1970-71	400	700	400	100
1971-72	700	500	400	200
1972-73	700	600	500	500
1973-74	1,000	800	600	300
1974-75	1,100	1,000	700	400
1975-76	1,200	1,100	800	500
1976-77	1,200	1,300	900	500
1977-78	1,300	1,400	1,000	600
1978-79	1,400	1,600	1,200	600

TABLE XI
SUPPLY OF ACCOUNTING GRADUATES BY REGION
FROM AACSB ASSEMBLY SCHOOLS
1970-71 to 1978-79

Year	New England	North Central	South	Pacific
		Bachelor's Degrees		
1970-71	2,700	2,800	2,700	900
1971-72	3,100	3,000	3,000	1,200
1972-73	3,500	3,400	3,400	1,100
1973-74	4,600	4,000	4,400	1,700
1974-75	5,300	4,400	4,900	1,900
1975-76	5,700	4,900	5,300	2,000
1976-77	6,000	5,300	5,700	2,100
1977-78	6,300	5,600	6,100	2,200
1978-79	6,700	5,900	6,300	2,300
		Master's Degrees		
1970-71	100	100	100	—
1971-72	100	100	100	100
1972-73	100	100	100	100
1973-74	300	200	100	100
1974-75	400	200	200	200
1975-76	600	300	300	200
1976-77	800	300	400	200
1977-78	900	400	500	200
1978-79	1,000	400	600	300

TABLE XII
STATES PER REGION

New England	*North Central*	*South*	*Pacific*
Connecticut	Colorado	Alabama	Alaska
Delaware	Illinois	Arkansas	Arizona
Maine	Indiana	Florida	California
Maryland	Iowa	Georgia	Hawaii
Massachusetts	Kansas	Kentucky	Idaho
New Hampshire	Michigan	Louisiana	Nevada
New Jersey	Minnesota	Mississippi	Oregon
New York	Missouri	New Mexico	Utah
Pennsylvania	Montana	North Carolina	Washington
Rhode Island	Nebraska	Oklahoma	
Vermont	North Dakota	South Carolina	
	Ohio	Tennessee	
	South Dakota	Texas	
	West Virginia	Virginia	
	Wisconsin		
	Wyoming		

Participation in Demand Survey

The 1975 study of demand, like the prior four, consisted primarily of larger firm participation. The "larger firm" classification, defined as firms with 10 or more Institute members, included 364 firms. For the 1975 demand survey, those firms which responded to the 1974 survey plus a random selection of new firms moving into each category were contacted. This sample consisted of 83 firms who were asked to report their actual demand for 1973-74, to update their projections for the four years 1974-75 through 1977-78, and to make a projection for 1978-79.

Of the 83 firms contacted, 69 replied, including all of the 35 firms with the most Institute members. The aggregate demand data reported in this study are based upon these 69 replies. Results for the 287 firms not sampled and the 14 firms that did not reply were estimated based upon demand indicated by the responding firms.

As a result of the excellent responses from the largest firms, the amount of estimation involved was minor. Estimates applicable to nonrespondents and firms not included in the sample are less than 10% of the demand totals.

A summary of the participation in the survey follows:

Number of Institute Members	*Firms*		*Survey Requests*		*Responses*	
	Number	%	Number	%	Number	%
More than 32	49	13	35	42	35	51
22-32	32	9	10	12	8	11
10-21	283	78	38	46	26	38
	364	100	83	100	69	100

Results of Demand Study

The aggregate results of the 1975 demand study and a comparison of the 1975 and 1974 studies are shown in Tables XIII and XIV at the end of this section.

Results of 1973-74. Actual demand for holders of bachelor's degrees was 3% above the numbers estimated in the 1974 study, while actual demand for holders of master's degrees was down 7% from the number predicted in the 1974 study. The increased demand for holders of bachelor's degrees took place in the largest size of firms since there actually were some fewer persons employed than predicted in 1974 by the smaller two categories of firms. The increase apparently was caused in part by the larger supply of well educated accounting graduates at the bachelor's level and their availability at a lower salary than the master's degree holders. These factors also explain the decline in demand for master's degree holders which was more pronounced in the largest firms.

The four earlier studies showed that the larger the firm the greater the percentage of new employees who would hold the master's degree. The actual demand for 1973-74 as reported in the 1975 study continues to support this showing in that 23% of the total recruits hired by firms with more than 32 Institute members held master's degrees while only 9% of the total recruits hired by firms with from 10 to 32 Institute members held master's degrees. The percentage of total recruits holding master's degrees hired by the smaller firms, however, has increased substantially from 1970-71, when only 5% of the total recruits hired by firms with from 10 to 27 Institute members held master's degrees.

PERCENTAGE OF NEW EMPLOYEES
EXPECTED TO HOLD MASTER'S DEGREES

Firm Size (Institute Members)

Year	More than 32	10 to 32
1973-74	23%	9%
1974-75	24	10
1975-76	25	10
1976-77	25	11
1977-78	26	11
1978-79	25	10

Predictions for 1974-75 through 1978-79. Estimated demand for holders of bachelor's degrees was slightly lower in the 1975 survey than was estimated in the 1974 study (Table XIV). This indicates a holding pattern in employment for 1975. After 1975 the demand moves steadily upward, although not as rapidly nor as high as had been predicted in the 1974 study. While the demand for master's degree holders was below the estimate for 1973-74, the numbers expected to be employed in the next five years steadily increases and maintains a fairly consistent ratio with the demand for holders of bachelor's degrees.

In the demand growth after 1975 it should be noted that the two smaller categories of firms projected a lower rate of increased demand than did the larger size firms. This group of firms also projected a steeper decline in demand for the current year from the preceding year.

TABLE XIII
DEMAND FOR PUBLIC ACCOUNTING RECRUITS
1967-68 to 1978-79

	Educational Level		
Year	*Bachelor's Degree*	*Master's Degree*	*Total Demand*
1967-68	6,600	1,500	8,100
1968-69	9,600	1,800	11,400
1969-70	9,900	1,900	11,800
1970-71	5,300	1,600	6,900
1971-72	6,800	2,000	8,800
1972-73	8,900	2,400	11,300
1973-74	10,000	2,600	12,600
1974-75	9,800	2,800	12,600
1975-76	11,000	3,300	14,300
1976-77	12,000	3,600	15,600
1977-78	13,000	4,000	17,000
1978-79	14,000	4,300	18,300

NOTE: As explained in the report, this demand is based upon a survey of firms with 10 or more Institute members.

TABLE XIV
COMPARISON OF 1975 AND 1974 DEMAND STUDIES
1973-74 to 1977-78

	Educational Level					
	Bachelor's Degree		*Master's Degree*		*Total Demand*	
Year	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*	*1975 Study*	*1974 Study*
1973-74	10,000	9,700	2,600	2,800	12,600	12,500
1974-75	9,800	10,500	2,800	3,000	12,600	13,500
1975-76	11,000	11,300	3,300	3,300	14,300	14,600
1976-77	12,000	12,200	3,600	3,700	15,600	15,900
1977-78	13,000	13,100	4,000	4,100	17,000	17,200

RELATIONSHIPS BETWEEN SUPPLY OF ACCOUNTING GRADUATES AND DEMAND FOR PUBLIC ACCOUNTING RECRUITS

Tables XV to XVII at the end of this section attempt to show the relationships between supply and demand.

The supply of accounting graduates and the demand for public accounting recruits are separate but overlapping populations. Some of the factors that should be considered in discussing them are:

1. The supply of graduates includes many students who are not interested in public accounting.

2. Holders of bachelor's degrees who go on to graduate study are reported twice, in the year they receive the bachelor's degree and in the year they receive the master's degree.

3. Demand is often filled by students who did not major in accounting. (This is particularly true at the master's level, because this study may not have identified all MBAs concentrating in or interested in accounting.)

Observations relating to the relationship between supply and demand should be made with these qualifications in mind.

The 1973 and 1974 studies showed the ratio of demand to supply increasing over the next five years. The 1975 survey shows this relationship dropping to its lowest point in 1975 before beginning a gradual upward movement. This has been caused by the very large increases in the supply of graduates which have exceeded the relatively modest demand increases that continue to be projected by the firms.

In 1975 total supply is estimated to be up 19% over the 1974 projections for 1977-78 while total demand is down 1%. The supply of bachelor's degree holders is estimated to be 18% greater in the 1975 survey over the 1974 survey while demand is almost unchanged in 1977-78. Similarly, the supply of master's degree holders in 1977-78 is estimated to be 21% higher in 1975 over 1974 while demand declined for the same years by 2%.

The ratios in Tables XV to XVII may be placed in better perspective by comparison with data generated in another independent study[1] completed in 1972-73 which showed that the type of employment sought by accounting majors graduating in 1972 was as follows:

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[1]Doyle Z. Williams, A Statistical Survey of Accounting Education 1972-73 (New York: AICPA, 1974), p. 35.

Public accounting	41.0%
Business/industry	29.3
Government	8.4
Continued education in graduate school	7.9
Other and undeterminable	13.4
Total	100.0%

Thus if 41% of the 1974-75 class of accounting degree holders were to seek employment in public accounting, there would be 16,100 students available for the 12,600 employment opportunities existing in public accounting firms.

TABLE XV
RELATIONSHIP BETWEEN SUPPLY OF ACCOUNTING GRADUATES AND DEMAND FOR PUBLIC ACCOUNTING RECRUITS
1967-68 to 1978-79

Year	*Supply of Graduates*	*Demand for Recruits*	*Ratio (%)*	*Ratio Per 1974 Study (%)*
1967-68	17,200	8,100	47	47
1968-69	18,700	11,400	61	61
1969-70	20,000	11,800	59	59
1970-71	22,700	6,900	30	30
1971-72	26,000	8,800	34	34
1972-73	29,000	11,300	39	39
1973-74	34,800	12,600	36	39
1974-75	39,300	12,600	32	39
1975-76	43,200	14,300	33	40
1976-77	46,000	15,600	34	41
1977-78	48,200	17,000	35	42
1978-79	50,500	18,300	36	—

TABLE XVI
RELATIONSHIP BETWEEN SUPPLY OF AND DEMAND FOR HOLDERS OF BACHELOR'S DEGREES
1967-68 to 1978-79

Year	*Supply of Graduates*	*Demand for Recruits*	*Ratio (%)*	*Ratio Per 1974 Study (%)*
1967-68	15,700	6,600	42	42
1968-69	17,200	9,600	56	56
1969-70	18,700	9,900	53	53
1970-71	20,800	5,300	25	25
1971-72	23,800	6,800	29	29
1972-73	26,300	8,900	34	34
1973-74	31,400	10,000	32	33
1974-75	35,100	9,800	28	34
1975-76	38,200	11,000	29	35
1976-77	40,400	12,000	30	36
1977-78	41,900	13,000	31	37
1978-79	43,400	14,000	32	—

TABLE XVII
RELATIONSHIP BETWEEN SUPPLY OF AND DEMAND FOR HOLDERS OF MASTER'S DEGREES
1967-68 to 1978-79

Year	*Supply of Graduates*	*Demand for Recruits*	*Ratio (%)*	*Ratio Per 1974 Study (%)*
1967-68	1,500	1,500	100	100
1968-69	1,500	1,800	120	120
1969-70	1,300	1,900	146	146
1970-71	1,900	1,600	84	84
1971-72	2,200	2,000	91	91
1972-73	2,700	2,400	89	89
1973-74	3,400	2,600	76	85
1974-75	4,200	2,800	67	77
1975-76	5,000	3,300	66	73
1976-77	5,600	3,600	64	77
1977-78	6,300	4,000	63	79
1978-79	7,100	4,300	61	—

NOTE: As explained in the report, the supply determined in this study does not include all recipients of the master's degree who might seek employment in public accounting.