

THE SUPPLY OF ACCOUNTING GRADUATES  
AND THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

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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 sixth of these annual studies and is intended to update the predictions of the 1975 study.

This study is based on a survey conducted in early 1976. The Institute's staff surveyed a stratified sample of 70 firms as to their projected manpower needs, and 485 colleges and universities as to their supply of accounting graduates during the same period. The response from both firms and schools was good. Almost all of the 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 76% 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 again 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 again 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 485 colleges and universities as to the supply of accounting graduates in the United States for the academic year 1974-75 and their predictions for the next five years, 1975-76 through 1979-80. This represents an increase from prior years of 16 schools which have developed accounting programs to the point of contributing to the numerical significance of total accounting graduates during the survey period. The number of their graduates is not significant in the aggregate data for any part of the survey. The most significant change in supply data was the transfer of 10 schools to the member schools from the assembly schools category as outlined below.

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:

	<i>AACSB Member Schools</i>		<i>AACSB Assembly Schools</i>		<i>Total</i>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Usable Responses	151	86	193	62	344	71
Nonresponses	25	14	116	38	141	29
Survey Requests	176	100	309	100	485	100

There has been a 19% increase in the number of member schools during the six years surveyed. This number represents about a 3% transfer each year from the assembly to the member category. This qualitative change is small but is capable of showing a cumulative impact when schools with large accounting enrollments achieve accreditation as was the case in the current year.



## 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:

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

## Results of Supply Survey

Data on the number of accounting graduates for the period, 1970-71 through 1974-75, and for the projected period, 1975-76 through 1979-80, are shown in Tables I to XII at the end of this section.

In a time of continuing economic uncertainty it is revealing to see how many students have responded to the knowledge that employment opportunities continue 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 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 1975 and 1976 surveys as tabulated on pages 4, 5 and 6.

It is equally apparent that many educators continue to recognize this surge of interest in accounting education only for the students presently in school who will be receiving degrees by 1978. After 1978, the growth rate projected levels off although it continues higher for master's than for bachelor's degrees.

*Member Schools.* Table IV compares the results of the 1976 and 1975 surveys for graduates from AACSB member schools. The 1975 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 1976 survey and projected into the future with a gradual decline after 1978 in the expected rate of increase. In 1975 the projection remained significantly higher for master's than for bachelor's degrees as the rate of rise for both degrees moved steadily upward over the estimate period. In the 1976 survey the supply of both degrees continues to increase at about the same rate with the most significant difference being in the increased numbers being estimated in the 1976 survey as compared to 1975. In the 1975 survey and again in 1976, member schools were expecting larger increases in the number of accounting degree holders than were assembly schools and the gap between the two remains fairly constant.

Both the 1976 and 1975 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 1976 and 1975 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 in 1976 the percentage increases were again proportionately greater for member than for assembly schools. The large percentage changes for master's degrees at assembly schools are related to the lower base, although 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 1976 and 1975 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 member schools is greater in the 1976 survey than in 1975, while the growth rate in 1976 for assembly schools is smaller than in 1975. The total growth rate for both degrees is greater in 1976 than 1975, with the master's degree consistently higher in percentage growth than the bachelor's. The apparent shift to member schools is in part caused by the shift of some large schools from assembly to member status, and it may also reflect the greater number of job opportunities available in member placement offices.

	AACSB Member				AACSB Assembly				Total			
	Bachelor's		Master's		Bachelor's		Master's		Bachelor's		Master's	
	1976	1975	1976	1975	1976	1975	1976	1975	1976	1975	1976	1975
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	—	225	—	181	—	300	—	182	—	237
1974-75	229	205	283	258	179	203	386	471	206	204	301	293
1975-76	253	221	333	308	204	223	515	558	230	222	364	349
1976-77	269	233	383	333	223	237	644	686	248	235	427	391
1977-78	277	238	416	367	234	250	815	816	256	244	483	440
1978-79	282	243	475	400	249	263	901	986	267	252	545	495
1979-80	285	—	508	—	260	—	987	—	274	—	587	—

**Public and Private Schools.** The growth rates for public and private schools from 1974-75 to 1979-80 estimated in the 1976 survey are presented below with estimates from 1973-74 to 1978-79 made in the 1975 survey for comparison. Considering the larger base in 1974-75 the decreases in the 1976 survey are not as significant as a direct comparison would indicate.

	<i>Public</i>		<i>Private</i>	
	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>
Bachelor's Degrees	32%	39%	36%	36%
Master's Degrees	110%	128%	83%	87%

In the prior studies, the growth rate for public schools 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 account for the majority of accounting graduates who are holders of bachelor's or master's degrees (Table VI). A factor which has been influential in both 1976 and 1975 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. This factor seems to be overcome to some degree in current estimates for growth in private schools.

**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 1974-75 are varied although each region starts with large increases and progresses to lower increases in the last two years. The percentage growth is higher in 1976 than 1975 in the North Central and Pacific regions, while it is lower in 1976 than 1975 in the New England and Southern regions. The growth percentages for master's degrees are more erratic but tend to follow a similar pattern. In all regions the percentage growth was lower in the 1976 survey than in 1975.

The percentage changes for both 1976 and 1975 surveys by regions for both types of degrees are:

# BACHELOR'S DEGREES

	<i>New England</i>		<i>North Central</i>		<i>South</i>		<i>Pacific</i>	
	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>
1973-74	—	100	—	100	—	100	—	100
1974-75	100	114	100	111	100	112	100	110
1975-76	112	125	114	122	111	122	111	115
1976-77	121	131	123	131	119	130	118	119
1977-78	126	136	129	136	123	136	122	121
1978-79	129	142	134	142	127	139	125	125
1979-80	133	—	137	—	131	—	127	—

# MASTER'S DEGREES

	<i>New England</i>		<i>North Central</i>		<i>South</i>		<i>Pacific</i>	
	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>
1973-74	—	100	—	100	—	100	—	100
1974-75	100	115	100	120	100	129	100	150
1975-76	111	138	108	140	122	157	117	175
1976-77	122	154	133	160	144	186	133	175
1977-78	139	170	150	180	178	214	133	200
1978-79	161	185	175	200	189	257	183	225
1979-80	172	—	183	—	222	—	200	—



**TABLE I**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM ALL SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Educational Level</i>		<i>Total Supply</i>
	<i>Bachelor's Degrees</i>	<i>Master's Degrees</i>	
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	35,400	4,300	39,700
1975-76	39,600	5,200	44,800
1976-77	42,600	6,100	48,700
1977-78	44,200	6,900	51,100
1978-79	45,900	7,800	53,700
1979-80	47,100	8,400	55,500

**TABLE II**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM AACSB MEMBER SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Educational Level</i>		<i>Total Supply</i>
	<i>Bachelor's Degrees</i>	<i>Master's Degrees</i>	
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	20,900	3,400	24,300
1975-76	23,100	4,000	27,100
1976-77	24,600	4,600	29,200
1977-78	25,300	5,000	30,300
1978-79	25,800	5,700	31,500
1979-80	26,100	6,100	32,200

**TABLE III**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM AACSB ASSEMBLY SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Educational Level</i>		<i>Total Supply</i>
	<i>Bachelor's Degrees</i>	<i>Master's Degrees</i>	
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	14,500	900	15,400
1975-76	16,500	1,200	17,700
1976-77	18,000	1,500	19,500
1977-78	18,900	1,900	20,800
1978-79	20,100	2,100	22,200
1979-80	21,000	2,300	23,300

**TABLE IV**  
**COMPARISON OF 1976 AND 1975 SUPPLY STUDIES**  
**FOR AACSB MEMBER SCHOOLS**  
**1974-75 to 1978-79**

<i>Year</i>	<i>Educational Level</i>				<i>Total Supply</i>	
	<i>Bachelor's Degrees</i>		<i>Master's Degrees</i>		<i>1976</i>	<i>1975</i>
	<i>1976</i>	<i>1975</i>	<i>1976</i>	<i>1975</i>		
	<i>Study</i>	<i>Study</i>	<i>Study</i>	<i>Study</i>	<i>Study</i>	<i>Study</i>
1974-75	20,900	18,700	3,400	3,100	24,300	21,800
1975-76	23,100	20,200	4,000	3,700	27,100	23,900
1976-77	24,600	21,300	4,600	4,000	29,200	25,300
1977-78	25,300	21,700	5,000	4,400	30,300	26,100
1978-79	25,800	22,200	5,700	4,800	31,500	27,000

**TABLE V**  
**COMPARISON OF 1976 AND 1975 SUPPLY STUDIES**  
**FOR AACSB ASSEMBLY SCHOOLS**  
**1974-75 to 1978-79**

<i>Year</i>	<i>Educational Level</i>				<i>Total Supply</i>	
	<i>Bachelor's Degrees</i>		<i>Master's Degrees</i>		<i>1976 Study</i>	<i>1975 Study</i>
	<i>1976 Study</i>	<i>1975 Study</i>	<i>1976 Study</i>	<i>1975 Study</i>		
1974-75	14,500	16,400	900	1,100	15,400	17,500
1975-76	16,500	18,000	1,200	1,300	17,700	19,300
1976-77	18,000	19,100	1,500	1,600	19,500	20,700
1977-78	18,900	20,200	1,900	1,900	20,800	22,100
1978-79	20,100	21,200	2,100	2,300	22,200	23,500



**TABLE VI**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM ALL PUBLIC AND PRIVATE SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Bachelor's Degrees</i>		<i>Master's Degrees</i>	
	<i>Public</i>	<i>Private</i>	<i>Public</i>	<i>Private</i>
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	25,400	10,000	2,000	2,300
1975-76	28,300	11,300	2,500	2,700
1976-77	30,400	12,200	3,000	3,100
1977-78	31,500	12,700	3,400	3,500
1978-79	32,700	13,200	3,800	4,000
1979-80	33,500	13,600	4,200	4,200

**TABLE VII**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM PUBLIC AND PRIVATE AACSB MEMBER SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Bachelor's Degrees</i>		<i>Master's Degrees</i>	
	<i>Public</i>	<i>Private</i>	<i>Public</i>	<i>Private</i>
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	16,700	4,200	1,700	1,700
1975-76	18,500	4,600	2,100	1,900
1976-77	19,700	4,900	2,500	2,100
1977-78	20,300	5,000	2,700	2,300
1978-79	20,700	5,100	3,000	2,700
1979-80	20,900	5,200	3,300	2,800

**TABLE VIII**  
**SUPPLY OF ACCOUNTING GRADUATES**  
**FROM PUBLIC AND PRIVATE AACSB ASSEMBLY SCHOOLS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Bachelor's Degrees</i>		<i>Master's Degrees</i>	
	<i>Public</i>	<i>Private</i>	<i>Public</i>	<i>Private</i>
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	8,700	5,800	300	600
1975-76	9,800	6,700	400	800
1976-77	10,700	7,300	500	1,000
1977-78	11,200	7,700	700	1,200
1978-79	12,000	8,100	800	1,300
1979-80	12,600	8,400	900	1,400

**TABLE IX**  
**SUPPLY OF ACCOUNTING GRADUATES BY REGION**  
**FROM ALL SCHOOLS**  
**1970-71 to 1979-80**

<i>Bachelor's Degrees</i>				
<i>Year</i>	<i>New England</i>	<i>North Central</i>	<i>South</i>	<i>Pacific</i>
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	9,500	10,200	10,200	5,500
1975-76	10,600	11,600	11,300	6,100
1976-77	11,500	12,500	12,100	6,500
1977-78	12,000	13,200	12,500	6,700
1978-79	12,300	13,700	13,000	6,900
1979-80	12,600	14,000	13,400	7,000
<i>Master's Degrees</i>				
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	1,800	1,200	900	600
1975-76	2,000	1,300	1,100	700
1976-77	2,200	1,600	1,300	800
1977-78	2,500	1,800	1,600	800
1978-79	2,900	2,100	1,700	1,100
1979-80	3,100	2,200	2,000	1,200

**TABLE X**  
**SUPPLY OF ACCOUNTING GRADUATES BY REGION**  
**FROM AACSB MEMBER SCHOOLS**  
**1970-71 to 1979-80**

<i>Bachelor's Degrees</i>				
<i>Year</i>	<i>New England</i>	<i>North Central</i>	<i>South</i>	<i>Pacific</i>
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	4,300	6,600	5,800	4,200
1975-76	4,700	7,300	6,400	4,700
1976-77	5,000	7,900	6,700	5,000
1977-78	5,100	8,300	6,900	5,100
1978-79	5,100	8,400	7,100	5,200
1979-80	5,100	8,500	7,200	5,200
<i>Master's Degrees</i>				
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	1,300	1,000	700	500
1975-76	1,300	1,100	900	600
1976-77	1,400	1,300	1,000	700
1977-78	1,500	1,500	1,200	700
1978-79	1,800	1,700	1,300	900
1979-80	1,900	1,800	1,500	1,000



**TABLE XI**  
**SUPPLY OF ACCOUNTING GRADUATES BY REGION**  
**FROM AACSB ASSEMBLY SCHOOLS**  
**1970-71 to 1979-80**

<i>Bachelor's Degrees</i>				
<i>Year</i>	<i>New England</i>	<i>North Central</i>	<i>South</i>	<i>Pacific</i>
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	5,200	3,600	4,400	1,300
1975-76	5,900	4,300	4,900	1,400
1976-77	6,500	4,600	5,400	1,500
1977-78	6,900	4,900	5,600	1,600
1978-79	7,200	5,300	5,900	1,700
1979-80	7,500	5,500	6,200	1,800
<i>Master's Degrees</i>				
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	500	200	200	100
1975-76	700	200	200	100
1976-77	800	300	300	100
1977-78	1,000	300	400	100
1978-79	1,100	400	400	200
1979-80	1,200	400	500	200

**TABLE XII**  
**STATES PER REGION**

<i>New England</i>	<i>North Central</i>	<i>South</i>	<i>Pacific</i>
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		

## THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

### Participation in Demand Survey

The 1976 study of demand, like the prior five consisted primarily of larger firm participation. The "larger firm" classification, defined as firms with 10 or more Institute members, included 464 firms. For the 1976 demand survey, those firms which responded to the 1975 survey plus new firms to provide an acceptable sample were contacted. This sample consisted of 70 firms who were asked to report their actual demand for 1974-75, to update their projections for the four years, 1975-76 through 1978-79, and to make a projection for 1979-80.

Of the 70 firms contacted, 67 replied, including all of the 35 firms with the most Institute members. The aggregate demand data reported in this study are based upon these 67 replies. Results for the firms not sampled and the 3 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 11% of the demand totals.

A summary of the participation in the survey follows:

<i>Number of Institute Members</i>		<i>Firms Number %</i>		<i>Survey Requests Number %</i>		<i>Responses Number %</i>	
More than	32	52	11	35	50	35	52
	22-32	45	10	11	16	10	15
	10-21	<u>367</u>	<u>79</u>	<u>24</u>	<u>34</u>	<u>22</u>	<u>33</u>
		<u>464</u>	<u>100</u>	<u>70</u>	<u>100</u>	<u>67</u>	<u>100</u>

### Results of Demand Study

The aggregate results of the 1976 demand study and a comparison of the 1976 and 1975 studies are shown in Tables XIII and XIV at the end of this section.

*Results of 1974-75.* Actual demand for holders of bachelor's degrees was 3% below the numbers estimated in the 1975 study, while actual demand for holders of master's degrees was down 7% from the number predicted in the 1975 study. The decreased demand for holders of bachelor's degrees took place in the largest size of firms although there were some fewer persons employed than predicted in 1975 by all categories of firms. The decreases apparently were caused by general economic conditions.

The five 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 1974-75 as reported in the 1976 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 32 Institute members held master's degrees.

#### PERCENTAGE OF NEW EMPLOYEES EXPECTED TO HOLD MASTER'S DEGREES

##### *Firm Size (Institute Members)*

<u>Year</u>	<u>More than 32</u>	<u>10 to 32</u>
1974-75	23%	9%
1975-76	24	9
1976-77	25	10
1977-78	26	11
1978-79	26	12
1979-80	27	12

*Predictions for 1975-76 through 1979-80.* Estimated demand for holders of bachelor's degrees was slightly lower in the 1976 survey than was estimated in the 1975 study (Table XIV). This indicates a reduced and holding pattern in employment for 1976. After 1976 the demand moves steadily upward, although not as rapidly nor as high as had been predicted in the 1975 study. While the demand for master's degree holders was below the estimate for 1974-75, 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 early years and goes above the estimates of 1975 in the later years.

In the demand growth after 1976 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**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Educational Level</i>		<i>Total Demand</i>
	<i>Bachelor's Degree</i>	<i>Master's Degree</i>	
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	9,500	2,600	12,100
1975-76	10,100	3,100	13,200
1976-77	11,200	3,600	14,800
1977-78	12,100	4,000	16,100
1978-79	13,200	4,300	17,500
1979-80	13,900	4,800	18,700

**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 1976 AND 1975 DEMAND STUDIES**  
**1974-75 to 1978-79**

<i>Year</i>	<i>Educational Level</i>				<i>Total Demand</i>	
	<i>Bachelor's Degree</i>		<i>Master's Degree</i>		<i>1976 Study</i>	<i>1975 Study</i>
	<i>1976 Study</i>	<i>1975 Study</i>	<i>1976 Study</i>	<i>1975 Study</i>		
1974-75	9,500	9,800	2,600	2,800	12,100	12,600
1975-76	10,100	11,000	3,100	3,300	13,200	14,300
1976-77	11,200	12,000	3,600	3,600	14,800	15,600
1977-78	12,100	13,000	4,000	4,000	16,100	17,000
1978-79	13,200	14,000	4,300	4,300	17,500	18,300

## **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 1975 study showed the ratio of demand to supply decreasing to its lowest point in 1975 before beginning a gradual upward movement. The 1976 study shows the same pattern with the low point in 1976. This continues to be caused by the very large increases in the supply of graduates which exceed the relatively modest demand increases that are projected by the firms.

In 1976 total supply is estimated to be up 6% over the 1975 projections for 1978-79 while total demand is down 4%. The supply of bachelor's degree holders is estimated to be 6% greater in the 1976 survey over the 1975 survey while demand is down 6% in 1978-79. In contrast, the supply of master's degree holders in 1978-79 is estimated to be 10% higher in 1976 over 1975 while demand is seen to be steady for master's degrees in those years.

The ratios in Tables XV to XVII may be placed in better perspective by comparison with data generated in another independent study<sup>1</sup> 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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<sup>1</sup>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	<u>13.4</u>
Total	<u>100.0%</u>

Thus if 41% of the 1975-76 class of accounting degree holders were to seek employment in public accounting, there would be 18,400 students available for the 13,200 employment opportunities existing in public accounting firms.

**TABLE XV**  
**RELATIONSHIP BETWEEN SUPPLY OF ACCOUNTING**  
**GRADUATES AND DEMAND FOR PUBLIC ACCOUNTING RECRUITS**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Supply of Graduates</i>	<i>Demand for Recruits</i>	<i>Ratio (%)</i>	<i>Ratio Per 1975 Study (%)</i>
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	36
1974-75	39,700	12,100	30	32
1975-76	44,800	13,200	29	33
1976-77	48,700	14,800	30	34
1977-78	51,100	16,100	31	35
1978-79	53,700	17,500	32	36
1979-80	55,500	18,700	33	—

**TABLE XVI**  
**RELATIONSHIP BETWEEN SUPPLY OF AND DEMAND**  
**FOR HOLDERS OF BACHELOR'S DEGREES**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Supply of Graduates</i>	<i>Demand for Recruits</i>	<i>Ratio (%)</i>	<i>Ratio Per 1975 Study (%)</i>
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	32
1974-75	35,400	9,500	27	28
1975-76	39,600	10,100	26	29
1976-77	42,600	11,200	26	30
1977-78	44,200	12,100	27	31
1978-79	45,900	13,200	29	32
1979-80	47,100	13,900	30	—



**TABLE XVII**  
**RELATIONSHIP BETWEEN SUPPLY OF AND DEMAND**  
**FOR HOLDERS OF MASTER'S DEGREES**  
**1970-71 to 1979-80**

<i>Year</i>	<i>Supply of Graduates</i>	<i>Demand for Recruits</i>	<i>Ratio (%)</i>	<i>Ratio Per 1975 Study (%)</i>
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	76
1974-75	4,300	2,600	60	67
1975-76	5,200	3,100	60	66
1976-77	6,100	3,600	59	64
1977-78	6,900	4,000	58	63
1978-79	7,800	4,300	55	61
1979-80	8,400	4,800	57	—

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.

