

**The Supply of Accounting Graduates
and
The Demand for Public Accounting Recruits**

1981

**Prepared by
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and
Mary McInnes**

**American Institute of Certified Public Accountants
1211 Avenue of the Americas, New York, New York 10036**



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INTRODUCTION

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

In 1981, the Institute surveyed a stratified sample of 222 public accounting firms as to their professional employment needs for the period 1979-80 through 1984-85. A survey was also conducted of 696 colleges and universities to determine the expected number of accounting graduates for the same period.

This report is presented in three sections: (1) the supply of accounting graduates; (2) the demand for public accounting recruits; and (3) the relationship between supply and public accounting demand. When reading the report, it is necessary to bear in mind that it is difficult to equate supply and demand and to precisely identify trends. This is because not all accounting graduates are employed by public accounting firms and, as yet, no satisfactory way has been devised for estimating the number of accounting graduates employed in private industry, the various levels of government, in other activities, or those who remain in education. In addition, respondents use their own definition of what constitutes a major or a concentration in accounting.

Where estimates reported in the 1981 survey were significantly different than those that had been reported in the 1980 survey, comparisons of the two years' estimates are shown. However, any two years' reports are not totally comparable because the universes surveyed have increased over the years. For example, in the case of the firms, there has been a trend toward an increase in the numbers of firms with 10 or more Institute members. Also, additional schools have been added to the list of schools surveyed. Comparability may also be affected by the fact that the data for firms with between 10 and 29 Institute members are derived from extrapolations based on samples and different firms comprised the samples selected each year. Those firms with 30 or more Institute members are surveyed in total, but not all those firms respond each year, and the figures for the firms that do not respond are estimated by extrapolation.

Summary of the Findings

- The numbers of accounting graduates with bachelor's and master's degrees are expected to increase over the years covered in the survey.
- The rate of growth of bachelor's degrees awarded in accounting is expected to decline. The rate of growth of master's degrees in accounting, although greater than that for bachelor's degrees, is also expected to decline.
- Master's degrees awarded in accounting are expected to grow at a substantially higher rate in the public schools, than in the private schools.
- The public accounting demand for bachelor's and master's degrees graduates is expected to increase over the five-year projected period.
- The supply of and the public accounting demand for female graduates with bachelor's and master's degrees is expected to increase over the years covered by the survey. By 1984-85, women are expected to represent 43% of the supply of accounting graduates, and 37% of the public accounting demand for recruits.

- The proportion of accounting graduates expected to be recruited by the public accounting sector of the profession is expected to rise from 30% in 1979-80 to 33% in 1984-85.
- Over the period covered by the survey, the public accounting firms expect to hire over half of those receiving master's degrees in accounting. Of those receiving bachelor's degrees, over a quarter are expected to be hired by the public accounting firms.

In last year's report, comparisons of the estimates reported in the 1980 and 1979 surveys, for those years common to both surveys, showed a reduction in the 1980 estimates of the supply of and public accounting demand for accounting graduates with master's degrees. This appears to be a continuing trend. A comparison of the estimates reported by the schools in the 1981 and 1980 surveys, for those years common to both surveys, shows a substantial decrease in the estimated numbers of accounting graduates with master's degrees. The 1981 estimates of the public accounting demand for holders of master's degrees have also been reduced, although not to as great a degree as in 1980. Despite the reduction in the estimates, the overall percentage of accounting graduates, bachelor's and master's combined, expected to be hired by public accounting firms is about the same for both years' surveys.

THE SUPPLY OF ACCOUNTING GRADUATES

The Survey

Questionnaires were sent to 563 domestic member schools of the American Assembly of Collegiate Schools of Business (AACSB), of which 216 were accredited and 347 were non-accredited schools. Responses were received from 163 AACSB accredited schools and 209 AACSB non-accredited schools. Questionnaires were also sent to 133 schools which were not AACSB members, and 52 responses were received (*Table 1*). The overall response rate of the schools in 1981 was 61%.

TABLE 1
NUMBERS OF SCHOOLS IN THE SURVEY

	AACSB schools		Non-AACSB schools	Total schools
	Accredited*	Non-accredited		
Number of questionnaires mailed in the 1981 survey	<u>216</u>	<u>347</u>	<u>133</u>	<u>696</u>
Schools responding in 1981	163	209	52	424
Schools responding in any of the preceding 3 years but not in 1981	<u>43</u>	<u>92</u>	<u>22</u>	<u>157</u>
Number of schools represented in the data	206	301	74	581

* Accredited as to either bachelors or masters, or both.

In the 1981 survey, participants were again asked to indicate the number of accounting graduates for the preceding academic year and to predict the supply for the next five years. Accordingly, this year's survey covered the academic years 1979-80 through 1984-85. Participants were also asked to supply data on numbers of male and female graduates, ethnic breakdowns and numbers of doctoral degrees in accounting. A copy of the supply questionnaire appears as Appendix A.

Methodology

Some schools responding to the 1981 survey failed to supply data for all years requested; the numbers of degrees for those missing years were estimated. For those schools that had responded to any of the preceding three years' surveys but not to the 1981 survey, the latest figures submitted by these schools are included in the current compilations and estimates were made for the years not covered by the earlier surveys.

Estimates were based on two calculations: (1) extrapolation of the latest reported data applying a zero growth rate, and (2) extrapolation by using a composite weighted growth rate based on an aggregation of the actual reported year-to-year data. The figures

shown in the tables are derived from using the midpoints between each of these two calculations. Estimates were made separately for public and for private institutions in each of the four geographic regions.

Results of the Survey

Bachelor's and Master's Degrees

A summary of the supply of accounting graduates, both bachelor's and master's, is shown in *Table 2*. Master's degrees are expected to increase at a considerably higher rate than bachelor's degrees. While the numbers of accounting graduates with bachelor's degrees and those with master's degrees are both expected to increase over the years covered by the survey, the rate of growth for bachelor's degrees is expected to decline after 1980-81, and for master's degrees after 1982-83. The total supply is somewhat inflated because holders of bachelor's degrees in accounting who go on to graduate accounting study are reported twice, once in the year they receive their bachelor's degree and once in the year they receive their master's degree. Because many of the schools award both bachelor's and master's degrees in accounting, the sum of the numbers of schools shown in the bachelor's and master's columns is greater than the number of schools shown in the total column.

Based upon historical declines in the birth rate, demographers have indicated that those of college age will constitute a smaller percentage of the population in the 1980s. The expected downward trends in the annual growth rate shown by this survey coincide with these demographic predictions, with master's degrees peaking a year or two after the peak in bachelor's degrees.

TABLE 2
SUPPLY OF ACCOUNTING GRADUATES
FROM ALL SCHOOLS
1979-80 to 1984-85

	Bachelor's (560 schools)		Master's (262 schools)		Total Supply (581 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	49,870		5,280		55,150	
1980-81	52,880	+ 6%	6,100	+16%	58,980	+ 7%
1981-82	55,180	+ 4%	7,040	+15%	62,220	+ 6%
1982-83	57,170	+ 4%	8,190	+16%	65,360	+ 5%
1983-84	58,700	+ 3%	9,310	+14%	68,010	+ 4%
1984-85	59,790	+ 2%	10,320	+11%	70,110	+ 3%

Table 3 shows the supply of accounting graduates from AACSB accredited schools, and *Table 4*, the supply from AACSB non-accredited and non-AACSB schools. Because the AACSB accredits bachelor's and master's programs separately, a school with an AACSB accredited bachelor's program and a non-accredited master's program is represented in both tables. In those cases, the numbers of bachelor's degrees are reported in *Table 3* while the numbers of master's degrees for the same schools are reported in *Table 4*. As a result, the totals of the numbers of schools accounted for in each table exceed the number of schools included in the survey.

A greater portion of the bachelor's and master's degrees are expected to be awarded by the AACSB accredited schools than by the AACSB non-accredited and non-AACSB schools combined.

TABLE 3
SUPPLY OF ACCOUNTING GRADUATES
FROM AACSB ACCREDITED SCHOOLS
1979-80 to 1984-85

	Bachelor's (190 schools)		Master's (135 schools)		Total Supply (206 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	27,550		3,220		30,770	
1980-81	28,760	+ 4%	3,700	+15%	32,460	+ 6%
1981-82	29,810	+ 4%	4,300	+16%	34,110	+ 5%
1982-83	30,470	+ 2%	4,950	+15%	35,420	+ 4%
1983-84	31,120	+ 2%	5,630	+14%	36,750	+ 4%
1984-85	31,570	+ 1%	6,160	+ 9%	37,730	+ 3%

TABLE 4
SUPPLY OF ACCOUNTING GRADUATES
FROM AACSB NON-ACCREDITED SCHOOLS
AND NON-AACSB SCHOOLS
1979-80 to 1984-85

	Bachelor's (370 schools)		Master's (127 schools)		Total Supply (375 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	22,320		2,060		24,380	
1980-81	24,120	+ 8%	2,400	+17%	26,520	+ 9%
1981-82	25,370	+ 5%	2,740	+14%	28,110	+ 6%
1982-83	26,700	+ 5%	3,240	+18%	29,940	+ 7%
1983-84	27,580	+ 3%	3,680	+14%	31,260	+ 4%
1984-85	28,220	+ 2%	4,160	+13%	32,380	+ 4%

Comparison of the survey's results with respect to public vs. private institutions (*Tables 5 and 6*) reveals no significant differences between the expected trends in bachelor's degrees. However, master's degrees are expected to grow at more than twice the rate in the public than in the private institutions.

TABLE 5

**SUPPLY OF ACCOUNTING GRADUATES
WITH BACHELOR'S DEGREES
FROM ALL PUBLIC & PRIVATE SCHOOLS
1979-80 to 1984-85**

	Public (332 schools)		Private (228 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	35,630		14,240	
1980-81	37,700	+ 6%	15,180	+ 7%
1981-82	39,300	+ 4%	15,880	+ 5%
1982-83	40,650	+ 3%	16,520	+ 4%
1983-84	41,620	+ 2%	17,080	+ 3%
1984-85	42,310	+ 2%	17,480	+ 2%

TABLE 6

**SUPPLY OF ACCOUNTING GRADUATES
WITH MASTER'S DEGREES
FROM ALL PUBLIC & PRIVATE INSTITUTIONS
1979-80 to 1984-85**

	Public (176 schools)		Private (86 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	2,790		2,490	
1980-81	3,390	+22%	2,710	+ 9%
1981-82	4,090	+21%	2,950	+ 9%
1982-83	4,990	+22%	3,200	+ 9%
1983-84	5,890	+18%	3,420	+ 7%
1984-85	6,800	+15%	3,520	+ 3%

The analysis of bachelor's degrees by geographical region (*Table 7*) shows no significant difference in trends between the Eastern, North Central, and Pacific regions, but a slightly higher rate of growth is shown in the Southern region. Master's degrees (*Table 8*) are expected to grow more rapidly than bachelor's degrees, especially in the Southern and Pacific regions. A list of the states that make up each region appears as Appendix B.

TABLE 7
SUPPLY OF ACCOUNTING GRADUATES
WITH BACHELOR'S DEGREES
BY REGION
1979-80 to 1984-85

	Eastern (134 schools)		North Central (156 schools)		Southern (210 schools)		Pacific (60 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	14,090		14,370		14,530		6,880	
1980-81	14,890	+ 6%	15,170	+ 6%	15,610	+ 7%	7,210	+ 5%
1981-82	15,360	+ 3%	15,890	+ 5%	16,560	+ 6%	7,370	+ 2%
1982-83	15,860	+ 3%	16,350	+ 3%	17,330	+ 5%	7,630	+ 4%
1983-84	15,870	- 0 -	16,740	+ 2%	18,150	+ 5%	7,940	+ 4%
1984-85	16,120	+ 2%	16,920	+ 1%	18,650	+ 3%	8,100	+ 2%

TABLE 8
SUPPLY OF ACCOUNTING GRADUATES
WITH MASTER'S DEGREES
BY REGION
1979-80 to 1984-85

	Eastern (65 schools)		North Central (73 schools)		Southern (84 schools)		Pacific (40 schools)	
	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth	Number of Degrees	Rate of Growth
1979-80	1,910		1,380		1,380		610	
1980-81	2,090	+ 9%	1,540	+12%	1,690	+23%	780	+28%
1981-82	2,250	+ 8%	1,800	+17%	2,070	+23%	920	+18%
1982-83	2,470	+10%	2,120	+18%	2,480	+20%	1,120	+22%
1983-84	2,670	+ 8%	2,380	+12%	3,020	+22%	1,240	+11%
1984-85	2,930	+10%	2,570	+ 8%	3,410	+13%	1,410	+14%

Comparison of the Results of the 1981 and 1980 Surveys

Because the annual surveys request information covering a period of six years, five of the years are common to each two consecutive surveys. In the following tables, estimates made in 1981 can be seen to be significantly different in some respects than those made in 1980.

For all years common to both surveys, the 1981 estimates of the numbers of graduates with bachelor's and master's degrees in accounting are lower than those reported in the 1980 survey. A significant decline in estimates for master's degrees was also revealed through comparison of the 1980 report with that of 1979.¹

The 1981 estimates of the numbers of bachelor's degrees are only slightly lower, but, the estimates of master's degrees have been substantially reduced for the earlier years. A comparison of the 1981 and 1980 surveys is presented in *Table 9*.

TABLE 9
COMPARISON OF THE NUMBERS OF GRADUATES
REPORTED IN THE 1981 AND 1980 SURVEYS

	Bachelor's			Master's			Total Supply
	Reported in		% of	Reported in		% of	% of
	1980	1981	Change	1980	1981	Change	Change
1979-80	52,070	49,870	- 4%	6,290	5,280	-16%	- 6%
1980-81	54,670	52,880	- 3%	7,060	6,100	-14%	- 4%
1981-82	57,030	55,180	- 3%	8,010	7,040	-12%	- 4%
1982-83	58,360	57,170	- 2%	8,780	8,190	- 7%	- 3%
1983-84	59,670	58,700	- 2%	9,470	9,310	- 2%	- 2%
1984-85	-	59,790	-	-	10,320	-	-

As was shown in *Table 9*, the difference between the numbers of bachelor's degrees estimated in the 1980 and 1981 surveys is not significant, but the magnitude of the change in the estimates of master's degrees warrants closer analysis. *Table 10* indicates that the 1981 estimates of master's degrees have been reduced far more substantially for the non-AACSB accredited schools than for the AACSB accredited schools. The AACSB accredited schools' 1981 estimates for master's degrees, although lower than those estimated in 1980 for the earlier years, are higher than the 1980 estimates for the last two years common to both surveys.

Comparing the 1981 estimates to those made in 1980, further analysis indicates that the 1981 estimates of the numbers of master's degrees have been reduced to a greater degree in the private schools than in the public schools,² and, on a regional basis, the Southern region has been least affected by the 1981 reduction of the estimates.³

¹ See *Table 9* on page 9 of the 1980 report.

² See *Table 6* on page 7 of the 1980 report.

³ See *Table 8* on page 8 of the 1980 report.

TABLE 10

**COMPARISON OF THE NUMBERS OF MASTER'S DEGREE
GRADUATES REPORTED IN THE 1981
AND 1980 SURVEYS FOR AACSB ACCREDITED
AND NON-AACSB ACCREDITED SCHOOLS**

	AACSB Accredited			Non-AACSB Accredited		
	Reported in		% of Change	Reported in		% of Change
	1980	1981		1980	1981	
1979-80	3,530	3,220	- 9%	2,760	2,060	-25%
1980-81	3,950	3,700	- 6%	3,110	2,400	-23%
1981-82	4,430	4,300	- 3%	3,580	2,740	-23%
1982-83	4,800	4,950	+ 3%	3,980	3,240	-19%
1983-84	5,100	5,630	+10%	4,370	3,680	-16%
1984-85		6,160			4,160	

Doctoral Degrees

Because of the small numbers involved, doctoral degrees are reported in actual numbers without rounding, and growth rates are not shown. Also, no attempt was made to estimate the numbers of doctoral degrees expected to be awarded by schools not responding to that part of the 1981 questionnaire.

In total, 57 institutions reported on doctorates, all but one of which have one or more programs accredited by AACSB. Overall, reporting schools are predicting an increase in the numbers of doctoral degrees in accounting by 1984-85. By far, the greater portion of doctoral degrees reported are expected to be granted by the public institutions (*Table 11*). On a regional basis (*Table 12*), the Southern region reported the greatest numbers of doctoral degrees, with the North Central region ranking second.

In comparison with the estimates reported in the 1980 survey, overall, the 1981 estimated numbers of doctorates are about the same for those years common to both surveys. The 1981 estimates are lower than those reported in the 1980 survey for the North Central region but higher for the Southern region.⁴ The numbers of doctoral degrees reported in each of the two years' surveys are not totally comparable, however, because the specific schools reporting in each year's survey are not the same in every category. In the North Central region, 14 schools reported the numbers of doctorates in the 1980 and 1981 surveys, but only 11 of these are represented in both years' surveys. The number of reporting schools in the Southern region increased from 21 schools in 1980 to 25 schools in 1981, but only 17 schools reported for both years' surveys.

⁴See *Table 12* on page 11 of the 1980 report.

TABLE 11
SUPPLY OF ACCOUNTING GRADUATES
WITH DOCTORAL DEGREES
FROM PUBLIC & PRIVATE SCHOOLS
1979-80 to 1984-85

	<u>Public (44 schools)</u>	<u>Private (13 schools)</u>	<u>Total Supply (57 schools)</u>
1979-80	115	23	138
1980-81	138	34	172
1981-82	159	27	186
1982-83	156	31	187
1983-84	169	33	202
1984-85	173	31	204

TABLE 12
SUPPLY OF ACCOUNTING GRADUATES
WITH DOCTORAL DEGREES BY REGION
1979-80 to 1984-85

	<u>Eastern (10 schools)</u>	<u>North Central (14 schools)</u>	<u>Southern (25 schools)</u>	<u>Pacific (8 schools)</u>	<u>Total Supply (57 schools)</u>
1979-80	26	35	67	10	138
1980-81	29	52	72	19	172
1981-82	23	58	89	16	186
1982-83	27	48	90	22	187
1983-84	27	54	98	23	202
1984-85	24	55	104	21	204

Male/Female Data

Of the 424 schools that responded to the 1981 survey, 386 schools gave some detail concerning the numbers of male and female graduates. No attempt was made to extrapolate for those schools that did not supply this information or for those that supplied partial information. Not all respondents gave this information for all years requested on the questionnaire; a significant number supplied the male/female data for only the earlier years. As a result, the numbers of male and female graduates reported for each year in the survey are not comparative because each year's total represents a different number of schools. Therefore, the actual numbers of male and female graduates are not reported here. Instead, only the male/female percentage distributions for each year are shown in *Table 13*.

In general, the trends shown in this year's survey are approximately the same as those of the last two years survey, that is, a gradual increase in the proportion of female graduates.⁵

TABLE 13
RELATIONSHIP BETWEEN THE SUPPLY OF MALE AND
FEMALE GRADUATES BY DEGREES
1979-80 to 1984-85

	<u>Bachelor's</u> <u>(367 schools)</u>		<u>Master's</u> <u>(167 schools)</u>		<u>Doctorate's</u> <u>(54 schools)</u>		<u>All Degrees</u> <u>(386 schools)</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
1979-80	62%	38%	71%	29%	79%	21%	63%	37%
1980-81	60%	40%	68%	32%	76%	24%	61%	39%
1981-82	58%	42%	66%	34%	65%	35%	59%	41%
1982-83	57%	43%	63%	37%	67%	33%	58%	42%
1983-84	57%	43%	62%	38%	65%	35%	57%	43%
1984-85	56%	44%	61%	39%	60%	40%	57%	43%

Ethnic Data

In consideration of the difficulty of making long-range projections as to minorities, the schools were requested to give a breakdown by ethnic backgrounds for 1979-80 and 1980-81 only. Not all schools responding to the survey supplied the ethnic data and no attempt was made to estimate for schools not reporting this information.

Table 14 summarizes the data separately for the traditionally black and minority schools, traditionally majority schools, and combined for all schools. The percentages shown relate to the total supply reported by only those schools supplying the ethnic data.

⁵See *Table 13* on page 12 of the 1980 report.

TABLE 14
PERCENTAGE OF THE SUPPLY OF ACCOUNTING GRADUATES
BY ETHNIC BACKGROUNDS
FOR 1979-80 AND 1980-81

		<u>American Indians</u>	<u>Asians</u>	<u>Blacks</u>	<u>Hispanics</u>	<u>Total</u>
Traditionally Black and Minority Schools	1979-80 (49 schools)	0.1%	2.7%	82.0%	3.4%	88.2%
	1980-81 (41 schools)	0.1%	2.4%	81.6%	3.1%	87.2%
Traditionally Majority Schools	1979-80 (283 schools)	0.3%	3.0%	4.0%	2.8%	10.1%
	1980-81 (274 schools)	0.2%	2.7%	3.8%	2.5%	9.2%
All Schools Combined	1979-80 (332 schools)	0.3%	3.0%	7.3%	2.8%	13.4%
	1980-81 (315 schools)	0.2%	2.7%	6.6%	2.6%	12.1%

Long Term Trends

From the earlier studies in the annual supply and demand series, the actual numbers of bachelor's and master's degrees granted in accounting were derived for the years 1967-68 through 1978-79. The actual numbers for 1979-80 and the projections through 1984-85 were derived from the current year's study. These data are shown in Figure 1. A comparison of the trends for AACSB accredited and non-AACSB accredited schools is shown in Figure 2, for public and private schools in Figure 3 and for the four geographic regions in Figure 4a (Eastern and North Central) and 4b (Southern and Pacific). While the charts give a general indication of the trends, comparisons between years are not totally valid because of changes in the numbers of schools reporting each year. This is especially true of the latest years wherein increasing numbers of non-AACSB member schools have been added to the survey in an attempt to make its coverage more complete.

FIGURE 1
TRENDS IN THE SUPPLY OF ACCOUNTING GRADUATES
WITH BACHELOR'S AND MASTER'S DEGREES
1967-68 to 1984-85

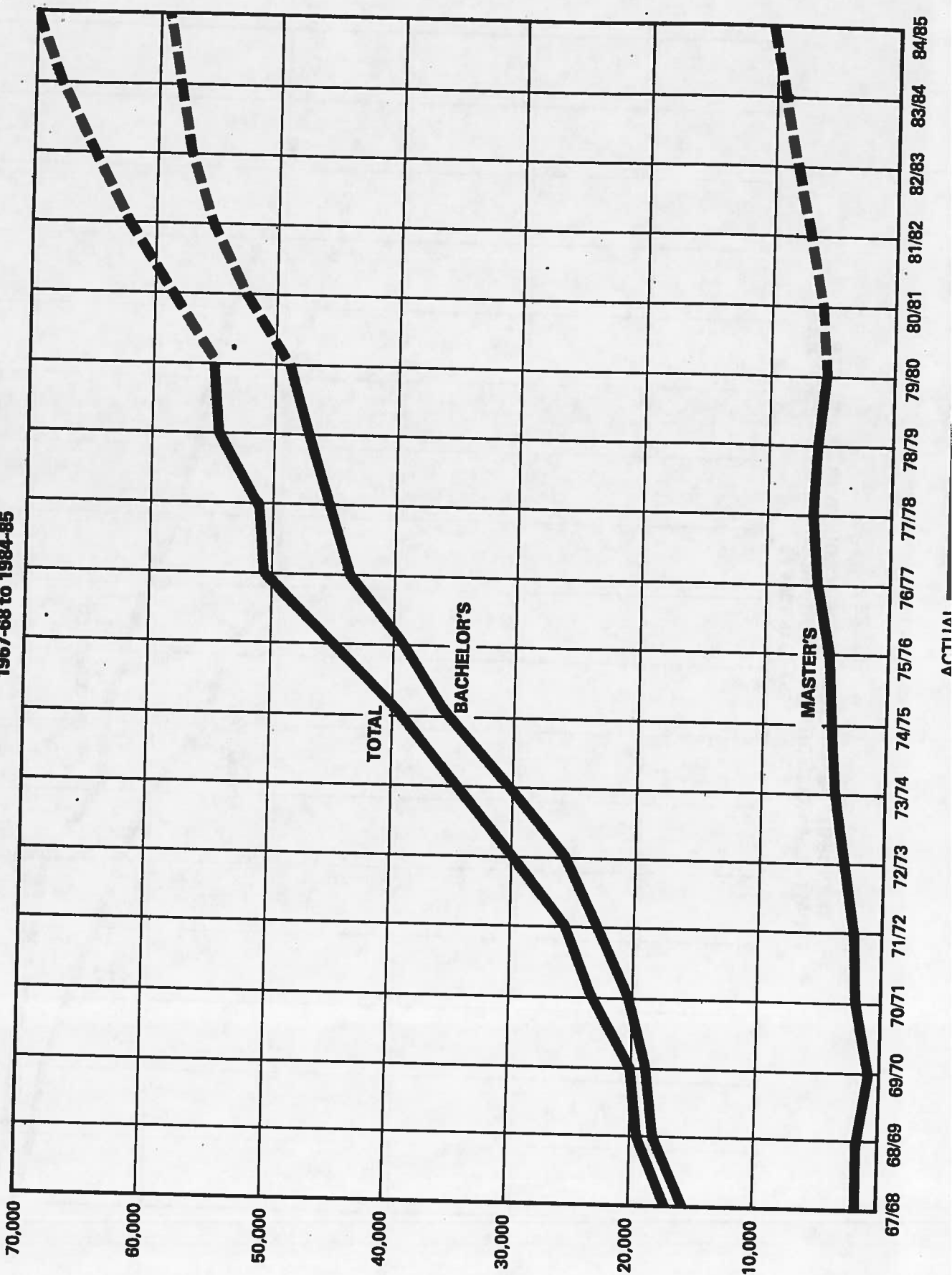


FIGURE 2
TRENDS IN THE TOTAL SUPPLY OF ACCOUNTING GRADUATES
FROM AACSB ACCREDITED AND NON-AACSB ACCREDITED SCHOOLS
1967-68 to 1984-85

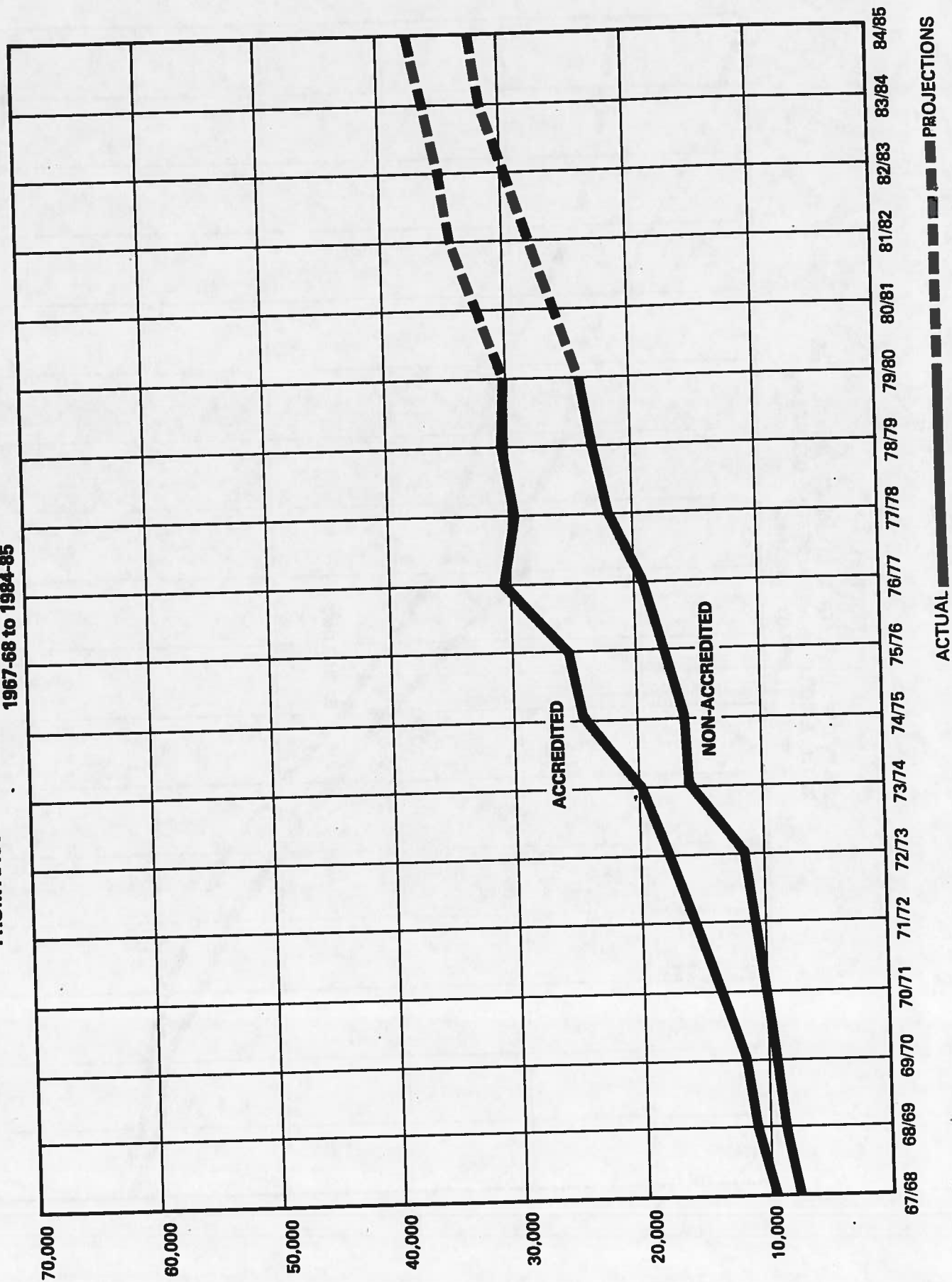


FIGURE 3
TRENDS IN THE TOTAL SUPPLY OF ACCOUNTING GRADUATES
FROM THE PUBLIC AND PRIVATE SCHOOLS
1967-68 to 1984-85

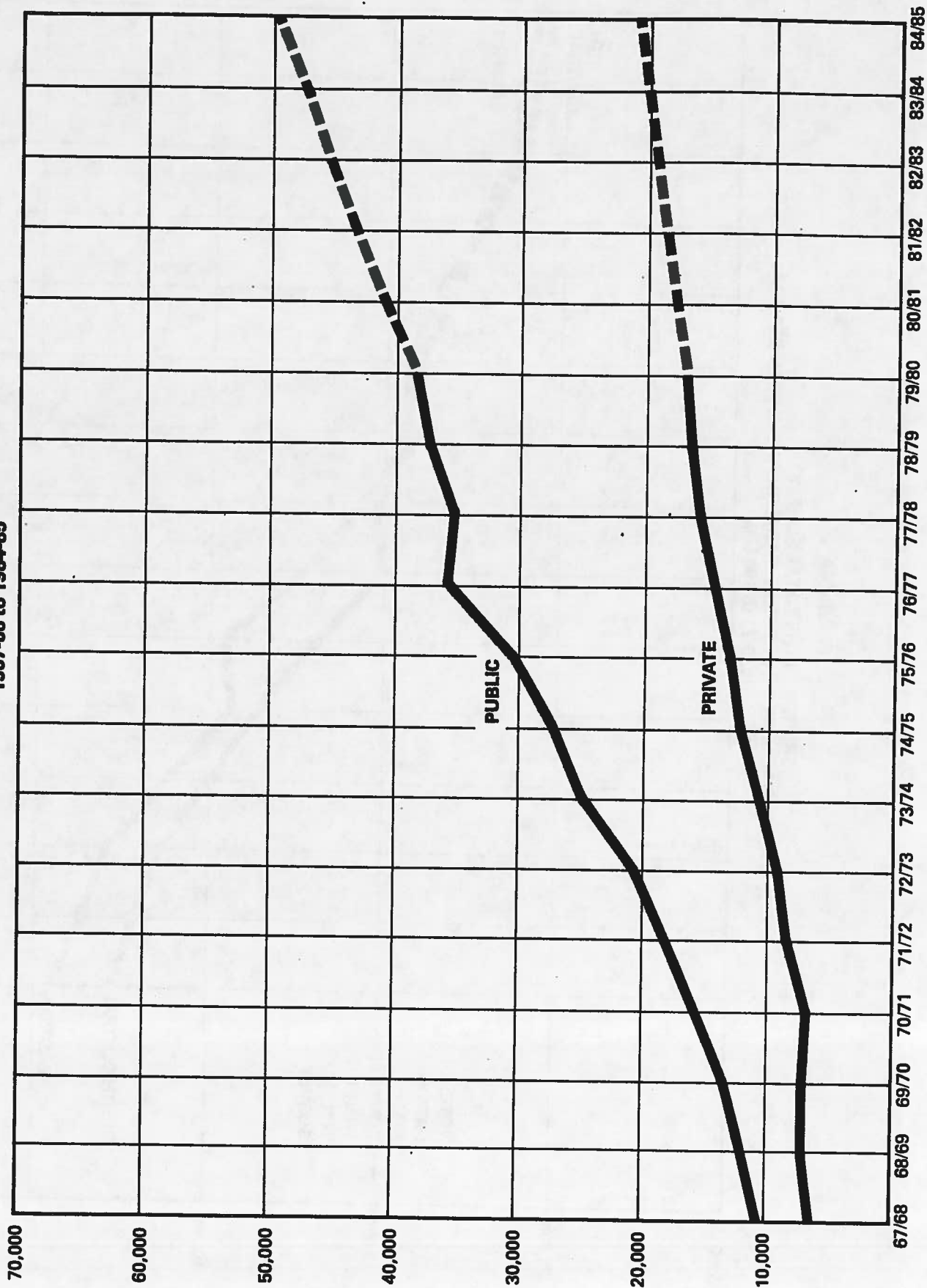


FIGURE 4A

**TRENDS IN THE TOTAL SUPPLY OF
ACCOUNTING GRADUATES BY REGION—EASTERN AND NORTH CENTRAL
1970-71 to 1984-85**

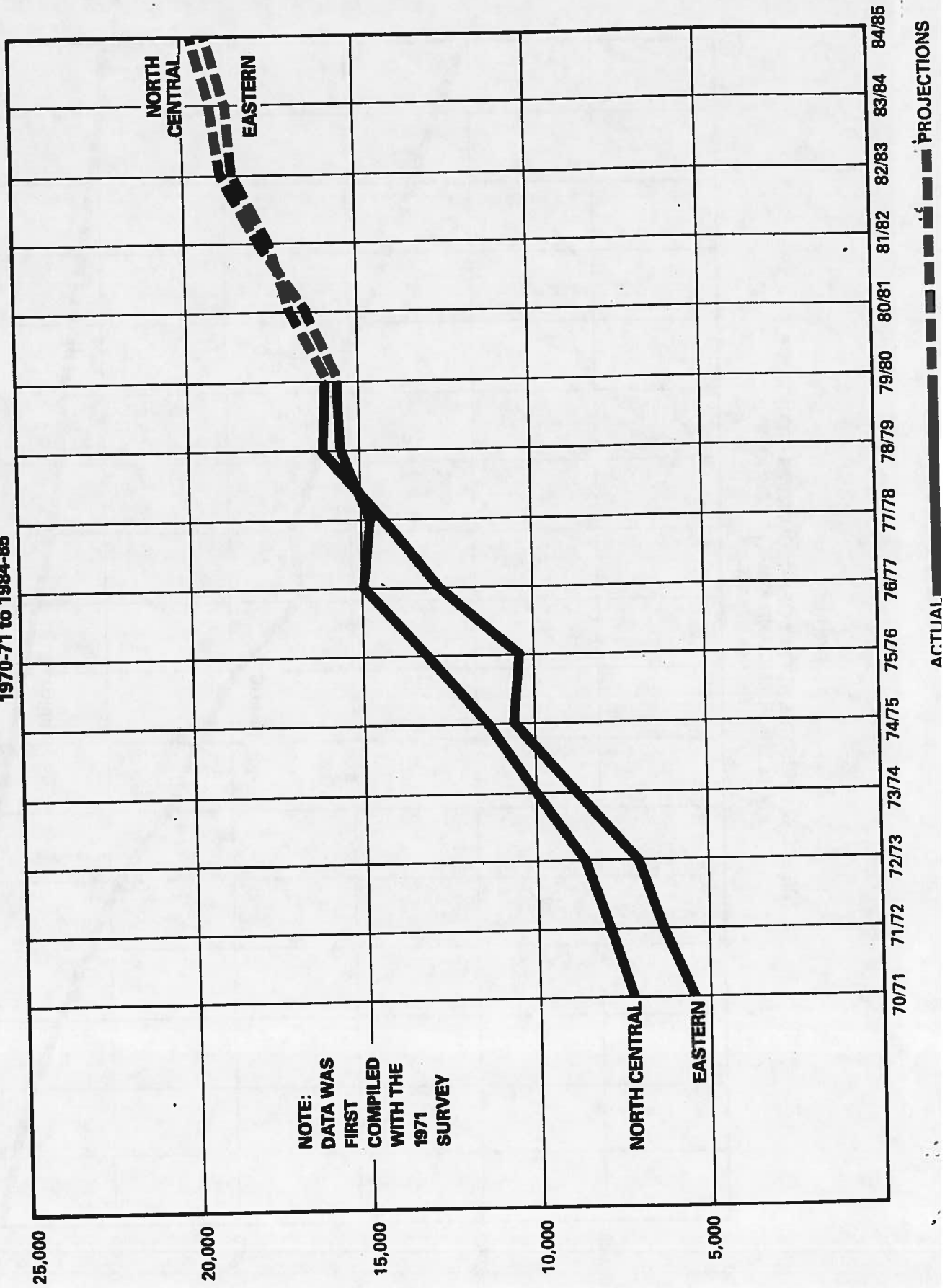
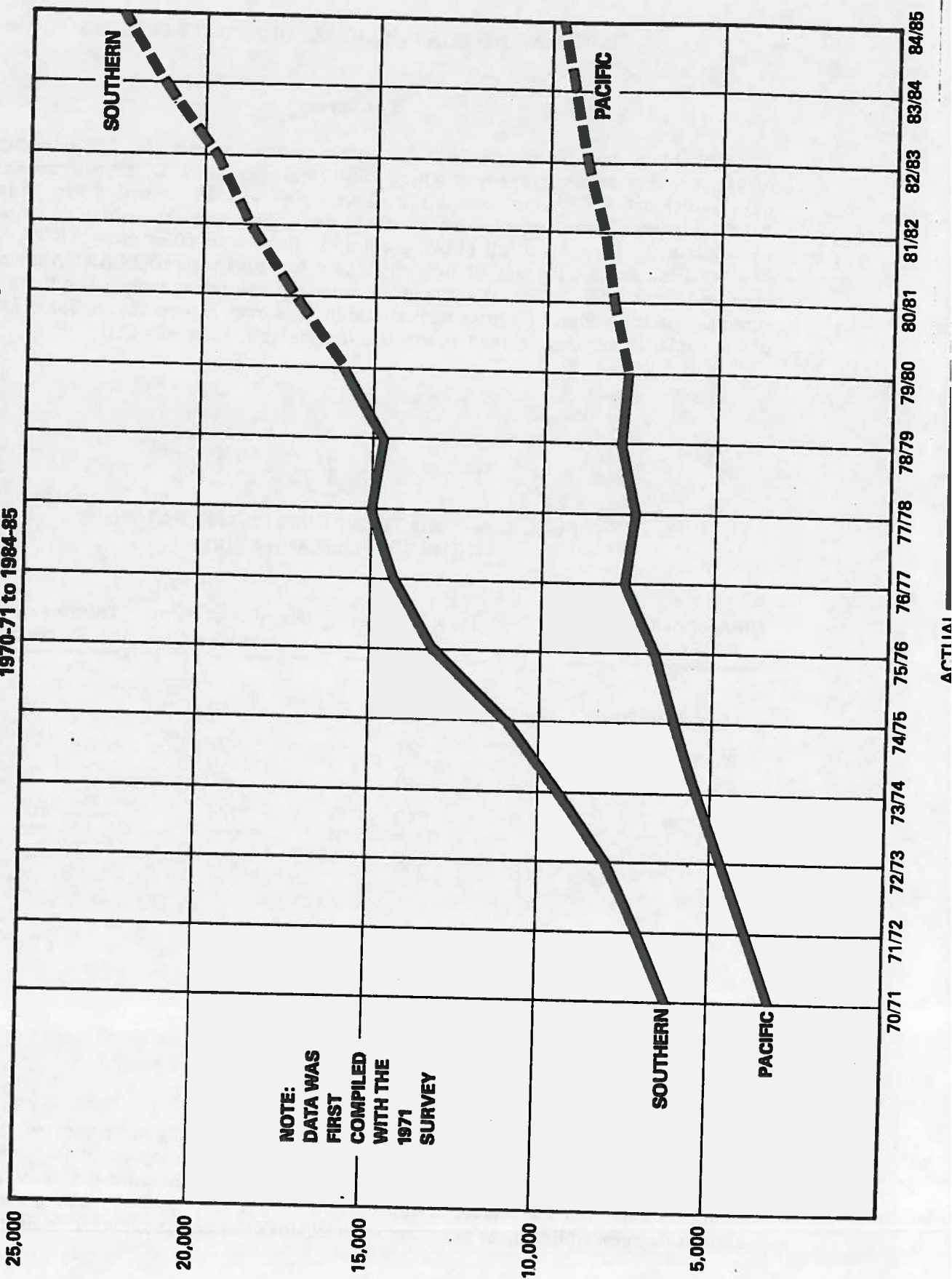


FIGURE 4B
TRENDS IN THE TOTAL SUPPLY OF
ACCOUNTING GRADUATES BY REGION—SOUTHERN AND PACIFIC
1970-71 to 1984-85



THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

The Survey

To obtain data on the demand for public accounting recruits, 222 accounting firms of various sizes were surveyed, of which 166 (75%) responded. Of those firms with 30 or more individual AICPA members, all firms were surveyed. Firms with 10 to 29 individual AICPA members were surveyed on a sample basis. The data thus obtained were used to extrapolate the demand of all public accounting firms with 10 or more AICPA members. For the 1981 survey, the size of the sample used for firms with 10-29 AICPA members was increased from 15% to 24% to provide a more representative sample for these firms. A summary of the number of firms represented in the survey is presented in *Table 15*. A copy of the public accounting demand questionnaire appears as Appendix C.

TABLE 15
PUBLIC ACCOUNTING FIRMS PARTICIPATING
IN THE 1981 DEMAND STUDY

<u>Number of Individual AICPA Members</u>	<u>Total Number of Firms</u>	<u>Number of Firms Surveyed</u>	<u>Number of Firms Responding</u>
More than 200	16	16	16
50 - 200	22	22	20
30 - 49	40	40	30
10 - 29	<u>610</u>	<u>144</u>	<u>100</u>
Total	688	222	166

Results of the Survey

Bachelor's and Master's Degrees

The results of the 1981 public accounting demand survey are presented in *Table 16*. While the numbers of recruits with bachelor's and master's degrees in accounting are expected to increase over the years covered by the survey, the annual rate of growth for bachelor's and master's degrees is expected to decline after 1981-82. The growth rate for master's degrees, while higher than that for bachelor's degrees, is expected to drop sharply.

TABLE 16
DEMAND FOR PUBLIC ACCOUNTING RECRUITS
1979-80 to 1984-85

	Bachelor's		Master's		Total Demand	
	Number of Recruits	Rate of Growth	Number of Recruits	Rate of Growth	Number of Recruits	Rate of Growth
1979-80	13,500	—	2,900	—	16,400	—
1980-81	14,160	+ 5%	3,430	+18%	17,590	+ 7%
1981-82	15,240	+ 8%	4,100	+20%	19,340	+10%
1982-83	16,160	+ 6%	4,480	+ 9%	20,640	+ 7%
1983-84	17,110	+ 6%	4,860	+ 9%	21,970	+ 6%
1984-85	17,880	+ 5%	5,370	+11%	23,250	+ 6%

Table 17 shows the expected percentages of public accounting recruits holding master's degrees. Although all the categories show that an increasing proportion of recruits are expected to hold master's degrees, the percentage is higher for firms with over 200 Institute members than for the smaller firms.

TABLE 17
PERCENTAGE OF NEW EMPLOYEES
EXPECTED TO HOLD MASTER'S DEGREES

	Over 200 Institute Members	50 to 200 Institute Members	10 to 50 Institute Members	All Firms
1979-80	21.8%	7.8%	5.6%	17.7%
1980-81	23.5%	9.4%	5.2%	19.5%
1981-82	25.2%	11.5%	7.3%	21.2%
1982-83	25.8%	12.1%	8.2%	21.7%
1983-84	26.5%	13.5%	7.9%	22.1%
1984-85	27.5%	15.0%	8.8%	23.1%

Comparison of the Results of the 1981 and 1980 Surveys

Comparison of the 1981 estimates with those reported in the 1980 survey (*Table 18*), indicates a slight increase in the estimates of the public accounting demand for holders of bachelor's degrees in accounting, for all years common to both surveys. The estimates of the demand for holders of master's degrees, however, are considerably lower than those predicted last year for all years common to both surveys. Overall, there is little change in the total public accounting demand estimated in 1980 and 1981, indicating that there has not been a reduction in the total number of recruits expected to be hired by the public accounting firms, but, an increase in the ratio of recruits with bachelor's degrees to those with master's degrees. The reduced estimates for holders of master's degrees is further demonstrated by the fact that the estimates of the percentage of new recruits expected to hold master's degrees (*Table 17*), for all firms, are lower than those reported in last year's survey. Although the firms in the 10 to 50 and 50 to 200 member categories have not greatly changed their estimates of percentage of recruits with master's degrees compared to last year, the firms in the over 200 member category have reduced their estimates considerably, which has a significant impact on the total numbers of master's degrees.⁶

TABLE 18
COMPARISON OF NUMBERS OF PUBLIC ACCOUNTING RECRUITS
REPORTED IN THE 1980 and 1981 SURVEYS

	Bachelor's			Master's			Total
	Reported in		% of Change	Reported in		% of Change	% of Change
	1980	1981		1980	1981		
1979-80	13,210	13,500	+ 2%	3,490	2,900	-17%	-2%
1980-81	13,980	14,160	+ 1%	4,010	3,430	-15%	-2%
1981-82	14,930	15,240	+ 2%	4,460	4,100	- 8%	-0-
1982-83	15,900	16,160	+ 2%	4,860	4,480	- 8%	-1%
1983-84	16,850	17,110	+ 2%	5,260	4,860	- 8%	-1%
1984-85	-	17,880	-	-	5,370	-	-

Doctoral Degrees

For the third time in this series of supply and demand studies, firms were asked to give information as to recruits with doctoral degrees in accounting. Consistent with the last three years' survey results, the demand for doctorates in public accounting was shown to be almost non-existent, that is, only a total of 9 recruits for all years included in the study, 6 of which were reported by firms with over 200 Institute members.

⁶ See *Table 17* on page 20 of the 1980 report.

Male/Female Data

Of the 166 responding public accounting firms, 156 firms reported the numbers of male and female recruits, by level of degree. However, only 113 of the 156 firms reported the male/female breakdown for all years in the survey. No attempt was made to extrapolate for those firms that did not supply this information or for those that supplied partial information. As a result, the numbers of male and female recruits reported for each year in the survey are not comparative because each years total represents a different number of firms. Therefore, the actual numbers of male and female recruits are not reported here. Instead, only the male/female percentage distributions for each year are shown in *Table 19*.

TABLE 19
RELATIONSHIP BETWEEN THE PUBLIC ACCOUNTING DEMAND
FOR MALE & FEMALE RECRUITS
BY DEGREES
(AS REPORTED BY 156 FIRMS)
1979-80 to 1984-85

	<u>Bachelor's</u>		<u>Master's</u>		<u>All Degrees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
1979-80	66%	34%	70%	30%	67%	33%
1980-81	65%	35%	69%	31%	66%	34%
1981-82	64%	36%	68%	32%	65%	35%
1982-83	63%	37%	67%	33%	64%	36%
1983-84	63%	37%	66%	34%	64%	36%
1984-85	62%	38%	66%	34%	63%	37%

Ethnic Data

One hundred twenty-nine firms reported a breakdown by ethnic backgrounds for 1979-80 and one hundred twelve firms for 1980-81 and the results are shown in *Table 20*. No attempt was made to extrapolate for all firms. The percentages shown relate to the total demand reported by only those firms supplying the ethnic data in the 1981 survey.

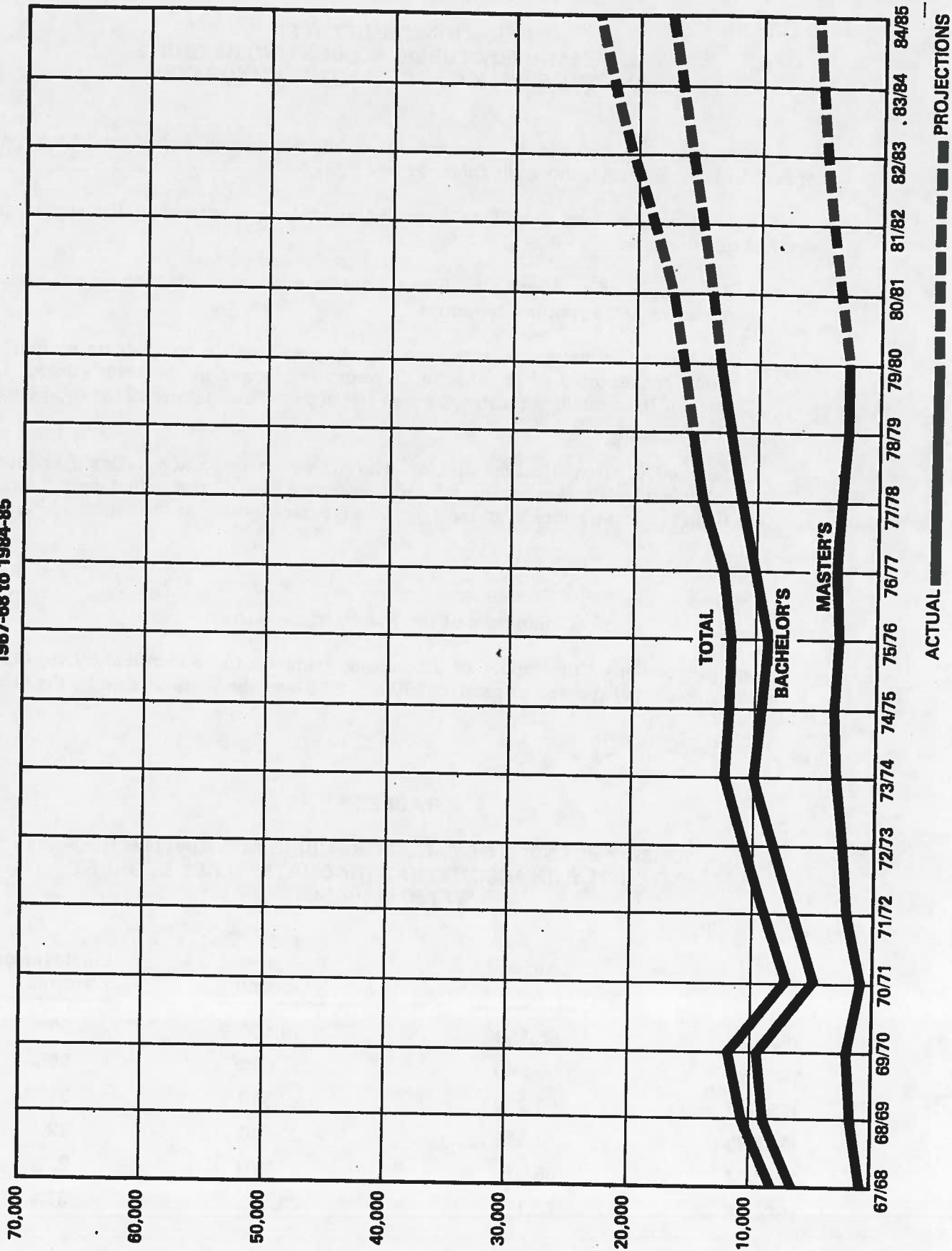
TABLE 20
PERCENTAGE OF TOTAL DEMAND FOR PUBLIC ACCOUNTING RECRUITS
BY ETHNIC BACKGROUNDS
FOR 1979-80 AND 1980-81

		<u>American Indians</u>	<u>Asians</u>	<u>Blacks</u>	<u>Hispanics</u>	<u>Total</u>
1979-80	(129 firms)	0.1%	2.5%	2.8%	1.7%	7.0%
1980-81	(112 firms)	0.1%	2.4%	3.3%	2.0%	7.7%

Long Term Trends

Figure 5 on the following page shows trends in the demand for public accounting recruits with bachelor's and with master's degrees. The actual numbers of recruits for the years 1967-68 through 1978-79 were derived from the earlier supply and demand studies. Actual numbers for 1979-80 and projections through 1984-85 were derived from this year's study.

FIGURE 5
TRENDS IN THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS
WITH BACHELOR'S AND MASTER'S DEGREES
1967-68 to 1984-85



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

The relationship between the demand for public accounting recruits and the supply of accounting graduates is shown in *Tables 21* and *22*.

The following factors should be borne in mind before examining the supply and demand relationships.

1. The supply of accounting graduates includes many students who do not plan to pursue careers in public accounting.
2. Holders of bachelor's degrees in accounting who go on to graduate accounting study are reported twice, once in the year they receive the bachelor's degree and once in the year they receive the master's degree. Thus, figures of the total supply are somewhat inflated.
3. Demand is often filled by students who did not major in accounting. Also, some schools whose graduates enter public accounting have programs that are not identified as concentrations in accounting. This is especially true at the master's level.

Comparison of the Results of the Survey

The proportion of the supply of accounting graduates to be recruited by the public accounting sector is expected to rise from 30% to 33% over the years covered by the survey (*Table 21*).

TABLE 21

RELATIONSHIP BETWEEN DEMAND FOR PUBLIC ACCOUNTING RECRUITS AND SUPPLY OF ACCOUNTING GRADUATES – ALL DEGREES 1979-80 to 1984-85

	<u>Supply of Graduates</u>	<u>Pub. Acctg. Demand</u>	<u>Employment Percentage</u>
1979-80	55,150	16,400	30%
1980-81	58,980	17,590	30%
1981-82	62,220	19,340	31%
1982-83	65,360	20,640	32%
1983-84	68,010	21,970	32%
1984-85	70,110	23,250	33%

Table 22 shows the percentage of graduates with bachelor's degrees and those with master's degrees expected to be recruited by public accounting firms. The percentage of the public accounting demand for holders of bachelor's degrees is expected to increase over the years covered by the survey from twenty-seven percent to thirty percent. While over half of those graduates with master's degrees will be sought by the public accounting firms, the percentage is expected to decline after 1981-82. The employment percentages reported in 1981 do not vary significantly from those reported in 1980.⁷

TABLE 22
RELATIONSHIP BETWEEN DEMAND FOR
PUBLIC ACCOUNTING RECRUITS
AND SUPPLY OF ACCOUNTING GRADUATES
BACHELOR'S DEGREES AND MASTER'S DEGREES
1979-80 to 1984-85

	Bachelor's			Master's		
	Supply of Graduates	Pub. Acctg. Demand	Employment Percentage	Supply of Graduates	Pub. Acctg. Demand	Employment Percentage
1979-80	49,870	13,500	27%	5,280	2,900	55%
1980-81	52,880	14,160	27%	6,100	3,430	56%
1981-82	55,180	15,240	28%	7,040	4,100	58%
1982-83	57,170	16,160	28%	8,190	4,480	55%
1983-84	58,700	17,110	29%	9,310	4,860	52%
1984-85	59,790	17,880	30%	10,320	5,370	52%

Long Term Trends

Trends in the relationship between the demand for public accounting recruits and the supply of accounting graduates are shown in Figures 6 through 8 on the following pages. The actual numbers for the years 1967-68 through 1978-79 were derived from the earlier studies. Actual numbers for the years 1979-80 and projections through 1984-85 were derived from this year's study.

The relationship between the total public accounting demand and supply is shown in Figure 6. Figure 7 shows the relationship between the public accounting demand for and the supply of holders of bachelor's degrees and Figure 8 the relationship between the public accounting demand for and supply of holders of master's degrees. It should be kept in mind that the supply figures refer to all graduates irrespective of whether or not they sought or will seek employment in public accounting.

⁷ See Table 22 on page 26 of the 1980 report.

FIGURE 6
TRENDS IN THE RELATIONSHIP BETWEEN THE SUPPLY OF
ACCOUNTING GRADUATES AND THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS
1967-68 to 1984-85

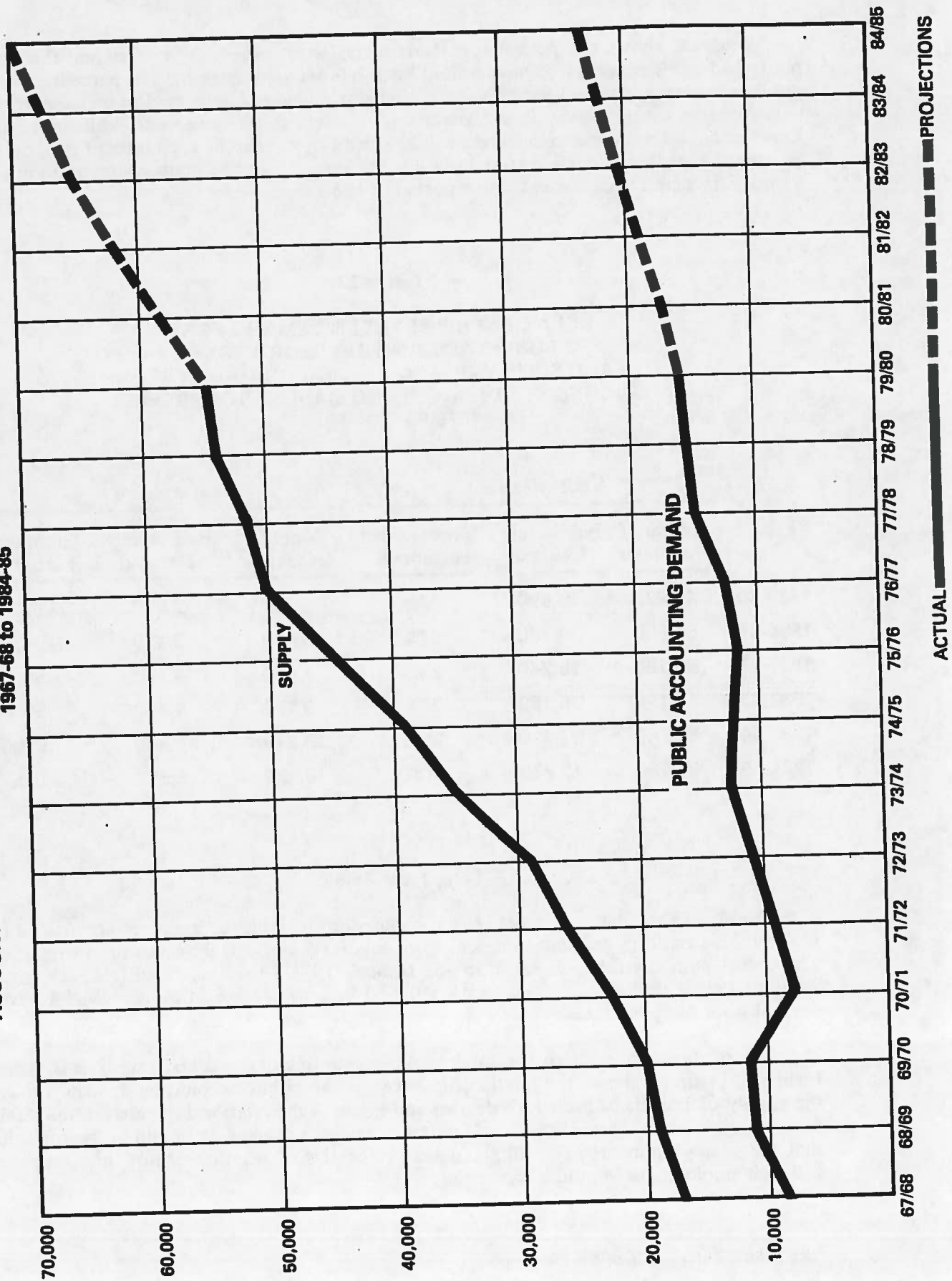


FIGURE 7
TRENDS IN THE RELATIONSHIP BETWEEN THE SUPPLY OF AND
THE PUBLIC ACCOUNTING DEMAND FOR HOLDERS OF BACHELOR'S DEGREES
1967-68 to 1984-85

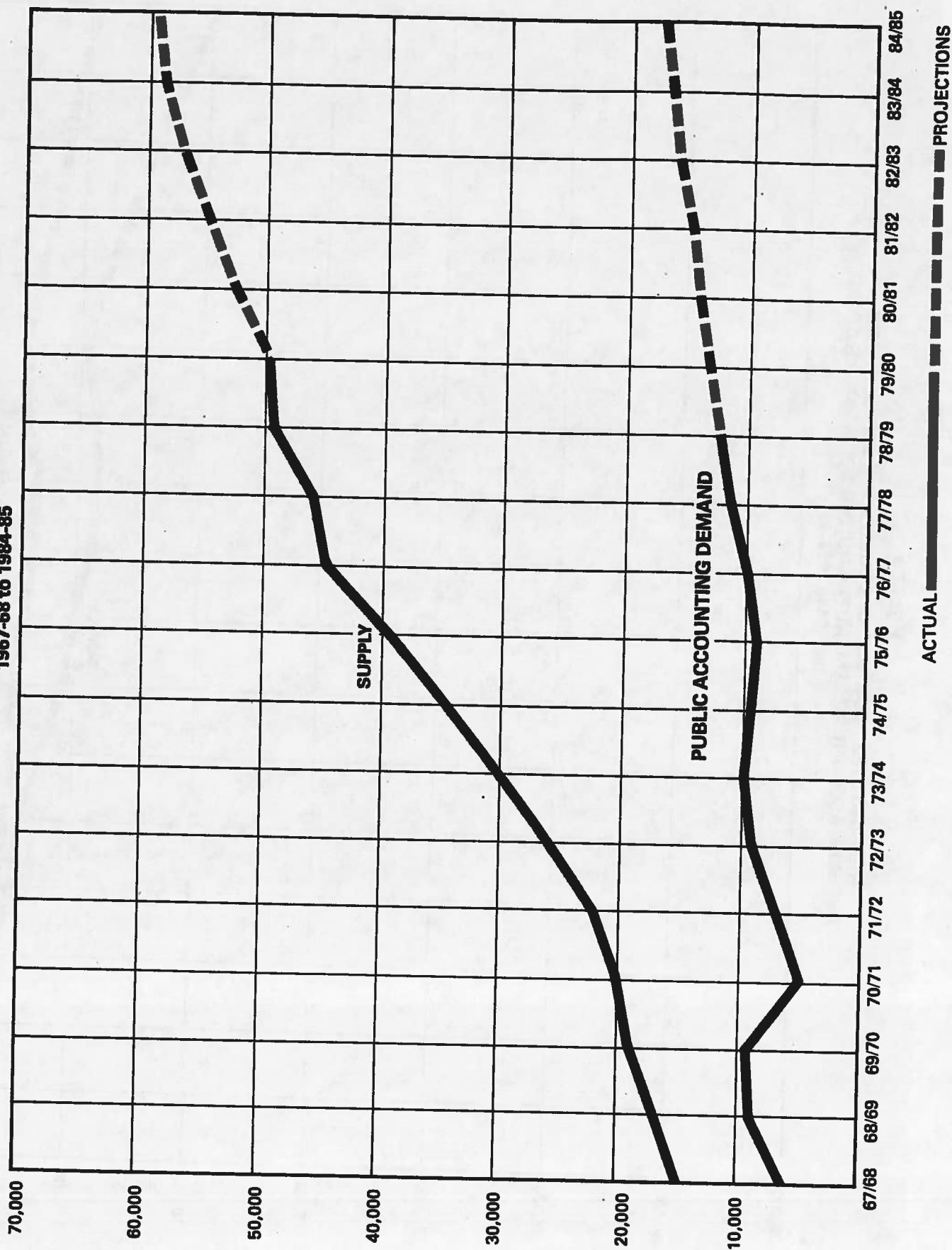
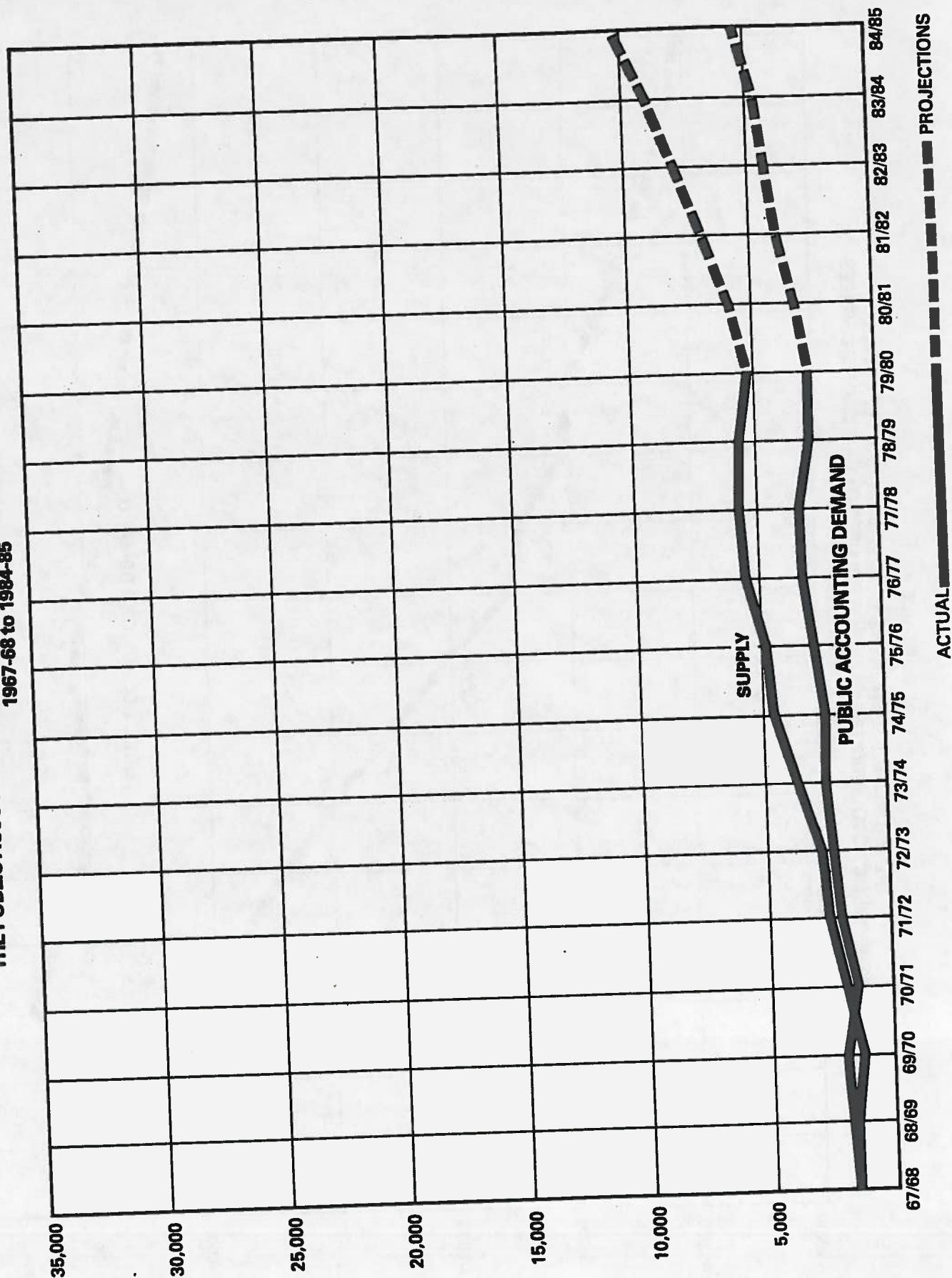


FIGURE 8
TRENDS IN THE RELATIONSHIP BETWEEN THE SUPPLY OF AND
THE PUBLIC ACCOUNTING DEMAND FOR HOLDERS OF MASTER'S DEGREES
1967-68 to 1984-85



APPENDICES

1981 AICPA STUDY OF SUPPLY OF ACCOUNTING GRADUATES

In the appropriate spaces below, please fill in the number of graduates who either majored, concentrated, or otherwise specialized in accounting during 1979-80 and your projection of the number of such graduates for the next five years. All graduates should be listed whether or not they are expected to enter public accounting. The numbers for each ethnic group should be filled in for the academic years 1979-80 and 1980-81 only and should be a breakdown of the total number of graduates for those years.

Please Note: Where none, please so indicate by entering zeros, or dashes, or by crossing out a whole section, where applicable.
If you are not able to report the breakdowns by males and females, please report the numbers of degrees in the total columns.

	<u>Bachelors Degree</u>			<u>Masters Degree</u>			<u>Doctoral Degree</u>			<u>Grand Total</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total*</u>
1979-80												
1980-81												
1981-82												
1982-83												
1983-84												
1984-85												

*Of the sums recorded in the "Grand Total" column, how many are:

	<u>American Indian</u>	<u>Asian</u>	<u>Black</u>	<u>Hispanic</u>
1979-80	___	___	___	___
1980-81	___	___	___	___

Please use the reverse side
of this form for comments.

Name of Institution _____

City and State _____

Public _____ Private _____

Not a member
of AACSB _____

Member of AACSB:
Not Accredited _____

Accredited
Bachelors only _____
Masters only _____
Both _____

Please return form to: Relations with Educators Division
American Institute of CPAs
1211 Avenue of the Americas
New York, New York 10036

A self-addressed envelope is enclosed for your convenience.

**STATES COMPRISING THE REGIONS
BY WHICH THE SUPPLY IS ANALYZED IN
TABLES 7 AND 8**

<u>Eastern</u>	<u>North Central</u>	<u>Southern</u>	<u>Pacific</u>
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		

1981 AICPA STUDY OF DEMAND FOR PUBLIC ACCOUNTANTS

For those hirees with bachelors or masters degrees, please fill in the number of inexperienced professional employees (or those who have had only nominal experience such as internships or part-time work) that your firm hired during 1979-80 and your projected requirements for the next five years. For those hirees with doctoral degrees in accounting, please fill in the number irrespective of the hiree's previous work experience. Do not include hirees from other professions, such as law and engineering, who have not either majored, concentrated, or otherwise specialized in accounting. Even though some law degrees are considered to be doctoral level degrees, we want to exclude these from our compilations.

PLEASE NOTE: Where none, please so indicate by entering zeros, or dashes, or by crossing out a whole section, where applicable.
If you are not able to report the breakdowns by males and females, please report the numbers of degrees in the total columns.

	<u>Bachelors Degree</u>			<u>Masters Degree</u>			<u>Doctoral Degree</u> (Exclude Law Degrees)			<u>Grand Total</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total*</u>
1979-80												
1980-81												
1981-82												
1982-83												
1983-84												
1984-85												

*Of the sums recorded in the "Grand Total" column, how many are:

	<u>American Indian</u>	<u>Asian</u>	<u>Black</u>	<u>Hispanic</u>
1979-80	_____	_____	_____	_____
1980-81	_____	_____	_____	_____

Please use the reverse side
of this form for comments.

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