
The Supply Of Accounting Graduates

and

The Demand for Public Accounting Recruits

1986

Prepared by Mary McInnes
and James H. MacNeill

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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 conducts an annual survey on this topic. This is the sixteenth of these annual studies.

For the 1986 report, the Institute surveyed in the fall of 1985 a stratified sample of 291 public accounting firms as to their professional employment needs for the academic years 1984-85 and 1985-86. A survey was also conducted of 725 colleges and universities to determine the expected number of accounting graduates for the same years.

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 public accounting demand and the supply. When reading the report, it is necessary to bear in mind that it is difficult to compare supply and demand, and to precisely identify trends. This is because not all accounting graduates are employed by public accounting firms and the public accounting demand cannot always be met by the available supply. In addition, respondents use their own definition of what constitutes a major or a concentration in accounting. Also, as yet, no satisfactory way has been devised for estimating the number of accounting graduates employed in private industry, the various levels of government, and in other activities, as well as those who remain in education. However, in an effort to obtain such information, a pilot study of 100 schools was conducted in 1986 to ascertain the availability of placement data from the schools.

Where 1984-85 estimates reported in the 1985 survey were significantly different from the actual number reported in the 1986 survey, comparisons of the two years 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 number of firms with ten or more Institute members. Also, schools have been added to and other schools deleted from the list of schools surveyed (see Methodology, page 5). Comparability may also be affected by the fact that the data for firms with between ten and twenty-nine Institute members are derived from extrapolations based on samples, and different firms comprise the samples selected each year. Those firms with thirty 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

Current Year's Findings

In the 1986 survey, the schools predict that the total supply of accounting graduates will increase from 57,900 in 1984-85 to 59,400 in 1985-86. A slight increase is also expected in the number of bachelor's degrees, from 52,000 to 53,100. Master's degrees in accounting are expected to increase at a higher rate of growth, from 5,900 in 1984-85 to 6,300 in 1985-86 (Table 2).

The total public accounting demand is expected to rise from 17,800 in 1984-85 to 18,900 in 1985-86. The demand for holders of bachelor's degrees is expected to increase from 15,600 in

1984-85 to 16,400 in 1985-86 and the number of master's degree hirees is expected to rise by 13%, from 2,200 to 2,500 (Table 16). Of the total 1984-85 public accounting hirees, 12% were master's degree graduates, and it is expected that 13% of the 1985-86 hirees will hold master's degrees (Table 17).

The public accounting firms recruited 31% of the total 1984-85 accounting graduates and expect to recruit 32% of the 1985-86 graduates (Table 23). In 1985-86, they expect to recruit 31% of the bachelor's degree graduates and 39% of the master's degree graduates (Table 24).

Revised Forecasts

The schools' actual total number of 1984-85 accounting graduates is 5% less than was estimated in the 1985 survey for 1984-85, the academic year common to both surveys (Table 10). The actual number of master's degree graduates in 1984-85 is 13% less than predicted in 1985, and the number of bachelor's degree graduates is 4% lower. Although the public accounting firms predicted in the 1985 survey that the number of master's recruits would increase by 22% in 1984-85, the same number was hired in 1984-85 as in 1983-84. The actual number of bachelor's degree recruits is slightly higher than predicted in 1985 (Table 19).

Historical Trends

The supply of accounting graduates, both in total and with bachelor's degrees, was leveling off in recent years and is now beginning to decline. The supply of master's degree graduates increased steadily over the last four years, but also declined in 1984-85 (Table 14). After a substantial reduction in the public accounting demand for bachelor's degree hirees in 1982-83, the demand for bachelor's degree hirees has increased. Since 1981-82, the public accounting demand for master's degree holders has remained level (Table 22).

The employment percentage of bachelor's degree graduates has been increasing, from 23% in 1982-83 to 30% in 1984-85. The employment percentage for master's degree graduates, which had been declining over the last five years, rose to 37% in 1984-85, due not to an increase in the public accounting demand but to a decline in the supply (Table 26).

Other Findings

The number of students graduating with master's in accounting degrees is expected to increase in 1985-86 at a considerably higher rate than the number with MBAs with an accounting concentration and with master's in taxation degrees (Table 11). Of the total master's degree graduates to be recruited by the firms in 1985-86, the percentages of those with master's in accounting degrees and those with MBAs in accounting are expected to decline, while the percentage of those with master's in taxation degrees is expected to increase (Table 18). This is due not to a decline in the numbers of master's in accounting and of MBAs in accounting recruits in 1985-86, but to a considerably greater demand for recruits with master's in taxation degrees.

Schools with accounting programs accredited by the American Assembly of Collegiate Schools of Business (AACSB) predict that the numbers of graduates of accredited master's in accounting programs and MBA programs with an accounting concentration are expected to increase in 1985-86 (Table 5), while those from accredited bachelor's in accounting programs are expected to remain level.

Since the male/female data were first collected in 1978, the percentage of female graduates has risen from 28% in 1976-77 to 48% in 1984-85 (Table 12). The percentage of women recruited by public accounting firms has also increased considerably, from 24% in 1976-77 to 43% in 1984-85 (Table 20).

In the five years that ethnic data have been collected, the percentage of minority graduates has fluctuated, increasing from 10.5% in 1976-77 to 13.4% in 1979-80, then declining to 11.6% in 1981-82 and rising to 13.1% in 1984-85 (Table 13). The percentage of the public accounting demand represented by minority hirees rose from 7.7% in 1976-77 to 10.0% in 1977-78 but has declined since then to 6.3% in 1984-85 (Table 21).

The Supply of Accounting Graduates

The Survey

In October 1985, questionnaires were sent to 589 domestic member schools of the AACSB; 236 of these schools were accredited for business administration programs and 353 were non-accredited member schools. Of the AACSB business accredited schools, 53 schools also had accredited accounting programs. Responses were received from 182 schools with AACSB accredited business administration programs, including 44 schools with accredited accounting programs, and from 208 AACSB non-accredited member schools. Questionnaires were also sent to 136 schools that were not AACSB members, and 83 responses were received (Table 1). The overall response rate of the schools in 1986 was 65%.

TABLE 1
Number of Schools in the Survey

	AACSB schools		Non-AACSB	Total
	Accredited	Non-accredited	schools	schools
Number of questionnaires mailed in the 1986 survey	236	353	136	725
Schools responding in 1986	182	208	83	473
Schools responding in any of the preceding 3 years but not in 1986	46	98	31	175
Number of schools represented in the data	228	306	114	648

In the 1986 survey, participants were asked to indicate the numbers of accounting graduates with bachelor's degrees in accounting, master's in accounting, MBAs with a concentration in accounting, and master's in taxation degrees for 1984-85 and to estimate the numbers of graduates for the current year, 1985-86. A copy of the supply questionnaire appears as Appendix A. The number of doctoral degrees in accounting, which had been reported in previous reports, was not requested in the 1986 survey. Information on the supply of accounting doctorates is available from other sources.

Methodology

Some schools responding to the 1986 survey supplied data for the academic year 1984-85 only. In these cases the number of degrees for 1985-86 was estimated. The latest figures submitted by schools that had responded to any of the preceding three years' surveys but not to the 1986 survey were included in the current compilations and estimates were made for the missing

years. Any responses still on file from schools that did not respond within this four-year period were deleted from the file.

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 were derived from using the midpoints of these two calculations. Estimates of bachelor's and master's degrees were made separately for each of twenty-four separate categories according to three breakdowns: for each of four geographical regions, by public and private institutions, and by AACSB accredited and non-accredited member schools and non-AACSB schools.

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. Because many schools award both bachelor's and master's degrees in accounting, the sum of the number of schools shown in the bachelor's and master's columns is greater than the number of schools shown in the total column.

The total number of graduates and the number of those with bachelor's degrees are expected to increase slightly in 1985-86; the number with master's degrees is expected to increase at a higher rate. However, the growth of master's degrees has been overestimated in past surveys, as can be seen in Table 10.

TABLE 2
Supply of Accounting Graduates
From All Schools
1984-85 and 1985-86

	<i>Bachelor's</i> (632 schools)	<i>Master's</i> (263 schools)	<i>Total</i> (648 schools)
1984-85	51,980	5,910	57,890
1985-86	53,100	6,310	59,410
Rate of Growth	+2%	+7%	+3%

Table 3 shows the supply of accounting graduates from AACSB schools with accredited business administration programs, and Table 4 shows the supply from AACSB non-accredited and from non-AACSB schools.

The AACSB accredited schools expect to award a greater portion of the bachelor's degrees and more than twice the number of master's degrees than the AACSB non-accredited and non-AACSB schools combined.

In 1982, a separate procedure for the accreditation of accounting programs was established within the structure of the AACSB. The American Institute of CPAs, the American Accounting Association, the Financial Executives Institute, and the National Association of Accountants are participating in the process. As of April 1985, ninety-three programs at fifty-three schools had received initial accreditation. Three types of accounting programs are accredited

by the AACSB: bachelor's in accounting, MBA with a concentration in accounting, and master's in accounting, which includes five-year (150 semester-hour) integrated programs.

TABLE 3
Supply of Accounting Graduates
From AACSB Schools With Accredited
Business Administration Programs
1984-85 and 1985-86

	<i>Bachelor's</i> (218 schools)	<i>Master's</i> (163 schools)	<i>Total</i> (228 schools)
1984-85	30,070	4,110	34,180
1985-86	30,320	4,380	34,700
Rate of Growth	+1%	+7%	+2%

TABLE 4
Supply of Accounting Graduates
From AACSB Non-Accredited Schools
And Non-AACSB Schools
1984-85 and 1985-86

	<i>Bachelor's</i> (414 schools)	<i>Master's</i> (100 schools)	<i>Total</i> (420 schools)
1984-85	21,910	1,800	23,710
1985-86	22,780	1,930	24,710
Rate of Growth	+4%	+7%	+4%

The number of graduates by type of accredited program is shown in Table 5. The number of 1985-86 graduates from accredited master's in accounting programs is expected to increase at a higher rate than the number from accredited MBA programs in accounting, but the number of graduates from accredited bachelor's in accounting programs is expected to remain level.

TABLE 5
Supply of Accounting Graduates
From AACSB Accredited Accounting Programs
1984-85 and 1985-86

	<i>Bachelor's</i> (52 schools)	<i>MBAs in Accounting</i> (13 schools)	<i>Master's in Accounting</i> (28 schools)
1984-85	9,210	460	670
1985-86	9,210	480	760
Rate of Growth	-0-	+4%	+13%

The comparison of the survey's results with respect to public vs. private institutions is presented in Tables 6 and 7. Master's degrees are expected to increase at a considerably higher rate in public than in private institutions.

TABLE 6
Supply of Accounting Graduates
With Bachelor's Degrees
From Public and Private Schools
1984-85 and 1985-86

	<i>Public</i> (360 schools)	<i>Private</i> (272 schools)
1984-85	37,580	14,400
1985-86	38,360	14,740
Rate of Growth	+ 2 %	+ 2 %

TABLE 7
Supply of Accounting Graduates
With Master's Degrees
From Public and Private Schools
1984-85 and 1985-86

	<i>Public</i> (179 schools)	<i>Private</i> (84 schools)
1984-85	3,030	2,880
1985-86	3,380	2,930
Rate of Growth	+ 12 %	+ 2 %

The analysis of bachelor's degrees by geographical regions (Table 8) indicates no significant differences in trends between the Eastern, North Central, Southern, and Pacific regions. The number of master's degrees is expected to grow at a considerably higher rate in the Southern region than in other three regions (Table 9). A list of the states that make up each region is shown in Appendix C.

TABLE 8
Supply of Accounting Graduates
With Bachelor's Degrees
By Region
1984-85 and 1985-86

	<i>Eastern</i> (145 schools)	<i>North Central</i> (172 schools)	<i>Southern</i> (246 schools)	<i>Pacific</i> (69 schools)
1984-85	13,560	14,280	16,200	7,940
1985-86	13,640	14,590	16,880	7,990
Rate of Growth	+ 1 %	+ 2 %	+ 4 %	+ 1 %

TABLE 9
Supply of Accounting Graduates
With Master's Degrees
By Region
1984-85 and 1985-86

	<i>Eastern</i> (64 schools)	<i>North Central</i> (73 schools)	<i>Southern</i> (88 schools)	<i>Pacific</i> (38 schools)
1984-85	1,820	1,600	1,560	930
1985-86	1,890	1,640	1,790	990
Rate of Growth	+4%	+3%	+15%	+6%

Comparison of the Results of the 1986 and 1985 Surveys

A comparison of the total number of graduates reported in the 1986 and 1985 surveys for the academic year 1984-85 is shown in Table 10. Overall, the actual number of 1984-85 graduates is less than estimated in 1985, especially at the master's level. A significant decline in the estimates of the numbers of master's degree graduates was first revealed through a comparison of the 1980 and 1979 reports.¹ The respondents' downward adjustments of their previous year's forecasts have continued to be revealed in each report year since 1980.

The 1985 overestimates of the number of 1984-85 master's degree graduates is attributable more to the public schools, where estimates have been reduced by 17%, than to the private schools, where estimates have been reduced by 9%.² Previous reports included tables comparing the changes in estimates in the AACSB accredited and non-AACSB accredited schools because of the significant differences revealed. However, the actual number of 1984-85 graduates was overestimated by both the AACSB accredited and non-AACSB accredited schools to about the same degree.

TABLE 10
Supply of Accounting Graduates
Comparison of the Numbers Reported
In the 1985 and 1986 Surveys

	<i>Bachelor's</i>			<i>Master's</i>			<i>Total</i>
	<i>Reported in</i> 1985	<i>Reported in</i> 1986	<i>% of</i> <i>Change</i>	<i>Reported in</i> 1985	<i>Reported in</i> 1986	<i>% of</i> <i>Change</i>	<i>% of</i> <i>Change</i>
1984-85	54,220	51,980	-4%	6,800	5,910	-13%	-5%

Master's Degree Programs

Table 11 shows the number of master's degrees by type of degree, i.e., master's in accounting, MBAs with a concentration in accounting, and master's in taxation, as reported by 259 schools. Master's in accounting degrees are expected to increase in 1985-86 at a higher rate

¹ See 1980 report, page 9.

² See 1985 report, page 8.

than the numbers of MBAs with an accounting concentration and master's in taxation degrees.

As shown by comparison with the 1985 survey, the actual numbers of 1984-85 graduates from each type of master's program are lower than estimated last year, but master's in accounting degrees have been reduced to the greatest extent.³

TABLE 11
Supply of Accounting Graduates
With Master's Degrees
By Type of Program
1984-85 and 1985-86

	<i>Master's in Accounting</i> (163 schools)	<i>MBAs in Accounting</i> (138 schools)	<i>Master's in Taxation</i> (48 schools)
1984-85	2,310	2,430	1,140
1985-86	2,560	2,480	1,170
Rate of Growth	+11 %	+2 %	+3 %

Male/Female Data

Of the 473 schools that responded to the 1986 survey, 445 gave some detail concerning the numbers of male and female graduates. No attempt was made to extrapolate for schools that did not supply this information or that supplied partial information. Not all respondents gave this information for both years requested or for all types of degrees reported. As a result, the numbers of male and female graduates reported for each year 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 12. Since the male/female data were first reported in the 1978 report, the percentage of female graduates has increased from 28 % in 1976-77 to 48 % in 1984-85.

TABLE 12
Relationship Between the Supply of Male and
Female Graduates by Degrees
1984-85 and 1985-86

	<i>Bachelor's</i> (436 schools)		<i>Master's</i> (185 schools)		<i>All Degrees</i> (445 schools)	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
1984-85	51 %	49 %	62 %	38 %	52 %	48 %
1985-86	50 %	50 %	59 %	41 %	51 %	49 %

Ethnic Data

In total, 365 schools, including 46 of the 68 traditionally Black and minority schools surveyed, reported a breakdown by ethnic backgrounds in 1984-85. No attempt was made to

³ See 1985 report, page 11.

estimate these figures for schools not reporting them or for those that reported for 1984-85 but not 1985-86.

Table 13 summarizes the data separately for the traditionally Black and minority schools, traditionally majority schools, and combined for all schools. The percentages shown were calculated by comparing the numbers of ethnic graduates to the total supply reported by those schools reporting ethnic data in the 1986 survey.

Overall, the percentage of Asian and Black graduates is expected to increase in 1985-86, while the percentage of Hispanic graduates is expected to decline. Comparison with the 1985 survey shows the 1986 percentages of Black graduates to be lower than reported last year in all schools.⁴

TABLE 13
Percentage of the Supply of Accounting Graduates
By Ethnic Backgrounds for
1984-85 and 1985-86

		<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
Traditionally Black and Minority Schools	1984-85 (46 schools)	.3%	2.4%	76.2%	4.2%	83.1%
	1985-86 (42 schools)	.3%	2.0%	77.8%	4.0%	84.1%
Traditionally Majority Schools	1984-85 (319 schools)	.3%	4.3%	2.8%	2.5%	9.9%
	1985-86 (295 schools)	.3%	4.5%	3.0%	2.2%	10.0%
All Schools Combined	1984-85 (365 schools)	.3%	4.2%	6.0%	2.6%	13.1%
	1985-86 (337 schools)	.3%	4.4%	6.6%	2.3%	13.6%

Historical Trends

Even though the number of schools included in the surveys has varied somewhat in the more recent surveys, the overall approach to compilation and estimation has been consistent enough to make observations of long-term trends meaningful. Disregarding the forecasts reported in the surveys and examining the historical trends in the numbers graduated over the last thirteen years, it is apparent that the rate of growth in total degrees and for bachelor's degrees has been leveling off and began to decline in 1984-85. The rate of growth for master's degree graduates, which has been increasing since 1980-81, also declined in 1984-85. Table 14 shows the historical trends in the numbers of graduates by level of degree and in total, the rates of growth, and the distribution between bachelor's and master's degrees for the years 1971-72 to 1984-85.

⁴ See 1985 report, page 12.

TABLE 14
Historical Trends in the Supply of
Accounting Graduates Reported for
1971-72 to 1984-85

	<i>Bachelor's</i>		<i>Master's</i>		<i>Total Supply</i>		<i>Distribution of Graduates</i>	
	<i>Number of Graduates</i>	<i>Rate of Growth</i>	<i>Number of Graduates</i>	<i>Rate of Growth</i>	<i>Number of Graduates</i>	<i>Rate of Growth</i>	<i>Bachelor's</i>	<i>Master's</i>
1971-72	23,800	—	2,200	—	26,000	—	92%	8%
1972-73	26,300	+11%	2,700	+23%	29,000	+12%	91%	9%
1973-74	31,400	+19%	3,400	+26%	34,800	+20%	90%	10%
1974-75	35,400	+13%	4,300	+26%	39,700	+14%	89%	11%
1975-76	39,900	+13%	4,700	+ 9%	44,600	+12%	89%	11%
1976-77	44,760	+12%	5,620	+20%	50,380	+13%	89%	11%
1977-78	46,000	+ 3%	5,670	+ 1%	51,670	+ 3%	89%	11%
1978-79	48,800	+ 6%	5,640	— 1%	54,440	+ 5%	90%	10%
1979-80	49,870	+ 2%	5,280	— 6%	55,150	+ 1%	90%	10%
1980-81	49,320	— 1%	5,520	+ 5%	54,840	— 1%	90%	10%
1981-82	50,300	+ 2%	5,570	+ 1%	55,870	+ 2%	90%	10%
1982-83	51,950	+ 3%	5,810	+ 4%	57,760	+ 3%	90%	10%
1983-84	53,020	+ 2%	6,330	+ 9%	59,350	+ 3%	89%	11%
1984-85	51,980	— 2%	5,910	— 7%	57,890	— 2%	90%	10%

The Demand for Public Accounting Recruits

The Survey

To obtain data on the demand for public accounting recruits, 291 accounting firms of various sizes were surveyed in October 1985; 218 (75%) responded. Of those, all firms with 30 or more individual AICPA members were surveyed. Firms with ten to twenty-nine 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 ten or more AICPA members. A summary of the number of firms represented in the survey is presented in Table 15.

TABLE 15
Public Accounting Firms Participating
In the 1986 Demand Study

<i>Number of Individual AICPA Members</i>	<i>Total Number of Firms</i>	<i>Number of Firms Surveyed</i>	<i>Number of Firms Responding</i>
More than 200	16	16	16
50-200	23	23	17
30-49	71	71	48
10-29	<u>908</u>	<u>181</u>	<u>137</u>
TOTAL	1,018	291	218

For the 1986 survey, the public accounting firms were asked to provide the numbers of recruits with bachelor's degrees in accounting, master's in accounting, MBAs with a concentration in accounting, and master's in taxation degrees hired in 1984-85 and to estimate the demand for the current year, 1985-86. A copy of the public accounting demand questionnaire appears as Appendix D.

Results of the Survey

Bachelor's and Master's Degrees

The results of the 1986 public accounting demand survey are presented in Table 16. The numbers of recruits with bachelor's degrees and those with master's degrees are expected to increase over the next year, with the rate of growth considerably higher for those with master's degrees. However, as with supply, the growth in the demand for master's degree recruits has also been significantly overestimated in the past, as demonstrated in Table 19.

TABLE 16
Demand for Public Accounting Recruits
1984-85 and 1985-86

	<i>Bachelor's</i>	<i>Master's</i>	<i>Total Demand</i>
1984-85	15,640	2,180	17,820
1985-86	16,390	2,460	18,850
Rate of Growth	+5%	+13%	+6%

Table 17 shows the expected percentages of public accounting recruits with master's degrees. The percentages are higher for firms with over 200 Institute members than for the smaller firms. An increase in the proportion of recruits with master's degrees is expected in all categories of firms.

TABLE 17
Percentage of New Recruits
Expected to Hold Master's Degrees
1984-85 and 1985-86

	<i>Over 200 Institute Members</i>	<i>50-200 Institute Members</i>	<i>10-49 Institute Members</i>	<i>All Firms</i>
1984-85	14.8%	4.4%	5.5%	12.2%
1985-86	15.0%	6.3%	7.4%	13.1%

Master's Degree Programs

Of the 218 firms responding to the 1986 survey, 216 reported the number of master's degree recruits by type of program: master's in accounting, MBA with a concentration in accounting, and master's in taxation degrees for both years surveyed. Because some firms did not provide a breakdown by type of program or the breakdown for both years surveyed, the actual numbers reported are not shown. Instead, the percentage distributions of each type of degree based on the actual numbers supplied by only those firms that reported for both years are shown in Table 18.

TABLE 18
Percentage of Master's Degree Recruits
By Type of Program
1984-85 and 1985-86

	<i>Master's in Accounting</i>	<i>MBAs in Accounting</i>	<i>Master's in Taxation</i>
1984-85	42.3%	35.9%	21.8%
1985-86	39.1%	33.0%	27.9%
Rate of Growth	21%	20%	68%

Graduates with master's in accounting degrees represent the greatest portion of the master's degree recruits. However, the percentages of recruits with master's in accounting degrees and with MBAs in accounting are expected to decline in 1985-86, while those with master's in taxation degrees are expected to increase. This is due not to a decline in absolute numbers, but to the fact that the number of master's in taxation recruits is expected to increase at a considerably higher rate than that of recruits with master's in accounting and with MBAs in accounting degrees.

Comparison of the Results of the 1986 and 1985 Surveys

Comparison of the 1986 data with those reported in the 1985 survey (Table 19) indicates that although the total 1984-85 demand for public accounting recruits was about the same as estimated in 1985, the demand for master's degree recruits was considerably overestimated. Since the 1980 survey, comparisons with the previous years' surveys have revealed substantial overestimates in the demand for master's degrees.⁵ Although the 1985 estimates of the demand for master's degree recruits projected a 22% increase in 1984-85 over 1983-84, the actual number of 1984-85 master's degree recruits was the same as hired in 1983-84.⁶

TABLE 19
Public Accounting Demand
Comparison of Numbers of Recruits
Reported in the 1985 and 1986 Surveys

	<i>Bachelor's</i>			<i>Master's</i>			<i>Total</i>
	<i>Reported in</i> 1985	1986	<i>% of</i> Change	<i>Reported in</i> 1985	1986	<i>% of</i> Change	<i>% of</i> Change
1984-85	15,270	15,640	+2%	2,650	2,180	-18%	-0-

Male/Female Data

Of the 218 responding public accounting firms, 205 reported the numbers of male and female recruits by level of degree. However, only 150 of these firms reported the breakdown for both years surveyed. No attempt was made to extrapolate for those firms that did not supply this information or for those that supplied partial information. As the numbers of male and female recruits reported for each year in the survey are not comparative because each year's total represents a different number of firms, only the male/female percentage distributions for both years are shown in Table 20. Since data on the male/female distribution were first collected in the 1978 survey, the percentage of female recruits has risen from 24% in 1976-77 to 43% in 1984-85.

Ethnic Data

In the 1986 survey, 168 firms reported a breakdown by ethnic backgrounds for 1984-85 and 118 for 1985-86. The results are shown in Table 21. No attempt was made to extrapolate for all

⁵ See 1980 report, page 21.

⁶ See 1985 report, page 16.

firms. The percentages shown were calculated by comparing the numbers of ethnic hirees to the total demand reported by those firms supplying ethnic information.

Since the 1978 survey when minority data were first collected, the percentage of the total minority hirees rose from 7.7% for 1976-77 to 10.0% for 1977-78 in the 1979 report but has declined in subsequent surveys to 6.3% for 1984-85. However, the 1986 forecasts indicate an increase to 7.5% in 1985-86.

TABLE 20
Relationship Between the Public Accounting Demand
For Male and Female Recruits by Degrees
1984-85 and 1985-86

	<i>Bachelor's</i>		<i>Master's</i>		<i>All Degrees</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
1984-85	56 %	44 %	60 %	40 %	57 %	43 %
1985-86	56 %	44 %	60 %	40 %	57 %	43 %

TABLE 21
Percentage of Total Demand for Public Accounting Recruits by
Ethnic Backgrounds for
1984-85 and 1985-86

	<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
1984-85 (168 Firms)	0.1 %	2.7 %	1.9 %	1.6 %	6.3 %
1985-86 (118 Firms)	0.1 %	2.9 %	2.5 %	2.0 %	7.5 %

Historical Trends

As was the case for long-term trends in supply, meaningful information is also derived through examination of the historical trends in the public accounting demand. Table 22 shows the historical trends in the number of accounting graduates hired by public accounting firms, the rate of growth, and the bachelor's/master's distribution over the period of 1971-72 to 1984-85 by level of degree and in total.

After declining in 1982-83, the total public accounting demand and the demand for bachelor's degree hirees have increased in the last two years. Hirings of recruits with master's degrees, however, continue to show a leveling off after several years of substantial decline. The percentage distribution of bachelor's and master's degree hirees indicates that the percentage of those with master's degrees has fallen from 25% of the total public accounting demand in 1976-77 to 12% in 1984-85.

TABLE 22
Historical Trends in the Demand for
Public Accounting Recruits Reported for
1971-72 to 1984-85

	<i>Bachelor's</i>		<i>Master's</i>		<i>Total Demand</i>		<i>Distribution of Recruits</i>	
	<i>Number of Recruits</i>	<i>Rate of Growth</i>	<i>Number of Recruits</i>	<i>Rate of Growth</i>	<i>Number of Recruits</i>	<i>Rate of Growth</i>	<i>Bachelor's</i>	<i>Master's</i>
1971-72	6,800	—	2,000	—	8,800	—	77%	23%
1972-73	8,900	+31%	2,400	+20%	11,300	+28%	79%	21%
1973-74	10,000	+12%	2,600	+ 8%	12,600	+12%	79%	21%
1974-75	9,500	— 5%	2,600	-0-	12,100	— 4%	79%	21%
1975-76	9,200	— 3%	2,800	+ 8%	12,000	— 1%	77%	23%
1976-77	10,010	+ 9%	3,350	+20%	13,360	+11%	75%	25%
1977-78	11,660	+16%	3,310	— 1%	14,970	+12%	78%	22%
1978-79	12,770	+10%	2,890	-13%	15,660	+ 5%	82%	18%
1979-80	13,500	+ 6%	2,900	-0-	16,400	+ 5%	82%	18%
1980-81	14,100	+ 4%	2,460	-15%	16,560	+ 1%	85%	15%
1981-82	14,200	+ 1%	2,210	-10%	16,410	— 1%	87%	13%
1982-83	11,970	-16%	2,210	-0-	14,180	-14%	84%	16%
1983-84	14,490	+21%	2,180	— 1%	16,670	+18%	87%	13%
1984-85	15,640	+ 8%	2,180	-0-	17,820	+ 7%	88%	12%



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 23 through 26.

The following factors should be borne in mind when examining the supply and demand relationships. The supply of accounting graduates includes many students who do not plan to pursue careers in public accounting. Also, some schools whose graduates enter public accounting have programs that are not identified as concentrations in accounting and are therefore excluded from this survey. This is especially true at the master's level. Additionally, some firms cannot always meet their employment needs with the available supply of accounting graduates. For this reason they may hire graduates who did not major in accounting and, in recent years, their hirings have included a larger proportion of experienced people.

Comparison of the Results of the Survey

The public accounting firms hired 31% of the accounting graduates in 1984-85 and expect to hire 32% in 1985-86 (Table 23). Thirty percent of the bachelor's graduates were recruited in 1984-85 and 31% are expected to be hired in 1985-86. The percentage of master's degree graduates hired is expected to increase from 37% in 1984-85 to 39% in 1985-86 (Table 24).

The results of the placement study (Table 27) indicate higher percentages for bachelor's and master's graduates hired by public accounting firms than the firms indicated in their responses. However, the placement study is based on a limited number of schools.

TABLE 23
Relationship Between Demand for Public Accounting Recruits
And Supply of Accounting Graduates—All Degrees
1984-85 and 1985-86

	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>
1984-85	57,890	17,820	31%
1985-86	59,410	18,850	32%

TABLE 24
Relationship Between Demand for Public Accounting Recruits
And Supply of Accounting Graduates
Bachelor's and Master's Degrees
1984-85 and 1985-86

	<i>Bachelor's</i>			<i>Master's</i>		
	<i>Supply of Graduates</i>	<i>Pub. Acctg. Demand</i>	<i>Employment Percentage</i>	<i>Supply of Graduates</i>	<i>Pub. Acctg. Demand</i>	<i>Employment Percentage</i>
1984-85	51,980	15,640	30%	5,910	2,180	37%
1985-86	53,100	16,390	31%	6,310	2,460	39%

Historical Trends

Tables 25 and 26 show the historical trends in the public accounting employment percentages for all accounting graduates and separately for bachelor's and master's degree graduates. The total employment percentage (Table 25) increased to 31% in 1984-85. The percentage of master's graduates rose to 37%, not because of an increase in the public accounting demand, but rather a decline in the supply of master's graduates in 1984-85. Although the supply of bachelor's graduates also declined in 1984-85, the rise in the employment percentage to 30% reflects an increase in the public accounting demand (Table 26).

TABLE 25
Historical Trends in the Relationship Between the
Total Public Accounting Demand for and the
Total Supply of Accounting Graduates Reported for
1971-72 to 1984-85

	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>
1971-72	26,000	8,800	34%
1972-73	29,000	11,300	39%
1973-74	34,800	12,600	36%
1974-75	39,700	12,100	30%
1975-76	44,600	12,000	27%
1976-77	50,380	13,360	27%
1977-78	51,670	14,970	29%
1978-79	54,440	15,660	29%
1979-80	55,150	16,400	30%
1980-81	54,840	16,560	30%
1981-82	55,870	16,410	29%
1982-83	57,760	14,180	25%
1983-84	59,350	16,670	28%
1984-85	57,890	17,820	31%

TABLE 26
Historical Trends in the Relationship Between the
Public Accounting Demand for and the Supply of
Holders of Bachelor's and Master's Degrees
Reported for 1971-72 to 1984-85

	<i>Bachelor's</i>			<i>Master's</i>		
	<i>Supply of Graduates</i>	<i>Pub. Acctg. Demand</i>	<i>Employment Percentage</i>	<i>Supply of Graduates</i>	<i>Pub. Acctg. Demand</i>	<i>Employment Percentage</i>
1971-72	23,800	6,800	29%	2,200	2,000	91%
1972-73	26,300	8,900	34%	2,700	2,400	89%
1973-74	31,400	10,000	32%	3,400	2,600	76%
1974-75	35,400	9,500	27%	4,300	2,600	60%
1975-76	39,900	9,200	23%	4,700	2,800	60%
1976-77	44,760	10,010	22%	5,620	3,350	60%
1977-78	46,000	11,660	25%	5,670	3,310	58%
1978-79	48,800	12,770	26%	5,640	2,890	51%
1979-80	49,870	13,500	27%	5,280	2,900	55%
1980-81	49,320	14,100	29%	5,520	2,460	45%
1981-82	50,300	14,200	28%	5,570	2,210	40%
1982-83	51,950	11,970	23%	5,810	2,210	38%
1983-84	53,020	14,490	27%	6,330	2,180	34%
1984-85	51,980	15,640	30%	5,910	2,180	37%

Placement of Accounting Graduates

The Survey

In 1986, a pilot study was conducted to determine the feasibility of obtaining information on the employment of accounting graduates in areas other than public accounting. Of the 725 schools surveyed, 100 schools were asked also to provide the number of their 1984-85 graduates who were hired by public accounting firms, by business or industry, by government, or by other organizations, plus those who continued on to graduate school. They were asked to indicate whether the data provided were "soft data"—based on perceptions only—or "hard data"—based on placement records. A copy of the placement study questionnaire appears as Appendix B.

Results of the Survey

Of the 100 schools surveyed, 63 were able to provide this information. A total of 61 schools reported for bachelor's degree graduates, 38 reporting soft data and 23 reporting hard data. Of the 31 schools reporting the placement of their master's degree graduates, 17 reported soft data and 14 hard data. The numbers of graduates by area of employment shown in Table 27 combine the soft and hard data.

TABLE 27
Placement of 1984-85 Accounting Graduates

	<i>Bachelor's Degrees</i> <i>(61 schools)</i>		<i>Master's Degrees</i> <i>(31 schools)</i>	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	2,450	37%	600	67%
Business/Industry	2,170	33%	150	17%
Government	310	5%	20	2%
Other Employment	150	2%	30	3%
Graduate School	410	6%	—	—
Unknown	1,080	16%	100	11%
TOTAL	6,570		900	
TOTAL SUPPLY (Table 2)	51,980		5,910	

Most of the bachelor's degree graduates found employment in public accounting or business in 1984-85. Only 7% went into government or other types of organizations and 6% entered graduate school. The future plans of 16% of the bachelor's graduates were unknown. For master's graduates, the majority, 67%, entered public accounting firms in 1984-85, while only 17% were employed in business, 5% in government and other areas, and 11% unknown.

The data from the placement study indicate a higher percentage of bachelor's degree graduates hired by public accounting firms and a considerably higher percentage for master's graduates than the employment percentages of public accounting recruits with bachelor's degrees (30%) and with master's degrees (37%) shown in Table 24. The results of the placement study, however, are based on a small number of schools. The number of bachelor's degree graduates reported by schools participating in the placement study represents 13% of the total supply of bachelor's graduates and the number of master's degree graduates represents 15% of the total master's degree graduates in 1984-85 that are shown in Table 2.

APPENDIX A

1986 AICPA Study of Supply of Accounting Graduates

PLEASE READ ALL THE INSTRUCTIONS BEFORE FILLING OUT QUESTIONNAIRE.

1. In the spaces provided below, please fill in the numbers of students who *graduated* in 1984-85 with:
 - a. Bachelor's degrees in accounting
 - b. Master's degrees in accounting, including MA, MS, MAcc, MPA, and MAS but *excluding* MBAs with a concentration in accounting or tax
 - c. MBAs with a concentration in accounting
 - d. Master's in taxation
 - e. Total master's degrees in accounting and tax
 - f. Grand total
2. In the spaces below, please fill in your projections for 1985-86.
3. In the lower left, please fill in the numbers for each ethnic group, included in the grand totals, for 1984-85 and 1985-86.
4. If for any of the categories you have no graduates, please so indicate by entering zeros, or dashes, where not applicable.
5. If you are not able to report the breakdowns by males and females, please report the total numbers of graduates in the columns provided.
6. Please fill in the information about your institution.

	1984-85			1985-86		
	Male	Female	Total	Male	Female	Total
a. Bachelor's in Accounting	_____	_____	_____	_____	_____	_____
b. Master's in Accounting	_____	_____	_____	_____	_____	_____
c. MBAs in Accounting	_____	_____	_____	_____	_____	_____
d. Master's in Taxation	_____	_____	_____	_____	_____	_____
e. Total Master's (b, c, & d)	=====	=====	=====	=====	=====	=====
f. Grand Total* (a & e)	_____	_____	_____	_____	_____	_____

*Of the sums recorded on the "Grand Total" line, Public _____ Private _____
how many are:

<p style="text-align: center;">American</p> <table border="0"> <tr> <td style="text-align: center;">Indian</td> <td style="text-align: center;">Asian</td> <td style="text-align: center;">Black</td> <td style="text-align: center;">Hispanic</td> </tr> </table> <p>1984-85 _____</p> <p>1985-86 _____</p> <p>Institution _____</p> <p>City and State _____</p> <p>Please return form to:</p> <p>Relations with Educators Division American Institute of CPAs 1211 Avenue of the Americas New York, New York 10036-8775</p>	Indian	Asian	Black	Hispanic	<p>Not a Member of the AACSB _____</p> <p>Member of the AACSB:</p> <p><u>Business Program(s)</u></p> <p>Not Accredited _____</p> <p>Accredited for:</p> <p> Bachelor's only _____</p> <p> Master's only _____</p> <p> Both _____</p> <p><u>Accounting Program(s)</u></p> <p>Not Accredited _____</p> <p>Accredited for:</p> <p> Type A (Bachelor's) _____</p> <p> Type B (MBAs) _____</p> <p> Type C (Master's) _____</p>
Indian	Asian	Black	Hispanic		

APPENDIX B

1986 AICPA Placement Study

Please answer the following questions based on either one (but not both) of the two following alternatives: (a) "soft" data based on perceptions only; or (b) "hard" data based on placement records.

1a. Total number of BACHELOR'S degree graduates in 1984-85
(from line a, Appendix A) _____

1b. Of the total, the number hired in 1984-85 by:

	Alternatives	
	Soft Data	Hard Data
Public Accounting	_____	_____
Business/Industry	_____	_____
Government	_____	_____
Graduate School	_____	_____
Other	_____	_____
Unknown	_____	_____
Total	_____	_____

2a. Total number of MASTER'S degree graduates in 1984-85
(from line e, Appendix A) _____

2b. Of the total, the number hired in 1984-85 by:

	Alternatives	
	Soft Data	Hard Data
Public Accounting	_____	_____
Business/Industry	_____	_____
Government	_____	_____
Other	_____	_____
Unknown	_____	_____
Total	_____	_____

Institution _____

City and State _____

APPENDIX C

Breakdown of Regions by Which the Supply Is Analyzed in Tables 8 and 9

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

APPENDIX D

1986 AICPA Study of Demand for Public Accounting Recruits

PLEASE READ ALL THE INSTRUCTIONS BEFORE FILLING OUT QUESTIONNAIRE.

1. In the spaces provided below, please fill in the number of inexperienced professional staff hired by your firm in 1984-85 with:
 - a. Bachelor's degrees in accounting
 - b. Master's degrees in accounting, including MA, MS, MAcc, MPA, AND MAS but *excluding* MBAs with a concentration in accounting or tax
 - c. MBAs with a concentration in accounting
 - d. Master's in taxation, including MBAs with a concentration in tax
 - e. Total master's degrees
 - f. Grand total
2. Inexperienced professional staff are those who have had only nominal experience, such as internships or part-time work.
3. Do *not* include hirees from other professions, such as law and engineering, who have not majored, concentrated, or specialized in accounting or tax.
4. In the spaces below, please fill in your projections for 1985-86.
5. In the lower left, please fill in the numbers of each ethnic group, included in the grand totals, for 1984-85 and 1985-86.
6. If there are any categories in which you do not expect to hire graduates, please so indicate by entering zeros, or dashes, where not applicable.
7. If you are not able to report the breakdowns by males and females, please report the total hirees in the columns provided.

	1984-85			1985-86		
	Male	Female	Total	Male	Female	Total
a. Bachelor's in Accounting	_____	_____	_____	_____	_____	_____
b. Master's in Accounting	_____	_____	_____	_____	_____	_____
c. MBAs in Accounting	_____	_____	_____	_____	_____	_____
d. Master's in Taxation	_____	_____	_____	_____	_____	_____
e. Total Master's	=====	=====	=====	=====	=====	=====
f. Grand Total*	_____	_____	_____	_____	_____	_____

*Of the sums recorded on the "Grand Total" line, how many are:

	American Indian	Asian	Black	Hispanic
1984-85	_____	_____	_____	_____
1985-86	_____	_____	_____	_____

Please return form to:

Relations with Educators Division
 American Institute of CPAs
 1211 Avenue of the Americas
 New York, New York 10036-8775

