

1988

# Supply of accounting graduates and the demand for public accounting recruits, 1988

Mary McInnes

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# The Supply Of Accounting Graduates

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## The Demand for Public Accounting Recruits

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Prepared by Mary McInnes  
and Beatrice Sanders

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# Table of Contents

<b>Introduction</b> .....	1
Summary of the Findings .....	1
<b>The Supply of Accounting Graduates</b> .....	5
The Survey .....	5
Table 1—Number of Schools in the 1988 Survey .....	5
Methodology .....	6
Results of the Survey .....	6
Bachelor's and Master's Degrees .....	6
Table 2—Supply of Accounting Graduates From All Schools 1986–87 and 1987–88 .....	6
Table 3—Supply of Accounting Graduates From AACSB Schools With Accredited Business Administration Programs 1986–87 and 1987–88 .....	7
Table 4—Supply of Accounting Graduates From AACSB Nonaccredited Schools and Non-AACSB Schools 1986–87 and 1987–88 .....	7
Table 5—Supply of Accounting Graduates From AACSB-Accredited Accounting Programs 1986–87 and 1987–88 .....	7
Table 6—Supply of Accounting Graduates With Bachelor's Degrees From Public and Private Schools 1986–87 and 1987–88 .....	8
Table 7—Supply of Accounting Graduates With Master's Degrees From Public and Private Schools 1986–87 and 1987–88 .....	8
Table 8—Supply of Accounting Graduates With Bachelor's Degrees by Region 1986–87 and 1987–88 .....	8
Table 9—Supply of Accounting Graduates With Master's Degrees by Region 1986–87 and 1987–88 .....	9
Master's Degree Program .....	9
Table 10—Supply of Accounting Graduates With Master's Degrees by Type of Program 1986–87 and 1987–88 .....	9
Male/Female Data .....	9
Table 11—Relationship Between the Supply of Male and Female Graduates 1986–87 and 1987–88 .....	10
Ethnic Data .....	10
Table 12—Percentage of the Supply of Accounting Graduates by Ethnic Background 1986–87 and 1987–88 .....	10
<b>Placement of Accounting Graduates</b> .....	11
Table 13—Placement of 1986–87 Accounting Graduates From All Schools .....	11
Table 14—Placement of 1986–87 Accounting Graduates From AACSB- Accredited Business Administration Programs .....	12
Table 15—Placement of 1986–87 Accounting Graduates From AACSB Nonaccredited and Non-AACSB Schools .....	12

Table 16—Placement of 1986–87 Bachelor's Degree Graduates by Region.....	13
Table 17—Placement of 1986–87 Master's Degree Graduates by Region .....	13
Enrollment Trends .....	13
Table 18—Trends in Enrollments in Accounting Programs.....	14
Historical Trends .....	14
Table 19—Historical Trends in the Supply of Accounting Graduates Reported for 1971–72 to 1986–87 .....	15
<b>The Demand for Public Accounting Recruits .....</b>	<b>17</b>
The Survey .....	17
Table 20—Public Accounting Firms Participating in the 1987 Demand Survey .....	17
Methodology.....	18
Professional Staff Recruits .....	18
New Graduate Recruits .....	18
Table 21—Public Accounting Demand for New Graduate Recruits With Accounting Degrees 1986–87 and 1987–88 .....	18
Table 22—Percentage of New Graduate Recruits With Master's Degrees in Accounting 1986–87 and 1987–88 .....	18
Table 23—Percentage of New Graduate Recruits With Master's Degrees by Type of Program 1986–87 and 1987–88 .....	19
Table 24—Percentage of New Graduate Recruits With Nonaccounting Degrees by Type of Program 1986–87 and 1987–88 .....	19
Experienced Recruits .....	19
Table 25—Percentage of Public Accounting Demand for Experienced Recruits With Accounting Degrees 1986–87 and 1987–88.....	20
Table 26—Percentage of Experienced Recruits With Master's Degrees by Type of Program 1986–87 and 1987–88 .....	20
Table 27—Percentage of Experienced Recruits With Accounting Degrees and Nonaccounting Degrees 1986–87 and 1987–88 .....	20
Table 28—Percentage of Public Accounting Professional Staff Recruits—New Graduate and Experienced Recruits by Type of Degree 1986–87 and 1987–88 .....	21
Area of Assignment .....	21
Table 29—Percentage of Public Accounting New Graduate Recruits by Area of Assignment 1986–87 and 1987–88 .....	21
Table 30—Percentage of Public Accounting Experienced Recruits by Area of Assignment 1986–87 and 1987–88 .....	22
Male/Female Data .....	22
Table 31—Relationship Between the Public Accounting Demand for Male and Female Professional Staff Recruits 1986–87 and 1987–88 .....	23
Ethnic Data .....	23
Table 32—Percentage of Public Accounting Demand for New Graduate Recruits by Ethnic Background 1986–87 and 1987–88 .....	23
Table 33—Percentage of Public Accounting Demand for Experienced Recruits by Ethnic Background 1986–87 and 1987–88 .....	23
Staff Turnover.....	24
Campus Recruiting.....	24
Paraprofessional Staff Recruits .....	24
Table 34—Percentage of Public Accounting Professional and Paraprofessional Staff Recruits 1986–87 and 1987–88 .....	24
Table 35—Percentage of Public Accounting Paraprofessional Recruits by Type of Degree 1986–87 and 1987–88 .....	25

Table 36—Percentage of Public Accounting Paraprofessional Recruits by Area of Assignment 1986–87 and 1987–88 .....	25
Historical Trends .....	25
Table 37—Historical Trends in the Demand for Public Accounting Recruits Reported for 1971–72 to 1986–87 .....	26
<b>Relationship Between the Supply of Accounting Graduates and the Demand for Public Accounting Recruits .....</b>	<b>27</b>
Comparison of the Results of the Survey.....	27
Table 38—Relationship Between Demand for Public Accounting Recruits and Supply of Accounting Graduates—All Degrees 1986–87 and 1987–88 .....	27
Table 39—Relationship Between Demand for Public Accounting Recruits and Supply of Accounting Graduates—Bachelor's and Master's Degrees 1986–87 and 1987–88.....	28
Historical Trends .....	28
Table 40—Historical Trends in the Relationship Between the Total Public Accounting Demand for and the Total Supply of Accounting Graduates Reported for 1971–72 to 1986–87 .....	28
Table 41—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 1986–87 .....	29
Appendix A—AICPA 1988 Supply of Accounting Graduates Questionnaire.....	31
Appendix B—Breakdown of Regions by Which the Supply Is Analyzed in Tables 8, 9, 16, and 17 .....	33
Appendix C—AICPA 1988 Demand for Public Accounting Recruits Questionnaire .....	34

## 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 eighteenth of these annual surveys.

For the 1988 report, the Institute surveyed in the fall of 1987 a stratified sample of 320 public accounting firms as to their professional employment needs for the academic year 1986-87 and 1987-88. Information on professional staff turnover, campus recruiting, and the demand for paraprofessional recruits was also requested. In addition, a survey of 759 colleges and universities was conducted to determine the expected number of accounting graduates for the same years, the placement of the 1986-87 graduates, and trends in enrollments of accounting programs.

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 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 of accounting graduates. In addition, respondents use their own definition as to what constitutes a major or a concentration in accounting.

Historical trends in the supply, demand and the supply/demand relationship follow each of these sections. Because of changes made in the 1987 survey, the data file of previous school responses was not included in the supply compilations for 1985-86. As a result, the supply figures for 1985-86 are incomplete and, therefore, are not included in these tables. With the exception of the 1987 survey, the overall approach to estimation and compilation in these annual surveys has been consistent enough to identify trends. However, the year-to-year figures are not truly comparable because the universities surveyed vary from survey to survey. The schools included in the data file change as some schools that do not reply within a four-year period are deleted and new schools are added. In the case of firms, 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 of the Supply and Demand

The total supply of accounting graduates is expected to remain stable at approximately 54,000 in both 1986-87 and in 1987-88. The number of accounting bachelor's degree graduates is expected to increase slightly from 48,000 in 1986-87 to 48,500 in 1987-88, while the supply of accounting master's degree graduates is expected to increase at a higher rate of growth, from 5,600 to 5,900 in 1987-88 (see Table 2).



The total public accounting demand for new college graduates with accounting degrees is expected to increase from 18,100 in 1986-87 to 19,200 in 1987-88. The demand for recruits holding bachelor's degrees in accounting is expected to increase from 16,100 in 1986-87 to 16,800 in 1987-88, and that of accounting master's degree recruits is expected to rise by 15 percent, from 2,000 to 2,300 (see Table 21).

The public accounting firms recruited 34 percent of the total 1986-87 accounting graduates and expect to recruit 35 percent of the 1987-88 graduates (see Table 38). The percentage of bachelor's degree graduates recruited in 1986-87 was 34 percent, and 35 percent are expected to be recruited in 1987-88. The employment percentage for master's degree recruits is expected to increase from 36 percent in 1986-87 to 40 percent in 1987-88 (see Table 39).

## Other Findings

The schools that provided placement data in the 1988 survey reported that 40 percent of their 1986-87 bachelor's degree graduates were hired by public accounting firms, 30 percent by business and industry, 7 percent by government, 3 percent by other types of employers, and 7 percent entered graduate school. The majority of their 1986-87 master's degree graduates, 54 percent, were employed by public accounting firms, 27 percent by business and industry, 4 percent by government, 6 percent by other, and 2 percent continued their education (see Table 13).

The schools predict that enrollments in bachelor's degree programs in accounting and in MBA programs with a concentration in accounting will remain stable over the next few years, while master's degree in accounting and master's degree in taxation programs are expected to increase (see Table 18).

Of the total public accounting firms' new recruits in 1986-87, 65 percent were new college graduates, 29 percent were those with previous public accounting experience, and 6 percent were paraprofessional staff (see Table 34). The firms predict that in 1987-88 new graduate professional staff hires will represent 65 percent of their total hires, experienced professional staff, 28 percent, and paraprofessional staff, 7 percent.

Of the total new graduates with accounting degrees recruited by the public accounting firms in 1986-87, 11 percent had master's degrees in accounting, and it is expected that 12 percent of 1987-88 accounting degree recruits will have master's degrees (see Table 22). For recruits with experience, the percentage of those holding master's degrees in accounting is higher; 23 percent of 1986-87 experienced recruits holding accounting degrees had master's degrees, and the percentage of master's degree recruits is expected to rise to 26 percent in 1987-88 (see Table 25).

In addition to hiring recruits with accounting degrees, the public accounting firms hired graduates holding degrees in areas other than accounting. Five percent of the 1986-87 new graduate recruits held nonaccounting degrees, and it is expected that 7 percent of the 1987-88 new graduate recruits will hold nonaccounting degrees. Most of these recruits held degrees in law or in management information systems and computers (see Table 24). Of those hired with experience, 36 percent held nonaccounting degrees in 1986-87, and it is expected that 37 percent of the 1987-88 experienced recruits will hold nonaccounting degrees (see Table 27).

The majority of the new graduate recruits were assigned to accounting and auditing (73 percent) in 1986-87, 13 percent were assigned to management advisory services (MAS), 13 percent to taxes, and 1 percent to other areas (see Table 29). Of the 1986-87 experienced recruits, 30 percent were assigned to accounting and auditing, 23 percent to MAS, 27 percent to taxes, and 20 percent to other areas (see Table 30). In 1987-88, the proportion assigned to accounting and auditing is expected to decline to 69 percent of the new graduates and 26 percent of the experienced recruits.

Since the male/female data were first collected in 1978, the percentage of female graduates has risen from 28 percent in 1976-77 to 51 percent in 1986-88 (see Table 11). The percentage of women recruited by public accounting firms has also increased considerably, from 24 percent in 1976-77 to 46 percent in 1986-87 (see Table 31).

Minorities represented 12 percent of the total accounting graduates reported in 1986-87 and 13 percent of those estimated for 1987-88 (see Table 12). The percentage of the public accounting demand for new graduates represented by minority hirees is expected to increase from 7.5 percent in 1986-87 to 8.9 percent in 1987-88 (see Table 32).

### **Historical Trends**

The supply of accounting graduates began to decline in 1984-85. The supply of bachelor's degree graduates appears to have peaked at 53,000 in 1983-84 and has since declined to 48,000 in 1986-87. Master's degrees have also declined from 6,300 in 1983-84 to 5,600 in 1986-87 (see Table 19).

Over the last ten years, the public accounting demand for accounting bachelor's degree hirees rose from 10,000 to 16,000 in 1986-87. After several years of substantial decline, the public accounting demand for master's degree recruits had leveled off at about 2,200 since 1981-82, but has further declined to 2,000 in 1986-87 (see Table 37). The employment percentage of bachelor's degree graduates has increased from 22 percent in 1976-77 to 34 percent in 1986-87, while the employment percentage for master's degree graduates fell from 60 percent in 1976-77 to 36 percent in 1986-87 (see Tables 40 and 41).

# The Supply of Accounting Graduates

## The Survey

In November 1987, questionnaires were sent to 612 domestic member schools of the American Assembly of Collegiate Schools of Business (AACSB), of which 242 of these schools were accredited for business administration, and 370 were nonaccredited member schools. Of the AACSB business accredited schools, 66 schools also had accredited accounting programs. Responses were received from 166 schools with AACSB accredited business administration programs, including 61 schools with accredited accounting programs, and from 174 AACSB nonaccredited member schools. Questionnaires were also sent to 147 schools that were not AACSB members, of which 91 responded (see Table 1). The overall response rate of the schools in 1988 was 57 percent.

**TABLE 1**  
**Number of Schools in the 1988 Survey**

	AACSB Schools		Non-AACSB Schools	Total Schools
	Accredited	Nonaccredited		
Number of questionnaires mailed in the 1988 survey	<u>242</u>	<u>370</u>	<u>147</u>	<u>759</u>
Schools responding in 1988	166	174	91	431
Schools responding in any of the preceding 3 years but not in 1988	<u>69</u>	<u>117</u>	<u>34</u>	<u>220</u>
Number of schools represented in the data	235	291	125	651

In the 1988 survey, participants were asked to indicate the number of accounting graduates holding bachelor's degrees, master's degrees in accounting, MBAs with a concentration in accounting, and master's degrees in taxation, including MBAs with a concentration in taxation for 1986-87, and to estimate the number of graduates for 1987-88. Participants were also asked to report placement data, which is the number of 1986-87 graduates hired by public accounting firms, business and industry, government, and other types of organizations, and the number of 1986-87 graduates who entered graduate school. In addition, they were asked to indicate future trends in enrollments in accounting programs. A copy of the supply questionnaire appears as Appendix A.

## Methodology

Some schools responding to the 1988 survey supplied data only for the academic year 1986-87. In these cases, the number of degrees for 1987-88 was estimated. The latest figures submitted by schools that had responded to any of the preceding three years' surveys, but not to the 1988 survey, were included in the current compilations, and estimates were made for the missing years. However, the male/female, ethnic, placement and enrollment trends data (see Tables 11 to 18) were based only on actual data reported in the 1988 survey.

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 number of graduates shown in Tables 2 through 10 was derived 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: the four geographical regions, by public and private institutions, and by AACSB accredited and nonaccredited member schools and non-AACSB schools.

## Results of the Survey

### Bachelor's and Master's Degrees

A summary of the supply of accounting graduates, 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. In 1987-88, the number of graduates holding master's degrees is expected to increase. However, the total number of graduates and the number of those holding bachelor's degrees are expected to remain level.

**TABLE 2**  
**Supply of Accounting Graduates**  
**From All Schools**  
**1986-87 and 1987-88**

	<i>Bachelor's</i> (634 schools)	<i>Master's</i> (255 schools)	<i>Total</i> (651 schools)
1986-87	48,030	5,580	53,610
1987-88	48,480	5,890	54,370
Rate of Growth	+ 1%	+ 6%	+ 1%

In Table 3, the supply of accounting graduates from AACSB schools with accredited business administration programs is shown. The supply from AACSB nonaccredited and from non-AACSB schools combined is shown in Table 4.

The AACSB nonaccredited and the non-AACSB schools expect the number of bachelor's degrees to increase in 1987-88, while the AACSB accredited schools expect no growth. Both categories of schools predict that the number of master's graduates will increase, with the AACSB accredited schools awarding more than twice the number of master's degrees than the AACSB nonaccredited and non-AACSB schools.

TABLE 3

**Supply of Accounting Graduates  
From AACSB Schools With Accredited  
Business Administration Programs  
1986-87 and 1987-88**

	<i>Bachelor's (219 schools)</i>	<i>Master's (170 schools)</i>	<i>Total (231 schools)</i>
1986-87	27,780	3,790	31,570
1987-88	27,680	4,030	31,710
Rate of Growth	- 0 -	+ 6%	- 0 -

TABLE 4

**Supply of Accounting Graduates  
From AACSB Nonaccredited Schools  
and Non-AACSB Schools  
1986-87 and 1987-88**

	<i>Bachelor's (415 schools)</i>	<i>Master's (85 schools)</i>	<i>Total (420 schools)</i>
1986-87	20,250	1,790	22,040
1987-88	20,800	1,860	22,660
Rate of Growth	+ 3%	+ 4%	+ 3%

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 participate in the process. As of April 1987, 116 programs at 66 schools had received initial accreditation.

Three types of accounting programs are accredited by the AACSB: bachelor's in accounting (65 schools), MBAs with a concentration in accounting (15 schools), and master's in accounting (36 schools), which includes five-year (150 semester hour) integrated programs.

Of the 66 accredited schools, 65 are represented in Table 5, which shows the number of graduates by type of accredited program. The number of 1987-88 graduates from accredited MBA and master's in accounting programs is expected to increase while those from accredited bachelor's in accounting programs are expected to remain level.

TABLE 5

**Supply of Accounting Graduates  
From AACSB-Accredited Accounting Programs  
1986-87 and 1987-88**

	<i>Bachelor's (64 schools)</i>	<i>MBAs in Accounting (14 schools)</i>	<i>Master's in Accounting (35 schools)</i>
1986-87	9,820	320	820
1987-88	9,880	340	890
Rate of Growth	+ 1%	+ 6%	+ 9%

Comparison of the survey's results with respect to public versus private institutions reveals no significant differences in the expected trends for bachelor's degrees (Table 6). However, master's degrees are expected to increase at a considerably higher rate in the public than in the private schools (Table 7).

**TABLE 6**  
**Supply of Accounting Graduates**  
**With Bachelor's Degrees**  
**From Public and Private Schools**  
**1986-87 and 1987-88**

	<i>Public</i> (356 schools)	<i>Private</i> (278 schools)
1986-87	35,090	12,940
1987-88	35,590	12,890
Rate of Growth	+ 1%	- 0 -

**TABLE 7**  
**Supply of Accounting Graduates**  
**With Master's Degrees**  
**From Public and Private Schools**  
**1986-87 and 1987-88**

	<i>Public</i> (169 schools)	<i>Private</i> (86 schools)
1986-87	2,920	2,660
1987-88	3,170	2,720
Rate of Growth	+ 9%	+ 2%

The analysis of bachelor's degrees by geographical regions (see Table 8) reveals that growth is expected only in the Southern region. Master's degrees are expected to grow at a higher rate in the North Central and Southern regions than in the Pacific region, but are expected to remain level in the East (see Table 9). A list of the states that make up each region is shown in Appendix B.

**TABLE 8**  
**Supply of Accounting Graduates**  
**With Bachelor's Degrees**  
**by Region**  
**1986-87 and 1987-88**

	<i>Eastern</i> (145 schools)	<i>North Central</i> (183 schools)	<i>Southern</i> (236 schools)	<i>Pacific</i> (70 schools)
1986-87	12,370	13,910	14,330	7,420
1987-88	12,130	14,040	15,070	7,240
Rate of Growth	- 2%	+ 1%	+ 5%	- 2%

**TABLE 9**  
**Supply of Accounting Graduates**  
**With Master's Degrees**  
**by Region**  
**1986-87 and 1987-88**

	<i>Eastern</i> (64 schools)	<i>North Central</i> (74 schools)	<i>Southern</i> (83 schools)	<i>Pacific</i> (34 schools)
1986-87	1,690	1,370	1,520	1,000
1987-88	1,700	1,500	1,650	1,040
Rate of Growth	+ 1%	+ 9%	+ 9%	+ 4%

### Master's Degree Programs

Table 10 shows the number of master's degrees by type of degree: master's in accounting, MBAs with a concentration in accounting, and master's in taxation degrees, including MBAs with a concentration in taxation. Master's degrees in accounting and MBAs in accounting are expected to increase in 1987-88 at a higher rate than the number of master's degrees in taxation.

**TABLE 10**  
**Supply of Accounting Graduates**  
**With Master's Degrees by Type of Program**  
**1986-87 and 1987-88**

	<i>Master's in</i> <i>Accounting</i> (160 schools)	<i>MBAs in</i> <i>Accounting</i> (129 schools)	<i>Master's in</i> <i>Taxation</i> (51 schools)
1986-87	2,350	1,970	1,270
1987-88	2,520	2,070	1,290
Rate of Growth	+ 7%	+ 5%	+ 2%

### Male/Female Data

Of the 431 schools that responded to the 1988 survey, 392 reported the number of male and female graduates in 1986-87, and 370 schools estimated for 1987-88. No attempt was made to extrapolate for those schools that did not provide this information nor for those that provided partial information. Because each year's total represents a different number of schools, the number of male and female graduates reported for each year are not comparative. Therefore, actual numbers are not reported here. Instead, only the male/female percentage distributions for each year are shown in Table 11. The percentage of female graduates exceeds the percentage of males for the first time since these data were first collected in the 1978 survey. In that report, women represented only 28 percent of the 1976-77 graduates.

**TABLE 11**  
**Relationship Between the Supply of Male and Female Graduates**  
**1986-87 and 1987-88**

	<i>Male</i>	<i>Female</i>
1986-87 (392 schools)	49%	51%
1987-88 (370 schools)	48%	52%

### **Ethnic Data**

A total of 335 schools, including 39 of the traditionally black and minority schools surveyed, reported their graduates by ethnic backgrounds for 1986-87; 314, including 38 minority schools, estimated these data for 1987-88. No attempt was made to estimate the figures for schools that did not report them nor for those that reported for 1986-87 but not for 1987-88. As with the male/female data, the actual numbers are not shown because each year's total represents a different number of schools.

Table 12 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 number of ethnic graduates to the total supply reported by only those schools reporting ethnic data in the 1988 survey. Minorities represent 12 percent of the total accounting graduates reported in 1986-87 and 13 percent in 1987-88.

**TABLE 12**  
**Percentage of the Supply of Accounting Graduates by Ethnic Background**  
**1986-87 and 1987-88**

		<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
Traditionally Black and Minority Schools	1986-87 (39 schools)	.1%	1.6%	80.2%	6.8%	88.7%
	1987-88 (38 schools)	—0—	0.8%	81.3%	6.6%	88.7%
Traditionally Majority Schools	1986-87 (296 schools)	.1%	3.8%	2.8%	2.3%	9.0%
	1987-88 (276 schools)	.1%	4.1%	3.0%	2.6%	9.8%
All Schools Combined	1986-87 (335 schools)	.1%	3.7%	5.7%	2.5%	12.0%
	1987-88 (314 schools)	.1%	4.0%	6.2%	2.7%	13.0%



## Placement of Accounting Graduates

Of the 431 schools responding to the 1988 survey, 370 reported the number of their 1986-87 accounting graduates who were hired by public accounting firms, business and industry, government, other types of organizations, and those who continued on to graduate school. No attempt was made to extrapolate for schools that did not provide this information in 1988. The schools were asked to indicate whether their responses were based on placement or other records, or on estimates; 26 percent based their replies on records and 74 percent on estimates. The number of graduates by area of employment shown in Tables 13 to 17 combines these data. The number of bachelor's degree graduates reported in these tables represents 49 percent of the total 1986-87 supply of bachelor's graduates and the number of master's degrees represents 38 percent of the total master's degree graduates as shown previously in Table 2. As shown in Table 13, the schools reported that 40 percent of their 1986-87 bachelor's degree graduates were hired by public accounting firms, 30 percent by business and industry, 7 percent by government, 3 percent by other types of employers and 7 percent entered graduate school. The majority of the master's degree graduates, 54 percent, found employment in public accounting in 1986-87; 27 percent were employed in business and industry, 4 percent in government, 6 percent in other types of organizations and 2 percent continued their education. The future plans of 14 percent of the bachelor's graduates and 7 percent of the master's graduates were unknown.

**TABLE 13**  
**Placement of 1986-87 Accounting Graduates**  
**From All Schools**

	<i>Bachelor's Degrees</i> (357 schools)		<i>Master's Degrees</i> (122 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	9,430	40%	1,150	54%
Business/Industry	7,120	30%	570	27%
Government	1,760	7%	80	4%
Other Employment	620	3%	120	6%
Graduate School	1,550	7%	50	2%
Unknown	3,240	14%	150	7%
<b>TOTAL</b>	<b>23,720</b>		<b>2,120</b>	

The placement of graduates from AACSB schools with accredited business administration programs is shown in Table 14, and the placement from AACSB nonaccredited and non-AACSB schools is shown in Table 15. The AACSB accredited schools reported a higher percentage of bachelor's graduates recruited by public accounting firms (43 percent) than by business and

industry (28 percent), while the nonaccredited schools reported that 34 percent of their bachelor's degree graduates were recruited into public accounting and an equal percentage into business and industry. A considerably higher percentage of the accredited schools' master's degree graduates were hired by public accounting firms (61 percent) than by business and industry (23 percent). The nonaccredited schools reported that 36 percent of their master's degree graduates found employment in public accounting and 37 percent in business and industry.

**TABLE 14**  
**Placement of 1986-87 Accounting Graduates**  
**From AACSB-Accredited Business Administration Programs**

	<i>Bachelor's Degrees</i> (132 schools)		<i>Master's Degrees</i> (90 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	6,320	43%	940	61%
Business/Industry	4,040	28%	350	23%
Government	1,010	7%	40	3%
Other Employment	320	2%	90	6%
Graduate School	1,110	8%	40	3%
Unknown	1,820	12%	70	5%
<b>TOTAL</b>	<b>14,620</b>		<b>1,530</b>	

**TABLE 15**  
**Placement of 1986-87 Accounting Graduates**  
**From AACSB Nonaccredited and Non-AACSB Schools**

	<i>Bachelor's Degrees</i> (225 schools)		<i>Master's Degrees</i> (32 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	3,110	34%	210	36%
Business/Industry	3,080	34%	220	37%
Government	750	8%	40	7%
Other Employment	300	3%	30	5%
Graduate School	440	5%	10	2%
Unknown	1,420	16%	80	14%
<b>TOTAL</b>	<b>9,100</b>		<b>590</b>	

On a regional basis, as shown in Table 16, there are no significant differences among the four regions in the percentage of bachelor's graduates hired into the various areas of employment. While most of the master's degree graduates were hired by public accounting firms, the schools in the Southern and Pacific regions reported a considerably greater percentage of their graduates

entering public accounting than reported by schools in the Eastern and North Central regions. The Pacific region also reported the highest percentage of master's graduates hired by government (17 percent) (see Table 17).

**TABLE 16**  
**Placement of 1986–87 Bachelor's Degree Graduates by Region**

	<i>Eastern</i> <i>(69 schools)</i>		<i>North Central</i> <i>(111 schools)</i>		<i>Southern</i> <i>(143 schools)</i>		<i>Pacific</i> <i>(34 schools)</i>	
	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Public Accounting	1,850	41%	3,330	40%	2,850	37%	1,400	45%
Business/Industry	1,450	32%	2,600	31%	2,330	30%	740	24%
Government	250	6%	570	7%	620	8%	320	10%
Other Employment	140	3%	150	2%	270	3%	60	2%
Graduate School	270	6%	410	5%	720	9%	150	5%
Unknown	570	13%	1,310	16%	940	12%	420	14%
<b>TOTAL</b>	<b>4,530</b>		<b>8,370</b>		<b>7,730</b>		<b>3,090</b>	

**TABLE 17**  
**Placement of 1986–87 Master's Degree Graduates by Region**

	<i>Eastern</i> <i>(19 schools)</i>		<i>North Central</i> <i>(45 schools)</i>		<i>Southern</i> <i>(45 schools)</i>		<i>Pacific</i> <i>(13 schools)</i>	
	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Public Accounting	290	45%	290	48%	460	66%	110	61%
Business/Industry	220	34%	180	30%	140	20%	30	17%
Government	10	2%	10	2%	30	4%	30	17%
Other Employment	80	13%	20	3%	20	3%	—0—	—
Graduate School	—0—	—	20	3%	30	4%	—0—	—
Unknown	40	6%	80	13%	20	3%	10	6%
<b>TOTAL</b>	<b>640</b>		<b>600</b>		<b>700</b>		<b>180</b>	

## Enrollment Trends

In the 1988 survey, a total of 396 schools provided information on trends in enrollments in accounting programs. The schools were asked to indicate whether they expected enrollments in bachelor's in accounting programs, master's in accounting, MBAs in accounting, and master's in taxation programs to increase, remain stable, or decrease over the next three to five years. Table 18 shows that, overall, the schools predict stable enrollments in bachelor's and in MBA programs, while master's in accounting and master's in taxation programs are expected to increase.

**TABLE 18**  
**Trends in Enrollments in Accounting Programs**

	<i>Expected in the Next 3–5 Years To</i>		
	<i>Increase</i>	<i>Remain Stable</i>	<i>Decrease</i>
Bachelor's in Accounting (385 schools)	30%	59%	10%
Master's in Accounting (109 schools)	54%	38%	8%
MBA's in Accounting (80 schools)	35%	51%	14%
Master's in Taxation (36 schools)	64%	28%	8%

**TABLE 19**  
**Historical Trends in the Supply of  
Accounting Graduates Reported for  
1971–72 to 1986–87\***

	<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%
1986–87	48,030	– 8%	5,580	– 6%	53,610	– 7%	90%	10%

\*No data available for 1985–86.

## Historical Trends

In Table 19, the historical trends in the number of accounting 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 1986-87 are shown.

With the exception of 1985-86, the overall approach to compilation and estimation in these surveys has been consistent enough over the last fifteen years to make meaningful observations of long-term trends. Because of the changes made in the 1987 survey, the data file of prior years' responses was not included in the supply compilations for 1985-86. The numbers were those reported by the 443 schools responding in 1987, which are fewer schools than usually represented in these surveys. Accordingly, the number of graduates for that year is not shown here.

Disregarding the forecasts reported in the surveys and examining the historical trends in the numbers graduated, it is apparent that the rate of growth in total degrees and for bachelor's degrees, which began to decline in 1984-85, continues to do so. The rate of growth for master's degrees has also continued to decline. The bachelor's/master's percentage distribution has remained constant with master's graduates representing 10 percent of the total supply.

# The Demand for Public Accounting Recruits

## The Survey

To obtain data on the demand for public accounting recruits, 320 public accounting firms of various sizes were surveyed in November 1987, of which 205 (64 percent) responded. All firms with thirty or more individual AICPA members were surveyed. Firms with ten to twenty-nine individual AICPA members were surveyed on a sample basis. A summary of the number of firms represented in the 1988 survey is presented below in Table 20.

**TABLE 20**  
**Public Accounting Firms Participating**  
**in the 1987 Demand Survey**

<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	17	17	15
50-200	32	32	20
30-49	74	74	49
10-29	<u>985</u>	<u>197</u>	<u>121</u>
TOTAL	1,108	320	205

In the 1988 survey, the public accounting firms were asked to provide the number of professional staff, both new college graduates and those with experience, and the number of paraprofessional staff hired in 1986-87, and to estimate the demand for 1987-88. For this study, new graduate recruits are defined as entry-level professional staff who had only nominal experience such as internships or part-time work, experienced recruits (professional staff hired at above entry level), and paraprofessionals (nonprofessional staff who assist the practice staff in clerical and other duties that would not be defined as traditional clerical duties).

The firms were asked to provide the number of new graduate recruits with bachelor's degrees in accounting, master's degrees in accounting, MBAs with a concentration in accounting, and master's degrees in taxation, and the number of those recruits with nonaccounting degrees such as law, finance, management information systems (MIS) and computers, and other business and nonbusiness degrees. The firms were asked to report experienced hires by type of accounting degrees and the total number of those with nonaccounting degrees. In addition, the firms were asked to indicate the areas of practice to which the new recruits were assigned. Information on staff turnover and campus recruiting was also requested. A copy of the public accounting demand questionnaire appears as Appendix C.

## Methodology

Of the 205 firms responding in the 1988 survey, all reported the number of new graduates holding accounting degrees. The data obtained were used to extrapolate the demand of all public accounting firms with ten or more AICPA members for new graduate recruits (see Tables 21 and 22).

However, not all firms were able to provide the number of new graduates hired with non-accounting degrees, the number of experienced staff hired by type of degree, or the number of paraprofessional hirees. No attempt was made to extrapolate for those firms that did not supply this information nor for those that responded in 1986-87 but not in 1987-88. Because the data are incomplete, the actual numbers are therefore not reported. Instead, only the percentage distributions of recruits based on the actual numbers supplied by only those firms that reported the information in both 1986-87 and 1987-88 are shown in Tables 23 to 30 and 34 to 36.

## Professional Staff Recruits

### New Graduate Recruits

#### *Accounting Degrees*

The number of public accounting recruits holding bachelor's degrees in accounting and master's degrees in accounting, including MBAs with a concentration in accounting and master's in taxation, is shown in Table 21. The number of new graduate recruits is expected to increase over the next year, with the rate of growth considerably higher for those with master's degrees.

**TABLE 21**  
**Public Accounting Demand for**  
**New Graduate Recruits With Accounting Degrees**  
**1986-87 and 1987-88**

	<i>Bachelor's</i>	<i>Master's</i>	<i>Total</i>
1986-87	16,110	2,030	18,140
1987-88	16,830	2,340	19,170
Rate of Growth	+ 4%	+ 15%	+ 6%

Table 22 shows the percentages of new graduate recruits with master's in accounting degrees. The percentages are considerably higher for firms with over 200 Institute members than for the smaller firms. Only those firms with ten to forty-nine members expect a decrease in the proportion of master's degree recruits.

**TABLE 22**  
**Percentage of New Graduate Recruits**  
**With Master's Degrees in Accounting**  
**1986-87 and 1987-88**

	<i>Over 200 Institute Members</i>	<i>50-200 Institute Members</i>	<i>10-49 Institute Members</i>	<i>All Firms</i>
1986-87	13.8%	1.5%	3.2%	11.2%
1987-88	14.7%	3.3%	2.7%	12.2%

Of the 205 responding firms, 203 reported the number of new graduates hired with master's degrees by type of program: master's degree in accounting, MBAs with a concentration in accounting, and master's degree in taxation. The percentage distributions of each type of degree based on the actual numbers supplied by the reporting firms are shown in Table 23. The percentages of new graduates with master's degrees in accounting and those with MBAs in accounting are expected to decrease in 1987-88, while the percentage of master's degrees in taxation recruits is expected to increase.

**TABLE 23**  
**Percentage of New Graduate Recruits**  
**With Master's Degrees by Type of Program**  
**1986-87 and 1987-88**

	<i>Master's in Accounting</i>	<i>MBAs in Accounting</i>	<i>Master's in Taxation</i>
1986-87	49%	25%	26%
1987-88	47%	21%	32%

#### *Nonaccounting Degrees*

The number of new graduate recruits with non-accounting degrees was reported by 202 firms. The percentage distributions of each type of nonaccounting degree (law, finance, MIS and computer, other business and nonbusiness degrees) and total nonaccounting degrees are based on the actual numbers supplied by the reporting firms (see Table 24). The percentage of total new graduate recruits with nonaccounting degrees is expected to rise from 5.2 percent in 1986-87 to 6.5 percent in 1987-88. Most of the nonaccounting recruits had degrees in law or in MIS and computers. One of the larger firms reported a considerably higher percentage of nonaccounting degree recruits than any other firm. While for all firms, the percentage of nonaccounting degrees represented by those with nonbusiness degrees is 4 percent in 1986-87, that firm reported that 39 percent of its nonaccounting new graduate recruits had nonbusiness degrees in 1986-87.

**TABLE 24**  
**Percentage of New Graduate Recruits**  
**With Nonaccounting Degrees by Type of Program**  
**1986-87 and 1987-88**

	<i>Law</i>	<i>Finance</i>	<i>MIS/ Computers</i>	<i>Other Business</i>	<i>Nonbusiness</i>	<i>Total</i>
1986-87	39.2%	4.4%	34.1%	18.4%	4.0%	5.2%
1987-88	34.3%	3.3%	40.3%	18.9%	3.2%	6.5%

#### **Experienced Recruits**

##### *Accounting and Nonaccounting Degrees*

Of the 205 firms responding in the 1988 survey, 192, including nine of the firms with 200 or more members, reported experienced hires, but only 175 firms provided a breakdown by type of accounting degree and total nonaccounting degrees for both years surveyed. The percentage



distributions shown in Tables 25 to 28 are based on the actual numbers supplied by the 175 firms.

Table 25 shows the percentage distributions of experienced recruits with bachelor's degrees and master's degrees in accounting, and in Table 26, the distribution of those with master's degrees by type of program: master's degree in accounting, MBAs with a concentration in accounting, and master's degree in taxation is shown.

<b>TABLE 25</b> <b>Percentage of Public Accounting Demand for</b> <b>Experienced Recruits With Accounting Degrees</b> <b>1986-87 and 1987-88</b>		
	<i>Bachelor's</i>	<i>Master's</i>
1986-87	77.2%	22.8%
1987-88	74.5%	25.5%

<b>TABLE 26</b> <b>Percentage of Experienced Recruits</b> <b>With Master's Degrees by Type of Program</b> <b>1986-87 and 1987-88</b>			
	<i>Master's in</i> <i>Accounting</i>	<i>MBAs in</i> <i>Accounting</i>	<i>Master's in</i> <i>Taxation</i>
1986-87	45%	15%	40%
1987-88	39%	17%	45%

It is expected that the percentage of experienced recruits holding bachelor's degrees in accounting will decline in 1987-88, and those recruits holding master's degrees will increase. Of those hired with master's degrees, the percentage of experienced recruits with master's degrees in accounting is expected to decrease in 1987-88, and the percentage of recruits holding MBAs and master's degrees in taxation are expected to increase (see Table 26). The distribution of experienced recruits with accounting and nonaccounting degrees, as shown below in Table 27, indicates that the proportion of recruits with accounting master's degrees and with nonaccounting degrees will increase in 1987-88.

<b>TABLE 27</b> <b>Percentage of Experienced Recruits</b> <b>With Accounting Degrees and Nonaccounting Degrees</b> <b>1986-87 and 1987-88</b>			
	<i>Accounting Degrees</i>		<i>Nonaccounting</i> <i>Degrees</i>
	<i>Bachelor's</i>	<i>Master's</i>	
1986-87	49.7%	14.6%	35.7%
1987-88	47.0%	16.1%	36.9%

A comparison of new graduates with experienced hires shows that a greater proportion of the experienced hires with accounting degrees had master's degrees (23 percent—see Table 25) than

did the new accounting graduates (11 percent—see Table 22). As to accounting master's degree programs, a greater proportion of the experienced recruits had master's degrees in taxation than did the new graduates. In addition, a considerably greater proportion of the experienced recruits had nonaccounting degrees (35.7 percent), compared to the new graduates hired (5.2 percent).

Of the total public accounting professional staff hirees reported for 1986-87, approximately 70 percent were new college graduates and 30 percent had previous professional experience recruits. The percentage distributions of total professional staff recruits holding bachelor's and master's degrees in accounting and those holding nonaccounting degrees are shown in Table 28.

**TABLE 28**  
**Percentage of Public Accounting Professional Staff Recruits—**  
**New Graduate and Experienced Recruits by Type of Degree**  
**1986-87 and 1987-88**

	<i>Bachelor's</i>	<i>Master's</i>
1986-87	77.2%	22.8%
1987-88	74.5%	25.5%

## Area of Assignment

One hundred ninety-two firms reported the number of their new graduate recruits by the area of practice to which they were assigned, and 179 firms reported the number of experienced hires by practice area. Tables 29 and 30 show the percentage of new professional staff recruits by the areas

**TABLE 29**  
**Percentage of Public Accounting New Graduate Recruits**  
**by Area of Assignment**  
**1986-87 and 1987-88**

Number of AICPA Members	Management Advisory Services					Other
	Accounting/ Auditing	MIS/ Computers	Other Management Services	Total MAS	Taxation	
Over 200 Members						
1986-87	72.0%	12.8%	0.9%	13.7%	13.2%	1.2%
1987-88	68.0%	14.7%	1.0%	15.7%	15.5%	0.8%
50-200 Members						
1986-87	87.5%	1.7%	0.6%	2.3%	10.2%	—0—
1987-88	83.4%	1.9%	0.7%	2.6%	12.7%	1.3%
10-49 Members						
1986-87	85.6%	2.3%	0.7%	3.0%	10.1%	1.3%
1987-88	88.8%	1.7%	0.3%	2.0%	9.1%	0.2%
All Firms						
1986-87	72.9%	12.1%	0.8%	12.9%	13.0%	1.2%
1987-88	69.1%	14.0%	1.0%	15.0%	15.2%	0.7%

of practice to which they were assigned: accounting and auditing, management information systems (MIS) and computers, management advisory services other than MIS and the total for MAS practice, taxation, and other areas. Most of the new graduate recruits were assigned to accounting and auditing (see Table 29). The distribution is about the same in both years, with a slight decrease expected in the percentage assigned to accounting and auditing in 1987-88, and an increase in the proportion assigned to MAS and taxation. The percentage of new graduates assigned to MAS is higher for firms with over 200 AICPA members than for the smaller firms.

As shown in Table 30, the assignment of experienced recruits is more evenly distributed among the four areas. As is the case with new graduates, the proportion of experienced recruits assigned to accounting and auditing is expected to decline in 1987-88, while increasing proportions will be assigned to MAS and taxation.

**TABLE 30**  
**Percentage of Public Accounting Experienced Recruits**  
**by Area of Assignment**  
**1986-87 and 1987-88**

<i>Number of AICPA Members</i>	<i>Accounting/ Auditing</i>	<i>Management Advisory Services</i>			<i>Taxation</i>	<i>Other</i>
		<i>MIS/ Computers</i>	<i>Other Management Services</i>	<i>Total MAS</i>		
Over 200 Members						
1986-87	24.2%	16.1%	9.4%	25.5%	26.8%	23.5%
1987-88	21.8%	17.9%	10.2%	28.1%	31.0%	19.1%
50-200 Members						
1986-87	53.7%	4.1%	12.2%	16.3%	24.4%	5.7%
1987-88	46.5%	3.9%	5.5%	9.4%	35.4%	8.7%
10-49 Members						
1986-87	63.1%	5.4%	2.3%	7.7%	27.8%	1.4%
1987-88	63.1%	3.5%	4.8%	8.3%	27.7%	0.9%
All Firms						
1986-87	29.9%	14.4%	8.7%	23.1%	26.8%	20.3%
1987-88	26.3%	16.1%	9.6%	25.7%	30.9%	17.2%

## Male/Female Data

Of the 205 responding firms, 198 reported the number of male and female new graduate recruits for 1986-87 and 151 for 1987-88; 183 of the 192 firms that reported experienced hires in 1986-87 provided the male and female data for 1986-87 and 134 estimated for 1987-88 (see Table 31). No attempt was made to extrapolate for those firms that did not provide this information nor for those that supplied partial information. Only the male/female percentage distributions are shown here because each year's total represents a different number of firms.

**TABLE 31**  
**Relationship Between the Public Accounting Demand**  
**for Male and Female Professional Staff Recruits**  
**1986-87 and 1987-88**

	<i>New Graduate Recruits</i>		<i>Experienced Recruits</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
1986-87	54%	46%	61%	39%
1987-88	55%	45%	60%	40%

## Ethnic Data

In the 1988 survey, 158 of the firms reported new graduate hires by ethnic backgrounds for 1986-87 and 103 estimated for 1987-88 (see Table 32); 144 reported 1986-87 experienced hires by ethnic backgrounds and 94 for 1987-88 (see Table 33). No attempt was made to extrapolate for all firms nor for both years. The percentages shown were calculated by comparing the number of ethnic hires to the total number of hires reported by only those firms supplying ethnic data. The percentage of minority recruits is higher for experienced recruits than for new graduate recruits.

**TABLE 32**  
**Percentage of Public Accounting Demand**  
**for New Graduate Recruits by Ethnic Background**  
**1986-87 and 1987-88**

	<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
1986-87	0.1%	3.4%	2.0%	2.0%	7.5%
1987-88	0.1%	3.9%	2.4%	2.5%	8.9%

**TABLE 33**  
**Percentage of Public Accounting Demand**  
**for Experienced Recruits by Ethnic Background**  
**1986-87 and 1987-88**

	<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
1986-87	.4%	4.5%	2.4%	3.1%	10.4%
1987-88	.2%	5.7%	2.8%	3.9%	12.6%

## Staff Turnover

Of the 205 firms responding to the 1988 survey, 167 reported information on professional staff turnover. The average staff turnover rate for all firms reporting was 21 percent in 1986-87 and 20 percent expected in 1987-88. The turnover rates were higher for the larger firms (26 percent for firms with over 200 AICPA members in 1986-87) than for the smaller firms, whereas the average for firms with fifty to 200 members was 13 percent and for firms with ten to forty-nine members was 16 percent. In 1987-88, the average staff turnover rate for firms with over 200 AICPA members is expected to be 25 percent, for firms with fifty to 200 members, 11 percent, and for those with ten to forty-nine members, 12 percent.

## Campus Recruiting

In 1988, 129 firms provided the number of prospective recruits that were interviewed on campus, the number that were invited for office visits, the number of job offers made, and the number of those subsequently hired. An additional forty-two firms that did not recruit on campus reported the number of initial interviews, the number of job offers, and the number of those hired. Of the total graduates interviewed on campus in 1986-87, 33 percent were invited for an office visit; of those, 67 percent were offered positions with the firms and 46 percent were hired. The firms that did not recruit on campus reported that 32 percent of the graduates interviewed were offered positions with the firms.

## Paraprofessional Staff Recruits

The percentage distributions of new graduate and experienced professional staff recruits and paraprofessional recruits shown in Table 34 are based on the actual numbers provided by 140 firms reporting this information for all three categories of recruits. Paraprofessionals represented 6 percent of the total staff hired in 1986-87 and are expected to represent 7 percent of the 1987-88 hires.

**TABLE 34**  
**Percentage of Public Accounting Professional and Paraprofessional**  
**Staff Recruits**  
**1986-87 and 1987-88**

	<i>New Graduate Recruits</i>	<i>Experienced Recruits</i>	<i>Paraprofessional Recruits</i>
1986-87	65%	29%	6%
1987-88	65%	28%	7%

The greatest portion of paraprofessional recruits are high school graduates (see Table 35), and the highest percentage of the paraprofessionals are assigned to accounting and auditing or to taxation (see Table 36).

TABLE 35

Percentage of Public Accounting Paraprofessional Recruits  
by Type of Degree  
1986-87 and 1987-88

	<i>Master's</i>	<i>Bachelor's</i>	<i>Associate's</i>	<i>High School</i>	<i>Other</i>
1986-87	1.9%	20.7%	32.0%	44.5%	0.9%
1987-88	1.6%	21.9%	36.0%	39.5%	1.1%

TABLE 36

Percentage of Public Accounting Paraprofessional Recruits  
by Area of Assignment  
1986-87 and 1987-88

	<u>Management Advisory Services</u>					Taxation	Other
	Accounting/ Auditing	MIS/ Computers	Other Management Services	Total MAS			
1986-87	43.8%	10.7%	2.7%	13.4%	33.8%	9.0%	
1987-88	47.0%	10.3%	4.0%	14.3%	33.7%	5.0%	

## Historical Trends

As was the case for long-term trends in supply, meaningful information is derived through examination of the historical trends in the public accounting demand. Table 37 on page 26 shows the historical trends in the number of accounting graduates hired by public accounting firms, by level of degree and in total, the rates of growth, and the bachelor's/master's degree distribution over the period of 1971-72 to 1986-87.

After declining in 1982-83, the total public accounting hirees and bachelor's degree hirees began to increase and then declined again in 1986-87. Hirings of recruits with master's degrees had been fairly constant at 2,200 a year since 1981-82, but declined to 2,030 in 1986-87. Further, the percentage distribution of bachelor's and master's degree hirees indicates that the percentage of those with master's degrees has been gradually declining in recent years to 11 percent in 1986-87.

(Table 37 appears on the following page.)

**TABLE 37**  
**Historical Trends in the Demand for**  
**Public Accounting Recruits Reported for**  
**1971-72 to 1986-87**

	<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%
1985-86	16,510	+ 6%	2,250	+ 3%	18,760	+ 5%	88%	12%
1986-87	16,110	- 2%	2,030	- 10%	18,140	- 3%	89%	11%

## Relationship Between the Supply of Accounting Graduates and the Demand for Public Accounting Recruits

The relationship between the supply of accounting graduates and the demand for public accounting recruits is shown in Tables 38 through 41.

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 degree 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 34 percent of the total accounting graduates in 1986-87 and expect to hire 35 percent in 1987-88 (see Table 38). The employment percentage for bachelor's degree graduates was 34 percent in 1986-87 and 35 percent in 1987-88. The percentage of master's degree graduates hired is expected to rise from 36 percent in 1986-87 to 40 percent in 1987-88 (see Table 39 on the following page).

**TABLE 38**  
**Relationship Between Demand for Public Accounting Recruits**  
**and Supply of Accounting Graduates—All Degrees**  
**1986-87 and 1987-88**

	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>
1986-87	53,610	18,140	34%
1987-88	54,370	19,170	35%

The placement data provided by the schools (see Tables 13 to 17 on pages 11-13) indicate higher percentages for bachelor's and for master's degree graduates hired by public accounting firms than indicated by the firms' responses. However, the placement data is based on the responses of 370 schools reporting in 1988, while the tables that follow represent the supply from 651 schools.



**TABLE 39**  
**Relationship Between Demand for Public Accounting Recruits**  
**and Supply of Accounting Graduates**  
**Bachelor's and Master's Degrees**  
**1986-87 and 1987-88**

	<i>Bachelor's</i>			<i>Master's</i>		
	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>
1986-87	48,030	16,110	34%	5,580	2,030	36%
1987-88	48,480	16,830	35%	5,890	2,340	40%

## Historical Trends

Tables 40 and 41 show the historical trends in the public accounting employment percentages for total accounting graduates and separately for bachelor's and master's degree graduates. As explained in the supply section, complete data for the 1985-86 supply of accounting graduates is not available and that year is not included in these tables.

**TABLE 40**  
**Historical Trends in the Relationship Between the**  
**Total Public Accounting Demand for and the**  
**Total Supply of Accounting Graduates Reported for**  
**1971-72 to 1986-87\***

	<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%
1986-87	53,610	18,140	34%

\*No data available for 1985-86.

**TABLE 41**  
**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 1986-87\***

	<i>Bachelor's</i>			<i>Master's</i>		
	<i>Supply of</i> <i>Graduates</i>	<i>Public</i> <i>Accounting</i> <i>Demand</i>	<i>Employment</i> <i>Percentage</i>	<i>Supply of</i> <i>Graduates</i>	<i>Public</i> <i>Accounting</i> <i>Demand</i>	<i>Employment</i> <i>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%
1986-87	48,030	16,110	34%	5,580	2,030	36%

\*No data available for 1985-86.

The total employment percentage, which had been about 30 percent from 1974-75 to 1981-82, declined to 25 percent in 1982-83, but has increased since then to 34 percent in 1986-87 (see Table 40). This increase in the percentage is due more to the decline in supply than to the increase in demand. Similarly, the decline in the supply of accounting graduates has resulted in an increase in the employment percentage of bachelor's degree graduates to 34 percent. The percentage of master's degree graduates hired declined steadily from 55 percent in 1979-80 to 34 percent in 1983-84 but has risen to 36 percent in 1986-87 (see Table 41).

## APPENDIX A

### AICPA 1988 Supply of Accounting Graduates Questionnaire

In section I below, please fill in the number of students who graduated in 1986-87 and the expected number for 1987-88 with—

- Bachelor's degrees in accounting, including other bachelor's degrees with majors in accounting.
- Master's degrees in accounting, including MA, MS, MAcc, MPA, and MAS degrees but *excluding* MBAs with a concentration in accounting or tax.
- MBAs with a concentration in accounting.
- Master's in taxation, including MBAs with a concentration in tax.
- Total master's degrees in accounting and tax.
- Grand total of accounting graduates.

In section II, please provide a breakdown of the grand total of accounting graduates by gender, and in section III, by ethnic background. The grand total in each of the three sections should be the same. If for any of the categories you have no graduates, please enter zero (0). If you simply lack information about any of the categories, please enter NA (not available). This distinction is important to our interpretation and tabulation of the data.

#### I. ACCOUNTING GRADUATES—DEGREES

	<u>Bachelor's Accounting Major</u>	<u>Master's in Accounting</u>	<u>MBAs in Accounting</u>	<u>Master's in Tax</u>	<u>Total Master's</u>	<u>Grand Total</u>
1986-87	_____	_____	_____	_____	_____	_____
1987-88	_____	_____	_____	_____	_____	_____

#### II. ACCOUNTING GRADUATES—MALE/FEMALE

	<u>Males</u>	<u>Females</u>	<u>Grand Total</u>
1986-87	_____	_____	_____
1987-88	_____	_____	_____

#### III. ACCOUNTING GRADUATES—ETHNIC BACKGROUNDS

	<u>American Indians</u>	<u>Asians</u>	<u>Blacks</u>	<u>Hispanics</u>	<u>Total Minorities</u>	<u>Total Majorities</u>	<u>Grand Total</u>
1986-87	_____	_____	_____	_____	_____	_____	_____
1987-88	_____	_____	_____	_____	_____	_____	_____

In section IV, please provide the number of 1986-87 accounting graduates with bachelor's degrees and those with master's degrees (including master's in accounting, MBAs in accounting, and/or master's in tax) hired by the indicated types of employers. Please report acceptances only—not offers. The grand total should be the same as the grand totals in sections I through III.

#### IV. PLACEMENT OF ACCOUNTING GRADUATES

Please indicate whether your answers derive from the following:

<input type="checkbox"/> Placement or other records	<input type="checkbox"/> Estimates			
Number of 1986-87 accounting graduates going into:	Bachelor's		Master's	
Public Accounting	<input type="text"/>		<input type="text"/>	
Business/Industry	<input type="text"/>		<input type="text"/>	
Government	<input type="text"/>		<input type="text"/>	
Graduate School	<input type="text"/>		<input type="text"/>	
Other	<input type="text"/>		<input type="text"/>	
Unknown	<input type="text"/>		<input type="text"/>	
GRAND TOTAL	<input type="text"/>	+	<input type="text"/>	= <input type="text"/>

#### V. ACCOUNTING ENROLLMENTS

Please indicate the trends in the number of majors in:	<u>Expected in the Next 3-5 Years</u>		
	<u>Increasing</u>	<u>Stable</u>	<u>Decreasing</u>
Bachelor's, majors in Accounting	<input type="text"/>	<input type="text"/>	<input type="text"/>
Master's in Accounting	<input type="text"/>	<input type="text"/>	<input type="text"/>
MBAs in Accounting	<input type="text"/>	<input type="text"/>	<input type="text"/>
Master's in Taxation	<input type="text"/>	<input type="text"/>	<input type="text"/>

#### VI. Please provide the following information about your school:

☐ Public ☐ Private

☐ Not a Member of the AACSB

Member of the AACSB:

☐ Not Accredited

☐ Accredited business (bachelor's and/or master's) programs(s)

☐ Accredited accounting (Types A, B, and/or C) programs(s)

Name of Institution

City and State

Submitted by  Tel. #

May your school be identified with the number of reported graduates in state reports?

☐ Yes ☐ No

Please return by December 18, 1988 to:

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

## APPENDIX B

### Breakdown of Regions by Which the Supply Is Analyzed in Tables 8, 9, 16, and 17

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 C

### AICPA 1988 Demand for Public Accounting Recruits Questionnaire

#### PROFESSIONAL STAFF RECRUITS

In the sections below, please indicate the number of professional staff hired by your firm in 1986-87 and the estimated number of hires for 1987-88. Please fill in the information both for those hires recently graduated and for those with experience. New grad recruits are entry-level professional staff who have had only nominal experience, such as internships or part-time work, or nonpublic accounting experience; experienced recruits are professional staff hired at above entry level. For both accounting and nonaccounting degrees, please indicate the highest degree earned at the time of employment.

Accounting degrees include—

- Bachelor's degrees in accounting, and other bachelor's degrees with majors in accounting.
- Master's degrees in accounting, including MA, MS, MAcc, MPA, and MAS degrees but *excluding* MBAs with a concentration in accounting or tax.
- MBAs with a concentration in accounting.
- Master's in taxation, including MBAs with a concentration in tax.

If for any of the categories you have no hires, please enter zero (0). If you simply lack information about any of the categories, please enter NA (not available). This distinction is important to our interpretation and tabulation of the data.

		1986-87 Actual		1987-88 Estimated	
		New Grads	Experienced	New Grads	Experienced
I.	<u>ACCOUNTING DEGREES</u>				
	—Bachelor's in Accounting	_____	_____	_____	_____
	—Master's in Accounting	_____	_____	_____	_____
	—MBAs in Accounting	_____	_____	_____	_____
	—Master's in Tax	_____	_____	_____	_____
	—Total Master's	_____	_____	_____	_____
	—Total Accounting Degrees	_____	_____	_____	_____
II.	<u>NONACCOUNTING DEGREES</u>				
	—Law	_____		_____	
	—Finance	_____		_____	
	—MIS/Computer	_____		_____	
	—Other Business	_____		_____	
	—Non-Business	_____		_____	
	—Total Nonaccounting	_____	_____	_____	_____
	GRAND TOTAL	=====	=====	=====	=====

In sections III through V, please indicate the number of the above new grads and experienced recruits by the area of practice to which they were assigned, by the number of males and females, and by ethnic background. The grand totals in each of these sections should agree with the grand totals in section II.

		<u>1986-87 Actual</u>		<u>1987-88 Estimated</u>	
		<u>New Grads</u>	<u>Experienced</u>	<u>New Grads</u>	<u>Experienced</u>
III.	<u>AREA OF ASSIGNMENT</u>				
	—Accounting/Auditing	_____	_____	_____	_____
	—Taxation	_____	_____	_____	_____
	—Management Advisory Services	_____	_____	_____	_____
	—MIS/Computer	_____	_____	_____	_____
	—Management Services (Other than MIS)	_____	_____	_____	_____
	—Other	_____	_____	_____	_____
	GRAND TOTAL	=====	=====	=====	=====
IV.	<u>MALES/FEMALES</u>				
	—Males	_____	_____	_____	_____
	—Females	_____	_____	_____	_____
	GRAND TOTAL	=====	=====	=====	=====
V.	<u>MINORITIES</u>				
	—American Indians	_____	_____	_____	_____
	—Asians	_____	_____	_____	_____
	—Blacks	_____	_____	_____	_____
	—Hispanics	_____	_____	_____	_____
	—Total Minorities	_____	_____	_____	_____
	—Total Majorities	_____	_____	_____	_____
	GRAND TOTAL	=====	=====	=====	=====

		<u>1986-87 Actual</u>	<u>1987-88 Estimated</u>
PROFESSIONAL STAFF TURNOVER			
	—Average number of staff during the year	_____	_____
	—Terminations	_____	_____
	—Turnover ratio	_____	_____
PROFESSIONAL STAFF RECRUITING			
(If you do not recruit on campus, answer B.)			
A.	Number of:		
	—Campus Interviews	_____	_____
	—Office Visits	_____	_____
	—Offers	_____	_____
	—Hires (same as Grand Total of New Grads)	_____	_____
B.	Number of:		
	—Initial Interviews	_____	_____
	—Offers	_____	_____
	—Hires (same as Grand Total of New Grads)	_____	_____

## PARAPROFESSIONAL STAFF RECRUITS

In the sections below, please indicate the number of paraprofessional staff hires for 1986-87 and also the estimated hires for 1987-88. For the purpose of this survey, paraprofessionals are non-professional staff who assist the practice staff in clerical and other duties that would not be defined as traditional office duties.

	<u>1986-87 Actual</u>	<u>1987-88 Estimated</u>
I. EDUCATION		
—High School Graduate	_____	_____
—Associate's Degree	_____	_____
—Bachelor's Degree	_____	_____
—Master's Degree	_____	_____
—Other	_____	_____
GRAND TOTAL	=====	=====
II. AREA OF ASSIGNMENT		
—Accounting/Auditing	_____	_____
—Taxation	_____	_____
—Management Advisory Services	_____	_____
—MIS/Computer	_____	_____
—Management Services (Other than MIS)	_____	_____
—Other	_____	_____
GRAND TOTAL	=====	=====

Please return by December 18, 1988 to:

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



