

---

---

# The Supply Of Accounting Graduates

---

and

---

# The Demand for Public Accounting Recruits

---

1989

Prepared by Marylou Walsh  
and Mary McInnes



# Table of Contents

<b>Introduction</b> .....	1
Summary of the Findings .....	1
<b>The Supply of Accounting Graduates</b> .....	3
The Survey .....	3
Table 1—Number of Schools in the 1989 Survey .....	3
Methodology .....	4
Results of the Survey .....	4
Table 2—Supply of Accounting Graduates From All Schools 1987–88 and 1988–89 .....	4
Table 3—Supply of Accounting Graduates From AACSB Schools With Accredited Business Administration Programs 1987–88 and 1988–89 .....	5
Table 4—Supply of Accounting Graduates From AACSB Nonaccredited and Non-AACSB Schools 1987–88 and 1988–89 .....	5
Table 5—Supply of Accounting Graduates From AACSB Accredited Accounting Programs 1987–88 and 1988–89 .....	5
Table 6—Supply of Accounting Graduates With Bachelor's Degrees From Public and Private Schools 1987–88 and 1988–89 .....	6
Table 7—Supply of Accounting Graduates With Master's Degrees From Public and Private Schools 1987–88 and 1988–89 .....	6
Table 8—Supply of Accounting Graduates With Bachelor's Degrees by Geographic Region 1987–88 and 1988–89 .....	6
Table 9—Supply of Accounting Graduates With Master's Degrees by Geographic Region 1987–88 and 1988–89 .....	7
Table 10—Supply of Accounting Graduates With Master's Degrees by Type of Program 1987–88 and 1988–89 .....	7
Table 11—Relationship Between the Supply of Male and Female Graduates 1987–88 and 1988–89 .....	8
Table 12—Percentage of the Supply of Accounting Graduates by Ethnic Background 1987–88 and 1988–89 .....	8
Placement of Accounting Graduates .....	9
Table 13—Placement of 1987–88 Accounting Graduates From All Schools Responding ..	9
Table 14—Placement of 1987–88 Accounting Graduates From AACSB Accredited Business Administration Programs .....	10
Table 15—Placement of 1987–88 Accounting Graduates From AACSB Nonaccredited and Non-AACSB Schools .....	10
Table 16—Placement of 1987–88 Bachelor's Degree Graduates by Region .....	11
Table 17—Placement of 1987–88 Master's Degree Graduates by Region .....	11
Enrollment Trends .....	11
Table 18—Trends in Enrollments in Accounting Programs .....	12
Table 19—Historical Trends in the Supply of Accounting Graduates Reported for 1971–72 to 1987–88 .....	12
Historical Trends .....	13

<b>The Demand for Public Accounting Recruits</b> .....	15
The Survey .....	15
Table 20—Public Accounting Firms Participating in the 1989 Demand Survey .....	15
Methodology .....	16
Professional Staff Recruits .....	16
Table 21—Public Accounting Demand for New Graduate Recruits With Accounting Degrees 1987–88 and 1988–89 .....	16
Table 22—Percentage of New Graduate Recruits With Master's Degrees in Accounting by Firm Size 1987–88 and 1988–89 .....	16
Table 23—Percentage of New Graduate Recruits With Master's Degrees by Type of Program 1987–88 and 1988–89 .....	17
Table 24—Percentage of New Graduate Recruits With Nonaccounting Degrees by Type of Program 1987–88 and 1988–89 .....	17
Table 25—Percentage of Public Accounting Demand for Experienced Recruits With Accounting Degrees 1987–88 and 1988–89 .....	18
Table 26—Percentage of Experienced Recruits With Master's Degrees by Type of Program 1987–88 and 1988–89 .....	18
Table 27—Percentage of Experienced Recruits With Accounting and Nonaccounting Degrees 1987–88 and 1988–89 .....	18
Table 28—Percentage of Total Public Accounting Professional Staff Recruits—New Graduate and Experienced Recruits by Type of Degree 1987–88 and 1988–89 .....	19
Table 29—Percentage of Public Accounting New Graduate Recruits by Area of Assignment 1987–88 and 1988–89 .....	19
Table 30—Percentage of Public Accounting Experienced Recruits by Area of Assignment 1987–88 and 1988–89 .....	20
Table 31—Relationship Between the Public Accounting Demand for Male and Female Professional Staff Recruits 1987–88 and 1988–89 .....	20
Table 32—Percentage of Public Accounting Demand for New Graduate Recruits by Ethnic Background 1987–88 and 1988–89 .....	21
Table 33—Percentage of Public Accounting Demand for Experienced Recruits by Ethnic Background 1987–88 and 1988–89 .....	21
Staff Turnover .....	21
Campus Recruiting .....	21
Paraprofessional Staff Recruits .....	22
Table 34—Percentage of Public Accounting Paraprofessional Recruits by Type of Degree 1987–88 and 1988–89 .....	22
Table 35—Percentage of Public Accounting Paraprofessional Recruits by Area of Assignment 1987–88 and 1988–89 .....	22
Historical Trends .....	22
Table 36—Historical Trends in the Demand for Public Accounting Recruits Reported for 1971–72 to 1987–88 .....	23
 <b>Relationship Between the Supply of Accounting Graduates and the Demand for Public Accounting Recruits</b> .....	 25
Comparison of the Results of the Survey .....	25
Table 37—Relationship Between Demand for Public Accounting Recruits and Supply of Accounting Graduates—All Degrees 1987–88 and 1988–89 .....	25
Table 38—Relationship Between Demand for Public Accounting Recruits and Supply of Accounting Graduates—Bachelor's and Master's Degrees 1987–88 and 1988–89 ....	26

Historical Trends .....	26
Table 39—Historical Trends in the Relationship Between the Total Public Accounting Firm Demand for and the Total Supply of Accounting Graduates Reported for 1971-72 to 1987-88 .....	26
Table 40—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 1987-88 .....	27
APPENDIX A—AICPA 1989 Supply of Accounting Graduates Questionnaire .....	29
APPENDIX B—Breakdown of Geographic Regions by Which the Supply Is Analyzed in Tables 8, 9, 16, and 17 .....	31
APPENDIX C—AICPA 1989 Demand for Public Accounting Recruits Questionnaire .....	32



## 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 Certified Public Accountants (AICPA) conducts an annual survey on this topic. This is the nineteenth of these annual surveys.

For the 1989 report, the AICPA surveyed in the fall of 1988 a stratified sample of 366 public accounting firms as to their professional employment needs for the academic years 1987-88 and 1988-89. Information on professional staff turnover, campus recruiting, and the demand for paraprofessional recruits was also requested. In addition, a survey of 772 colleges and universities was conducted to determine the expected number of accounting graduates for the same years, the placement of the 1987-88 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 no attempt is made to evaluate the demand for accounting graduates by major employers such as industry and government agencies. In addition, respondents use their own definition of 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 historical data 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 universes surveyed vary from survey to survey. The schools included in the data change as 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 AICPA members are derived from extrapolations based on samples, and different firms comprise the samples selected each year. Those firms with thirty or more AICPA 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 increase from 51,250 in 1987-88 to about 53,390 for 1988-89. The number of accounting bachelor's degree graduates is expected to increase from 46,340 in 1987-88 to 47,950 in 1988-89, while the supply of accounting master's degree graduates is expected to increase at a higher rate of growth, from 4,910 in 1987-88 to 5,440 in 1988-89 (Table 2).

The total public accounting demand for new college graduates with accounting degrees is expected to increase from 18,770 in 1987-88 to 18,960 in 1988-89. The demand for recruits with bachelor's degrees in accounting is expected to remain stable at about 16,700 in 1987-88 and 1988-89. The

demand for recruits with accounting master's degrees is expected to rise by 8%, from 2,050 to 2,220 (Table 21).

The employment percentage of the total accounting graduates hired by the public accounting firms declines from 37% in 1987-88 to 36% in 1988-89 (Table 37). The percentage of bachelor's degree graduates recruited in 1987-88 was 36%, and 35% are expected to be recruited in 1988-89. The employment percentage for master's degree recruits is 42% in 1987-88 and is expected to be 41% in 1988-89 (Table 38).

### Other Findings

The schools that provided placement data in the 1989 survey reported that 41% of their 1987-88 bachelor's degree graduates were hired by public accounting firms, 30% by business and industry, 6% by government, 3% by other types of employers, and 7% entered graduate school. The majority of their 1987-88 master's degree graduates, 61%, were employed by public accounting firms, 25% by business and industry, 3% by government, 2% by other types of employers, and 2% continued their education (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 enrollments in master's degree in accounting and master's degree in taxation programs are expected to increase (Table 18).

Of the total new graduates with accounting degrees recruited by the public accounting firms in 1987-88, 11% had accounting master's degrees and it is expected that 12% of the 1988-89 accounting recruits will have master's degrees (Table 22). For recruits with experience, the percentage of those with accounting master's degrees is higher; 22% of the 1987-88 experienced recruits had accounting master's degrees and that percentage is expected to rise to 28% in 1988-89 (Table 25).

In addition to hiring recruits with accounting degrees, the public accounting firms hired graduates with degrees in areas other than accounting. Eighteen percent of the 1987-88 new graduate recruits had nonaccounting degrees, and it is expected that 22% of the 1988-89 new graduate recruits will have nonaccounting degrees (Table 24). Of those hired with experience, 29% had nonaccounting degrees in 1987-88 and it is expected that 31% of the 1988-89 experienced recruits will have non-accounting degrees (Table 27).

Since the male/female data were first collected in 1978, the percentage of female graduates has risen from 28% in 1976-77 to 52% in 1987-88 (Table 11). The percentage of women recruited by public accounting firms has also increased considerably, from 24% in 1976-77 to 46% in 1987-88 (Table 31).

Minorities represented 15% of the total accounting graduates reported for 1987-88 and are expected to represent 16% of the 1988-89 graduates (Table 12). The percentage of the public accounting demand for new graduates represented by minority hirees is expected to remain stable at 7% in 1987-88 and 1988-89 (Table 32).

### Historical Trends

The total 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 had declined to 46,340 in 1987-88. Master's degrees have also declined from 6,300 in 1983-84 to 4,910 in 1987-88 (Table 19).

Since 1976-77, the public accounting demand for accounting bachelor's degree hirees rose from 10,000 to 16,700 in 1987-88. 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 since has declined to 2,050 in 1987-88 (Table 36).

The employment percentage of bachelor's degree graduates has increased from 22% in 1976-77 to 36% in 1987-88. This increase is attributed largely to a decline in the supply as opposed to an increase in demand. The employment percentage for master's degree graduates fell from 60% in 1976-77 to 34% in 1983-84, but is currently at 42% for 1987-88 (Tables 39 and 40).



# The Supply of Accounting Graduates

## The Survey

In November 1988, questionnaires were sent to 772 domestic member schools of the American Assembly of Collegiate Schools of Business (AACSB); 256 of these schools were accredited for business administration, and 366 were nonaccredited member schools. Of the AACSB-accredited business schools, 72 also had accredited accounting programs. Responses were received from 163 schools with AACSB-accredited business administration programs, including 69 schools with accredited accounting programs, and from 184 AACSB nonaccredited member schools. Questionnaires were also sent to 150 schools that were not AACSB members, and 78 responded (Table 1). The overall response rate of the schools in 1989 was 55%.

TABLE 1  
Number of Schools in the 1989 Survey

	AACSB Schools		Non-AACSB Schools	Total Schools
	Accredited	Nonaccredited		
Number of questionnaires mailed in the 1989 survey	256	366	150	772
Schools responding in 1989	163	184	78	425
Schools responding in any of the preceding 3 years but not in 1989	70	110	42	222
Number of schools represented in the data	233	294	120	647

In the 1989 survey, participants were asked to indicate the number of accounting graduates with bachelor's degrees, master's degrees, MBAs with a concentration in accounting, and master's degrees in taxation, including MBAs with a concentration in taxation for 1987-88, and to estimate the number of graduates for 1988-89. Participants were also asked to report placement data, i.e., the number of 1987-88 graduates hired by public accounting firms, business and industry, government, other types of organizations, and the number who entered graduate school. They were also 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 1989 survey supplied data for the academic year 1987–88 only. In these cases the number of degrees for 1988–89 was estimated. The latest figures submitted by schools that had responded to any of the preceding three years' surveys but not to the 1989 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 (Tables 11–18) were based only on actual data reported in the 1989 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 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: the four geographic regions, by public and private institutions, and by accredited and nonaccredited AACSB member schools and AACSB nonmember schools.

## Results of the Survey

### Bachelor's and Master's Degrees

A summary of the supply of accounting graduates, with bachelor's and master's degrees, 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 1988–89, the number of graduates with master's degrees is expected to increase. Additionally, the total number of graduates and the number of those with bachelor's degrees are expected to increase as well, but not as dramatically as the number of graduates with master's degrees.

**TABLE 2**  
**Supply of Accounting Graduates**  
**From All Schools**  
**1987–88 and 1988–89**

	<i>Bachelor's</i> (633 schools)	<i>Master's</i> (244 schools)	<i>Total</i> (647 schools)
1987–88	46,340	4,910	51,250
1988–89	47,950	5,440	53,390
Rate of Growth	+4%	+11%	+4%

Table 3 shows the supply of accounting graduates from AACSB member schools with accredited business administration programs and Table 4, the supply from AACSB member, nonaccredited and from AACSB nonmember schools combined.

The AACSB member, nonaccredited and the AACSB nonmember schools, as well as the AACSB member, accredited schools, expect the number of bachelor's degrees to increase in 1988–89. Both categories of schools predict that the number of master's graduates will increase, with the AACSB member, accredited schools expecting a faster rate of growth than the AACSB member, nonaccredited and AACSB nonmember schools.

## Methodology

Some schools responding to the 1989 survey supplied data for the academic year 1987–88 only. In these cases the number of degrees for 1988–89 was estimated. The latest figures submitted by schools that had responded to any of the preceding three years' surveys but not to the 1989 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 (Tables 11–18) were based only on actual data reported in the 1989 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 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: the four geographic regions, by public and private institutions, and by accredited and nonaccredited AACSB member schools and AACSB nonmember schools.

## Results of the Survey

### Bachelor's and Master's Degrees

A summary of the supply of accounting graduates, with bachelor's and master's degrees, 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 1988–89, the number of graduates with master's degrees is expected to increase. Additionally, the total number of graduates and the number of those with bachelor's degrees are expected to increase as well, but not as dramatically as the number of graduates with master's degrees.

**TABLE 2**  
**Supply of Accounting Graduates**  
**From All Schools**  
**1987–88 and 1988–89**

	<i>Bachelor's</i> (633 schools)	<i>Master's</i> (244 schools)	<i>Total</i> (647 schools)
1987–88	46,340	4,910	51,250
1988–89	47,950	5,440	53,390
Rate of Growth	+4%	+11%	+4%

Table 3 shows the supply of accounting graduates from AACSB member schools with accredited business administration programs and Table 4, the supply from AACSB member, nonaccredited and from AACSB nonmember schools combined.

The AACSB member, nonaccredited and the AACSB nonmember schools, as well as the AACSB member, accredited schools, expect the number of bachelor's degrees to increase in 1988–89. Both categories of schools predict that the number of master's graduates will increase, with the AACSB member, accredited schools expecting a faster rate of growth than the AACSB member, nonaccredited and AACSB nonmember schools.

**TABLE 3**  
**Supply of Accounting Graduates**  
**From AACSB Schools With Accredited**  
**Business Administration Programs**  
**1987-88 and 1988-89**

	<i>Bachelor's</i> <i>(224 schools)</i>	<i>Master's</i> <i>(164 schools)</i>	<i>Total</i> <i>(233 schools)</i>
1987-88	26,280	3,310	29,590
1988-89	27,430	3,730	31,160
Rate of Growth	+4%	+13%	+5%

**TABLE 4**  
**Supply of Accounting Graduates**  
**From AACSB Nonaccredited**  
**and Non-AACSB Schools**  
**1987-88 and 1988-89**

	<i>Bachelor's</i> <i>(409 schools)</i>	<i>Master's</i> <i>(80 schools)</i>	<i>Total</i> <i>(414 schools)</i>
1987-88	20,060	1,600	21,660
1988-89	20,520	1,710	22,230
Rate of Growth	+2%	+7%	+3%

In 1982, a procedure for the accreditation of accounting programs was established within the structure of the AACSB. The AICPA, the American Accounting Association, the Financial Executives Institute, and the National Association of Accountants participate in the process. As of April 1988, 127 programs at 72 schools had received accounting accreditation. Three types of accounting programs are accredited by the AACSB: bachelor's in accounting (71 schools), MBAs with a concentration in accounting (16 schools), and master's in accounting (40 schools), which includes 150-semester-hour integrated programs.

**TABLE 5**  
**Supply of Accounting Graduates**  
**From AACSB Accredited Accounting Programs**  
**1987-88 and 1988-89**

	<i>Bachelor's</i> <i>(68 schools)</i>	<i>MBAs in Accounting</i> <i>(13 schools)</i>	<i>Master's in Accounting</i> <i>(38 schools)</i>
1987-88	10,350	290	710
1988-89	10,920	360	720
Rate of Growth	+6%	+24%	+1%

Of the 72 accredited schools, 69 are represented in Table 5, which shows the number of graduates by type of accredited program. Of the three types of programs displayed in Table 5, only the number of graduates from accredited MBA programs is expected to increase significantly.

Comparison of the survey's results with respect to public versus private institutions reveals that public institutions expect a slightly higher increase in the number of bachelor's degrees (Table 6). Conversely, master's degrees are expected to increase at a slightly higher rate in the private than in the public schools (Table 7).

**TABLE 6**  
**Supply of Accounting Graduates**  
**With Bachelor's Degrees**  
**From Public and Private Schools**  
**1987-88 and 1988-89**

	<i>Public</i> (348 schools)	<i>Private</i> (285 schools)
1987-88	33,860	12,480
1988-89	35,220	12,730
Rate of Growth	+4%	+2%

**TABLE 7**  
**Supply of Accounting Graduates**  
**With Master's Degrees**  
**From Public and Private Schools**  
**1987-88 and 1988-89**

	<i>Public</i> (162 schools)	<i>Private</i> (82 schools)
1987-88	2,630	2,280
1988-89	2,880	2,560
Rate of Growth	+10%	+12%

The analysis of bachelor's degrees by geographic region (Table 8) reveals that while growth is expected in all regions, it is expected to be higher in the Pacific region. Master's degrees are also expected to grow in all regions (Table 9). However, growth is expected to be especially high in the Eastern region. 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 Geographic Region**  
**1987-88 and 1988-89**

	<i>Eastern</i> (140 schools)	<i>North Central</i> (181 schools)	<i>Southern</i> (241 schools)	<i>Pacific</i> (71 schools)
1987-88	11,250	13,650	14,240	7,200
1988-89	11,440	14,050	14,740	7,720
Rate of Growth	+2%	+3%	+4%	+7%

**TABLE 9**  
**Supply of Accounting Graduates**  
**With Master's Degrees by Geographic Region**  
**1987-88 and 1988-89**

	<i>Eastern</i> <i>(57 schools)</i>	<i>North Central</i> <i>(70 schools)</i>	<i>Southern</i> <i>(81 schools)</i>	<i>Pacific</i> <i>(36 schools)</i>
1987-88	1,360	1,210	1,410	930
1988-89	1,660	1,250	1,530	1,000
Rate of Growth	+22%	+3%	+9%	+8%

### 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. MBAs in accounting degrees are expected to increase in 1988-89 at a higher rate than the number of master's in accounting and the number of master's in taxation degrees.

**TABLE 10**  
**Supply of Accounting Graduates**  
**With Master's Degrees by Type of Program**  
**1987-88 and 1988-89**

	<i>Master's in</i> <i>Accounting</i> <i>(156 schools)</i>	<i>MBAs in</i> <i>Accounting</i> <i>(120 schools)</i>	<i>Master's in</i> <i>Taxation</i> <i>(59 schools)</i>
1987-88	2,130	1,430	1,350
1988-89	2,280	1,660	1,500
Rate of Growth	+7%	+16%	+11%

### Male/Female Data

Of the 425 schools that responded to the 1989 survey, 379 reported the number of male and female graduates in 1987-88 and 364 schools estimated for 1988-89. No attempt was made to extrapolate for those schools that did not provide this information or for those that provided partial information. Because each year's total represents a different number of schools, the numbers of male and female graduates reported for each year are not comparable. 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 second time since gender data were first collected in the 1978 survey. In the 1976-77 report, women represented only 28% of the graduates.

**TABLE 11**  
**Relationship Between the Supply of Male and Female Graduates**  
**1987-88 and 1988-89**

	<i>Male</i>	<i>Female</i>
1987-88 (379 schools)	48%	52%
1988-89 (364 schools)	49%	51%

### **Ethnic Data**

A total of 318 schools, including 34 of the traditionally Black and minority schools surveyed, reported their graduates by ethnic backgrounds for 1987-88; 303, including 34 minority schools, estimated these data for 1988-89. No attempt was made to estimate the figures for schools that did not report them or for those that reported for 1987-88 but not 1988-89. 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 1989 survey. Minorities represent 15.1% of the total accounting graduates reported in 1987-88 and 15.5% in 1988-89.

**TABLE 12**  
**Percentage of the Supply of Accounting Graduates by Ethnic Background**  
**1987-88 and 1988-89**

		<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total Ethnic</i>	<i>All Others</i>
Traditionally Black and Minority Schools	1987-88 (34 schools)	.1%	1.6%	78.3%	7.0%	87.0%	13.0%
	1988-89 (34 schools)	.4%	.9%	77.3%	6.8%	85.4%	14.5%
Traditionally Majority Schools	1987-88 (284 schools)	.2%	5.2%	3.4%	3.4%	12.2%	87.8%
	1988-89 (269 schools)	.2%	5.2%	3.5%	3.4%	12.3%	87.7%
All Schools Combined	1987-88 (318 schools)	.2%	5.0%	6.4%	3.5%	15.1%	84.8%
	1988-89 (303 schools)	.3%	5.0%	6.7%	3.5%	15.5%	84.5%



## Placement of Accounting Graduates

Of the 425 schools responding to the 1989 survey, 343 reported the number of their 1987-88 accounting graduates 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. The number of bachelor's degree graduates reported in these tables represents 47% of the total 1987-88 supply of bachelor's degree graduates, and the number of master's degrees represents 38% of the total master's degree graduates shown in Table 2.

The schools reported that 41% of their 1987-88 bachelor's degree graduates were hired by public accounting firms, 30% by business and industry, 6% by government, 3% by other types of employers, and 7% entered graduate school. The majority of the master's degree graduates, 61%, found employment in public accounting in 1987-88; 25% were employed in business and industry, 3% in government, 2% in other types of organizations, and 2% continued their education. The future plans of 13% of the bachelor's graduates and 6% of the master's graduates were unknown (Table 13).

**TABLE 13**  
**Placement of 1987-88 Accounting Graduates**  
**From All Schools Responding**

	<i>Bachelor's Degrees</i> (325 schools)		<i>Master's Degrees</i> (107 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	8,830	41%	1,140	61%
Business/Industry	6,610	30%	470	25%
Government	1,400	6%	60	3%
Other Employment	750	3%	40	2%
Graduate School	1,440	7%	40	2%
Unknown	<u>2,710</u>	13%	<u>110</u>	6%
<b>TOTAL</b>	<b>21,740</b>		<b>1,860</b>	

The placement of graduates from AACSB schools with accredited business administration programs is shown in Table 14 and those from AACSB nonaccredited and non-AACSB schools is shown in Table 15. The areas of employment of master's degree graduates differ significantly between the AACSB-accredited and the nonaccredited schools. While the highest percentage of the accredited schools' master's graduates were hired by public accounting firms, the highest percentage of the non-accredited schools' master's graduates were hired by business and industry. The accredited schools reported a higher percentage of bachelor's graduates recruited by public accounting firms (43%) than by business and industry (28%), and the nonaccredited schools reported that 37% of their bachelor's degree graduates were recruited into public accounting and 35% into business and industry.

[Text continued on page 10.]



**TABLE 14**  
**Placement of 1987-88 Accounting Graduates**  
**From AACSB Accredited Business Administration Programs**

	<i>Bachelor's Degrees</i> (118 schools)		<i>Master's Degrees</i> (82 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	5,640	43%	1,010	68%
Business/Industry	3,620	28%	300	20%
Government	690	5%	40	3%
Other Employment	470	4%	20	1%
Graduate School	990	8%	40	3%
Unknown	<u>1,660</u>	13%	<u>70</u>	5%
<b>TOTAL</b>	<b>13,070</b>		<b>1,480</b>	

**TABLE 15**  
**Placement of 1987-88 Accounting Graduates**  
**From AACSB Nonaccredited and Non-AACSB Schools**

	<i>Bachelor's Degrees</i> (207 schools)		<i>Master's Degrees</i> (25 schools)	
	<i>Total Graduates</i>	<i>%</i>	<i>Total Graduates</i>	<i>%</i>
Public Accounting	3,190	37%	130	34%
Business/Industry	2,990	35%	170	45%
Government	710	8%	20	5%
Other Employment	280	3%	20	5%
Graduate School	450	5%	-0-	-
Unknown	<u>1,050</u>	12%	<u>40</u>	11%
<b>TOTAL</b>	<b>8,670</b>		<b>380</b>	

On a regional basis, there are no significant differences among the four regions in the percentage of bachelor's graduates hired into the various areas of employment (Table 16). While more than half 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 graduates from schools in the Eastern and North Central regions (Table 17).

**TABLE 16**  
**Placement of 1987-88 Bachelor's Degree Graduates by Region**

	<i>Eastern (62 schools)</i>		<i>North Central (107 schools)</i>		<i>Southern (125 schools)</i>		<i>Pacific (31 schools)</i>	
	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Public Accounting	1,620	42%	3,290	43%	2,670	37%	1,250	41%
Business/Industry	1,280	34%	2,250	29%	2,260	31%	820	27%
Government	240	6%	420	6%	480	7%	260	9%
Other Employment	70	2%	190	3%	400	6%	90	3%
Graduate School	230	6%	380	5%	580	8%	250	8%
Unknown	<u>380</u>	10%	<u>1,120</u>	15%	<u>850</u>	12%	<u>360</u>	12%
<b>TOTAL</b>	<b>3,820</b>		<b>7,650</b>		<b>7,240</b>		<b>3,030</b>	

**TABLE 17**  
**Placement of 1987-88 Master's Degree Graduates by Region**

	<i>Eastern (18 schools)</i>		<i>North Central (35 schools)</i>		<i>Southern (41 schools)</i>		<i>Pacific (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	180	51%	300	57%	470	64%	190	76%
Business/Industry	130	37%	140	26%	150	21%	50	20%
Government	-0-	—	20	4%	30	4%	10	4%
Other Employment	20	6%	10	2%	10	1%	-0-	—
Graduate School	-0-	—	20	4%	20	3%	-0-	—
Unknown	<u>20</u>	6%	<u>40</u>	8%	<u>50</u>	7%	<u>-0-</u>	—
<b>TOTAL</b>	<b>350</b>		<b>530</b>		<b>730</b>		<b>250</b>	

## Enrollment Trends

In the 1989 survey, a total of 395 schools provided information on trends in enrollments in accounting programs for bachelor's, master's degrees in accounting, MBAs in accounting, and master's in taxation programs. The schools were asked to indicate whether they expected enrollments in these programs, to increase, remain stable, or decrease over the next three to five years. Overall, the schools predict stable enrollments in bachelor's and in MBA programs, while enrollments in master's in accounting and master's in taxation programs are expected to increase (Table 18).

**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 (387 schools)	36%	52%	12%
Master's in Accounting (129 schools)	58%	31%	11%
MBAs in Accounting (89 schools)	31%	52%	17%
Master's in Taxation (59 schools)	55%	37%	8%

**TABLE 19**  
**Historical Trends in the Supply of  
Accounting Graduates Reported for  
1971-72 to 1987-88\***

	<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%
1987-88	46,340	- 4%	4,910	-12%	51,250	- 4%	90%	10%

\*No data available for 1985-86

## Historical Trends

Table 19 shows 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 1987-88.

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 observations of long-term trends meaningful. 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.

Examining the historical trends in the numbers graduated, it is apparent that the number of bachelor's degrees and the master's degrees has declined steadily since 1984-85. The bachelor's/master's percentage distribution has remained constant, with master's graduates representing 10% of the total supply.



# The Demand for Public Accounting Recruits

## The Survey

To obtain data on the demand for staff by public accounting firms, 366 firms of various sizes were surveyed in November 1988; 223 (61%) responded. All firms with 30 or more individual AICPA members were surveyed. Firms with 10 to 29 individual AICPA members were surveyed on a sample basis. A summary of the number of firms represented in the 1989 survey is presented in Table 20.

TABLE 20

Public Accounting Firms Participating  
in the 1989 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	37	37	20
30-49	81	81	48
10-29	<u>1,050</u>	<u>231</u>	<u>140</u>
TOTAL	1,185	366	223

In the 1989 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 1987-88, and to estimate the demand for 1988-89. 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, as professional staff hired at above entry level; and paraprofessionals, as 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 in accounting, master's in accounting, MBAs with a concentration in accounting, master's in taxation degrees, and the number of those with nonaccounting degrees, that is, law, finance, management information systems (MIS) and computer, other business degrees, and nonbusiness degrees. They were asked to report experienced hires by type of accounting degrees and the total number of those with non-accounting 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 223 firms responding in the 1989 survey, all reported the number of new graduates with 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 (Tables 21, 22, and 24). However, not all firms were able to provide the number of experienced staff hired by type of degree, or the number of paraprofessional hires. No attempt was made to extrapolate for those firms that did not supply this information or for those that responded for 1987-88 but not for 1988-89. Because the data are incomplete, the actual numbers are not reported. Instead only the percentage distributions of recruits based on the actual numbers supplied are shown in Tables 23 and 25-35.

## Professional Staff Recruits

### New Graduate Recruits

#### *Accounting Degrees*

The number of inexperienced public accounting recruits with bachelor's degrees in accounting and master's degrees in accounting, including MBAs with a concentration in accounting and master's in taxation, are shown in Table 21. The number of new graduate recruits with bachelor's degrees is expected to remain level, while the number of those with master's degrees is expected to increase.

**TABLE 21**  
**Public Accounting Demand for**  
**New Graduate Recruits With Accounting Degrees**  
**1987-88 and 1988-89**

	<i>Bachelor's</i>	<i>Master's</i>	<i>Total</i>
1987-88	16,720	2,050	18,770
1988-89	16,740	2,220	18,960
Rate of Growth	-0-	+8%	+1%

Table 22 shows the percentages of new graduate recruits with accounting master's degrees. The percentages are considerably higher for firms with over 200 AICPA members than for the smaller firms. Only those firms with 10 to 49 AICPA 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**  
**by Firm Size**  
**1987-88 and 1988-89**

	<i>Over 200 AICPA Members</i>	<i>50-200 AICPA Members</i>	<i>10-49 AICPA Members</i>	<i>All Firms</i>
1987-88	12.8%	1.5%	4.4%	10.9%
1988-89	14.1%	2.6%	2.9%	11.7%

Of the 223 responding firms, 220 reported the number of new graduates hired with master's degrees by type of program: master's in accounting, MBAs with a concentration in accounting, and master's 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.

TABLE 23

Percentage of New Graduate Recruits  
With Master's Degrees by Type of Program  
1987-88 and 1988-89

	<i>Master's in Accounting</i>	<i>MBAs in Accounting</i>	<i>Master's in Taxation</i>
1987-88	37.3%	28.9%	33.8%
1988-89	36.4%	29.2%	34.4%

#### *Nonaccounting Degrees*

The percentage distributions of each type of nonaccounting degree (law, finance, MIS and computer, other business degrees, and nonbusiness degrees) and the percentage of total nonaccounting degrees to total new graduates hired are shown in Table 24. The percentage of total new graduate recruits with nonaccounting degrees is expected to rise from 17.7% in 1987-88 to 21.8% in 1988-89. The largest concentration of new graduate recruits with nonaccounting degrees are under "Other Business" or "Nonbusiness," and indicated as 34.3% and 34.8%, respectively, for 1987-88.

TABLE 24

Percentage of New Graduate Recruits  
With Nonaccounting Degrees by Type of Program  
1987-88 and 1988-89

	<i>Law</i>	<i>Finance</i>	<i>MIS/ Computers</i>	<i>Other Business</i>	<i>Nonbusiness</i>	<i>Total</i>
1987-88	10.0%	2.9%	18.1%	34.3%	34.8%	17.7%
1988-89	10.1%	2.4%	18.2%	34.1%	35.2%	21.8%

#### **Experienced Recruits**

##### *Accounting and Nonaccounting Degrees*

Of the 223 firms responding in the 1989 survey, 198 reported experienced hires and provided a breakdown by type of accounting degree and for total nonaccounting degrees. The percentage distributions shown in Tables 25 to 28 are based on the actual numbers supplied by the 198 firms. Table 25 shows the percentage distributions of experienced recruits with bachelor's and master's degrees in accounting, and Table 26, the distribution of those master's degrees by type of program: master's in accounting, MBAs with a concentration in accounting, and master's in taxation.



TABLE 25

Percentage of Public Accounting Demand for  
Experienced Recruits With Accounting Degrees  
1987-88 and 1988-89

	<i>Bachelor's</i>	<i>Master's</i>
1987-88	77.7%	22.3%
1988-89	71.8%	28.2%

TABLE 26

Percentage of Experienced Recruits  
With Master's Degrees by Type of Program  
1987-88 and 1988-89

	<i>Master's in Accounting</i>	<i>MBAs in Accounting</i>	<i>Master's in Taxation</i>
1987-88	34.2%	16.1%	49.7%
1988-89	31.4%	16.9%	51.7%

It is expected that the percentage of experienced recruits with bachelor's degrees in accounting will decline in 1988-89, and those with master's degrees will increase. Of those hired with accounting master's degrees (Table 26), the percentage of experienced recruits with master's in accounting is expected to decrease in 1988-89. The MBAs in accounting are expected to remain stable and the master's in taxation recruits are expected to increase. The distribution of experienced recruits with accounting and nonaccounting degrees (Table 27) indicates that the proportion of recruits with accounting master's degrees and with nonaccounting degrees will increase in 1988-89.

TABLE 27

Percentage of Experienced Recruits  
With Accounting and Nonaccounting Degrees  
1987-88 and 1988-89

	<i>Accounting Degrees</i>		<i>Nonaccounting Degrees</i>
	<i>Bachelor's</i>	<i>Master's</i>	
1987-88	55.6%	15.9%	28.5%
1988-89	49.4%	19.4%	31.2%

A comparison of new graduates with experienced hires shows that a greater proportion of the experienced hires with accounting degrees had master's (22%; Table 25), than did the new accounting graduates (11%; Table 22). As to accounting master's degree programs, a greater proportion of the experienced recruits had master's in taxation degrees than did the new graduates (Tables 26 and 23). Also, a considerably greater proportion of the experienced recruits had nonaccounting degrees, compared to the new graduates hired (Tables 27 and 24).

The percentage distributions of total professional staff, both new recruits and experienced hires, with bachelor's and master's degrees in accounting and with nonaccounting degrees, are shown in Table 28.

**TABLE 28**  
**Percentage of Total Public Accounting Professional Staff Recruits—**  
**New Graduate and Experienced Recruits by Type of Degree**  
**1987-88 and 1988-89**

	<i>Total Accounting</i>		<i>Total Nonaccounting</i>
	<i>Bachelor's</i>	<i>Master's</i>	
1987-88	72.8%	12.8%	14.5%
1988-89	69.5%	14.9%	15.7%

### Area of Assignment

Two hundred eleven firms reported the number of their new graduate recruits by the area of practice to which they were assigned and 193 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 of practice to which they were assigned: accounting and auditing, management information systems (MIS) and computer, management advisory services (MAS) 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 (Table 29). The percentage of new graduates assigned to MAS is higher for firms with over 200 AICPA members than for the smaller firms. As is the case with new graduates, the proportion of experienced recruits assigned to accounting and auditing is expected to decline in 1988-89 with the exception of those firms with 50-200 AICPA members (Table 30).

**TABLE 29**  
**Percentage of Public Accounting New Graduate Recruits**  
**by Area of Assignment**  
**1987-88 and 1988-89**

<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>		
<b>Over 200 Members</b>						
1987-88	69.4%	14.7%	1.3%	16.0%	14.2%	0.3%
1988-89	66.0%	16.0%	1.8%	17.9%	15.9%	0.2%
<b>50-200 Members</b>						
1987-88	91.9%	1.6%	0.8%	2.4%	5.7%	-0-
1988-89	91.1%	2.3%	-0-	2.3%	6.6%	-0-
<b>10-49 Members</b>						
1987-88	82.8%	4.0%	0.9%	4.5%	12.0%	0.9%
1988-89	82.1%	3.0%	0.4%	3.4%	13.5%	1.0%
<b>All firms</b>						
1987-88	70.4%	14.0%	1.3%	15.3%	13.9%	0.4%
1988-89	67.0%	15.3%	1.7%	17.0%	15.7%	0.3%

**TABLE 30**  
**Percentage of Public Accounting Experienced Recruits**  
**by Area of Assignment**  
**1987-88 and 1988-89**

Number of AICPA Members	Accounting/ Auditing	Management Advisory Services			Taxation	Other
		MIS/ Computers	Other Management Services	Total MAS		
Over 200 Members						
1987-88	33.4%	10.4%	26.3%	36.6%	24.2%	5.7%
1988-89	31.4%	11.4%	26.9%	38.3%	24.6%	5.7%
50-200 Members						
1987-88	51.3%	7.6%	5.7%	13.3%	31.6%	3.8%
1988-89	64.8%	7.4%	4.6%	12.0%	20.4%	2.8%
10-49 Members						
1987-88	63.0%	4.9%	2.2%	7.2%	28.8%	1.0%
1988-89	61.8%	4.0%	4.0%	7.9%	30.3%	-0-
All firms						
1987-88	38.6%	9.5%	21.8%	31.2%	25.2%	5.0%
1988-89	35.4%	10.6%	24.0%	34.5%	25.0%	5.1%

### Male/Female Data

Of the 223 responding firms, 205 reported the number of male and female new graduate recruits for 1987-88 and 165 for 1988-89; 187 of the 198 firms that reported experienced hires in 1987-88 provided the male and female data for 1987-88 and 134 estimated for 1988-89 (Table 31). No attempt was made to extrapolate for those firms that did not provide this information or for those that supplied partial information. There is an expected increase of female recruits, both new graduates and experienced hires for 1988-89 as is reflected in Table 31.

**TABLE 31**  
**Relationship Between the Public Accounting Demand**  
**for Male and Female Professional Staff Recruits**  
**1987-88 and 1988-89**

	New Graduate Recruits		Experienced Recruits	
	Male	Female	Male	Female
1987-88	53.8%	46.2%	61.7%	38.3%
1988-89	52.8%	47.2%	58.8%	41.2%

## Ethnic Data

In the 1989 survey, 158 of the firms reported new graduate hires by ethnic backgrounds for 1987-88 and 119 estimated for 1988-89 (Table 32); 148 firms reported 1987-88 experienced hires by ethnic backgrounds and 105 for 1988-89 (Table 33). No attempt was made to extrapolate for all firms or 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  
1987-88 and 1988-89**

	<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
1987-88	0.1%	3.2%	1.8%	1.5%	6.6%
1988-89	0.1%	3.2%	1.9%	1.6%	6.8%

**TABLE 33**

**Percentage of Public Accounting Demand  
for Experienced Recruits by Ethnic Background  
1987-88 and 1988-89**

	<i>American Indians</i>	<i>Asians</i>	<i>Blacks</i>	<i>Hispanics</i>	<i>Total</i>
1987-88	0.2%	5.0%	2.3%	2.6%	10.1%
1988-89	0.2%	5.4%	2.8%	3.1%	11.5%

## Staff Turnover

Of the 223 firms responding to the 1989 survey, 163 reported information on professional staff turnover. The staff turnover rate for all firms reporting was 21% in 1987-88 and 20% expected in 1988-89. The turnover rates were higher for the larger firms, 23% for firms with over 200 AICPA members in 1987-88, than for the smaller firms, where it was 14% both for firms with 50 to 200 members and for those with 10 to 49 members. In 1988-89 the staff turnover rate for firms with over 200 AICPA members is expected to be 21%, it was 10% both for firms with 50 to 200 members and for those with 10 to 49 members.

## Campus Recruiting

In 1989, 112 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 72 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 1987-88, 35% were invited for an office visit; of those, 69% were offered positions with the firms and 46% were hired. Of those that were not recruited on campus, 31% were offered positions with the firms after the initial interview, and 76% of them accepted. Of the total graduates interviewed on campus in 1988-89, 34% were expected to be invited for an office visit; of those, 70% were expected to be offered positions with the firms and 48% were expected to be hired. Of those that were not recruited on campus, 33% were expected to be offered positions with the firms after the initial interview, and 70% of them were expected to accept.

## Paraprofessional Staff Recruits

A total of 184 firms reported paraprofessional staff recruits by level of education and 172 reported paraprofessionals by area of assignment. The greatest portion of paraprofessional recruits are high school graduates (Table 34). In 1988-89, there is an expected increase in the percentage of recruits who have an associate's degree and a decline in the number who are high school graduates.

**TABLE 34**

**Percentage of Public Accounting Paraprofessional Recruits  
by Type of Degree  
1987-88 and 1988-89**

	<i>Master's</i>	<i>Bachelor's</i>	<i>Associate's</i>	<i>High School</i>	<i>Other</i>
1987-88	1.5%	22.6%	22.2%	50.2%	3.5%
1988-89	1.0%	20.5%	42.6%	33.0%	2.9%

The percentage of paraprofessionals assigned to accounting and auditing is expected to increase in 1988-89, while the percentage assigned to MAS and taxation is expected to decrease (Table 35).

**TABLE 35**

**Percentage of Public Accounting Paraprofessional Recruits  
by Area of Assignment  
1987-88 and 1988-89**

	<i>Accounting/ Auditing</i>	<i>MIS/ Computers</i>	<i>Management Advisory Services</i>		<i>Taxation</i>	<i>Other</i>
			<i>Other Management Services</i>	<i>Total MAS</i>		
1987-88	41.8%	4.8%	9.8%	14.6%	33.7%	9.8%
1988-89	58.7%	4.5%	4.3%	8.8%	22.7%	9.9%

## Historical Trends

As was the case for long-term trends in supply, meaningful information is derived through examination of the historical trends in public accounting demand. Table 36 shows the historical trends for 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 1987-88.

**TABLE 36**  
**Historical Trends in the Demand for**  
**Public Accounting Recruits Reported for**  
**1971-72 to 1987-88**

	<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%
1987-88	16,720	+ 4%	2,050	+ 1%	18,770	+ 4%	89%	11%

After a decline of 3% in 1986-87, the total public accounting hires has increased by 4% for 1987-88. The number of hires with bachelor's degrees increased by 4% in 1987-88 after experiencing a decline of 2% in 1986-87. The hiring of recruits with master's degrees has stabilized after a decline in 1986-87. The percentage distribution of bachelor's and master's degree hires for 1987-88 remained stable.



## 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 new accountants by public accounting firms is shown in Tables 37 through 40.

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 37% of the total accounting graduates in 1987-88 and expect to hire 36% in 1988-89 (Table 37). The employment percentage for bachelor's degree graduates is expected to decline from 36% in 1987-88 to 35% in 1988-89. The percentage of master's graduates hired is expected to decrease from 42% in 1987-88 to 41% in 1988-89 (Table 38).

**TABLE 37**  
**Relationship Between Demand for Public Accounting Recruits**  
**and Supply of Accounting Graduates—All Degrees**  
**1987-88 and 1988-89**

	<i>Supply of Graduates</i>	<i>Public Accounting Demand</i>	<i>Employment Percentage</i>
1987-88	51,250	18,770	37%
1988-89	53,390	18,960	36%

The placement data provided by the schools (Table 13) indicate higher percentages for bachelor's and for master's graduates hired by public accounting firms than indicated by the firms' responses. However, the placement data are based on the responses of 343 schools reporting in 1989, while the tables below represent the supply from 647 schools.



TABLE 38

Relationship Between Demand for Public Accounting Recruits  
and Supply of Accounting Graduates—Bachelor's and Master's Degrees  
1987-88 and 1988-89

	<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>
1987-88	46,340	16,720	36%	4,910	2,050	42%
1988-89	47,950	16,740	35%	5,440	2,220	41%

## Historical Trends

Tables 39 and 40 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 are not available and that year is not included in these tables.

TABLE 39

Historical Trends in the Relationship Between the  
Total Public Accounting Firm Demand for and the  
Total Supply of Accounting Graduates Reported for  
1971-72 to 1987-88\*

	<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%
1987-88	51,250	18,770	37%

\*No data available for 1985-86

The total employment percentage, which had been about 30% from 1974-75 to 1981-82, declined to 25% in 1982-83, but has increased since then to 37% for 1987-88 (Table 39). 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 36%. The percentage of master's degree graduates hired declined steadily from 55% in 1979-80 to 34% in 1983-84, but has risen since then to 42% for 1987-88 (Table 40).

**TABLE 40**  
**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 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>
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%
1987-88	46,340	16,720	36%	4,910	2,050	42%

\*No data available for 1985-86



## APPENDIX A

### AICPA 1989 Supply of Accounting Graduates Questionnaire

In section I below, please fill in the number of students who graduated in 1987-88 and the expected number for 1988-89 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 sex 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>
1987-88	_____	_____	_____	_____	_____	_____
1988-89	_____	_____	_____	_____	_____	_____

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

	<u>Males</u>	<u>Females</u>	<u>Grand Total</u>
1987-88	_____	_____	_____
1988-89	_____	_____	_____

#### 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>
1987-88	_____	_____	_____	_____	_____	_____	_____
1988-89	_____	_____	_____	_____	_____	_____	_____

In section IV, please provide the number of 1987-88 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 1987-88 accounting graduates going into:	<u>Bachelor's</u>	<u>Master's</u>	
Public Accounting	_____	_____	
Business/Industry	_____	_____	
Government	_____	_____	
Graduate School	_____	_____	
Other	_____	_____	
Unknown	_____	_____	
GRAND TOTAL	=====	+	===== = =====

#### 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	_____	_____	_____
Master's in Accounting	_____	_____	_____
MBAs in Accounting	_____	_____	_____
Master's in Taxation	_____	_____	_____

#### 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) program(s)  
☐ Accredited accounting (Types A, B, and/or C) program(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 9, 1988 to:  
 Relations With Educators Division  
 AICPA  
 1211 Avenue of the Americas  
 New York, NY 10036-8775

## APPENDIX B

### Breakdown of Geographic 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 1989 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 1987-88 and the estimated number of hires for 1988-89. 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.

		<u>1987-88 Actual</u>		<u>1988-89 Estimated</u>	
		<u>New Grads</u>	<u>Experienced</u>	<u>New Grads</u>	<u>Experienced</u>
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	_____	_____	_____	_____
	—Nonbusiness	_____	_____	_____	_____
	—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>1987-88 Actual</u>		<u>1988-89 Estimated</u>	
	<u>New Grads</u>	<u>Experienced</u>	<u>New Grads</u>	<u>Experienced</u>
<b>III. <u>AREA OF ASSIGNMENT</u></b>				
—Accounting/Auditing	_____	_____	_____	_____
—Taxation	_____	_____	_____	_____
—Management Advisory Services	_____	_____	_____	_____
—MIS/Computer	_____	_____	_____	_____
—Management Services (other than MIS)	_____	_____	_____	_____
—Other	_____	_____	_____	_____
<b>GRAND TOTAL</b>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b>IV. <u>MALE/FEMALE</u></b>				
—Males	_____	_____	_____	_____
—Females	_____	_____	_____	_____
<b>GRAND TOTAL</b>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b>V. <u>MINORITIES</u></b>				
—Native Americans	_____	_____	_____	_____
—Asians	_____	_____	_____	_____
—Blacks	_____	_____	_____	_____
—Hispanics	_____	_____	_____	_____
—Total Minorities	_____	_____	_____	_____
—Total Majorities	_____	_____	_____	_____
<b>GRAND TOTAL</b>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

	<u>1987-88 Actual</u>	<u>1988-89 Estimated</u>
<b>PROFESSIONAL STAFF TURNOVER</b>		
—Average number of staff during the year	_____	_____
—Terminations	_____	_____
—Turnover Ratio	_____	_____
<b>PROFESSIONAL STAFF RECRUITING</b>		
(If you do not recruit on campus, answer B.)		
<b>A. Number of:</b>		
—Campus Interviews	_____	_____
—Office Visits	_____	_____
—Offers	_____	_____
—Hires (same as Grand Total of New Grads)	_____	_____
<b>B. Number of:</b>		
—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 1987-88 and also the estimated hires for 1988-89. For the purpose of this survey, paraprofessionals are nonprofessional staff who assist the practice staff in clerical and other duties that would not be defined as traditional office duties.

	<u>1987-88 Actual</u>	<u>1988-89 Estimated</u>
<b>I. EDUCATION</b>		
—High School Graduate	_____	_____
—Associate's Degree	_____	_____
—Bachelor's Degree	_____	_____
—Master's Degree	_____	_____
—Other	_____	_____
<b>GRAND TOTAL</b>	=====	=====
<b>II. AREA OF ASSIGNMENT</b>		
—Accounting/Auditing	_____	_____
—Taxation	_____	_____
—Management Advisory Services	_____	_____
—MIS/Computer	_____	_____
—Management Services (other than MIS)	_____	_____
—Other	_____	_____
<b>GRAND TOTAL</b>	=====	=====

Please return by December 9, 1988 to:  
 Relations With Educators Division  
 AICPA  
 1211 Avenue of the Americas  
 New York, NY 10036-8775



600095