

1992

Supply of accounting graduates and the demand for public accounting recruits, 1992

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AICPA Annual Reports. 81.
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The Supply of
Accounting Graduates
and
The Demand for
Public Accounting
Recruits — 1992



The Supply of Accounting Graduates and The Demand for Public Accounting Recruits — 1992

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1 2 3 4 5 6 7 8 9 0 ACD 9 9 8 7 6 5 4 3 2

Dear Colleague:

This edition of The Supply of Accounting Graduates and the Demand for Public Accounting Recruits presents a dramatic picture of the national economy and the public accounting industry. A weak economy coupled with growing use of technology for jobs performed by entry-level accountants resulted in a reduction of the number of new graduates hired by CPA firms during 1991.

The number of master's degrees conferred by universities during the 1990-91 academic year increased 10 percent over the previous academic year, and bachelor's degrees were up 2 percent. But hiring of these graduates by CPA firms was down sharply: 12 percent for bachelor's recipients and 30 percent for master's graduates.

Why such a sharp drop in the number of master's graduates hired? CPA firms compete very aggressively for the top senior accounting majors knowing that their competitor firms are also pursuing these top candidates. The effect of this process has always been to lure many top students away from graduate study and lower the average quality of those who enter graduate programs. During 1990-91, the situation was magnified by the fact that students were aware that firms would be hiring fewer graduates. The result was that firms filled more of their needs with undergraduates because top students were more reluctant than ever to turn down an offer from a firm in order to attend graduate school.

The 150-semester-hour requirement for new CPAs will level the playing field for all firms and all students. Many firms will encourage students to complete their education before starting full-time employment. Students who opt for a job after receiving their bachelor's degree will know they need to return to school if they desire to become a CPA and reach the highest ranks in a firm.

John Daidone and I would appreciate receiving any comments or suggestions you have regarding this report.

Sincerely,



Rick Elam, Ph.D., CPA
Vice President — Education

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Introduction

The Academic and Career Development Division of the American Institute of Certified Public Accountants (AICPA) is pleased to present the 1992 edition of *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits*. This report is based on a survey conducted in the fall of 1991 of public accounting firms affiliated with the Institute and all U.S. colleges and universities that offer accounting programs. A total of 797 schools were surveyed for the 1992 report, an increase of nine schools from the previous year's report. The overall response rate for the supply portion of the report was 56 percent.

In addition, 20,062 firms were surveyed for this report, an increase of 732 firms from the 1991 report. The overall response rate for the demand portion of the report was about 25 percent — ranging from 86 percent for the largest firms (those with more than 200 AICPA members) to 23 percent for firms with less than 10 AICPA members. Although no attempt was made to directly determine the number of accounting graduates hired by major employers outside of public practice (for example, industry), the report does provide a breakdown, from the perspective of the schools, of the placement of 1990–91 accounting graduates (for example, in public practice or government).

The report is presented in two sections: the supply of accounting graduates and the hiring of those individuals by public accounting firms. In many of the charts, data are presented for four time periods. Tables in the supply portion report figures for the 1988–89, 1989–90, 1990–91, and 1991–92 academic years, while tables in the demand portion provide figures for the 1989, 1990, 1991, and 1992 calendar years. In reading the report, the reader should note the following:

- Supply figures for 1988–89, 1989–90, and 1990–91 and demand figures for 1989, 1990, and 1991 are estimates based upon actual data provided by respondents and extrapolations of data for nonrespondents.
- Supply figures for 1991–92 and demand figures for 1992 are estimates of data for these periods based upon projections provided by respondents.

Many of the charts in the 1992 report have been expanded to include the rate of growth between the 1989–90 and 1990–91 academic years (supply), as well as the 1990 and 1991 calendar years (demand). In past years, the report only compared the rate of growth between current figures and projections. While the projected rate of growth has been maintained in many of the charts, it was determined that comparing current figures with the previous year's figures would be helpful to the reader as well.

In addition, many of the charts have been expanded to include supply figures for the 1988–89 academic year and demand figures for the 1989 calendar year. These figures reflect the expansion of the survey (in the 1990 report) to include firms with two to nine AICPA members. The following year, the report was expanded even further to include firms with one AICPA member. In order to make the 1989 demand figures comparable to the 1990 figures, the 1989 numbers were revised to include the estimated number of hires by firms with one AICPA member.

Tables showing historical trends for years prior to the expanded survey are included in Appendix D. While the trend tables provide a clear perspective of the recent history of the pro-

fession, the data they contain were produced from surveys that are not comparable to the expanded surveys of 1989 and 1990. Therefore, the trend tables are provided outside the body of the report as a reference to previous studies, not as a basis of comparison to more recent surveys.

A more detailed explanation of the methodology employed in both the supply and demand surveys can be found at the start of their respective sections and in Appendix B. We would like to thank the participating schools and firms for their continued support of the survey.

Executive Summary

In general, the supply of accounting graduates for the 1990–91 academic year increased slightly from the previous year, while the demand for new hires in 1991 decreased. The demand figures are indicative of the economic climate that firms confronted last year. Firm projections for 1992 are somewhat more optimistic.

Following are some of the key findings from the supply portion of the report:

- More than 59,000 bachelor's and master's degrees were awarded during the 1990–91 academic year, a 3 percent increase from the previous academic year.
- The number of master's degrees awarded — 5,540 — represents a 10 percent increase from the 1989–90 academic year. Projections are for a 9 percent increase during the 1991–92 academic year.
- The number of degrees awarded in 1990–91 by schools accredited by the American Assembly of Collegiate Schools of Business (AACSB) was up from the previous academic year. Some of this growth can be attributed to an increase in the number of AACSB schools, as well as some growth in the average accounting faculty size at these schools.
- On the other hand, the number of degrees awarded in 1990–91 by non-AACSB schools was down somewhat from the previous academic year. There was a decline in the number of non-AACSB schools, however, as well as a slight decrease in the average accounting faculty size at these schools.
- Half of the 1990–91 accounting graduates were male; half were female.
- Accounting graduates of ethnic background represented 18 percent of all graduates during 1990–91, up slightly from the previous academic year.
- In comparison to other segments of the profession, public accounting attracted the greatest number of accounting graduates in 1990–91 — particularly master's recipients (44 percent).
- Fewer candidates took the CPA exam in 1990–91 compared to the previous year, yet more individuals passed all parts of the exam that they attempted.

Following are some of the highlights from the demand portion of the report:

- Public accounting firms hired 20,600 new graduates with accounting degrees in 1991 — a decrease of about 3,000 from the previous year. A slight increase is projected for 1992.
- Bachelor's recipients represented 78 percent of the new hires, up 3 percentage points from 1990, and master's recipients represented 7 percent of the new hires, down 2 percentage points from 1990. Regarding the latter, the majority of hires received master's in accounting degrees (59 percent), followed by master's in taxation degrees (22 percent) and MBAs in accounting (19 percent).
- Graduates with nonaccounting degrees represented 15 percent of the new hires.
- Three out of four new graduates hired were assigned to accounting/auditing — an increase of 6 percentage points from the previous year. Fourteen percent were assigned to taxation, and 9 percent to management consulting services (MCS).

- Slightly more females than males (51 percent versus 49 percent, respectively) were hired by public accounting firms. Projections are for more male hires than female hires in 1992 (52 percent versus 48 percent).
- Eight percent of new hires were of ethnic background in 1991, compared to 9 percent in the previous year.

The Supply of Accounting Graduates

Survey Methodology

During the autumn of 1991, the AICPA conducted a survey of U.S. colleges and universities that have accounting programs. A total of 797 schools identified as having accounting programs leading to a bachelor's degree, master's degree, or both were sent survey questionnaires in late October 1991. Schools that did not respond were sent follow-up questionnaires in mid-November, and all remaining nonrespondents were sent questionnaires in early December.

The questionnaires asked accounting program administrators 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. Actual data for the 1990–91 academic year were requested as well as projections for the 1991–92 academic year. Schools were asked to provide breakdowns of their total accounting graduates by gender, ethnic/racial background, and employment placement (that is, the number going into public accounting, business or industry, government, and other fields). Data on expected enrollment trends in accounting programs were also gathered, along with some background information on the schools. See Appendix A for a copy of the survey questionnaire.

Schools having accounting programs were identified through the AACSB and the 1991–1992 *Accounting Faculty Directory* by James R. Hasselback. The AACSB is the foremost accrediting body for bachelor's and master's degree programs in business administration and accounting in the United States. The membership of domestic educational institutions in the AACSB is divided into members with accredited business administration programs and members with nonaccredited business administration programs. Of those schools that have an accredited business administration program, 91 have a level of accounting accreditation. The AICPA also surveyed schools with accounting programs that are not members of the AACSB.

A total of 447 of the 797 schools in the population under study responded to the survey, yielding an overall response rate of 56 percent (Table 1). Responses were received from 63 percent of the AACSB-accredited member schools surveyed, and from 53 percent of the AACSB-nonaccredited member schools. Of the schools surveyed that are not AACSB members, 51 percent responded.

TABLE 1
Number of Schools in the 1992 Survey Report

	AACSB Schools		Non-AACSB Schools	Total Schools
	Accredited	Nonaccredited		
Number of questionnaires mailed	276	339	182	797
Schools responding	174	181	92	447
Response rate	63%	53%	51%	56%

Schools that responded to the survey, as a group, mirror the total population of schools being studied. Responding schools are similar to all schools with respect to accounting faculty size, classification as public or private institutions, and classification as AACSB- or non-AACSB member schools. As such, the supply of accounting graduates was estimated for the 44 percent of the schools that did not respond to the survey. The results of this report thus cover the entire population of schools studied.

Results of the Survey

Bachelor's and Master's Degrees

Table 2 indicates the number of accounting graduates from all schools with bachelor's and master's degrees for the 1988–89, 1989–90, and 1990–91 academic years, as well as the projected number for 1991–92. The number of accounting graduates with either bachelor's or master's degrees increased by 3 percent compared to the previous academic year. The number of master's recipients increased 10 percent, and is projected to increase by 9 percent for the 1991–92 academic year.

Figure 1 compares the 1990–91 academic year with the 1989–90 academic year.

	<i>Bachelor's</i>	<i>Rate of Growth</i>	<i>Master's</i>	<i>Rate of Growth</i>	<i>Total</i>	<i>Rate of Growth</i>
1988–89	52,500		5,230		57,730	
1989–90	52,320	} 2%	5,040	} 10%	57,360	} 3%
1990–91	53,600		5,540		59,140	
1991–92 (Projections)	53,840	} *	6,030	} 9%	59,870	} 1%

*Under 0.5%.

FIGURE 1
Accounting Graduates From All Schools

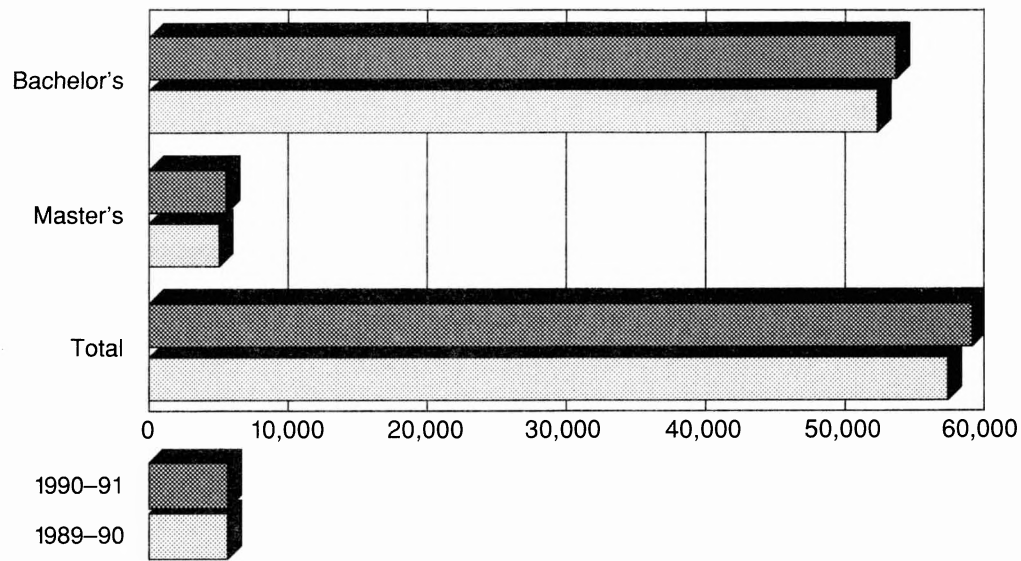


Table 3 shows the number of accounting graduates by program from AACSB schools with accredited accounting programs. The AACSB accredits three types of accounting programs: bachelor's in accounting, MBA with a concentration in accounting, and master's in accounting. There was a significant increase in all three areas during the 1990-91 academic year compared with the previous academic year. The number of bachelor's recipients increased by 26 percent, master's recipients grew by 80 percent, and MBA recipients increased by 236 percent. Figure 2 illustrates the increase in MBA in accounting and master's in accounting degrees awarded in 1990-91 compared to the previous academic year.

The large variations in the 1990-91 figures compared to those of the previous academic year can be attributed to a couple of factors. The number of schools with AACSB-accredited accounting programs increased by about 20 percent, and these schools had a greater number of accounting faculty on average compared to last year's group.

TABLE 3
Accounting Graduates From AACSB-Accredited Accounting Programs

	<i>Bachelor's</i>	<i>Rate of Growth</i>	<i>MBA in Accounting</i>	<i>Rate of Growth</i>	<i>Master's in Accounting</i>	<i>Rate of Growth</i>
1988-89	10,290		150		760	
1989-90	11,130	} 26%	110	} 236%	760	} 80%
1990-91	13,970		370		1,370	
1991-92 (Projections)	14,025	} *	380	} 3%	1,565	} 14%

*Under 0.5%.

FIGURE 2

Accounting Graduates From AACSB-Accredited Accounting Programs

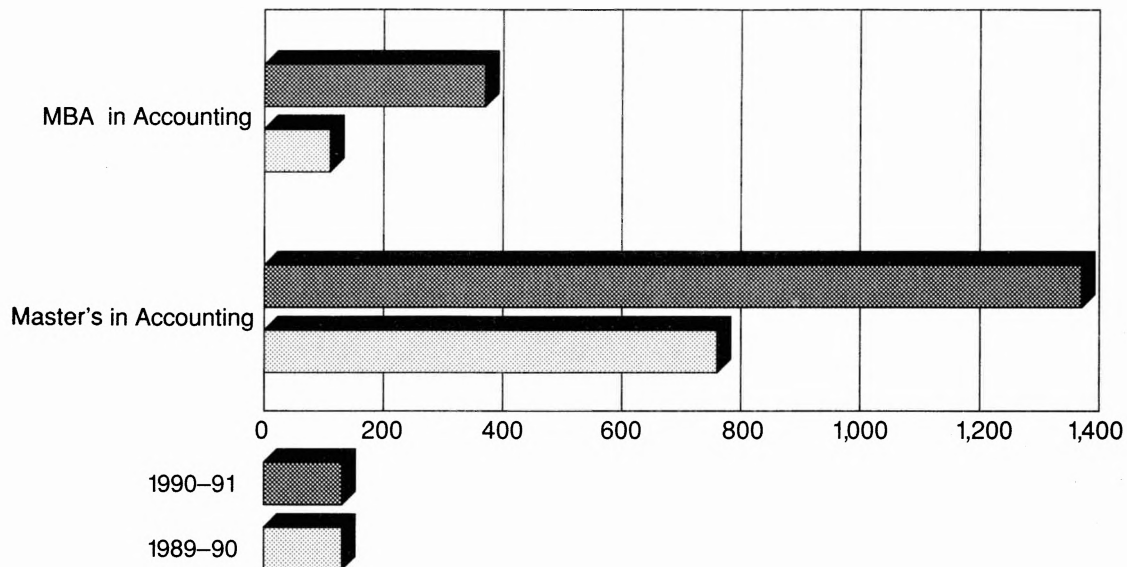


Table 4, which provides figures for accounting graduates from AACSB schools with accredited business administration programs, shows a significant increase in the number of graduates in the 1990-91 academic year compared to 1989-90. The number of bachelor's recipients grew by 10 percent and the number of master's recipients by 20 percent. Overall, the combined bachelor's and master's recipients increased by 11 percent. A 9 percent increase in master's recipients is projected for 1991-92. As noted previously, the number of AACSB schools and their average accounting faculty size increased relative to the previous academic year.

TABLE 4

Accounting Graduates From AACSB-Accredited Business Administration Programs

	<i>Bachelor's</i>	<i>Rate of Growth</i>	<i>Master's</i>	<i>Rate of Growth</i>	<i>Total</i>	<i>Rate of Growth</i>
1988-89	28,400		3,300		31,700	
1989-90	28,780	} 10%	3,660	} 20%	32,440	} 11%
1990-91	31,640		4,400		36,040	
1991-92 (Projections)	31,710	} *	4,810	} 9%	36,520	} 1%

*Under 0.5%.

While there was an increase in the number of accounting graduates from AACSB schools in 1990-91 versus 1989-90, Table 5 indicates a decrease in bachelor's and master's recipients from non-AACSB schools over the same period. Accounting graduates with bachelor's and master's degrees decreased by 7 percent and 17 percent, respectively, for an overall decline of 7 percent. A 7 percent increase in accounting graduates with master's degrees is projected for 1991-92, however.

The decline in accounting graduates from non-AACSB schools in 1990-91 can be attributed to a decrease in the number of these schools compared to the previous academic year. In addition, the average number of accounting faculty at non-AACSB schools decreased relative to 1989-90.

TABLE 5
Accounting Graduates From Programs Not Accredited by the AACSB

	<i>Bachelor's</i>	<i>Rate of Growth</i>	<i>Master's</i>	<i>Rate of Growth</i>	<i>Total</i>	<i>Rate of Growth</i>
1988-89	24,100		1,930		26,030	
1989-90	23,540	} -7%	1,380	} -17%	24,920	} -7%
1990-91	21,960		1,140		23,100	
1991-92 (Projections)	22,130	} 1%	1,220	} 7%	23,350	} 1%

Table 6 examines the number of accounting graduates with bachelor's degrees from public and private schools. There was a 6 percent increase in the number of bachelor's degrees awarded to accounting graduates by public schools during 1990-91 versus 1989-90. Over that same period, however, there was a 4 percent decrease in bachelor's degrees awarded by private schools.

Table 7, which looks at the number of accounting graduates with master's degrees from these schools, shows an even greater disparity between the 1990-91 and the 1989-90 figures. Master's recipients from public schools increased by 17 percent; master's degrees awarded by private schools decreased by 2 percent.

Bachelor's degrees awarded by public and private schools to accounting graduates are expected to remain relatively stable in 1991-92 compared to the 1990-91 academic year. Public schools, however, expect a 12 percent increase in the number of master's recipients in 1991-92, while private schools expect an increase of about 3 percent.

TABLE 6
Accounting Graduates With Bachelor's Degrees From Public and Private Schools

	<i>Public</i>	<i>Rate of Growth</i>	<i>Private</i>	<i>Rate of Growth</i>
1988-89	32,250		17,250	
1989-90	35,070	} 6%	17,250	} -4%
1990-91	37,000		16,600	
1991-92 (Projections)	37,260	} 1%	16,580	} *

*Under 0.5%.

TABLE 7
Accounting Graduates With Master's Degrees From Public and Private Schools

	<i>Public</i>	<i>Rate of Growth</i>	<i>Private</i>	<i>Rate of Growth</i>
1988-89	3,055		2,175	
1989-90	3,150	} 17%	1,890	} -2%
1990-91	3,680		1,860	
1991-92 (Projections)	4,120	} 12%	1,910	} 3%

Tables 8 and 9 provide figures for accounting graduates with bachelor's and master's degrees, respectively, by geographic region (see Appendix C for the breakdown of states by region). Table 8 shows a slight increase in bachelor's recipients in the Eastern (2 percent), North Central (3 percent), and Southern (4 percent) regions during 1990-91 compared to the previous academic

year. The Pacific region shows a slight decrease (1 percent) versus 1989–90. Projections for 1991–92 in all four regions call for virtually no growth.

Table 9 and Figure 3 show a considerable increase in the number of accounting graduates with master's degrees in the Eastern (9 percent), North Central (11 percent), and Southern (14 percent) regions relative to the previous academic year. The Pacific region, however, experienced no growth. Projections for the Southern and Pacific regions in 1991–92 call for 14 percent and 12 percent growth, respectively.

(Note: As of March 1, 1992, 20 states had adopted the 150-hour education requirement for taking the Uniform CPA Examination. The significant increase in master's recipients in 1990–91 — particularly in the Southern and North Central regions — could be attributed to the fact that 17 of the 20 states that have passed 150-hour legislation or regulations are in these two regions.)

TABLE 8
Accounting Graduates With Bachelor's Degrees by Geographic Region

	Eastern	Rate of Growth	North Central	Rate of Growth	Southern	Rate of Growth	Pacific	Rate of Growth
1988–89	14,000		14,700		16,100		7,700	
1989–90	13,270	} 2%	14,430	} 3%	16,930	} 4%	7,690	} -1%
1990–91	13,500		14,900		17,560		7,640	
1991–92 (Projections)	13,510	} *	15,010	} 1%	17,620	} *	7,700	} 1%

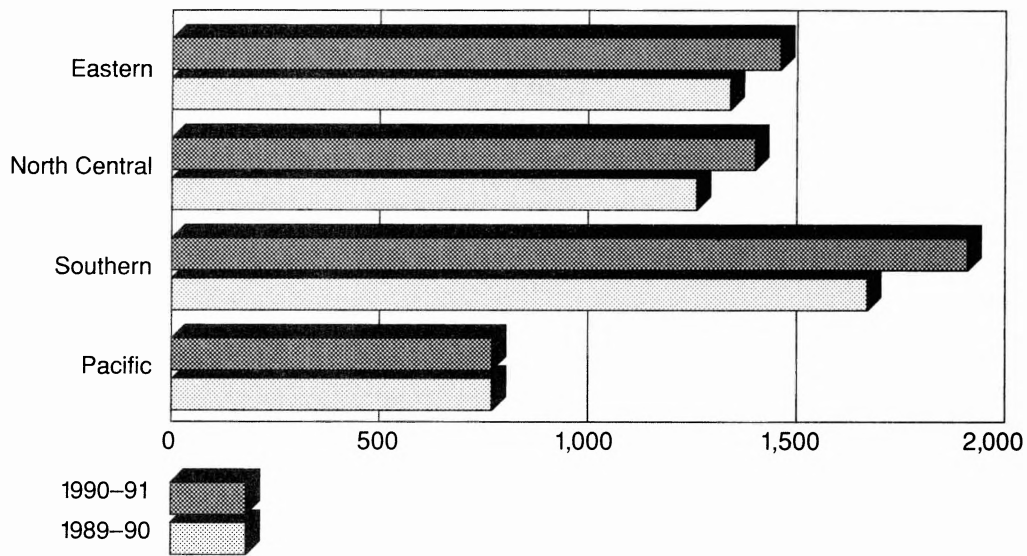
*Under 0.5%.

TABLE 9
Accounting Graduates With Master's Degrees by Geographic Region

	Eastern	Rate of Growth	North Central	Rate of Growth	Southern	Rate of Growth	Pacific	Rate of Growth
1988–89	1,560		1,370		1,690		610	
1989–90	1,340	} 9%	1,260	} 11%	1,670	} 14%	770	} 0%
1990–91	1,460		1,400		1,910		770	
1991–92 (Projections)	1,540	} 6%	1,460	} 5%	2,170	} 14%	860	} 12%

FIGURE 3

Accounting Graduates With Master's Degrees by Geographic Region



Master's Degrees—Types of Programs

Table 10 focuses on the number of accounting graduates with master's degrees by type of program. The three types of programs covered are master's in accounting, MBA in accounting, and master's in taxation. Recipients of an MBA in accounting grew by 40 percent during 1990-91, from 920 the previous year to 1,290. There were also increases in the numbers of master's in accounting recipients (2 percent) and master's in taxation recipients (6 percent). Growth is expected in all three areas for the 1991-92 academic year.

TABLE 10

Accounting Graduates With Master's Degrees by Type of Program

	Master's in Accounting	Rate of Growth	MBA in Accounting	Rate of Growth	Master's in Taxation	Rate of Growth
1988-89	2,760		1,260		1,210	
1989-90	2,990	} 2%	920	} 40%	1,130	} 6%
1990-91	3,050		1,290		1,200	
1991-92 (Projections)	3,380	} 11%	1,350	} 5%	1,300	} 8%

Gender Data

Table 11 shows that males and females each comprised 50 percent of the number of accounting graduates for 1990–91. Projections for 1991–92 are 53 percent female, 47 percent male.

TABLE 11
Accounting Graduates by Gender

	<i>Male (%)</i>	<i>Female (%)</i>
1988–89	51	49
1989–90	50	50
1990–91	50	50
1991–92 (Projections)	47	53

Ethnic Data

Table 12 and Figures 4a and 4b provide information on the number of accounting graduates by ethnic background. The table and figures list data for American Indians, Asians, Blacks, Hispanics, and other minorities, as well as Whites. These data are provided for traditionally Black and minority schools and traditionally majority schools.

Blacks represented 82 percent of the accounting graduates from traditionally Black and minority schools in 1990–91, up from 80 percent in the previous academic year. The number of Hispanic accounting graduates from these schools also increased by 2 percentage points. Projections for 1991–92 are for an increase in the number of Hispanic (8 to 12 percent) and White (8 to 12 percent) accounting graduates from traditionally Black and minority schools, and a decrease in the number of Black accounting graduates (82 to 72 percent) from these schools.

Figures for traditionally majority schools remained relatively stable in 1990–91 vs. 1989–90. Total ethnic representation of accounting graduates in these schools was 16 percent. For all schools, accounting graduates of ethnic background accounted for 18 percent of graduates compared to 82 percent who are White. Projections for 1991–92 indicate that these shares will remain relatively constant for all schools.

TABLE 12

The Supply of Accounting Graduates by Ethnic Background

	American Indian (%)	Asian (%)	Black (%)	Hispanic (%)	Other Minorities (%)	Total Ethnic (%)	White (%)
Traditionally Black and minority schools							
1988-89	*	2	81	6	1	90	10
1989-90 [†]	*	2	80	6	*	89	11
1990-91	*	1	82	8	1	92	8
1991-92 (Projections)	*	2	72	12	2	88	12
Traditionally majority schools							
1988-89	*	5	5	4	2	16	84
1989-90	*	5	5	3	2	15	85
1990-91	*	6	4	4	2	16	84
1991-92 (Projections)	*	6	4	4	1	15	85
All schools							
1988-89	*	5	7	4	2	18	82
1989-90	*	5	7	3	2	17	83
1990-91	*	6	6	4	2	18	82
1991-92 (Projections)	*	6	6	4	1	17	83

*Under 0.5%.

[†] The 1989-90 percentages for both Black and White in the "traditionally Black and minority schools" segment have been adjusted in this report to correct for the inadvertent inclusion of a "traditionally majority school" in this group in last year's report.

FIGURE 4A
The Supply of Accounting Graduates by Ethnic Background —
Traditionally Black and Minority Schools
1990-91

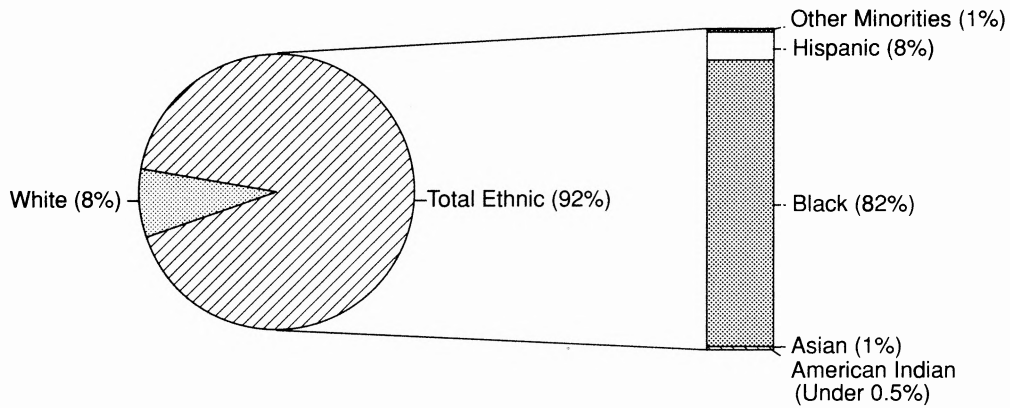
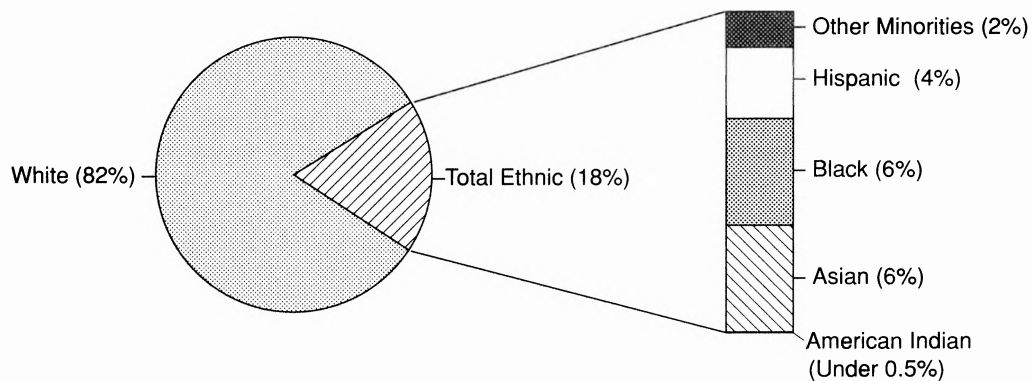


FIGURE 4B
The Supply of Accounting Graduates by Ethnic Background —
All Schools
1990-91



Placement of Accounting Graduates

Table 13 and Figure 5 highlight the areas in which accounting graduates were placed in 1990-91 as reported by the schools. Public accounting attracted the greatest number of bachelor's recipients (32 percent) and master's recipients (44 percent) compared to other segments. Business/industry attracted 28 percent of the graduates with bachelor's degrees and 24 percent of those with master's degrees. Schools reported the placement of 26 percent and 19 percent of bachelor's and master's graduates, respectively, as "unknown."

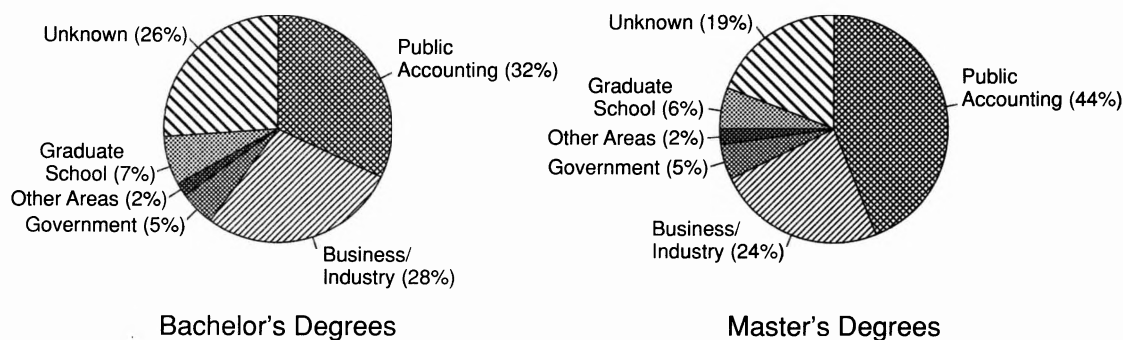
TABLE 13

Placement of 1990–91 Accounting Graduates

	Bachelor's (%)	Master's (%)
Public accounting	32	44
Business/Industry	28	24
Government	5	5
Other areas	2	2
Graduate school	7	6
Unknown	26	19
TOTAL	100	100

FIGURE 5

Placement of 1990–91 Accounting Graduates



Tables 14 and 15 provide breakdowns of the placement of accounting graduates from AACSB-accredited business administration programs and programs not accredited by the AACSB, respectively.

More than a third of the 1990–91 bachelor's graduates and half of the master's graduates from AACSB-accredited business administration programs were placed in public accounting (Table 14). About one-fourth of the graduates with bachelor's degrees were placed in business/industry, as were 21 percent of those with master's degrees. As in Table 13, the placement of a significant percentage of bachelor's and master's graduates was unknown.

A greater proportion of both bachelor's and master's recipients from non-AACSB schools in 1990–91 were placed in business/industry than in public accounting (Table 15). About a third of the graduates with bachelor's degrees (32 percent) and master's degrees (30 percent) were placed in business/industry. Slightly fewer bachelor's recipients (28 percent) and master's recipients (29 percent) were placed in public accounting. Once again, the placement of a significant percentage of bachelor's and master's graduates was unknown.

TABLE 14
Placement of 1990–91 Accounting Graduates
From AACSB-Accredited Business Administration Programs

	<i>Bachelor's (%)</i>	<i>Master's (%)</i>
Public accounting	34	50
Business/Industry	26	21
Government	5	5
Other areas	2	2
Graduate school	7	7
Unknown	<u>26</u>	<u>15</u>
TOTAL	100	100

TABLE 15
Placement of 1990–91 Accounting Graduates
From Programs Not Accredited by the AACSB

	<i>Bachelor's (%)</i>	<i>Master's (%)</i>
Public accounting	28	29
Business/Industry	32	30
Government	6	7
Other areas	3	3
Graduate school	6	1
Unknown	<u>25</u>	<u>30</u>
TOTAL	100	100

Tables 16 and 17 provide breakdowns of the placement of 1990–91 bachelor's recipients and master's recipients, respectively, by geographic region.

About a third of the accounting graduates with bachelor's degrees in the Eastern, North Central, and Pacific regions were placed in public accounting (Table 16). Slightly more individuals in the Southern region were placed in business/industry than in public accounting. The Southern region also reported a higher percentage of individuals who went on to graduate school (9 percent) compared to the other regions.

Table 17 shows that about half of the master's recipients in the Eastern, Southern, and Pacific regions were placed in public accounting compared to less than a third of the graduates (28 percent) in the North Central region. The Pacific region reported that nearly a third of its master's recipients (31 percent) were placed in business/industry. A higher proportion of individuals (16 percent) in the North Central region continued with graduate school compared to the other regions.

TABLE 16**Placement of 1990–91 Bachelor's Degree Graduates by Region**

	<i>Eastern (%)</i>	<i>North Central (%)</i>	<i>Southern (%)</i>	<i>Pacific (%)</i>
Public accounting	35	33	27	32
Business/Industry	26	30	28	26
Government	5	4	7	8
Other areas	3	2	2	2
Graduate school	6	5	9	6
Unknown	<u>25</u>	<u>26</u>	<u>27</u>	<u>26</u>
TOTAL	100	100	100	100

TABLE 17**Placement of 1990–91 Master's Degree Graduates by Region**

	<i>Eastern (%)</i>	<i>North Central (%)</i>	<i>Southern (%)</i>	<i>Pacific (%)</i>
Public accounting	48	28	51	49
Business/Industry	25	21	23	31
Government	7	4	5	6
Other areas	1	3	1	1
Graduate school	3	16	2	4
Unknown	<u>16</u>	<u>28</u>	<u>18</u>	<u>9</u>
TOTAL	100	100	100	100

Enrollment Trends

Schools are, for the most part, optimistic that enrollment in accounting programs will be higher than or the same as current enrollment figures two years from now. As indicated in Table 18, about a third of the respondents projected that enrollment will be higher in bachelor's in accounting, MBA in accounting, and master's in taxation programs. More than half (53 percent) felt that enrollment in master's in accounting programs will be higher in two years.

TABLE 18
Trends in Enrollment in Accounting Programs

	<i>Percent of Schools Indicating That Enrollment Two Years From Now Will Be —</i>		
	<i>Higher Than Current Enrollment (%)</i>	<i>The Same as Current Enrollment (%)</i>	<i>Lower Than Current Enrollment (%)</i>
Bachelor's in accounting	34	47	19
Master's in accounting*	53	44	3
MBA in accounting*	36	60	4
Master's in taxation*	30	67	3

*Percentage distributions exclude schools that do not have these programs.

Uniform CPA Examination

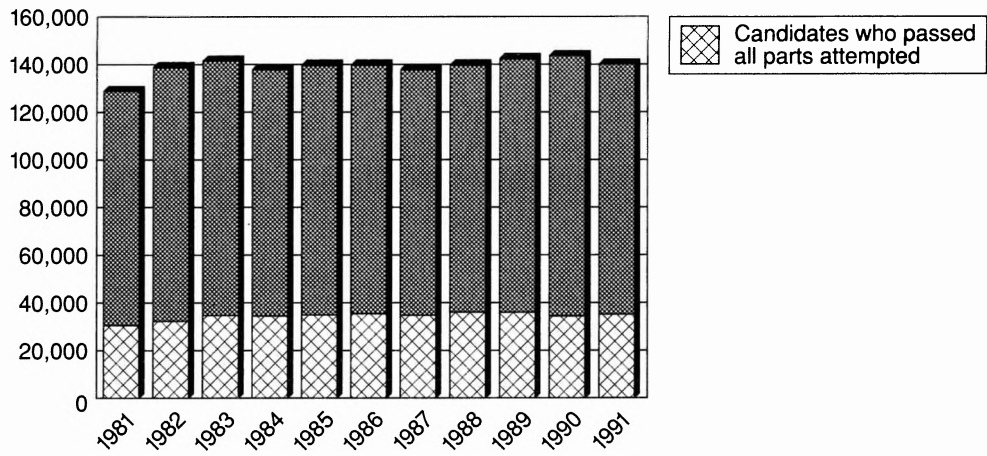
Table 19 and Figure 6 provide annual figures for the past 10 years on the total number of candidates taking the CPA exam and the number of candidates who passed all parts of the exam that they attempted. In 1991, 140,042 candidates took the CPA exam, and 35,092 passed all parts of the exam that they attempted. Although there was a decrease of more than 3,000 candidates from the previous year, a greater number of individuals passed all parts that they attempted.

TABLE 19
Uniform CPA Examination

<i>Year</i>	<i>Total Number of Candidates</i>	<i>Candidates Who Passed All Parts of the Exam That They Attempted</i>
1981	128,793	30,530
1982	138,677	32,274
1983	141,583	34,725
1984	137,918	34,395
1985	139,454	34,916
1986	139,647	35,343
1987	137,637	34,752
1988	139,474	36,012
1989	142,135	35,990
1990	143,572	34,338
1991	140,042	35,092

FIGURE 6
Uniform CPA Examination

Total Number of Candidates



The Demand for Public Accounting Recruits

Survey Methodology

Late in the fall of 1991, the AICPA conducted a survey of all of the public accounting firms affiliated with the Institute. Survey questionnaires were sent to those individuals responsible for human resources and asked a variety of questions about recently hired graduates. The core question in the survey asked firms to provide a breakdown of both accounting and nonaccounting graduates hired in 1991. Projections of these data for 1992 were gathered as well.

Firms were asked to provide a breakdown of newly hired graduates by gender, ethnic/racial background, and placement (that is, the number assigned to accounting/auditing, taxation, MCS, and other specialty areas). In addition, firms were asked to give information on recruiting activities, professional and paraprofessional staff, and experienced recruits, as well as some general background information.

The survey consisted of two questionnaire forms. The “long” form was sent to a sample of 2,909 firms, and the “short” form was sent to the other 16,453 firms affiliated with the Institute. All firms with more than 10 AICPA members received the long form, and the balance of the 2,909 long forms was received by a random sample of smaller firms. All of the remaining smaller firms received the short form. In addition, a sample of 1,000 of the Institute’s roughly 27,200 sole practitioners was randomly selected for the survey. The firms and the 1,000 sole practitioners were sent their respective questionnaires in late November, and those receiving the long form were sent follow-up questionnaires in mid-December.

Because the largest firms account for such a large proportion of newly hired graduates, a greater effort was made to obtain their responses. These firms’ responses were tracked, and a series of follow-up mailings and phone calls was undertaken in an effort to maximize the collective response rate. Copies of both the long and short questionnaire forms are included in Appendix A.

A total of 4,942 firms of the 20,062 surveyed responded. The overall response rate was about 25 percent (Table 20). About 86 percent of the firms with more than 200 AICPA members responded to the survey, 60 percent of the firms with 50 to 200 members responded, 46 percent of those with 10 to 49 members responded, and 23 percent of those with less than 10 members (including sole practitioners) responded. The large difference in response rates between small and large firms reflects the methodology employed. For the 75 percent of the firms that did not respond to the survey, the demand for public accounting recruits was estimated. Therefore, the results of this report cover all firms in the population under study.

TABLE 20

Public Accounting Firms in the 1992 Demand Survey Report

<i>Number of AICPA Members per Firm</i>	<i>Total Number of Firms</i>	<i>Number of Firms Surveyed</i>	<i>Number of Firms Responding</i>	<i>Response Rate</i>
More than 200 members	14	14	12	86%
50–200 members	43	43	26	60%
10–49 members	1,319	1,319	605	46%
Less than 10 members	45,207	18,686	4,299	23%
All firms	46,583	20,062*	4,942	25%

* 20,362 firms were actually surveyed, but approximately 300 of the questionnaires were returned because they were undeliverable. The effective sample size, therefore, was 20,062.

Results of the Survey

New Graduate Recruits — Accounting Degrees

Table 21 shows the number of bachelor's and master's recipients recruited by public accounting firms in 1991. Reflecting the overall economic climate, the number of hires — particularly master's recipients — declined from the previous year. Nevertheless, firms expect 1992 to be somewhat more favorable and project slight increases across the board.

TABLE 21

New Graduates With Accounting Degrees Recruited by Public Accounting Firms

	<i>Bachelor's</i>	<i>Rate of Growth</i>	<i>Master's</i>	<i>Rate of Growth</i>	<i>Total</i>	<i>Rate of Growth</i>
1989	25,240		2,600		27,840	
1990	21,340*	} -12%	2,500	} -30%	23,840	} -14%
1991	18,840		1,760		20,600	
1992 (Projections)	19,520	} 4%	1,890	} 7%	21,410	} 4%

* In last year's report, the number of new bachelor's recipients hired by public accounting firms in 1990 was reported as 21,640 due to a typographical error. Tables 21 and 22 have been modified accordingly to correct this error.

Table 22 gives a breakdown of bachelor's and master's recipients hired in 1991 based on firm size. As in Table 21, the numbers are down compared to the previous year. For example, among the 14 firms with more than 200 members, 7,960 bachelor's recipients and 1,030 master's recipients were hired in 1991. A slight increase in new hires is projected for 1992, however. Among firms with less than 10 members, there was a very small decrease in the number of bachelor's recipients hired relative to the previous year (8,450 in 1991 versus 8,580 in 1990), but a large decrease in the number of master's recipients (570 versus 820). Overall, firms expect to hire more bachelor's and master's recipients in 1992.

TABLE 22
Breakdown of Bachelor's and Master's Hires by Firm Size

<i>Firm Size</i>	<i>Bachelor's</i>	<i>Master's</i>	<i>Total</i>
More than 200 AICPA members			
1989	11,100	1,640	12,740
1990	9,340	1,430	10,770
1991	7,960	1,030	8,990
1992 (Projections)	8,110	1,050	9,160
50–200 AICPA members			
1989	620	30	650
1990	490	20	510
1991	300	20	320
1992 (Projections)	300	20	320
10–49 AICPA members			
1989	3,250	190	3,440
1990	2,930	230	3,160
1991	2,130	140	2,270
1992 (Projections)	1,900	130	2,030
Less than 10 AICPA members			
1989	10,270	740	11,010
1990	8,580	820	9,400
1991	8,450	570	9,020
1992 (Projections)	9,210	690	9,900
TOTAL			
1989	25,240	2,600	27,840
1990	21,340	2,500	23,840
1991	18,840	1,760	20,600
1992 (Projections)	19,520	1,890	21,410

Table 23 provides data on the percentage of new recruits with master's degrees hired by public accounting firms in 1991. The percentage for all firms was 9 percent and is projected to remain at this level in 1992.

TABLE 23
Percentage of New Graduate Recruits With Master's Degrees in Accounting by Firm Size

	<i>Over 200 AICPA Members (%)</i>	<i>50–200 AICPA Members (%)</i>	<i>10–49 AICPA Members (%)</i>	<i>Under 10 AICPA Members (%)</i>	<i>All Firms (%)*</i>
1989	13	5	6	7	9
1990	13	2	7	9	10
1991	11	6	6	6	9
1992 (Projections)	11	6	6	7	9

* New graduate recruits with master's degrees in accounting as a percent of all new graduate recruits with accounting degrees.

Table 24 and Figure 7 give a breakdown of new master's recipients hired by public accounting firms in 1991 based on the type of program in which they received their degree. More than half of the hires (59 percent) received master's in accounting degrees. No major changes are expected for 1992.

TABLE 24

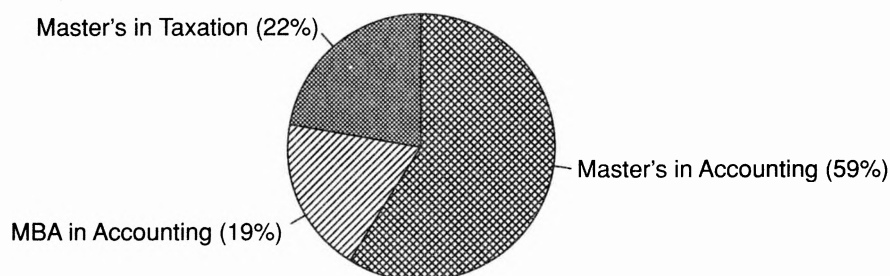
Percentage of New Graduate Recruits With Master's Degrees in Accounting by Type of Program

	<i>Master's in Accounting (%)</i>	<i>MBA in Accounting (%)</i>	<i>Master's in Taxation (%)</i>
1989*	56	19	25
1990	56	21	23
1991	59	19	22
1992 (Projections)	58	19	23

* Excludes hires by firms with one AICPA member.

FIGURE 7

**Percentage of New Graduate Recruits With Master's Degrees in Accounting
by Type of Program — 1991**



The breakdown of new graduate recruits by type of degree is provided in Table 25. Of the new recruits hired into public practice, 78 percent had bachelor's in accounting degrees, 7 percent had master's in accounting degrees, and 15 percent had nonaccounting degrees. This breakdown is expected to remain stable in 1992.

TABLE 25

Percentage of Total New Graduate Recruits by Type of Degree

	<i>Total Accounting</i>		<i>Total Nonaccounting (%)</i>
	<i>Bachelor's (%)</i>	<i>Master's (%)</i>	
1989	77	8	15
1990	75	9	16
1991	78	7	15
1992 (Projections)	78	8	14

New Graduate Recruits—Nonaccounting Degrees

Table 26 provides a breakdown of new recruits with nonaccounting degrees hired by public accounting firms in 1991 based on the type of program in which they received their degree. As noted in Table 25, 15 percent of all new hires by public accounting firms had nonaccounting degrees.

The figures for 1991 were relatively comparable to 1990. More than a third of the new hires (39 percent) had nonbusiness degrees. Twenty-eight percent of the new hires had business degrees in areas other than law, finance, and management information systems. No significant changes are expected in 1992.

TABLE 26

Percentage of New Graduate Recruits With Nonaccounting Degrees by Type of Program

	<i>Law</i> (%)	<i>Finance</i> (%)	<i>MIS/ Computers</i> (%)	<i>Other Business</i> (%)	<i>Nonbusiness</i> (%)	<i>Total*</i> (%)
1989 [†]	11	4	20	32	33	15
1990	6	9	15	32	38	16
1991	7	10	16	28	39	15
1992 (Projections)	7	10	16	27	40	14

* Nonaccounting new graduate recruits as a percentage of total new graduate recruits.

[†] Excludes hires by firms with one AICPA member.

Area of Assignment

Table 27 details where new hires were placed in 1991 based on area of assignment. The areas covered are accounting/auditing, management consulting services (including management information systems and other management services), and taxation. In all of the firm-size categories, the majority of individuals were placed in accounting/auditing. Overall, three-fourths of the new hires were assigned to this area, up from 69 percent in 1990.

TABLE 27
Percentage of New Graduate Recruits by Area of Assignment

Number of AICPA Members per Firm	Accounting/ Auditing (%)	Management Consulting Services			Taxation (%)	Other (%)
		MIS/ Computers (%)	+	Other Management Services (%)		
More than 200 members						
1989	68	15		1	16	15
1990	65	17		4	21	14
1991	69	15		2	17	14
1992 (Projections)	76	6		5	11	13
50-200 members						
1989	82	6		2	8	7
1990	78	5		1	6	14
1991	84	1		*	1	12
1992 (Projections)	85	1		*	2	13
10-49 members						
1989	78	3		1	4	16
1990	81	2		1	3	14
1991	79	1		2	3	15
1992 (Projections)	81	1		1	2	16
Less than 10 members						
1989 [†]	73	3		1	4	21
1990	68	4		2	6	23
1991	79	2		*	2	15
1992 (Projections)	66	4		2	6	25
All firms						
1989 [†]	71	10		1	11	17
1990	69	9		3	12	18
1991	75	7		2	9	14
1992 (Projections)	72	4		4	8	19

* Under 0.5%.

[†] Excludes hires by firms with one AICPA member.

Gender Data

Slightly more females than males (51 percent to 49 percent) were hired by public accounting firms in 1991. As indicated in Table 28, new male hires are projected to outnumber new female hires in 1992 (52 percent to 48 percent).

TABLE 28
Proportion of Male and Female New Graduate Recruits

	<i>Male (%)</i>	<i>Female (%)</i>
1989*	52	48
1990	41	59
1991	49	51
1992 (Projections)	52	48

* Excludes hires by firms with one AICPA member.

Ethnic Data

Table 29 and Figure 8 show that 8 percent of the new graduate recruits in public accounting in 1991 were of ethnic background. The breakdown was approximately 3 percent Asian, 3 percent Black, and 2 percent Hispanic.

TABLE 29
Percentage of New Graduate Recruits by Ethnic Background

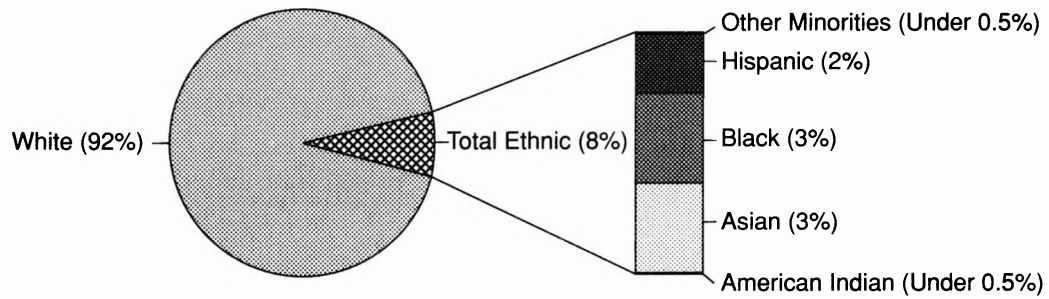
	<i>American Indian (%)</i>	<i>Asian (%)</i>	<i>Black (%)</i>	<i>Hispanic (%)</i>	<i>Other Minorities (%)</i>	<i>Total Ethnic (%)</i>	<i>White (%)</i>
1989*	†	4	2	2	†	8	92
1990	†	5	2	2	†	9	91
1991	†	3	3	2	†	8	92

* Excludes hires by firms with one AICPA member.

† Less than 0.5%.

FIGURE 8

Percentage of New Graduate Recruits by Ethnic Background — 1991



Recruiting Activities

Firms were asked to provide information about their recruiting activities. A total of 258 responding firms indicated that they recruited on campus in 1991. The firms were asked to report the number of prospective recruits who were interviewed on campus, the number of office visits, the number of job offers made, and the number of graduates subsequently hired. In addition, 366 firms reported that they recruited off campus in 1991. The firms reported the number of initial interviews, the number of job offers, and the number of graduates hired.

Of the graduates interviewed on campus, about 30 percent were invited for an office visit. About 55 percent of those invited for a visit were offered positions with the firm, and 59 percent accepted. Of those who were interviewed off campus in 1991, about 17 percent were offered positions with the firm after the initial interview and about 88 percent of them accepted.

Table 30 shows how firms expect their recruiting activities in 1992 to compare to 1991. The majority of firms indicated that the number of recruits taking part in the various stages of the on-campus and off-campus recruiting process is expected to remain unchanged in 1992.

TABLE 30

Recruiting Outlook for 1992 Relative to 1991

	Percent of Firms Indicating That the Number in 1992 Relative to 1991 Will —		
	Increase (%)	Stay the Same (%)	Decrease (%)
On-campus recruiting:			
Campus Interviews	5	86	9
Office Visits	6	83	11
Offers	7	82	11
Hires	10	80	10
Off-campus recruiting:			
Initial Interviews	9	78	13
Offers	8	78	14
Hires	8	78	14

Staff Turnover

Table 31 indicates the professional staff turnover by firm size. Each firm-size group reported a decline in the turnover of staff in 1991 relative to 1990. The largest decline was in the “less than 10 members” group, which reported 7 percent turnover in 1991 compared to 17 percent turnover in 1990.

TABLE 31

Professional Staff Turnover by Firm Size*

Number of AICPA Members per Firm	Professional Staff Turnover as a Percentage of Total Professional Staff (%)
More than 200 members	
1989	23
1990	22
1991	21
50–200 members	
1989	12
1990	13
1991	11
10–49 members	
1989	13
1990	13
1991	9
Less than 10 members	
1989 [†]	14
1990	17
1991	7
All firms responding	
1989 [†]	19
1990	18
1991	18

* *Professional staff* are defined as CPAs, prospective CPAs, and others with a similar amount of academic training in a field that is part of the practice of public accounting. *Turnover* includes professional staff who resigned or were terminated.

[†] Excludes firms with one AICPA member.

(*Note:* Among all the firms responding, the average number of professional staff employed in 1992 is expected to be nearly 3 percent higher than in 1991.)

Experienced Recruits Hired

Table 32 provides data on the number of experienced recruits hired by the various firm groups in 1991 relative to 1990.

Overall, 71 percent of the firms responding said the number remained constant. About one-third of the firms with 50 to 200 AICPA members and about one-fourth of the firms with 10 to 49 members reported an increase in the number of experienced recruits hired.

TABLE 32

Experienced Recruits Hired in 1991 Relative to 1990 by Firm Size*

Number of AICPA Members per Firm	Percent of Firms Indicating That the Number of Experienced Recruits Hired in 1991 Relative to 1990 Was —		
	Higher (%)	Same (%)	Lower (%)
More than 200 members	17	67	16
50–200 members	32	60	8
10–49 members	23	59	18
Less than 10 members	11	82	7
All firms responding	17	71	12

* *Experienced recruits* are defined as professional staff hired at above entry level.

Paraprofessional Staff Hired

Table 33 provides data on the use of paraprofessional staff by the various firm size groups, and the number of these individuals hired in 1991 relative to 1990.

Seventy-eight percent of all the firms responding indicated that they use paraprofessional staff. More than a third of the firms with more than 200 AICPA members (38 percent) reported an increase in the hiring of paraprofessional staff compared to 1990. The majority of firms in each group reported that the number of paraprofessionals hired in 1991 was about the same as in 1990, however.

TABLE 33

Use of Paraprofessional Staff in 1991 Relative to 1990 by Firm Size*

Number of AICPA Members per Firm	Percent Indicating They Hire Paraprofessional Staff (%)	Percent of Firms Indicating That the Number of Paraprofessional Staff Hired in 1991 Relative to 1990 Was —		
		Higher (%)	Same (%)	Lower (%)
More than 200 members	100	38	54	8
50–200 members	92	13	78	9
10–49 members	86	17	73	10
Less than 10 members	72	12	83	5
All firms responding	78	14	78	8

* *Paraprofessional staff* are defined as nonprofessional staff hired to assist professional staff with clerical and other duties that would not be defined as traditional office duties.

Demographic Data

Table 34 and Figure 9 examine the demographic characteristics of the responding firms. Regarding geographic location, 30 percent of the firms hail from the Southern region, 27 percent from the North Central region, 23 percent from the Eastern region, and 20 percent from the Pacific region (see Appendix C for the breakdown of states by region). Regarding the type of firm, 96 percent are local firms and 4 percent are regional firms (national/international firms represent less than 0.5 percent of the total).

TABLE 34

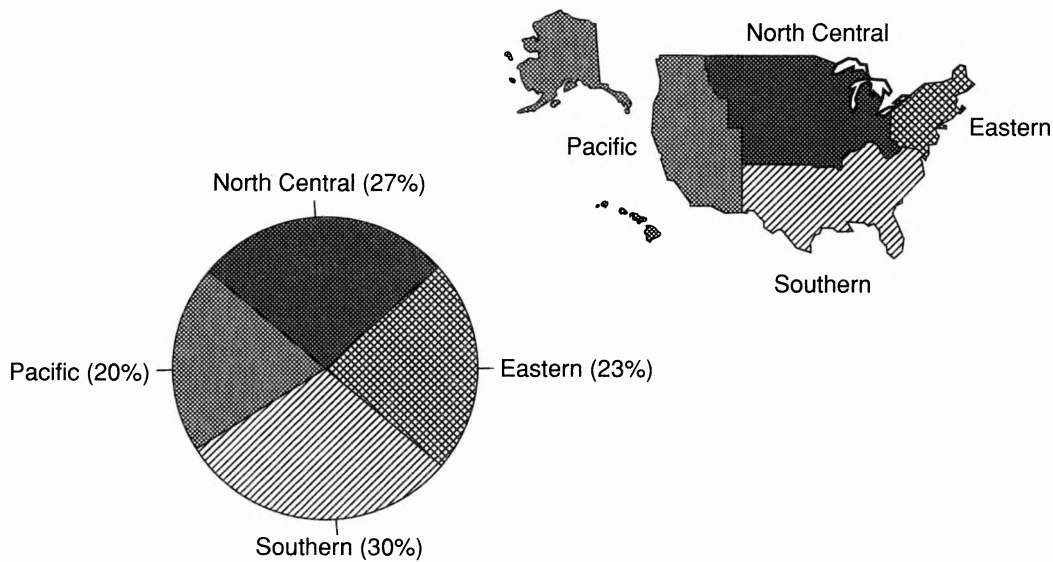
Demographic Characteristics of Responding Firms

<i>Geographic Location of Firm</i>	<i>%</i>	<i>Firm Type</i>	<i>%</i>
Eastern	23	Local	96
North Central	27	Regional	4
Southern	30	National/ international	*
Pacific	20		

*Under 0.5%.

FIGURE 9

Demographic Characteristics of Responding Firms



APPENDIX A

Survey Questionnaires

AICPA

American Institute of Certified Public Accountants

1211 Avenue of the Americas
New York, NY 10036-8775
(212) 575-6200 Telex: 70-3396
Telecopier (212) 575-3846

October 31, 1991

Dear Accounting Program Administrator:

This marks the 20th year that the AICPA has conducted its survey of "The Supply of Accounting Graduates and the Demand for Public Accounting Recruits." The information gathered in the survey has proven to be increasingly useful to the Institute in helping to plan for the future of the profession. The survey results should be very useful to accounting educators in planning and in advising students on career opportunities. **The reliability and thus usefulness of the results, however, depend heavily upon broad-based participation.**

I would greatly appreciate your participation in this study by taking a few minutes to answer the questions on the enclosed questionnaire as **accurately and completely** as possible. Of greatest importance are the questions on the number of new graduates. If this questionnaire has been sent to the wrong person, please see that it is forwarded to the appropriate party.

Note that a label identifying your institution has been affixed to the questionnaire. This will allow us to track the survey returns so that those responding will not receive follow-up mailings of the questionnaire. Let us stress, however, that the data gathered are **entirely confidential**. The data will be used only in summary form and a copy of the results will be made available to all respondents in the spring of 1992.

Please return your completed questionnaire in the enclosed postage-paid envelope by **November 14, 1991**. Your timely response is crucial to the success of this important effort.

Thank you in advance for your cooperation.

Sincerely,



Rick Elam
Vice President — Education

AICPA SURVEY ON THE SUPPLY OF ACCOUNTING GRADUATES

[1-5]

[6]
KP
Oct = 1
Nov = 2
Dec = 3

Please answer the questions below by circling the numbers corresponding to your responses or by writing in your responses.

I. Background Information

1. Is your school public or private?

- 1 Public
- 2 Private

[7]

2. Please indicate below the total number of **both** full-time and part-time **accounting faculty** at your school during the **Fall term 1991**. (**Accounting faculty** is defined as instructors, assistant professors, associate professors and professors **only**.)

Full-time accounting faculty

[8-13]

Part-time accounting faculty

II. Accounting Graduates

3. We would like to determine the number of students at your school who graduated with accounting-related degrees in the 1990-91 academic year. **The 1990-91 academic year** consists of the Fall, 1990 and Spring and Summer, 1991 terms. (If on trimesters, the academic year consists of Fall, 1990 and Winter, Spring, and Summer, 1991 terms.)

In **column A** below, please fill in the number who graduated **during the 1990-91 academic year** with the following **degrees**. (**Note:** If, for a particular degree, there were **no** graduates, enter **0**; if the information is **not available**, enter **NA**; if the degree is **not offered**, enter **NP**.)

In **column B**, please indicate whether you expect the number of graduates **in the 1991-92 academic year** to increase, decrease, or stay the same relative to the corresponding number in column A.

If you checked "Increase" or "Decrease" in column B, please fill in the **anticipated percentage** increase or decrease for 1991-92 in **column C**.

	<u>Column A</u>	<u>Column B</u>			<u>Column C</u>	
<u>Degree</u>	Number of graduates in the 1990-91 academic year	The number of graduates in the 1991-92 academic year relative to the 1990-91 academic year will:			The percentage increase or decrease in the 1991-92 academic year will be about:	
		Increase	Stay the Same	Decrease		
A. Bachelor's in accounting — including other bachelor's degrees with majors in accounting	<input type="text"/>	1	2	3	<input type="text"/> %	[14-20]
B. Master's in accounting — including MA, MS, MAcc, MPA and MAS degrees	<input type="text"/>	1	2	3	<input type="text"/> %	[21-27]
C. Master's in taxation — including MBAs with a concentration in tax	<input type="text"/>	1	2	3	<input type="text"/> %	[28-34]
D. MBAs with a concentration in accounting	<input type="text"/>	1	2	3	<input type="text"/> %	[35-41]
E. TOTAL:	A+B+C+D = <input type="text"/>					[42-45]

4a. How many of the **total** graduates in the 1990–91 academic year (from line E, column A in question 3) were **female**?

Females

[46-48]

b. What **percentage** of the expected graduates in the 1991–92 academic year will be **female**?

%

[49-51]

5. Please indicate below in **column A** the number of **graduates from the 1990–91 academic year** who fell into the following **ethnic/racial groups**. (The total in line G below should equal that in line E in question 3.)

Please also indicate in **column B** the **percentage** of the expected graduates from the **1991–92 academic year** who will fall into these ethnic/racial groups.

Ethnic/Racial Group	Column A	Column B	
	Number of graduates from the 1990–91 academic year who were:	Percentage of expected graduates from the 1991–92 academic year who are:	
A. White	<input type="text"/>	<input type="text"/> %	[52-57]
B. American Indian	<input type="text"/>	<input type="text"/> %	[58-61]
C. Asian	<input type="text"/>	<input type="text"/> %	[62-65]
D. Hispanic	<input type="text"/>	<input type="text"/> %	[66-69]
E. Black	<input type="text"/>	<input type="text"/> %	[70-73]
F. Other Minorities	<input type="text"/>	<input type="text"/> %	[74-77]
G. TOTAL: A+B+C+D+E+F =	<input type="text"/> = Line E in question 3	<input type="text"/> 100%	[78-81]

6. Please indicate below in **column A** the number of **bachelor's** degree graduates in accounting from the 1990–91 academic year who went into the following **areas**. (The total in line G below should equal that in line A in question 3.)

Please also indicate in **column B** the number of **master's** degree graduates in accounting and taxation from the 1990–91 academic year who went into these areas. (The total in line G below should equal the total of lines B, C, and D in question 3.)

Area	Column A	Column B	
	Number of Bachelor's degree graduates in accounting from the 1990–91 academic year who went into:	Number of Master's degree graduates in accounting and taxation from the 1990–91 academic year who went into:	
A. Public accounting	<input type="text"/>	<input type="text"/>	[82-87]
B. Business/Industry	<input type="text"/>	<input type="text"/>	[88-92]
C. Government	<input type="text"/>	<input type="text"/>	[93-99]
D. Graduate School	<input type="text"/>	<input type="text"/>	[100-105]
E. Other Areas	<input type="text"/>	<input type="text"/>	[106-111]
F. Unknown	<input type="text"/>	<input type="text"/>	[112-117]
G. TOTAL: A+B+C+D+E+F =	<input type="text"/> = Line A in question 3	<input type="text"/> = Lines B, C and D in question 3	[118-123]

7. For each of the **accounting programs** listed below, please indicate whether you expect enrollment at your institution **two years from now** to be higher, lower, or the same as current enrollment. (Please respond for **all** programs — even if your institution does not currently offer that program.)

<u>Accounting Program</u>	<u>Enrollment 2 years from now will be:</u>				
	<u>Higher than current enrollment</u>	<u>The same as current enrollment</u>	<u>Lower than current enrollment</u>	<u>Don't Know/No Opinion</u>	
Bachelor's—majors in accounting	1	2	3	4	[124]
Master's in accounting—including students in MA, MS, MAcc, MPA and MAS programs	1	2	3	4	[125]
Master's in taxation—including MBA students with a concentration in tax	1	2	3	4	[126]
MBA students with a concentration in accounting	1	2	3	4	[127]

November 26, 1991

Dear Human Resource Partner:

This marks the 20th year that the AICPA has conducted its survey of "The Supply of Accounting Graduates and the Demand for Public Accounting Recruits." The information gathered in the survey has proven to be increasingly useful to the Institute in helping to plan for the future of the profession. The survey results should be very useful to the practicing profession both in its human resource planning and as a source of information on employment trends in the profession. **The reliability and thus usefulness of the results, however, depend heavily upon broad-based participation.**

I would greatly appreciate your participation in this study by answering the questions on the enclosed questionnaire as **accurately and completely** as possible. **Of greatest importance are the questions on the number of new hires and AICPA members in your firm.** If this questionnaire has been sent to the wrong office, please see that it is forwarded to the appropriate party. As in the past, the data gathered are **entirely confidential** and to ensure anonymity we are not asking you to sign your name or your firm's name. The data gathered will be used only in summary form and a copy of the results will be made available to all respondents in the Spring of 1992.

Please return your completed questionnaire in the enclosed postage-paid envelope by **December 13, 1991**. Your timely response is crucial to the success of this important effort.

Thank you in advance for your cooperation.

Sincerely,



Rick Elam
Vice President—Education

2. How many of the **grand total** new graduates hired by your firm during **1991** (from line L in question 1) were **female**?

Females

(77-79)

b. What **percentage** of the new graduates your firm expects to hire during **1992** will be **female**?

(80-82)

%

3. Please indicate below in **column A** the number of new graduates hired by your firm during **1991** who are assigned primarily to the following **areas**. (The total in line F below should equal that in line L in question 1.)

Please also indicate in **column B** the **percentage** of the new graduates your firm expects to hire during **1992** who will be assigned primarily to these areas.

<u>Area</u>	<u>Column A</u> Number of new graduates hired in 1991 who are assigned primarily to:	<u>Column B</u> Percentage of expected new graduates hired in 1992 who will be assigned primarily to:
A. Accounting/Auditing	<input type="text"/>	<input type="text"/> % (83-89)
B. Taxation	<input type="text"/>	<input type="text"/> % (90-96)
C. MIS/Computer	<input type="text"/>	<input type="text"/> % (97-103)
D. Management Services (other than MIS)	<input type="text"/>	<input type="text"/> % (104-110)
E. Other Areas	<input type="text"/>	<input type="text"/> % (111-117)
F. TOTAL:	A+B+C+D+E = <input type="text"/> = Line L in question 1	100% (118-121)

4. Please indicate below the number of new graduates hired by your firm during **1991** who fall into the following **ethnic/racial groups**. (The total in line G below should equal that in line L in question 1.)

<u>Ethnic/Racial Group</u>	<u>Number of new graduates hired in 1991 who are:</u>
A. White	<input type="text"/> (122-125)
B. American Indian	<input type="text"/> (126-127)
C. Asian	<input type="text"/> (128-129)
D. Hispanic	<input type="text"/> (130-131)
E. Black	<input type="text"/> (132-133)
F. Other Minorities	<input type="text"/> (134-135)
G. TOTAL: A+B+C+D+E+F=	<input type="text"/> = Line L in question 1 (136-139)

Note: If your firm recruits **on campus**, answer question 5a.
If your firm recruits **off campus**, answer question 5b.

5. In **column A** below, please provide the following **recruiting information** for your firm for **1991**.
In **column B**, please indicate whether you expect each of these numbers to increase, decrease or stay the same during **1992** relative to the corresponding number in column A.
If you circled "Increase" or "Decrease" in column B, please fill in the **anticipated percentage** increase or decrease in **column C**.

Note: The total number of "Hires" in column A should equal the number in line L in question 1.

Recruiting Information	Column A	Column B			Column C	
	During 1991, the number of:	The number in 1992 relative to 1991 will:			The percentage increase or decrease in 1992 will be about:	
		Increase	Stay the Same	Decrease		
a. On Campus:						
Campus interviews	<input type="text"/>	1	2	3	<input type="text"/> %	(140-147)
Office visits	<input type="text"/>	1	2	3	<input type="text"/> %	(148-154)
Offers	<input type="text"/>	1	2	3	<input type="text"/> %	(155-161)
Hires	<input type="text"/>	1	2	3	<input type="text"/> %	(162-169)
b. Off Campus:						
Initial interviews	<input type="text"/>	1	2	3	<input type="text"/> %	(170-176)
Offers	<input type="text"/>	1	2	3	<input type="text"/> %	(177-183)
Hires	<input type="text"/>	1	2	3	<input type="text"/> %	(184-190)

II. Other Personnel Information

6. **Professional staff** are defined as CPAs, prospective CPAs, and others with a similar amount of academic training in a field that is part of the practice of public accounting.
- a. What do you anticipate will be the **average** number of **professional staff** employed at your firm during **1991**? (191-195)
- b. during **1992**? (196-200)
- c. Please provide your best estimate of the number of **professional staff** at your firm who will be **terminated or resign** during **1991**. (201-203)
7. **Experienced recruits** are defined as professional staff hired at above entry level. Will the total number of experienced recruits hired by your firm during **1991** be higher, lower or the same as the number hired during **1990**?
- 1 Higher
2 The Same
3 Lower (204)

8. **Paraprofessional staff** are defined as nonprofessional staff hired to assist professional staff with clerical and other duties which would not be defined as traditional office duties.

a. Does your firm employ paraprofessional staff?

- 1 Yes
- 2 No

(205)

b. **If yes**, will the total number of paraprofessional staff hired by your firm during **1991** be higher, lower or the same as the number hired during **1990**?

- 1 Higher
- 2 The Same
- 3 Lower

(206)

III. Background Information

9. In which state is your firm's headquarters located?

(207-208)

10. Which of the following most closely describes your firm?

- 1 Local Firm
- 2 Regional Firm
- 3 National/Multinational Firm

(209)

11. Please indicate below the **number of AICPA members** in your **entire** firm. (If this number is not available, please provide your best estimate.)

AICPA Members

(210-214)

AICPA SURVEY ON THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

IMPORTANT

Please answer the following questions by circling the numbers corresponding to your responses or by writing in your responses. Your responses should cover your **entire** firm—all offices or locations.

I. Recruitment of New Graduates

1. We would like to determine the number of new accounting and nonaccounting graduates hired by your firm in 1991. **New graduates** are defined as those hired at **entry-level positions** with no or only nominal previous experience.

In **column A** below, please fill in the number of **new graduates** with the following degrees that have been or will be hired by your firm on a full-time basis during **1991**. (**Note:** If, for a particular degree, there were **no** graduates hired, enter **0**; if the information is **not available**, enter **NA**.)

In **column B**, please indicate whether you expect the number of new graduates hired by your firm on a full-time basis during **1992** to increase, decrease or stay the same relative to the corresponding number in column A.

If you circled "Increase" or "Decrease" in column B, please fill in the **anticipated percentage** increase or decrease in **column C**.

Note: If a newly hired graduate has more than one degree, they should be counted only once and placed according to their highest degree.

	Column A	Column B			Column C
	Number of new graduates that have been or will be hired on a full-time basis during 1991	The number of new graduates expected to be hired on a full-time basis during 1992 relative to 1991 will:			The percentage increase or decrease in 1992 will be about:
<u>Accounting Degree</u>		Increase	Stay the Same	Decrease	
A. Bachelor's in Accounting—including other bachelor's degrees with majors in accounting	<input style="width: 50px; height: 20px;" type="text"/>	1	2	3	<input style="width: 50px; height: 20px;" type="text"/> % (7-14)
B. Master's in Accounting—including MA, MS, MAcc, MPA and MAS degrees	<input style="width: 50px; height: 20px;" type="text"/>	1	2	3	<input style="width: 50px; height: 20px;" type="text"/> % (15-21)
C. Master's in Taxation—including MBAs with a concentration in tax	<input style="width: 50px; height: 20px;" type="text"/>	1	2	3	<input style="width: 50px; height: 20px;" type="text"/> % (22-28)
D. MBAs with a concentration in Accounting	<input style="width: 50px; height: 20px;" type="text"/>	1	2	3	<input style="width: 50px; height: 20px;" type="text"/> % (29-35)

Nonaccounting Degree

Your responses in the boxes below should cover the following degrees **only**:

- J.D. in **Law**
- Bachelor's and higher degrees in **MIS/Computer Science, Finance**, and other (nonaccounting) **business** majors
- Bachelor's and higher degrees in **non-business** majors

Column A	Column B			Column C
<input style="width: 50px; height: 20px;" type="text"/>	1	2	3	<input style="width: 50px; height: 20px;" type="text"/> % (36-42)

II. Background Information

2. In which state is your firm's headquarters located?

(43-44)

3. Which of the following most closely describes your firm?

- 1 Local Firm
- 2 Regional Firm
- 3 National/Multinational Firm

(45)

4. Please indicate below the **number of AICPA members** in your **entire** firm. (If this number is not available, please provide your best estimate.)

AICPA Members

(46-48)

APPENDIX B

Survey Methodology

Accounting Graduates

During the autumn of 1991, the AICPA conducted a survey of all U.S. colleges and universities that have accounting programs. A total of 797 schools identified as having accounting programs leading to a bachelor's degree, master's degree, or both were sent survey questionnaires in late October 1991. A follow-up questionnaire was sent in mid-November to schools that did not respond to the initial mailing, and a third and final questionnaire was sent in early December to remaining nonrespondents. Appendix A contains a copy of the survey questionnaire.

A total of 447 of the 797 schools responded to the survey, yielding an overall response rate of about 56 percent. Schools that responded to the survey are similar to the total population of schools under study, matching fairly closely in terms of accounting faculty size, classification as a public or private institution, and classification as an AACSB or non-AACSB school. To check for nonresponse bias in the survey, late respondents were compared to all respondents, and the results were found to be generally the same.

To estimate the supply of accounting graduates from nonresponding schools, regression equations were developed that related the number of graduates with bachelor's or master's degrees to the number of accounting faculty members for schools that responded to the survey. The number of accounting faculty members of schools in the survey was obtained from the *1991-1992 Accounting Faculty Directory* by James R. Hasselback. Schools not appearing in that publication were contacted individually. The regression equations were then applied to data on the size of the accounting faculties of the nonresponding schools to produce estimates of the number of graduates from all schools in the study. The high response rate achieved by the survey, the large number of responding schools, and the representative characteristics of those schools relative to the overall population provide a high degree of confidence that the results in this report are generally what would have been obtained had all schools under consideration responded to the survey.

CPA Firms

To determine the demand for new college graduates by CPA firms, questionnaires were sent to all 19,362 firms (non-sole practitioners) affiliated with the AICPA. In addition, a random sample of 1,000 of the Institute's approximately 27,200 sole practitioners received questionnaires. (*Note:* The effective sample size was 20,062, since approximately 300 questionnaires were returned because they were undeliverable.)

The survey consisted of two questionnaire forms. The long form was sent to a sample of 2,909 firms, and the short form was sent to the other 16,453 firms in the population being studied. All firms with more than 10 AICPA members received the long form, and the balance of the 2,909 long forms was received by a random sample of smaller firms. The short form was sent to the remaining smaller firms. In addition, all sole practitioners in the sample received the long form.

Sole practitioners and the 2,909 firms receiving the long form were sent follow-up questionnaires. Because the largest firms account for such a large proportion of newly hired graduates, a greater effort was made to obtain their responses. Responses from those firms were tracked, and a series of follow-up phone calls and mailings was undertaken in an effort to maximize their collective response rate. Copies of both the long and short questionnaire forms used in the survey are included in Appendix A.

Firms that responded to the survey reflect the total population of firms included in the study. The firms that responded generally mirror all firms in terms of region of the country in which they are headquartered and in terms of firm size. The slightly greater prevalence of larger firms

among the respondents compared to the population as a whole reflects the survey's aim of pursuing larger firms' responses more actively. Late respondents to the survey were compared to all respondents to check for nonresponse bias and the results were found to be generally the same.

Regression analysis was used to estimate the demand by nonresponding firms for accounting graduates. For each of the four firm-size categories, regression equations were estimated that relate the number of accounting bachelor's and master's recruits — as well as the number of nonaccounting recruits — to the number of AICPA members (firm size) for firms that responded to the survey. The regression equations were then applied to data on the number of AICPA members of nonresponding firms to generate estimates of the number of accounting and non-accounting new graduate recruits among these firms. The numbers were then added to those gathered from responding firms to arrive at the estimated total number of accounting and non-accounting new graduate recruits among all firms in the study.

Limitations of the Survey Results

The sampling process, the response rates, the large number of responding schools and firms, and the representative characteristics of the respondents relative to the two populations provide a high degree of confidence that the results in this report are generally the results that would have been obtained had all schools and firms responded to the survey. Any difference in results is due to sampling error (that is, the error that may arise because the results are based on samples rather than the entire population) or nonsampling error (that is, the error, other than the sampling error, that arise from the practical difficulties respondents may encounter in giving measurements of the desired data).

APPENDIX C

Breakdown of Geographic Regions Referred to in Tables 8, 9, 16, 17, and 34

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

APPENDIX D

Historical Trend Tables

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 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%

