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THE BUREAU FOR PLACEMENTS

Abstract: The Bureau for Placements sought to encourage qualified college graduates to choose public accounting as a career, to place them with public accounting firms, and to remove the problem of seasonal employment. During its six years of operations, the Bureau published and distributed to college students thousands of copies of the first Institute pamphlet on careers in public accounting, and it placed 250 college graduates with public accounting firms. As a result, the Bureau started, or at least accelerated, the trend by public accounting firms toward the hiring of college graduates.

Only in recent years has it been generally accepted that entry level positions in public accounting require a college education. Certainly such acceptance would have to be placed in the post-World War II period. In the decade prior to World War II a college education had become desirable, but was not required. Larger proportions of those entering public accounting, approximately half, were college graduates, and public accounting firms were more actively recruiting college graduates. As of 1938, New York State required applicants for the CPA examination to have a college degree and also required completion of specified accounting courses. Prior to World War I, and to a large extent in the 1920s, the profession did not require a college education, and many members of the profession did not believe college training was desirable.

At the turn of the century, only five colleges or universities taught commerce and accounting courses, and very few accounting practitioners had any formal college education. Eighty years later, the baccalaureate degree with a major in accounting is generally required, and many believe a master's degree should be required.

The change in attitude by public accountants toward the employment of college graduates can be traced, in some measure, to the efforts of the Bureau for Placements of the American Institute of Accountants. In this paper we will review briefly the environment of accountancy and education prior to the establishment of the

Bureau. Then we will review the establishment and operation of the Bureau, and the contributions of the Bureau to accountancy and education.

Prior to 1920

The early efforts to organize professional accountancy in the United States sought to establish accountancy as a learned profession. Joseph E. Sterrett expressed this view in his address to the delegates to the 1904 Congress of Accountants:

Legislation for a profession only grants opportunity. Education must be underneath and around all our legislation and organization. . . . In view of the need for proper training for men seeking admission to our ranks it is a matter of . . . interest to note the educational movement that is now underway. . . . The success of these schools [New York University and the University of Pennsylvania] means the recognition of business as a proper subject for educational effort, and to us more important still, the final step in establishing accounting as a learned profession in the United States.¹

The American Association of Public Accountants (AAPA) and many of its members were influential in establishing schools of commerce and initiating the teaching of accounting in a collegiate environment. Numerous and complex problems were faced in the efforts to establish the "proper type" of accounting education. Accounting courses were expected to provide a study of theory as well as practice in contrast to the "procedural method" of study employed by many proprietary schools. However, relatively few full-time academics taught accounting at the collegiate level. Most of the instructors were practitioner-adjunct faculty, and they emphasized the application of procedures and techniques.

Academics resisted the acceptance of commerce as a proper area for study at the collegiate level. In fact, there were differences of opinion among accountants and businessmen as to the type of training that should be required for the practice of accounting. Some in the commercial world believed that business education was an experiential process and a long, formal education was neither necessary nor desirable. Some in the profession preferred a liberal education.²

The AAPA recognized that accounting education was a major problem to the profession and, through its Committee on Education,

set out to devise a solution.³ Its Committee on Education had begun to monitor accounting education in 1908. This committee noted the diversity of accounting courses and became concerned about the content of accounting education needed to successfully pass the CPA examination. It recommended, in 1919, the development of a syllabus, if not a complete accounting curriculum, directed toward preparation for the CPA examination.⁴

Recognition of Problems

Public accounting was a seasonal business concentrated between December and April which led to the employment of temporary staff. During the 1920s, public accounting firms expanded rapidly to meet the increasing demands for their services. Thus, some firms did not hold rigidly to high standards of character and performance.⁵

By the mid-twenties, the American Institute of Accountants, (Institute) recognized that accounting firms needed to secure better educated employees. Inability to offer permanent employment made it difficult to attract college-trained personnel.⁶

The Institute believed college students would be more interested in the profession if they were properly informed about the nature and importance of public accounting.⁷ In response to this belief, the Institute created the Bureau for Placements. The objectives of the Bureau were (1) to encourage highly qualified college graduates to choose public accounting as a career, and (2) to remove the problem of seasonal employment. In announcing the Bureau's formation, the Institute said:

. . . It is a concrete attempt to help in one way to solve the problem with which the profession has been faced for several years, namely, that of building a permanent staff qualified to carry on in a field where the work has increased greatly in volume and has become increasingly exacting in its demands upon those who undertake the practice of accountancy.⁸

Organization of the Bureau

In 1925, representatives of several New York City accounting firms met in joint session with the Executive Committee of the Institute and requested that the Institute participate in a program to attract college graduates to public accounting. As a result, the Executive Committee authorized the Special Committee for Place-

ments,⁹ and by March 1926, the Special Committee was established. This Special Committee was responsible for conducting the operations of the Bureau for Placements.

The Bureau was an independent, self-supporting operation.¹⁰ Its services were available to all members of the Institute and to college students. The Bureau operated on voluntary contributions from supporting firms in its first three years. In the original plan, employers were to pay a fee of \$50 per graduate: \$25 at the time of request, and the remainder when the graduate was hired.¹¹ However, the employer fee was not required until 1928.

The Special Committee prepared a questionnaire (application) and distributed it to college students. A procedure was established to screen applicants prior to the employment process. This procedure included the following:

1. The applicant was required to provide a personal history, a detailed certified college record, a letter of endorsement from the dean of the college, a photograph, a short statement "in the applicant's own handwriting" stating the reasons for desiring training in public accounting.

2. Each application was to be examined carefully to determine if the applicant had suitable credentials.

3. Each acceptable applicant was to be personally interviewed by a member of the Institute residing near the applicant.

4. Interview reports were to be reviewed by the Special Committee, and the applicants found acceptable would then be assigned for the personal employment interview.¹²

Originally, the Institute and the Special Committee for Placements made their appeal to all college graduates. The Special Committee, primarily concerned with the quality and character of the graduate, placed little value on education in business and accounting. In fact, the Special Committee believed the accounting major to be inferior, and few were accepted in the early years of the program.¹³ The March 15, 1926 *Bulletin* stated emphatically that "the essential requirement of all applicants will be a broad general education."¹⁴

The Special Committee established several requirements for employment. First, an accounting firm was not required to hire an applicant without a personal interview. This appears to be a response to criticism that the Bureau infringed on the employer's prerogative to select personnel. Second, the employment agreement was for a minimum of three years. An applicant, once hired, could not be discharged during this period because of the lack

of business. The applicant also agreed to the three year period. Third, a minimum salary of \$125 a month was established for the first year.¹⁵

The Bureau viewed the employment as a training process and expected it to provide a means of attracting college graduates as trainees.¹⁶ The Institute believed that:

The unusual opportunities offered by this training are such that to a wide-awake young man they should be at least equivalent to a postgraduate course at a school of business administration, a course which would be impossible except to a few who are able to expend the necessary time and money.

. . . Needless to say these firms will be eager to make mutually satisfactory arrangements to retain promising men in their employ at the end of the training period.¹⁷

Career Publicity

As one of its first activities, the Special Committee prepared a brochure describing the opportunities in accountancy, requirements for the profession, and work of the accountant, and it included a short history of accountancy. The original brochure, entitled "What Will You Do After Graduation?,"¹⁸ was prepared in 1926. As a result of suggested changes by representatives from several large universities, the brochure was completely revised during the 1926-27 operating year¹⁹ and retitled "Accountancy is A Career for Educated Men."²⁰ These brochures were the first official Institute career publications.²¹ In 1926, more than five thousand copies of the brochure were distributed.²² Five thousand copies of the revised brochure were distributed during 1927.²³

In addition to distribution of career brochures, the Special Committee had extensive correspondence with students and faculties and made numerous campus visits. In 1930, visits were made to address classes and confer with students at Carleton College, University of Chicago, Franklin and Marshall, Hamilton, Harvard, Hobart, University of Illinois, Princeton, Syracuse, Tufts, Union, William and Mary, and Yale University. The Special Committee considered its efforts to publicize career opportunities to be almost as important as its primary purpose because faculties and students better understood the work of public accounting than they had five years before.²⁴

Placement Activities

The Bureau's primary function was to place promising college graduates with accounting firms. Concurrent with the activities to inform students and academics about public accounting, the Bureau made an effort to determine the number of firms which would participate and the staff positions available. Editorials in *The Journal of Accountancy* and articles in the *Bulletin* were published, and speeches were made to various groups. A questionnaire was sent to all members and associates of the Institute.²⁵ Representatives of 28 firms responded.

Of 120 applications approved in 1926, Table 1 shows that 32 placements were made. In 1927, requests for graduates came from 143 firms. In addition, the number of colleges cooperating with the program grew from 94 in 1926²⁶ to 126.²⁷ The Special Committee increased the rigor of its examination of student applications and revised the screening procedures.

The procedures as revised in 1927 were as follows:

1. A questionnaire [application] is filled out and submitted. This gives the applicant's personal history, an official transcript of his college record, and his photograph.
2. If the questionnaire is satisfactory, the Bureau communicates directly with the dean of the college and obtains a confidential report on the man's personality, character, mental ability, etc.
3. If the dean's reply is satisfactory, the applicant is interviewed by a member of the Institute located in the same or a neighboring city. The interviewer is particularly concerned with the question of whether or not the applicant is a desirable man to bring into the accounting profession and he sends in a confidential report on the interview.
4. If the report on the interview is satisfactory, the applicant's qualifications are circularized (without using his name) among members of the Institute located in the cities in which he desires to work.
5. The applicant is referred to one of the firms who report that they are interested in him and final arrangements for employment are made directly between the employing firm and the applicant.²⁸

Table 1
Summary of Applicants and Placements*
1926-1931

Year	Applicants	Placements	Firms
1926	285	32	16
1927	210	47	18
1928	215	49	12
1929	240	45	**
1930	270	50	**
1931	**	27	**
Total		250	

*Determined from data in 1926-31 *Yearbooks*.

**Not available

Contributions from a few firms financed the Bureau's operations in 1926 and 1927. The Institute assumed responsibility for operating expenses in early 1928. Employing firms were charged \$50 for each graduate employed.²⁹ Assumption of budgetary responsibility indicated that the Bureau for Placements was an accepted function of the Institute. Indeed the Council stated in 1929 that the Bureau ". . . has established itself as a permanent function of the Institute. . . . The work of this bureau will doubtless increase in usefulness and it will almost certainly be self-supporting in the near future."³⁰

The Special Committee stated that:

Perhaps the most gratifying result of the work of the bureau for placements is the rapid increase in number of Institute members who are using its facilities. This naturally pleases the members of the special committee for placements because it proves that the beliefs which motivated the inauguration of the bureau in March, 1926, were sound.³¹

Although an operating deficit was reported in the year ending August 31, 1929,³² the Special Committee and Council expected 52 placements in the next year. A deficit was reported in 1930 although, as Table 1 shows, 50 placements were made. The Special Committee reported that a very large number of highly qualified persons were not placed "because of exceptionally quiet business conditions."³³ Despite the effects of the depression, the Committee on

Budget and Finance projected the placement of 50 graduates in its 1930-31 budget.³⁴

The Bureau was unable to obtain as many positions as in prior years, and a deficit for the Bureau was reported as of June 1931. The Executive Committee resolved to support the Bureau's operations from general funds until the close of the year.³⁵ In September 1931, the Council reported that the Bureau of Placements had curtailed its activities as a result of an extreme decline in demand for graduates.³⁶ Although 27 graduates were placed in 1931, the Special Committee for Placements presented no report, and it was discontinued at the end of 1932 with no comment in the reports of the Secretary, Council, or Executive Committee.

Accomplishments of the Bureau

The profession, from its origin, had sought public recognition and status as a learned profession. Elevation to a learned profession could only come from placing the study of accounting in an academic environment and requiring its members to possess a college education. In addition, public accounting experienced growth and demand for more complex services. This resulted in a need for personnel who possessed abilities to solve complex problems and the potential to develop beyond junior levels. College graduates were the most promising sources for such qualities. Yet, by the mid-twenties, less than a third of those in public accounting had a college education, and even fewer had studied business or accounting in college.

The Bureau for Placements was established to encourage college graduates to choose public accounting as a career and to eliminate dependence on part-time personnel. It was an experiment without precedent. The Bureau's mission was contrary to tradition and did not have wide-spread support.

The Special Committee for Placements developed and distributed the first accounting career brochure. Nissley said ". . . what we have in mind is rather an attempt to show precisely what the character of the work is, the difficulties that have to be faced, and to hold out the hope of final success for those who are adapted to the work."³⁷ Direct communications were established with college faculties and students through letters, questionnaires, and speeches.

Many believed in 1926 that the average ability of business graduates was inferior to that of other college graduates. Few of these

graduates were placed during the early years of the Bureau. However, conditions in the ensuing years changed:

. . . , students in colleges have become familiar with professional accounting work and most practitioners have gradually come to the conclusion that men obtained from the colleges are the best type of young men to engage as beginners on their staffs. During this period the quality of the students in the collegiate schools of business also has improved substantially. . . . , we are now looking more and more to the collegiate schools of business for our raw material. In fact, it is probably safe to say that we now look to that source almost exclusively.³⁸

The Bureau brought about a trend toward the hiring of college graduates. Cary noted that a number of those hired through the Bureau became partners in the accounting firms, and it became recognized that college graduates were more promising junior accountants than high-school graduates. After World War II, accounting firms began college campus recruiting programs, and college graduates became the desired source of new blood for the profession.³⁹ According to Carey, "if the bureau for placements did not single-handedly start this trend, it certainly dramatized and accelerated it."⁴⁰

FOOTNOTES

¹Sterrett, pp. 32-33.

²Previts and Merino, p. 149.

³American Association of Public Accountants, p. 78.

⁴American Institute of Accountants, *1919 Yearbook*, p. 106.

⁵Carey, p. 150.

⁶American Institute of Accountants, "A Bureau for Placements," pp. 1-2.

⁷American Institute of Accountants, "A Bureau for Placements," p. 1.

⁸American Institute of Accountants, "A Bureau for Placements," p. 2.

⁹American Institute of Accountants, *1926 Yearbook*, p. 160.

¹⁰American Institute of Accountants, *1926 Yearbook*, p. 127.

¹¹American Institute of Accountants, "A Bureau for Placements," pp. 1-2.

¹²American Institute of Accountants, *1926 Yearbook*, p. 185.

¹³Warren W. Nissley, "Selection of Personnel," p. 102.

¹⁴American Institute of Accountants, "Special Committee for Placements," p. 1.

¹⁵American Institute of Accountants, *1926 Yearbook*, p. 187.

¹⁶"What Will You Do After Graduation?," p. 290.

¹⁷"What Will You Do After Graduation?," p. 290.

¹⁸"What Will You Do After Graduation?," p. 290.

¹⁹W. W. Nissley, "Progress of the Bureau for Placements," pp. 38-39.

²⁰"Education and Schools," p. 54.

²¹"Warren W. Nissley," p. 188.

²²American Institute of Accountants, *1926 Yearbook*, p. 185.

- ²³American Institute of Accountants, *1927 Yearbook*, p. 172.
²⁴American Institute of Accountants, *1930 Yearbook*, pp. 176-177.
²⁵American Institute of Accountants, "Special Committee for Placements," p. 2.
²⁶American Institute of Accountants, *1927 Yearbook*, p. 172.
²⁷American Institute of Accountants, *1928 Yearbook*, p. 178.
²⁸Nissley, "Progress of the Bureau for Placements," pp. 39-40.
²⁹American Institute of Accountants, *1928 Yearbook*, pp. 155-156.
³⁰American Institute of Accountants, *1929 Yearbook*, p. 152.
³¹American Institute of Accountants, *1929 Yearbook*, p. 185.
³²American Institute of Accountants, *1929 Yearbook*, p. 146.
³³American Institute of Accountants, *1930 Yearbook*, p. 176.
³⁴American Institute of Accountants, *1930 Yearbook*, p. 165.
³⁵American Institute of Accountants, *1931 Yearbook*, p. 216.
³⁶American Institute of Accountants, *1931 Yearbook*, p. 212.
³⁷Warren W. Nissley, "A Bureau for Placing Junior Accountants," p. 67.
³⁸Nissley, "Selection of Personnel," p. 102.
³⁹Carey, p. 277.
⁴⁰Carey, p. 278.

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