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AICPA Accounting Education Update

A Report on Developments in Education—Prepared by the Relations with Educators Division,
American Institute of Certified Public Accountants

Number 2

April 1983

AACSB REVISES ACCREDITATION COMMITTEE STRUCTURE AND WILL CONSIDER PROPOSED CHANGES IN THE STANDARDS

The Executive committee of the American Assembly of Collegiate Schools of Business has voted to revamp the organizational structure of the accounting accreditation committees so that they will function in the same manner as the business administration committees. A new group, the Accounting Standards Committee, will be responsible for on-going review of the accounting accreditation standards and for making proposals for changes to the Executive Committee. The Accounting Accreditation Committee will continue to evaluate applicants for accounting accreditation and make its recommendations to the Executive Committee.

Close coordination between the accounting and business administration committees will be effected through appointment of a member of the new ASC to serve on the Standards Committee, one member of which will serve on the ASC, and by appointment of the chairpersons of each of the accounting committees to the Executive Committee.

In another development, the Executive Committee approved changes in the accounting standards proposed by the Accounting Accreditation Committee. These will be submitted to the Accreditation Council for approval at the annual meeting of the AACSB in April. One of the proposed changes would accept for purposes of satisfying the recent accounting experience requirement attending or instructing professional development programs. Two restrictions would be proposed under the change: the programs would have to be primarily attended by or instructed by senior practicing professionals, and no more than twenty-five percent of the total experience requirement could be earned in this way. Another recommendation of the AAC is that a program be required to have been in existence a reasonable time before an application for accreditation could be accepted. Included in the AAC's proposal is a provision that a critical mass of faculty be required, and one that institutions offering more than one type of accounting program must have all of these accredited at the same time. Except for certain transitional provisions, this would be effective for all institutions applying after June 1, 1983. The committee also proposed that a reasonable cross section of the accounting faculty be regularly engaged in research and publication, and that students be of high quality, and not merely that they compare favorably with the business students, as the standards now require. Further, in addition to the present input standards, the quality of a program would

be judged in terms of output, that is, consideration would be given to such factors as success in further academic study and on professional examinations. Also proposed are modifications in the curriculum standards. These include limiting the number of accounting hours of a baccalaureate program to twenty-five percent of the program and requiring that there be instruction in the design, use, control, and audit of computerized information systems. Students would also be expected to use the computer in accounting courses. Finally, the AAC has recommended that programs that lead to an MBA with a concentration in accounting not be accepted as applicants for accreditation as masters of accounting degree programs.

In addition to the proposed changes in accounting standards, recommendations for modification of the business standards have also been approved by the Executive Committee. In both cases, the changes are generally designed to make the standards more flexible so that focusing evaluations of programs on judgment of quality will be facilitated.

Survey Reveals Leveling Off In the Supply of and the CPA Firms' Demand for Accounting Graduates

The number of students graduating with majors in accounting has remained almost constant at 55,000 annually over the past three years, and the number hired by public accounting firms has steadied at 16,000 over the same period. A closer look at the firms' hiring practices reveals a change in the makeup of their demand. Employment of bachelor's degree graduates has continued to increase, but the demand for graduates with master's degrees has declined from 3,300 in 1976-77 to 2,200 in 1981-82. These are some of the findings reported by the AICPA in its 1983 survey of the supply of accounting graduates and the demand for public accounting recruits.

Asked for their predictions for the next three years, both the schools and the CPA firms were optimistic, estimating the number of accounting graduates at 63,000 by 1984-85 and the number of hirees at 18,000. In both the supply and the demand, the numbers of master's degrees are expected to

grow at a higher rate than bachelor's. Particularly strong are masters in accounting, the supply of which, the schools estimate, will grow at a rate three times faster than MBAs with an accounting concentration. Demand for graduates of 150 semester hour programs, according to the responding firms, will account for a larger percentage of the total masters degree hirees. The 1983 survey also revealed that forecasts made a year ago of both the supply of graduates and the CPA firms' demand have been adjusted downward. Last year's predictions of the 1982-83 hires of recruits with bachelor's degrees in accounting have been scaled down 14 percent, while the master's demand forecast has been reduced 27 percent. The schools have trimmed their 1982 estimates of the numbers of accounting students graduating in 1982-83 by 3 percent for bachelor's and 12 percent for master's graduates.

Overall, public accounting employs just under 30 percent of the total accounting graduates, and predictions are that this will remain constant through 1984-85.

A dramatic trend revealed by the surveys is the increasing representation of women in the accounting profession. In 1976-77, 28 percent of accounting graduates were women. This increased steadily to 43% in 1981-82, and the 1983 survey indicates that women will constitute 46 percent of the graduates by 1984-85. Presently at 38 percent, the female percentage of CPA firms' hirees has grown from 24 percent in 1976-77 and is expected to reach 39 percent by 1984-85.

Practical Experience Program For Educators Initiated By Louisiana CPAs

Based on the conviction that practical accounting experience is invaluable in the classroom, the Education Executive Committee of the Society of Louisiana CPAs last fall initiated a new program to provide practical experience for educators. Under the program, the society acted as coordinator between accounting teachers and practitioners. Educators were invited to submit their names to the committee as were CPA firms, and members in industry and government. A list of educators was distributed to the participating organizations and, in turn,

a list of these organizations was distributed to accounting department chairpersons and educator members. Educators who are not members of the society, however, were eligible to participate. Terms of employment were to be arranged directly between the educator and the employer.

This was the first round of what is planned as an annual activity. The Louisiana society expects to contact participating academicians and practitioners to determine how effectively the program is working. Other state CPA societies have indicated that they are considering developing similar programs. This is in response to the adoption in 1980 of the AACSB accounting accreditation standards, which include a requirement that a minimum percentage of the accounting faculty have had recent accounting experience. According to the AACSB standards, the objective of this requirement is "to bring to the classroom firsthand knowledge of practical accounting situations and to identify how current accounting issues are actually being handled by the accounting profession."

Professional Societies' Activities with Educators and Students Described in New Publication

To facilitate better coordination among the state CPA societies and the AICPA in achieving the profession's education goals, the Institute's Relations with Educators Division recently published *Programs for Students and Educators*. A compilation of education-related programs offered by the state societies and the AICPA, this manual describes recruiting activities, programs to enhance communications between accounting educators and practitioners, and those focusing on the profession's relationship with educators and educational institutions. Copies of the manual were distributed to all state CPA societies to aid them in planning educational programs appropriate to their needs and resources.

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New York, NY 10036-8775

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