

CHAPTER 3

Fewer and Less Qualified Students Are Choosing Accounting as a Major

As stated in [Chapter 1](#), during the past ten years, and continuing through today, we have been bombarded with signals warning us that the future of accounting education is in peril. Some warning signals have been raised by practitioners. Other warning signals have been raised by organizations such as the IMA, AICPA, AECC, and even educators. Because they were only opinions telling us what we did not want to hear, and because the economy has been so strong, it has been easy to discount those warnings. Now, however, more than ever before we have solid evidence of the need for change, evidence that substantiates many of the observations and criticisms we have heard before. Most of this empirical evidence focuses on the number and quality of students choosing to major in accounting.

Data on Enrollments and Graduates

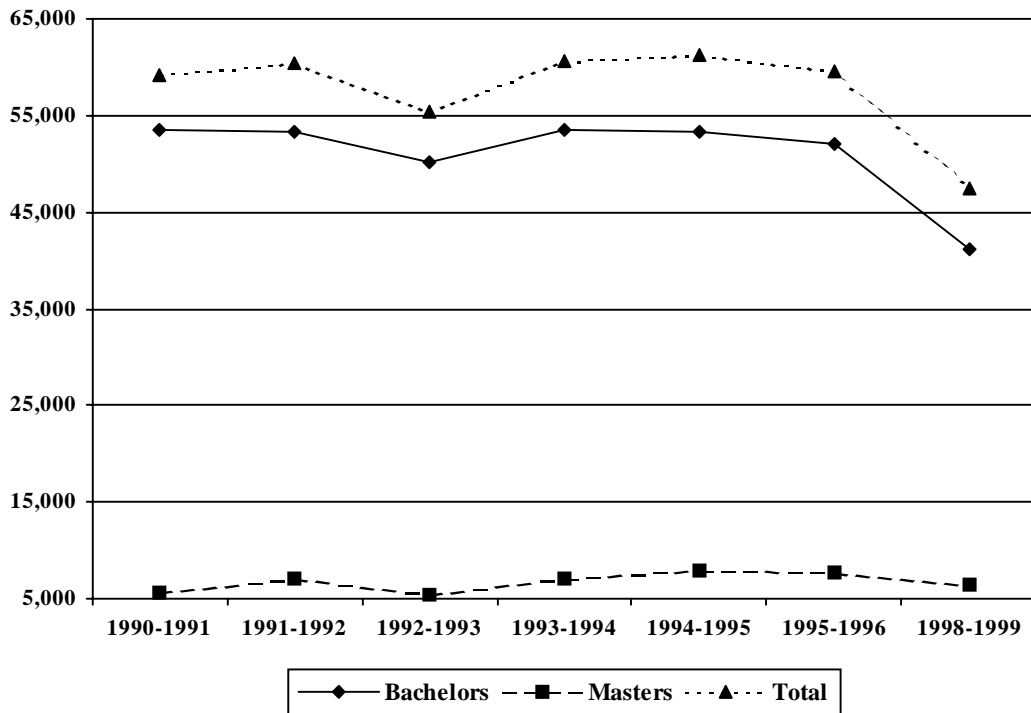
The AICPA has, for many years, conducted a supply-and-demand study, polling schools and employers as to the numbers of students in accounting departments and the numbers of offers made by potential employers.¹ The current year “supply” numbers from the schools are just now in, and they certainly paint a frightening picture. The chart on the next page shows the trend in numbers of students graduating with accounting degrees over the last ten years.

For more than 20 years the number of students obtaining bachelor’s and master’s degrees in accounting has averaged around 60,000 per year. Unfortunately we do not have comparable data for 1997 and 1998, but we do have the information for the 1999 school year. The number of accounting degrees awarded in the 1998–99 school year fell to 47,600, a decline of 20 percent below the comparable numbers for the 1995–96 school year.²

We cannot assume that this one-year graduation record is a fluke and that the numbers will recover tomorrow. The AICPA study also reports that the number of students enrolled in accounting programs is down, from 192,000 in 1995–96 to 148,000 in 1998–99, a 23 percent decline. Most of that decline is in undergraduate students: the number of students pursuing Master’s in Accountancy

¹ *The Supply of Accounting Graduates and the Demand for Public Accounting Recruits—1997* (and the supply portion of the 1999 study), AICPA 1997, 1999.

² Prospective employers have recognized this decreasing pool of students and are taking steps to help recruit more accounting students. As a recent article in the *New York Times* stated, “Competing for the smallest pool of college graduates of accounting programs in more than a decade, many of the nation’s largest accounting firms and associations have begun grooming talent at secondary schools, the latest battlefield in an industry-wide recruitment war. With scholarships and internships in hand, they are hoping to resuscitate a field that is rapidly losing conscripts to the wonders of technology and the glamour of being an entrepreneur. ‘We’re making big investments in the development of a high school pipeline,’ said a partner at a Big 5 professional services firm who sends recruiters to roughly 3,000 schools a year to scout promising students. ‘High school may almost be too late, and at some point we have to start looking at middle schools.’”



degrees has stayed about the same, perhaps as a result of the 150-hour rule. The number of students pursuing Master's in Taxation degrees fell from 4,000 to 2,000 during the same period. Data from the AICPA Topline Report and a 1990 Gallup Poll show that the percentage of college students majoring in accounting has dropped from 4 percent in 1990 to 2 percent in 2000. Even more alarming, the percentage of high school students who intend to major in accounting has decreased from 2 percent in 1990 to 1 percent in 2000.³

Faculty and practitioners who responded to our survey confirmed the data from the AICPA study. We asked three questions relating to quality and quantity of students. The first was asked of both faculty and practitioners and the other two were asked only of faculty. When we asked practitioners and faculty, "Do you believe that there are fewer qualified students majoring in accounting today than five years ago, about the same as five years ago, or more than five years ago?" we received these results:

Number of Students	Faculty Response	Practitioner Response
Fewer qualified students than five years ago	80.1%	45.7%
The same number of qualified students as five years ago	16.6%	42.5%
More qualified students than five years ago	3.3%	11.8%

³ The AICPA retained the Taylor Group to study high school and college students' perceptions about accounting and to help identify why accounting enrollments have decreased. The Group's final report has not been issued. We have been privileged to use their results in this study. In conducting its study, the Taylor Group conducted telephone interviews with over 2,000 high school and college students and held nine focus group sessions around the United States. Their report is referred to as the AICPA Topline Report.

The data referenced in this footnote come from a presentation by Scott Taylor, Chairman of the Taylor Group, to the AICPA Board on July 13, 2000.

The responses to this question, especially from the faculty, support the empirical data assembled by the AICPA. Neither of these pieces of evidence addresses the question of quality, however. That is, they do not really distinguish whether it is quantity only or both quantity and quality of students that are decreasing.

To help us distinguish perceptions about quantity and quality, we asked two additional questions in our faculty survey. When asked whether they thought the *size of the student population* described at their school has decreased, stayed about the same, or increased in the last five years, faculty responded as follows:

Kinds of Students Enrolled	Percent of Faculty Who Responded That the Size of This Student Population Has Decreased	Percent of Faculty Who Responded That the Size of This Student Population Has Stayed the Same	Percent of Faculty Who Responded That the Size of This Student Population Has Increased
Number of students enrolled as <i>accounting majors</i>	63.5	25.0	11.5
Number of <i>nonbusiness majors</i> enrolled in accounting courses	17.9	52.9	29.2
Number of students enrolled as <i>accounting minors</i>	23.9	55.5	20.6
Number of students enrolled as <i>nonaccounting business majors</i>	16.9	37.2	45.9

When you realize that nearly 300 schools are represented in these responses, these results are frightening. They show that most faculty perceive that the number of accounting majors has decreased, that the number of nonmajors taking accounting classes and enrolling as accounting minors has stayed about the same and that the number of nonaccounting business majors taking accounting classes has increased.

It is apparent from these results that the makeup of students enrolling in accounting classes is different than it was previously. We are teaching proportionately fewer accounting majors and proportionately more nonmajors. This shift in the makeup of our students requires a shift in the way we teach accounting and in the way we manage our departments.

When we asked faculty whether they thought the *quality of the student populations* at their school has decreased, stayed the same, or increased in the last five years, we received the following responses:

Kinds of Students Enrolled	Percent of Faculty Who Responded That the Quality of This Student Population Has Decreased	Percent of Faculty Who Responded That the Quality of This Student Population Has Stayed the Same	Percent of Faculty Who Responded That the Quality of This Student Population Has Increased
Students enrolled as <i>accounting majors</i>	43.7	38.2	18.1
Students enrolled as <i>accounting minors</i>	31.7	60.7	7.6
Students enrolled as <i>nonaccounting business majors</i>	37.5	47.3	15.2

These data suggest that not only is the quantity of our input down, but also that the perceived quality of the smaller group of students choosing accounting as a major is down. Interestingly, it is only the quality of accounting majors that the faculty respondents feel has decreased—the majority of respondents believe that the quality of accounting minors and nonaccounting, business majors has

stayed the same. That perception of the decline in quality was supported by the comments of the participants in the Ross Institute Supply and Demand Roundtable. One of those participants, a large-firm recruiter described this decrease in quality when he stated:

By January this year, we had only reached 75 percent of our (hiring) goal. For the first time, we are back on campus interviewing—and that is because of the quality and quantity (of students). To stay with our standards, we are digging deeper.

An experienced faculty member who was a participant in the Ross Institute Roundtable said:

What has clearly happened in our school is that the best student has turned to finance. “Best” is sort of what you remember about the students you were exposed to in the years past.

There was some evidence, provided by department chairs, that contradicted the widespread perceptions of faculty and practitioners about quality of students. The department chairs who responded stated that they believed quality of students, as measured by GPA, SAT/ACT scores, and honors received, has increased during the past ten years. Here are their perceptions:

Measure of Quality	Percent of Department Chairs Who Believe the Quality Measure Was Higher	Percent of Department Chairs Who Believe the Quality Measure Was Lower	Percent of Department Chairs Who Believe the Quality Measure Was the Same	Percent of Department Chairs Who Stated They Did Not Know Whether the Quality Measure Was Higher or Lower
High school GPA of accounting students in 2000 compared to students enrolled in 1990	32.8	8.6	21.9	36.7
High school GPA of accounting students today compared to those of other business majors today	38.7	1.6	17.7	42.0
SAT/ACT test scores of accounting students today compared to students enrolled in 1990	34.1	9.8	19.5	36.6
Percentage of accounting students receiving honors/awards today compared to students enrolled in 1990	28.8	12.8	40.0	18.4
SAT/ACT test scores of accounting students today compared to those of other business majors today	32.3	1.6	22.6	43.5

While the largest percent of department chairs responded that they did not know the answers to our quality questions, many responded that quality (measured by test scores, GPAs, and honors/awards) of students today compared to students enrolled ten years ago—and compared to other

business majors—has increased. Obviously, these results are inconsistent with the responses from the faculty and practitioners who responded to our surveys.⁴ Their responses are also inconsistent with the comments we heard from focus group respondents and in personal interviews. Setting this conflict aside, we know that—in the best case—the number of students majoring in accounting is down. In the worst case, both the quantity and quality of students electing to major in accounting have decreased.

These are very disturbing data. The dramatic decrease in the number of students choosing accounting as a major and the repeated cries about the quality of entering students being down raise two important strategic questions: (1) why are the decreases occurring, and (2) what do these decreases mean for the future of accounting education?

Why Has the Number of Students Choosing to Major in Accounting Decreased?

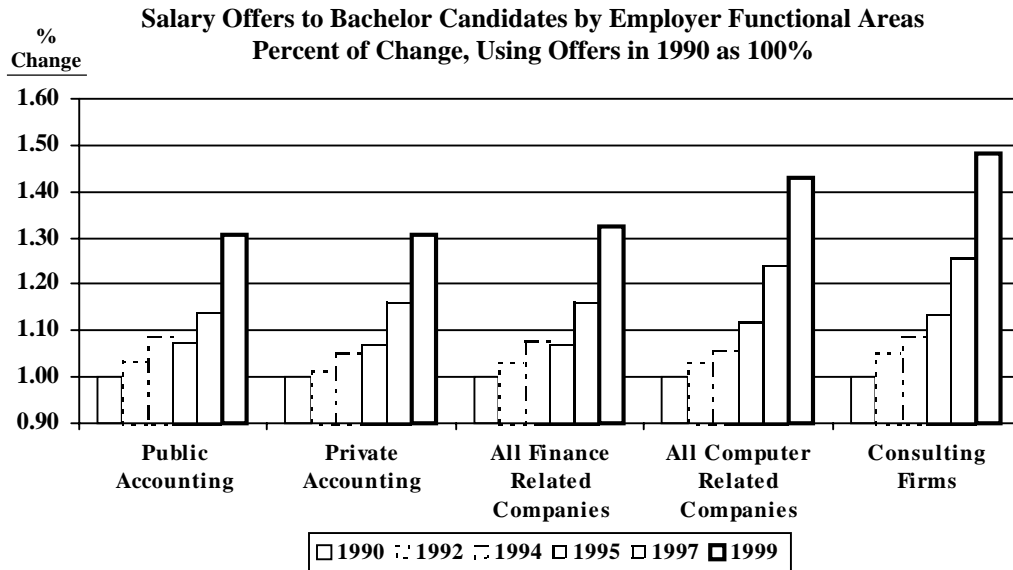
There are a number of perceived reasons why the quantity and quality of students choosing to major in accounting have decreased, including: (1) starting salaries for accounting majors are less than for other business majors, (2) students today have more attractive career alternatives than in the past, (3) students today are more willing to choose risky majors than they were in the past, (4) there is a lack of information and considerable misinformation about what accounting is and what accountants do, and (5) the 150-hour rule has increased the opportunity costs to become a CPA and prospective students perceive 150-hour programs as being too narrow and non-value-added.

Decreased Salary Levels

For most of the past ten years, salaries offered by public accounting firms to business school undergraduates have been higher than salaries offered by other finance-related employers; those salary offers were only marginally less than salaries offered by computer and consulting companies. That is no longer true. About four years ago, the salaries offered by both computer-related employers and by consulting firms started to increase rapidly. The chart on the following page, using data published by the National Association of Colleges and Employers (NACE),⁵ demonstrates the degree to which salary offers by both public and private accounting employers have decreased relative to the consulting and computer-related companies.

⁴ Part of the reason for the inconsistency may be that department chairs don't track student quality. When we asked department chairs to provide actual GPA, ACT/SAT, and honors/award data for accounting graduates in 2000 and 1990 and similar data for nonaccounting business majors, very few department chairs responded. Eighteen provided high school GPAs of accounting students in 2000, but only 10 of those respondents had comparable data for 1990. Four provided current high school GPAs of finance, marketing, and management majors, two had current high school GPAs of information systems students, and no one had comparable data for 1990. Thirty-two respondents provided SAT/ACT test scores of accounting students in 2000, but only 24 had comparable data for 1990. Seventeen provided ACT/SAT test scores of finance and marketing students in 2000; 18 provided ACT/SAT test scores of management majors; ten provided ACT/SAT test scores of information systems majors in 2000; but no one had comparable data for 1990. No department chairs provided the number of students receiving honors/awards in either 1990 or 2000. The limited data we received in response to this request was not enough to help us resolve this apparent inconsistency regarding the quality of our students. This lack of knowledge by department chairs about the quality of students in programs is a serious problem. It is difficult to take corrective action unless the nature of student quantity and quality problems is known by those who can best take steps to fix the problem—department chairs. Another explanation is provided by the Taylor Group in their AICPA Topline Report. When they studied the kind of students the profession is attracting, they found that accounting majors were (1) less likely to have taken both AP and college prep courses than college students generally, (2) more likely to have attended community college and currently attend public universities, (3) are more likely to value job security and prestige rather than creativity and working with people, and (4) do report higher GPAs than college students generally. It may be that accounting students actually have higher GPAs but these GPAs were earned by not taking AP and college prep courses and by studying at community colleges.

⁵ The data for this chart were developed from the NACE *Salary Survey*, September 30 Reports, recruiting years ended 1990–1999.



These data are supported by our survey responses. When we asked department chairs to rank order from highest (1) to lowest (8) and to specify (if they had the information) the average starting salaries of graduates in different undergraduate business programs at their schools, we received the following responses:

Major	Mean Rank	Mean Salary
Information Systems	1.25	\$41,402
Accounting	2.42	\$35,090
Finance	2.67	\$35,400 ⁶
e-Business	3.17	NA
Logistics/Supply Chain Management	4.30	\$30,000
Marketing	4.50	\$29,388
Operations	4.76	\$38,500 (small sample)

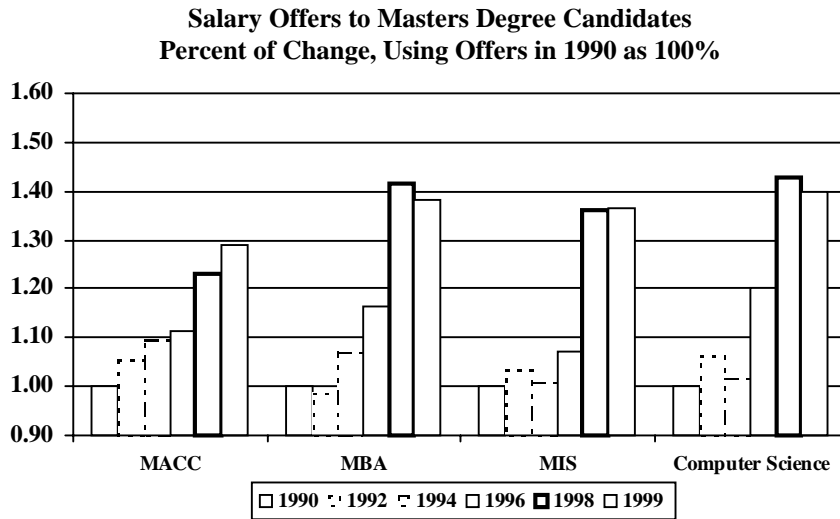
When we asked about starting salaries for graduate programs, we received the following data from department chairs:

Program	Rank	Salary
Master's of Information Systems	1.24	\$60,000
Master's of Business Administration	1.85	\$48,200
Master's of Accountancy	2.12	\$41,200
Master's of Taxation	2.39	\$43,800
Master's of Organizational Behavior	4.00	NA
Master's of Public Administration	4.17	NA

These responses suggesting the higher salaries attributable to the M.I.S. and M.B.A. degrees are confirmed by data from the NACE Salary Surveys. The following chart tracks the salary offers made to graduate students, by all employers, from 1990 to 1999.⁷

⁶ The reason that the rankings of actual salaries and perceived salaries are different is that we received more responses to perceived salaries than we did of actual salaries.

⁷ NACE gathers salary offers to M.B.A. candidates, differentiating between those who have one year of experience or less and those who have more than one year of experience between their undergraduate degree and their M.B.A. work. We cite here only the offers made to M.B.A. candidates with one year or less experience.



In our surveys, we asked respondents two questions relating to reasons why fewer qualified students were majoring in accounting. When asked “What do you believe are the two main reasons there are fewer students today than five years ago,” respondents answered as follows:⁸

Reason Why the Number of Qualified Students Is Down	Most Important Reason— Faculty Responses	Second Most Important Reason— Faculty Responses	Most Important Reason— Practitioner Responses	Second Most Important Reason— Practitioner Responses
Starting salaries are lower than in other disciplines, such as information systems	39.3	15.7	32.3	25.4
Accounting is perceived as less challenging and rewarding than other fields of study	10.9	21.1	23.2	13.4
Students do not understand how challenging and rewarding the accounting profession is	18.3	13.0	6.3	13.4
Accounting is not perceived as having the growth opportunities that other disciplines have	9.6	14.3	11.0	17.4
Accounting is perceived as being backward-looking, while information systems and finance are perceived as being forward-looking	6.6	6.7	9.8	11.2
Accountants are not as respected as other business professionals	1.3	1.8	3.5	9.8
University professors do not do a good job of getting students excited about accounting	2.2	14.6	1.2	4.5

⁸ The columns in this and the following table do not add to 100 percent because there was an “other” category.

When we asked respondents what were the two most important steps corporations and accounting firms could take to attract more high-quality students into the accounting profession, the responses were similar:

Action to Attract More Qualified Students	Most Important Action—Faculty Response	Second Most Important Action—Faculty Response	Most Important Action—Practitioner Response	Second Most Important Action—Practitioner Response
Pay higher starting salaries	49.2	14.5	46.8	21.1
Better promote their array of services to students	17.9	22.4	18.9	28.2
Have an increased presence on campus	13.0	16.7	7.3	12.5
Work with high school students	6.9	12.7	8.0	12.7
Work closer with key professors	4.1	13.6	3.6	10.2
Build supplier alliances with key schools	3.3	7.0	3.6	6.0
Change the name of the profession	0.4	2.6	0.5	3.5
Do more advertising	0.0	1.8	3.9	5.0

These responses tell us that the differentials in starting salaries do impact students who are deciding between majors. In fact, we believe the striking increase in salary offers by consulting and computer-related companies is likely to have a greater impact on accounting than on the rest of the business school because accounting programs compete for the same analytically oriented students who are likely to choose information systems or consulting as their majors.

These salary data were confirmed by discussions in our focus groups. Several Big 5 recruiting participants in the focus groups confirmed that salaries within the same firm are higher in the consulting and other emerging tracks than in tax and assurance services. The following quote is typical of these comments.

We used to pay the highest. I remember when I graduated in 1980, I got paid a lot more than my finance friends or other graduates. Now we don't. We have a monopoly on the attest function. Only CPAs can do attest. But, our monopoly service we discount the most. I mean, we're selling jobs at 50 percent. I'll go in for a bid for a client at \$100,000 and somebody will come in and underbid me by \$50,000. And, then I can't pay the salaries. So the firm says, "We'll pay more when the realization is higher." Their realization is higher in consulting. I had a discussion with a partner—a major player at one of the firms—and he believes that when the pain hurts enough, we'll start paying more. —Participant, Los Angeles Focus Group

A department chair at a major school offered a more pessimistic view. He stated that:

Demand for accounting majors from CPA firms looking for auditors is up but supply of students who want to become CPAs is way down. This makes no sense economically. The price being offered to accounting students is too low to satisfy demand. This is true even for four-year bachelor's graduates in accounting compared to other bachelor's graduates. The attestation side of CPA firms can't even compete with their own consulting practices. Add to this the fact that we are phasing in a five-year requirement for CPAs and you have to predict that things will get worse, not better. Who would get a graduate degree in accounting to become CPA qualified when you can make as much or more in most career paths in business schools with a four-year bachelor's degree? If you are paying below the market for top students, why should you expect to hire the top students? Even our master's students are being bid away by other non-CPA employers at much higher prices. —Respondent to our survey

It seems anomalous that the professional firms and industry are clamoring for more and better people, but at the same time their salary offers for accounting students lag the competition. Why

should the firms not respond to the decreasing number of accounting graduates by increasing their salary offers? There may be several answers:

- If the firms were to increase starting salaries to competitive levels, they would face a serious compression problem. One major firm recruiter made that point, in a focus group discussion, saying, “It’s not a \$1 million problem for us, it’s a \$20 million problem.”
- The firms have found that they can hire experienced people, and that their experience justifies a higher billing rate, in turn justifying a higher salary.
- The firms have been able to hire students from other disciplines at lower salaries, and train them in accounting during the summer and on the job.

Whatever the reason, lower salary offers are a problem for accounting education and our ability to attract good students to our schools. We may not be able to convince the professional service firms to raise their salary offers to our traditional students, but we can begin to educate students and guide them toward more attractive career opportunities. We must not wait for the firms to solve our problems. As a partner in one of the Big 5 firms said:

So one of the options would be—and it almost sounds like heresy for me to say this—for the accounting groups in schools that can produce the proper talent and drive toward integration to take the lead. They would have to recognize that the principal customer for their students will be elsewhere. If the Big 5 doesn’t seem to be able to pay the freight, then [the schools] will have to change their focus to customers who do pay the freight. I hate to say it but if we don’t have a message of compensation and work challenge that is worthy of the talent that we keep saying we need, then shame on us.

More Attractive Career Alternatives than Ever Before

Students entering business schools today have more attractive career alternatives than did students in the past. The result is increased competition for accounting programs and more difficulty attracting bright students. Students entering business schools today can choose from new, attractive majors that did not exist previously. Some of these new majors are information systems, e-business, logistics/supply chain management, strategy, and various types of finance specialties. These majors not only prepare students for new and exciting careers that have developed because of globalization, increased competition and technology, they also prepare students for work now performed by firms that have historically recruited primarily accounting students—the professional service firms and “finance” departments in corporations. The following quote from a focus group participant illustrates the degree to which students are choosing these new majors:

I was at a career fair yesterday and the line for every booth to talk to the consulting people was 50 people long. Every so often we would get one lone accounting major who would come over and talk to us who represented assurance and tax. —Participant, Atlanta Focus Group

Students Are More Willing to Choose Risky Majors and Career Tracks than Before

Decreases in enrollments are partly due to the extraordinarily strong economy we have experienced in the past few years. Choosing accounting as a major used to be seen as a safe educational choice because it provided a predictable entrée into the larger business world, either through an extended internship with a CPA firm or into the general management program of one of the larger corporations. Given the strength of the economy, however, students are now less concerned about safety and predictability in their career planning and more interested in challenge and the potential for growth and wealth accumulation. The strength of the economy has changed students’ expectations dramatically, to the extent that they are not worried about the prospects of changing companies or even careers. The idea of stability is now stultifying rather than reassuring. Students now expect that they will get richer and be more successful than ever before. Today, students are willing to assume greater career risks, believing that if their first career choice fails, other alternatives will

await them. This perception about students was well articulated by one of our focus group members who said:

One thing we notice in recruiting is that today's students have never seen a bad job market. They've never seen downsizing and layoffs. In 1990, when I graduated, we were lucky to find a job. Students today believe they have the world at their fingertips, with an unending stream of opportunities. —Participant, New York Focus Group

Not only are students more tolerant of risk, but the actual risk of making a wrong career choice in today's circumstances is also low. In addition, the potential pay-off from a risky choice is seen as very high. One focus group participant who was a recruiter stated that she had been pursuing an accounting graduate, but was losing her. The student asked "if this dot.com opportunity doesn't work out, can I come back to you in a couple of years?" The recruiter was forced to admit that the answer was "of course."

Misinformation and Lack of Information about Accounting and Accounting Careers

For years, accountants have been thought of cynically as individuals who "wear green eye shades, are narrow and boring, who work alone and who do tedious numbers-related work." Accounting educators and accounting practitioners know that image is incorrect. However, do prospective students know this? According to the AICPA Topline Report, apparently not. After studying both high school and college students, the research firm stated the following:

Most students, even those pursuing an accounting degree, are ignorant of the basics of an accounting career. They cannot accurately describe the work of an accountant, their responsibilities, their opportunities or the types of firms an accountant might work for. Students can differentiate, to some extent, between a general accountant and a CPA, but their perceptions are based on credentials alone—that credential must afford a CPA some measure of prestige. "CPAs are higher than general accountants because they are certified." These same students were not ignorant of other careers.

While students do, generally, have specific career interests, much of their information regarding careers, especially accounting, is somewhat faulty as exemplified by this statement from a high school student: "A CPA is someone who works for the government."

A CPA license, as opposed to advanced degrees, such as an M.B.A., is seen by many students as limiting their career options, rather than expanding them. "It seems like you can do a lot more if you get an M.B.A....If you get a CPA, you have to be an accountant, but if you get an M.B.A., you can do anything you want." "I can't see any applications for accounting, except being an accountant."

Students are becoming turned off early. Our research shows that students are making these decisions (about careers and majors) earlier and earlier. Most students are deciding on a college major during their college-application process. Many do not consider accounting because they've never been exposed to it (no classes, except bookkeeping available in high school), and others rule out accounting because they perceive it to be a profession (bookkeeping) for people who do not continue on to college. And even some students who find value in accounting—and have chosen accounting as their major—do not find value in continuing on for their CPA.

For students, accounting is most often associated with money, numbers, math, and taxes. And except for the rare math-and-details-oriented student, these are not positive attributes. Accountants are seen as doing boring, tedious, and monotonous number-crunching, by themselves, in a cubicle. As one accounting major stated, "If you are a detailed-oriented person who likes to work by yourself, then it's for you." While accounting and business majors are, not surprisingly, somewhat more positive regarding accounting, even they see accounting as a necessary evil. "It's a dirty job, but somebody has to do it." In fact, many choose accounting because of the negative

perceptions, thinking that these negative perceptions must lead to higher demand for accountants, greater job security, and possible higher pay. “Accounting is something that is in demand, because no one wants to do it.”

As is evident from these quotes, high school and college students do not perceive accounting and accounting careers as being very positive.⁹ These misperceptions may be causing us to attract the wrong kind of students into accounting. As one focus group member said:

One of the things we need to do is attract a different type of person into accounting. I think that starts out in high school. I remember a colleague who got in the profession because he said, “I got in because I always wanted the correct answer.” When they go into accounting, they always want to feel like “don’t tell me how to do it, just give me the answer.” Well, in practice, there is no right answer. —Participant, Los Angeles Focus Group

This lack of correct information about accountants and accounting is serious because students’ perceptions of accounting are not compatible with the creative, rewarding, people-oriented careers that many students envision for themselves.¹⁰ Accounting is seen—even by those who choose accounting as their major and their potential career—as hard work and a good career for math lovers. If, because of these perceptions, we attract the wrong kinds of students, those students will not meet the needs of accounting and other firms, thus further hurting the reputation of accounting majors. Furthermore, they will not be happy with the direction the profession is going.

This lack of information is probably caused by four factors: (1) misunderstanding of what accounting careers are like by high school guidance counselors and others, (2) bad definitions of what accounting is and the kinds of skills it takes to be successful as an accountant on career choice and aptitude tests administered to high school students, (3) high school “accounting” courses that give students the impression that accounting and bookkeeping are the same and that perpetuate the perception that accountants are scorekeepers,¹¹ and (4) introductory accounting courses that give college students the impression that accounting is a narrow field and that accountants are only scorekeepers.

While accounting educators may not be able to make an immediate difference with all of these problems, we can and must impact introductory accounting classes. Consider the following comment from the AICPA Topline Report:

⁹ Hardin et al. (2000) surveyed 128 influential high school teachers from 40 states regarding their views of accounting, engineering, law, and medicine on 24 attributes. They found that high school educators have a relatively low opinion of accounting as a career option for high school students. According to the authors (Hardin, O’Bryan, and Quirin), “although there were a few positive results (e.g., level of ethics), the overall picture that emerges is an unfavorable one for the accounting profession.” O’Bryan spent part of his sabbatical last fall visiting high schools to educate students about opportunities in the accounting profession. He found three major hurdles in changing high school teachers’ and students’ perceptions of the accounting profession. First, it is difficult to get the message that accounting is a challenging and rewarding career to the teachers who interact with the best and brightest students. Second, when accounting is offered in high schools, it is offered as part of a vocational track. Third, many students told him that their counselors had discouraged them from taking high school accounting because it was not for college-bound students.

¹⁰ When the Taylor group asked students what were the most important things they considered in choosing a career, they found that both high school and college students identified the four top elements of an attractive career as one that is (1) personally rewarding, (2) involves working with people, (3) had a good home/work balance, and (4) involved them making a contribution to society. Students’ perceptions were that accounting ranked low on all of these characteristics.

¹¹ According to Scott Taylor of the Taylor Group, only 65 percent of all U.S. high schools offer accounting courses. Of the students who enter college from the 35 percent of high schools that do not offer accounting courses, 17 percent will take a college accounting course. Of the students who attend the 65 percent of high schools that do offer accounting courses, only 25 percent of those students take high school accounting and of those, only 15 percent continue on to take a college accounting class. In those schools that offer accounting, only 9 percent of the 75 percent who do not take high school accounting will take a college accounting class. These results provide evidence that students who attend high schools that offer accounting courses and even students who take accounting in high school are no more likely to take a college accounting class than those who attend high schools that do not teach accounting. It appears that having a high school accounting class does not encourage students to study accounting in college.

Compounding this problem (misinformation) are poor introductory accounting courses (and professors) where you work problem after problem—alone. “I know they are just intro classes, but I thought I would be able to learn something that I would be able to use.” Important is what is not portrayed in introductory accounting courses. Accounting is not portrayed as a creative profession, nor is it portrayed as a profession where you work with other people, in an advisory role, to solve problems.

The first two courses in accounting too often focus on mechanics and fail to give the students a glimpse of the benefits of a more exciting and comprehensive accounting curriculum.¹² Not only is a mechanical approach seen as dull, it turns off the more creative students and encourages and rewards those students who find comfort in mechanics. Our course workload has a reputation as being demanding. If it is perceived as both demanding and mechanical, it is no wonder that our classes are less and less attractive to prospective students.

The 150-Hour Rule Has Increased the Opportunity Cost for Students

Given the changes taking place in the profession, the 150-hour rule is almost universally seen as a mistake. It is seen largely as a rule that both increases opportunity costs and forces students to specialize at a time when they should not specialize. In today’s market, the opportunity cost to become an accountant—or at least to qualify for a CPA license—is too high. Many professionals we talked to either said (1) it was the right idea, but has been implemented badly (accounting educators have just added more of the same),¹³ or (2) the idea was right at the time, but that the underlying vision—the notion of education for an accounting profession—is no longer compelling.¹⁴ Regardless of how we were motivated to add a fifth-year requirement, almost everyone agrees that most 150-hour programs are not appropriate now, especially where we have added a fifth year of more detailed accounting to an already too technical course of study. While focus group participants strongly communicated this feeling, the lack of value of a fifth year has also been clearly communicated by the market—as demonstrated by the NACE salary data for Master’s of Accountancy candidates, cited earlier in this chapter. Given the attractiveness of other career options, and the extra burden of another year in school pursuing the same subjects in more depth, it is, once again, no wonder that enrollments are down.

¹² For a discussion of the type of introductory accounting course that has been recommended by past studies, see Position Statement Number 2 of the Accounting Education Change Commission.

¹³ In fact, as you will see in the next chapter, only 4.3 percent of educators and 14.3 percent of practitioners believe that having a bachelor’s degree only is sufficient to be a professional accountant. 95.7 percent of educators and 85.7 percent of practitioners would recommend some kind of advanced degree to be an accountant. In addition, the Taylor Group found that 76 percent of high school students and 80 percent of college students plan to attend some kind of graduate school (this compares with only 57 percent in 1990.) When asked whether their choice of career would be influenced by whether they had to spend an additional year in college beyond a bachelor’s degree, 78 percent of high school students and 85 percent of college students stated that they would still choose the same career. Further, when asked specifically whether the requirements to become a CPA (including the 150-hour requirement) seemed fair, 71 percent of high school students, 81 percent of college students, and 80 percent of college students who switched from accounting to another major stated that they thought the requirements were fair. When asked specifically about the 150-hour requirement, only 26 percent of high school, 5 percent of college, and 9 percent of switchers stated that the 150-hour requirement would even enter into their decision to become a CPA. Looking at these data, it appears that the 150-hour requirement has less to do with the decrease in the number of students than does beginning salaries or misinformation. As you will see in Chapter 5, the problem is not with the 150-hour requirement but with the kinds of requirements universities have implemented to fulfill the 150-hour programs.

¹⁴ An alternative reason why five-year programs have not been widely subscribed to is the explanation of “disruptive technologies” written about by Clayton Christensen of the Harvard Business School. Using disk drives as an example, he says that it is not always the best products that carry the day. While some disk drive manufacturers are adding more “bells and whistles” to computers, making them as powerful as possible, most consumers do not use all the capabilities of the computer. As a result, other manufacturers become very successful with products that are not nearly as good or powerful, but which are less expensive. These “disruptive technologies” can eliminate the market for superior products. It may be that five-year accounting degrees are superior products that may not be necessary, especially given the changes we are experiencing in the business world. Other majors and disciplines, with shorter graduation requirements and lower barriers of entry but that are less costly, may be disruptively stealing our market share.

Concluding Comments

It is tempting to look for someone or something to blame for the 20+ percentage drop in accounting majors. However, given the complex nature of the problem, that would be counter-productive. These drops in enrollment pose serious threats to our accounting departments and schools. Some schools have already faced serious declines in resources and faculty. Other schools may not be far behind. Equally important, we could very well face classes that will attract less interesting and challenging students.¹⁵ We can complain about the forces that have brought this threat upon us but, as satisfying as that might be, it will not change the facts. Obviously, there are many reasons why the number of students choosing to major in accounting has decreased. Some of those reasons are due to our inability or unwillingness to prepare students for changing careers. Some of those reasons have to do with the changing nature of the work that accountants perform and by the emergence of technology that has eliminated the need for traditional accounting work. Some have to do with the increasingly closer alignment of other disciplines and curricula with the changing nature of accounting work. As accountants move more from preparation of financial information to analysis and use of financial information, the curricula of other disciplines such as information systems and finance may actually align closer with what accountants do than does accounting curricula. Some are due to the relative decrease in starting salaries and the perceived psychological and financial rewards from practicing as accountants. Some are due to a lack of accurate information about the types of work that accountants do.

What is important is interpreting what is causing the declining enrollments and deciding how to respond. One of our interviewees said, “Each school will have to decide for itself what the decline means for its programs.” In [Chapter 6](#), we provide specific ideas about how schools can respond.

We can commiserate and fret about the decline in enrollments, hoping they are temporary or that they will not significantly impact the number of students in our programs or that enrollments will not worsen significantly until we retire. However, the empirical evidence is compelling. Whether we like it or not, the number of students electing to major in accounting has decreased and we are now teaching proportionately more nonaccounting business majors than ever before. In some ways, our role has already switched more from educating majors to performing a service function for other business school majors. As enrollments continue to decline, we can continue the transition to a service role or we can try to determine how to make our accounting curricula and degrees more attractive to prospective students. Hopefully, professionals will find ways to reward graduates so that they are competitive with graduates from other disciplines. While we can’t do much about the profession, we can make changes within academia that will be more responsive to our students—changes that will reverse the decline in enrollments and allow accounting to occupy the preeminent position it has traditionally held within business schools.

¹⁵ Some accounting faculty who responded believe we are already attracting less interesting and challenging students. As one faculty member stated, “I teach both M.B.A. and M.Acc. students and the contrast is significant. At my school, several of the best accounting faculty are now opting for teaching in the M.B.A. program rather than the M.Acc. because ‘that is where the action is.’”