



Are Accounting Graduates Favorably Recruited for Entry-Level Management Positions?

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A SURVEY OF RECRUITERS OF BUSINESS SCHOOL GRADUATES FINDS EMPIRICAL EVIDENCE TO DISPEL THE COMMON MISPERCEPTIONS THAT A MAJOR IN ACCOUNTING LIMITS STUDENTS' CAREER OPPORTUNITIES OR THE TYPE OF WORK THEY WILL PERFORM IN THEIR JOBS.

EXECUTIVE SUMMARY A major problem facing the accounting profession today is the shrinking pool of accounting graduates from which to recruit. An obstacle accounting educators must overcome in recruiting students is a misguided perception that (1) accounting as a profession offers narrow career opportunities and (2) accounting positions do not offer variety in the type of work performed. While anecdotal evidence exists that an accounting degree provides broad training suitable for a variety of business careers, this proposition has not been well-established empirically. The purpose of our research is to determine whether students majoring in accounting are favorably recruited for general entry-level business positions.

The research resulted in several findings. The most notable was that accounting majors are significantly preferred by recruiters over general business majors for general entry-level management positions. A second result was that students with a Master of Business Administration (MBA) degree were not significantly preferred over those with a Bachelor of Business Administration (BBA) degree. This second result, however, was strongly influenced by the effect of accounting as an undergraduate major. For example, an accounting major with only a BBA received a higher mean recruitment rating than a student with an MBA (having general business as the undergraduate major).

The motivation for our research is the potential to enhance the efforts of attracting students into accounting programs. Our findings provide evidence that selecting accounting for an undergraduate major offers a variety of career alternatives. Not only does this result have positive implications for recruiting students to major in accounting, but it also reinforces the efforts of IMA and the AICPA in promoting accountants as professionals possessing a variety of business skills.

The accounting profession is in a state of change. Public accountants have broadened their scope of services to include such areas as strategic advising and personal financial planning, and the breadth of responsibility for management accountants has increased to include the areas of finance, Enterprise Resource Planning (ERP), and quality assurance. A major problem facing the profession as this transition occurs is a shrinking pool of quality accounting graduates from which to recruit. This is a critical problem because the success of the profession depends on its ability to recruit quality employees.

One reason for this declining pool of quality graduates has been the decline of enrollment in business schools in general, which, in turn, has resulted in enrollment declines in accounting programs. An edition of *The Wall Street Journal* noted that only 13% of high school seniors in 1996 said they planned to select business as a major. In 1987, however, business was the most popular major, with 23% of high school seniors indicating it as their preference.¹ Perhaps another reason for the decline in the number of quality students in accounting programs is a perception that an accounting degree offers a narrow career path. Similarly, students may have limited understanding of the variety of work performed in even relatively narrow positions, such as audit positions. In a Gallup Organization survey of high school and college students, only 10% of those surveyed strongly agreed that accounting offers variety in the type of work performed.²

The task for employers of accounting graduates, as well as for accounting educators, is to attract quality students into the accounting curriculum. Roger H. Hermanson, et al., found that 91% of the accounting department chairpersons they surveyed felt that it was more difficult to attract top students into accounting today compared to five years ago.³ Perhaps an obstacle accounting educators must overcome in recruiting quality students is a misguided perception that (1) accounting as a profession offers narrow career opportunities, and (2) accounting positions themselves (such as auditing) do not offer variety in the type of work performed.

The Institute of Management Accountants (IMA) strongly promotes accountants not only for their

accounting abilities, but also for their broad-based financial management skills. As evidence of their commitment in promoting accountants as general business strategists, the IMA provides certification programs in management accounting (Certified Management Accountant) and in financial management (Certified Financial Manager). In addition, the American Institute of Certified Public Accountants (AICPA) has embarked on a major program to expand the image of the accounting profession. While the accounting profession is one of the most respected, the general perception is that accountants perform only tax and audit work. In addition, there may be a misconception of what this tax and audit work entails. The goal of the image enhancement program is to promote CPAs not only for their tax and audit work but also for work as general business advisors. One motive of the AICPA in this effort appears to be an attempt to improve the ability of CPAs to compete in the market for other business services. An indirect benefit of the program, however, may be to communicate to the public that an accounting degree offers a broad career path.

The purpose of our research was to determine whether students majoring in accounting are favorably recruited for general entry-level business positions. While anecdotal evidence suggests the answer is "yes," it appears that little research has been conducted to investigate the issue empirically. Students can be more easily convinced to major in accounting if they understand that selecting accounting does not limit their career opportunities. In fact, it may actually expand their opportunities. The findings from this research may also be useful in reinforcing the efforts of the IMA and AICPA in promoting accountants as individuals possessing a variety of business skills.

Next, we detail the research questions, hypotheses, and research methods used to test the hypotheses. After that, we will discuss the data analysis and explain the results. The final section summarizes the results and provides conclusions.

HYPOTHESES AND RESEARCH METHODS

Our research included two hypotheses. First, an assessment was made to determine whether the recruitment of entry-level managers depends on the selection of an

undergraduate business major.

Hypothesis 1: *Students majoring in accounting are not more highly recruited for entry-level management positions than students majoring in general business.*

Second, an investigation was made to determine whether the degree held [Master of Business Administration (MBA) degree versus Bachelor of Business Administration (BBA) degree] influences the recruitment of entry-level managers.

Hypothesis 2: *Students with an MBA degree are not more highly recruited for entry-level management positions than students with only an undergraduate business degree.*

We conducted a survey to examine the two research hypotheses. Generally, the experiment consisted of soliciting responses from recruiters of business school graduates identified from the Dun & Bradstreet's *Career Guide*. The recruiters were provided with a research instrument that included a description of the characteristics of a graduating student, and they were asked to indicate how actively they would recruit the student. Each recruiter completed one instrument (i.e., the design was between subjects). Two undergraduate business majors were selected for inclusion in the analysis: accounting and general business.

The research instrument consisted of a one-page document that asked the recruiter to assume that his or her firm was in the process of recruiting for an entry-level management position. The recruiter was also asked to assume that a preliminary interview with the student had been conducted, after which the recruiter made several notes. A total of eight randomly ordered characteristics describing the hypothetical recruit followed. Seven of these descriptions were attributes of students that previous research had identified as being desirable.⁴ The other description included the manipulation of the research variables of interest.

The research variables of interest included two types of degrees, either Bachelor of Business Administration or Master of Business Administration (DEGREE), and two undergraduate majors, accounting or general busi-

ness (MAJOR). This resulted in four different versions of the research instrument. The DEGREE and MAJOR manipulations were:

1. "The student is completing a Bachelor of Business Administration (BBA) degree with a major in accounting [or *general business*]."

2. "The student is successfully completing a Master of Business Administration (MBA) degree. The student's undergraduate degree was earned at the same university, with a major in accounting [or *general business*]."

The subject was then asked to indicate (on a scale of zero to 10) how actively they would recruit the student. Several demographic variables were also included in the research instrument:

1. Approximate number of employees,
2. Frequency of hiring entry-level managers,
3. Years of hiring experience, and
4. Industry.

See Appendix A and Appendix B for two of the four versions of the research instrument.

As mentioned previously, we obtained the subjects for this research from the Dun & Bradstreet's *Career Guide*. A total of 640 names and addresses of companies that recruited business school graduates were selected randomly. An equal number of each of the four versions of the research instrument (160) was mailed. Twenty-three instruments were returned undeliverable, leaving 617 delivered instruments. A total of 114 responses was received for a response rate of 18.5%. Five of the 114 responses were unusable, however, because the respondents failed to indicate a rating. This left a final sample of 109 subjects.

Next, we tallied the results of the four demographic items. The mean number of employees was 6,564, with a range of six to 125,000. Hiring frequency varied across respondents, with 50% indicating hiring entry-level managers at least as often as once every six months. The subjects reported an average of 13 years of hiring experience. Responding recruiters came from all industry classifications listed on the survey. "Manufacturing" was the highest, representing 29% of the final sample.

DATA ANALYSIS AND EMPIRICAL RESULTS

The two hypotheses were tested using two-way Analysis of Variance (ANOVA) techniques. Table 1 provides

Table 1: Mean Ratings (and Standard Deviations)
By Major and Degree

DEGREE	ACCOUNTING	GENERAL BUSINESS	TREATMENT MEANS
BBA	74.36 (19.01) n = 22	64.79 (27.94) n = 28	69.00 (24.66) n = 50
MBA	75.66 (20.29) n = 32	69.30 (25.73) n = 27	72.75 (22.53) n = 59
Treatment Means	75.13 (19.60) n = 54	67.00 (26.73) n = 55	GRAND MEAN
			71.03 (23.71) n = 109

Entries in the cells represent the mean rating (standard deviation) of the cell on a scale of zero to 100.

BBA = Bachelor of Business Administration Degree

MBA = Master of Business Administration Degree

the mean ratings (and standard deviations) for each treatment and cell. The grand mean rating is 71.03. With regard to the type of degree, the mean rating for the MBA treatment is greater than that for the BBA treatment (72.75 versus 69). The undergraduate major treatment mean rating is much greater for accounting (75.13) than for general business (67). The highest cell mean rating is MBA-accounting, at 75.66. This is followed by BBA-accounting (74.36), MBA-general business (69.30), and BBA-general business (64.79).

These means from Table 1 suggest the following tentative implications for an entry-level management position: (1) an MBA is slightly preferred over a BBA, (2) an accounting major is strongly preferred over general business, and (3) an undergraduate accounting degree (74.36) is preferred to an MBA-general business degree (69.30). It is also interesting to note that not only is the mean rating for accounting much greater than that of general business, but the standard deviation is also

much lower (19.60 for accounting, 26.73 for general business). This suggests that recruiters have more consistent, and, therefore, less divergent, perceptions of accounting majors.

We conducted preliminary analyses to determine the form of the final ANOVA model. Initially, we examined the relationship between the control variables and the dependent variable rating. Only one of the control variables (approximate number of employees) was significantly associated with rating, so we did not consider the other variables any further in the investigation. The final model, therefore, included the dependent variable rating with the treatment variables MAJOR and DEGREE. For control purposes, the number of employees was included as an independent variable.⁷

The results from the ANOVA analyses are summarized in Table 2.⁸ A significant relationship was indicated for the overall model ($F = 2.94$; $\text{Prob} > F = 0.037$). Recall that Hypothesis 1 was designed to test the

Table 2: Analysis of Variance Results

VARIABLE	F-VALUE	P-VALUE
Overall Model	2.94	0.037
Major	4.11	0.045
Degree	0.77	0.383
Number of Employees	4.66	0.033

n = 109
 Major = Accounting or General Business
 Degree = Bachelor of Business Administration or Master of Business Administration

impact of the selection of an undergraduate major. Table 2 indicates the existence of a significant MAJOR effect ($F = 4.11$; $\text{Prob} > F = 0.045$). This suggests that the choice of undergraduate major is significantly associated with the rating of recruiters (in other words, accounting is significantly preferred as a major). Accordingly, Hypothesis 1 is rejected.

Hypothesis 2 was designed to test the impact of the degree, BBA vs. MBA, on the rating of recruiters. Table 2 indicates that DEGREE is not associated significantly with the rating of recruiters ($F = 0.77$; $\text{Prob} > F = 0.383$). The combined results suggest that a candidate's undergraduate major is an influential factor in the recruitment of entry-level managers while the degree held (BBA or MBA) is not a significant factor.

There are several potential explanations for the lack of significance regarding the type of degree held. Perhaps many companies do not recruit students with an MBA degree for general entry-level positions. Also, recruiters may have considered starting salary in their rating decisions ("MBAs will require a higher starting salary; therefore, we will not recruit them as actively"). In addition, the accounting undergraduate major appears to be driving the results. For example, the mean for BBA-accounting (74.36) is not far below that of MBA-accounting (75.66). The mean for BBA-general business (64.79), however, is substantially lower than that of MBA-general business (69.30).

RECRUITING STUDENTS TO ACCOUNTING

This research resulted in several findings. With regard to descriptive findings, students with an accounting degree received a higher mean recruitment rating (75.13) than that of general business (67.00). In addition, a student with an MBA degree (72.75) had a slightly higher mean rating than those with a BBA degree (69.00). In addition, the two highest cell mean ratings were for accounting (MBA-accounting at 75.66, followed by BBA-accounting 74.36). The lowest cell mean ratings were MBA-general business (69.30) and BBA-general business (64.79).

With regard to statistical analyses, the undergraduate major was associated significantly with the recruiters' rating. Therefore, recruiters preferred an accounting major over a general business major. Another interesting result was that the degree held (MBA versus BBA) was not notably associated with the recruitment of entry-level managers. Subject to the potential explanations cited previously, an additional degree is not preferred over the basic undergraduate degree for general entry-level business positions.

Our research was inspired by our desire to recruit quality students into the accounting curriculum. At our university, we have found that one of the most successful opportunities for recruiting students is at the accounting principles level. We have had conversations with numerous students who have excelled in accounting principles, attempting to convince them to major in accounting. Often, an obstacle in recruiting these students was a perception that accounting offered limited opportunities and/or did not provide variety in the type of work performed. Essentially, these students did not have an accurate perception of the opportunities an accounting degree provides.

Our strategy in recruiting these students was to convince them that an accounting degree would not only provide them with the same opportunities that their current major afforded, but it would also equip them with many additional opportunities. We wanted to show them that there was no risk involved in choosing accounting as a major. While we cited anecdotal evidence to support our claim, this research was designed to provide empirical documentation. It is important to note that it was not intended to convey a message that

accounting majors should pursue nonaccounting careers. Rather, it was intended to assist in recruiting quality students to major in accounting. Our experience has been that as these students go through the accounting curriculum and understand the variety of work that public and corporate accountants perform, they typically determine that an accounting career will, in fact, suit them quite well. ■

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- 1 *The Wall Street Journal*, September 10, 1996, front page.
- 2 *Accounting Recruiting Research: Survey of High School and College Students*, Gallup Organization, 1991.
- 3 Roger H. Hermanson, Dan S. Deines, Charles Eldridge, Dana R. Hermanson, Susan H. Ivancevich, and Doyle Z. Williams, "Strategies for Recruiting the Best and Brightest Students into Accounting," *Journal of Accounting Education*, Fall 1996, pp. 347-366.
- 4 James L. Craig, "Recruiting at Small and Medium-Sized CPA Firms: A Panel Discussion with Representatives of Six Firms," *The CPA Journal*, September 1990, pp. 14-20; Sara H. Dinius and Robert B. Rogow, "Application of the Delphi Method in Identifying Characteristics Big Eight Firms Seek in Entry-Level Accountants," *Journal of Accounting Education*, Spring 1988, pp. 83-101; Kimberly F. Kane, "MBAs: A Recruiter's Eye-View," *Business Horizons*, January/February 1993, pp. 65-71; William R. Pasewark, Jerry R. Strawser, and Jack E. Wilkerson, Jr., "Empirical Evidence on the Association Between Characteristics of Graduating Accounting Students and Recruiting Decisions of Accounting Employers," *Issues in Accounting Education*, Fall 1988, pp. 388-401; Linda Thornburg, "The New Crop—Recruiting Today's Graduates," *HRMagazine*, May 1997, pp. 74-79.
- 5 The scale in the instrument is zero to 10, with space allotted for responses between numerals. For purposes of an easier presentation of results, we converted the scale to zero to 100.
- 6 The only additional difference in the BBA versus MBA version of the research instrument is the age of the hypothetical student: 22 for the BBA version, 25 for MBA version.
- 7 A scatterplot of the error terms portrayed deviations from the norm. Further, the Kolmogorov D-Statistic indicated rejection of the null hypothesis of a normal distribution. Accordingly, two transformations (square root and natural log) were performed to alleviate deviations from normality.
- 8 The results using alternative versions of the dependent variable (for example, raw—no transformation, square root trans-

formation, and natural log transformation) were virtually identical. For ease of interpretation, therefore, all analyses presented in Tables 1 and 2 are for the raw, untransformed version of the dependent variable.

FURTHER READING

- Richard A. Johnson and Dean W. Wichern, *Applied Multivariate Statistical Analysis, second edition*, Prentice-Hall, Englewood Cliffs, N.J., 1988.
- Joseph M. Larkin and Mary Pennington, "Seeing the Light: Recruiting Accounting Professionals in the '90s," *Pennsylvania CPA Journal*, Winter 1991, pp. 7-10.
- Irvin T. Nelson and Dan S. Deines, "Accounting Students' Characteristics: Results of the 1993 and 1994 Federation of Schools of Accountancy (FSA) Surveys," *Journal of Accounting Education*, Fall 1995, pp. 393-412.
- Normand Pettersen, "Selecting Project Managers: An Integrated List of Predictors," *Project Management Journal*, June 1991, pp. 21-26.
- Kathy Williams, "Accounting Graduates Are in Demand," *Management Accounting*, June 1997, pp. 14-15.

Appendix A: Sample of Survey Sent to Recruiters: BBA-----Accounting

Assume that your firm is in the process of recruiting for an entry-level management position. In the course of your recruiting process, you have conducted preliminary interviews at several state universities. At one of these universities, you have met the student described below.

After briefly talking to the student and reading the student's résumé, you have made the following notes:

- The student's university has an above average academic reputation and maintains university-wide accreditation. The university's business school is well-respected in the business community and is also accredited.
- The student is completing a Bachelor of Business Administration (BBA) degree with a major in accounting.
- The student's GPA in accounting courses is 3.5 on a 4.0 scale. The student's overall GPA on all courses attempted is also 3.5 on a 4.0 scale.
- The student is 22-years-old, with a professional appearance and presence.
- The student expressed a willingness to relocate.
- The student expressed career aspirations that are compatible with your firm.
- The student demonstrated excellent communication skills.
- The student has held offices in several student organizations.

HOW ACTIVELY WOULD YOU RECRUIT THIS STUDENT?

NOT VERY ACTIVELY

VERY ACTIVELY

0 — 1 — 2 — 3 — 4 — 5 — 6 — 7 — 8 — 9 — 10

PLEASE INDICATE ANSWER BY PLACING A SLASH (/) ON THE LINE ABOVE.

PLEASE RESPOND TO THE FOLLOWING ITEMS REGARDING YOU AND YOUR FIRM

- | | |
|---|---|
| <p>1. Approximate number of employees: _____</p> <p>2. How often does your firm hire entry-level management personnel?</p> <p>_____ Weekly</p> <p>_____ Monthly</p> <p>_____ Quarterly</p> <p>_____ Semi-annually</p> <p>_____ Annually</p> <p>_____ Less than once per year</p> <p>3. Years of hiring experience _____</p> | <p>4. Industry:</p> <p>_____ Utility</p> <p>_____ Manufacturing</p> <p>_____ Financial Institution</p> <p>_____ Insurance</p> <p>_____ Wholesale/Retail</p> <p>_____ Food/Textile</p> <p>_____ Paper/Chemicals</p> <p>_____ Transportation/Communication</p> <p>_____ Electronics</p> <p>_____ Service</p> <p>_____ Governmental</p> <p>_____ College/University</p> <p>_____ Healthcare</p> <p>_____ Other (Specify) _____</p> |
|---|---|

Appendix B: Sample of Survey Sent to Recruiters: MBA-----Accounting

Assume that your firm is in the process of recruiting for an entry-level management position. In the course of your recruiting process, you have conducted preliminary interviews at several state universities. At one of these universities, you have met the student described below.

After briefly talking to the student and reading the student's résumé, you have made the following notes:

- The student's university has an above average academic reputation and maintains university-wide accreditation. The university's business school is well-respected in the business community and is also accredited.
- The student is successfully completing a Master of Business Administration (MBA) degree. The student's undergraduate degree was earned at the same university, with a major in accounting.
- The student's GPA in undergraduate accounting courses was 3.5 on a 4.0 scale. The student's overall GPA on all undergraduate courses attempted was also 3.5 on a 4.0 scale.
- The student is 25-years-old, with a professional appearance and presence.
- The student expressed a willingness to relocate.
- The student expressed career aspirations that are compatible with your firm.
- The student demonstrated excellent communication skills.
- The student has held offices in several student organizations.

HOW ACTIVELY WOULD YOU RECRUIT THIS STUDENT?

NOT VERY ACTIVELY

VERY ACTIVELY

0 ——— 1 ——— 2 ——— 3 ——— 4 ——— 5 ——— 6 ——— 7 ——— 8 ——— 9 ——— 10

PLEASE INDICATE ANSWER BY PLACING A SLASH (/) ON THE LINE ABOVE.

PLEASE RESPOND TO THE FOLLOWING ITEMS REGARDING YOU AND YOUR FIRM

- | | |
|---|---|
| <p>1. Approximate number of employees: _____</p> <p>2. How often does your firm hire entry-level management personnel?</p> <p>_____ Weekly</p> <p>_____ Monthly</p> <p>_____ Quarterly</p> <p>_____ Semi-annually</p> <p>_____ Annually</p> <p>_____ Less than once per year</p> <p>3. Years of hiring experience _____</p> | <p>4. Industry:</p> <p>_____ Utility</p> <p>_____ Manufacturing</p> <p>_____ Financial Institution</p> <p>_____ Insurance</p> <p>_____ Wholesale/Retail</p> <p>_____ Food/Textile</p> <p>_____ Paper/Chemicals</p> <p>_____ Transportation/Communication</p> <p>_____ Electronics</p> <p>_____ Service</p> <p>_____ Governmental</p> <p>_____ College/University</p> <p>_____ Healthcare</p> <p>_____ Other (Specify) _____</p> |
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