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role in attracting students to accounting.

Jason Bramwell • Oct. 20, 2023



A new study from the University of Florida revealed how financial fraud can play a surprising role in the [struggling accounting labor force](#).

The study's co-authors—Assistant Professor Robert Carnes and Deloitte Foundation Term Associate Professor Paul Madsen, along with University of Oregon Associate Professor Dane Christensen—found that incoming students are actually more likely to major in accounting when local frauds occur during their formative years.

Specifically, the researchers uncovered a 4% increase in the likelihood of students

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"This size effect is modest," he continued. "But we view it as meaningful because it suggests that fraud does not harm the flow of students into the accounting major, but rather it attracts more students."

The researchers' findings also extend to other business majors. Students who are exposed to local fraud during their early teenage years are more likely to choose to study subjects like business administration, finance, international business, management, and marketing.

Compared to other business majors, however, fraud has a unique effect on the quality of students interested in becoming accountants. According to the study, students who are exposed to frauds are more likely to have the attributes desired by the accounting profession, like an increased academic aptitude (higher SAT and ACT scores) and a greater desire for public service work as opposed to commercial careers. These findings are stronger when frauds receive higher media attention, such as the \$8.9 billion in customer assets lost in the fallout of the [recently collapsed cryptocurrency exchange FTX](#), the study says.

"Overall, our results seem to arise from situations where students, or those who influence their career decisions, are more likely to have been aware of the frauds," Carnes said. "These local frauds may influence student self-selection into the accounting major by providing them and their advisors with new information about, or attracting their attention to, the accounting profession."

The impacts of fraud on students extends into their time in college and post-graduation outcomes. In a supplemental analysis of educational and labor market data of more than half a million accounting graduates in the U.S., the researchers corroborate their initial findings with data suggesting that accounting graduates with higher rates of fraud exposure in high schools are more likely to:

- Work in an accounting job;

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