

## President's Message

*From the remarks delivered by Bill Felix as the luncheon speaker on Wednesday, August 6, 2003 during the AAA Annual Meeting.*

I appreciate very much the opportunity to serve as your president and, at least in part, to pay back the AAA for the many benefits to my career. Academic life has been very good to me. I suspect many of you would agree with me that we academics have the best job in the world!

Today I would like to discuss our wonderful occupation (as accounting academics) and the role of the AAA in our professional lives. I will start with benefits and then will talk about what I believe are responsibilities that come with the benefits. The role of the AAA in helping us meet these responsibilities will follow. I will then comment on plans for the next year.

### Academic Career Benefits

My very positive view of our profession is driven by our opportunity to:

1. Lead new members of the accounting profession in the first part of their lifetime learning.
2. Educate our replacements, our Ph.D. students.
3. Participate in the education for business.
4. Create new knowledge about accounting and related fields.

To varying degrees, we all obtain significant enjoyment from these activities. But the enjoyment of these benefits carries responsibilities. I will explore some of these responsibilities by looking at our responsibility to invest in intellectual capital and argue the advantages of AAA participation as a partial means of meeting these responsibilities.

### Investments

Investment in intellectual capital is critical to success as academics. This investment is a responsibility. While our successes as educators vary with our individual capabilities, we all are more effective if we are steadily investing.

All levels of education contribute to our building and maintaining intellectual capital, but Ph.D. programs are especially significant. These programs provide the uniquely academic capital that provides a basis for further acquisition of knowledge. And, of course, once we are out of our Ph.D. program, the required investment is accomplished by our individual efforts. These efforts include our research efforts, our pursuit of current knowledge of the accounting profession, and our pursuit of knowledge in source disciplines such as economics or mathematics (both production and consumption efforts). Those without Ph.D.s in teaching roles have the same responsibility for investment.

Much of this intellectual capital building must be done in ways that fit our unique intellects. However, I also would like to emphasize that a critical element of building intellectual capital is the result of joint efforts. There are ways in which we work together that are uniquely effective and are very important. Sharing our insights, acquiring the insights of our mentors, addressing research as a team, presenting research or teaching ideas in workshop settings—these are all illustrations of settings where interactions with other academics result in significant increase in our individual intellectual capital.

More interestingly, there appears to be a multiplier effect in such efforts. The sum of our individual contributions does not represent the product. The product is more than the sum! This multiplier effect is a great argument for choosing to work with academic (and professional) colleagues. It is why we are more a community of scholars than the sum of our individual efforts. And it is a major justification for arguing that our community, the AAA, should be attractive to all accounting academics. We are and strive to be a community that provides these synergies.



*William L. Felix, Jr.*

This argument for community does not presume that we are homogeneous. We are a highly diverse group. We vary significantly on major dimensions that affect the benefits we seek in community. There are those who strongly prefer the search for new knowledge; there are those who prefer the search for better ways of accomplishing the tasks of education. Some are interested in financial accounting; others are interested in auditing, tax, information systems, or managerial accounting. Our differences also depend on the educational institution at which we work. For some, a teaching load of several classes a semester severely limits their ability to be anything other than a consumer of scholarship; others are at institutions that limit teaching and have high expectations for creation of new knowledge. It is a challenge for the AAA to provide interesting and rewarding avenues for community on all these variations. There is a revised version of our strategic plan on the AAA website that describes our current organization of objectives to meet these diverse interests and needs. But our essential priorities are to provide opportunities for community in both meetings and publications.

### Outward Responsibilities

Another way of looking at our great jobs is that they carry substantial ethical responsibilities. And both by our behavior and our teaching, we should be trying to instill strong ethical principles and an operational understanding of ethics in the students who plan to

*(continued on page 2)*

### In this issue

Call for 2003–04 Nominees for Office .....	3
2004 Annual Meeting Call for Submissions and CPE Proposals .....	4
Invitation to Volunteer for Committees .....	4
Search Begins for <i>The Accounting Review</i> Editor .....	5
2003 Annual Meeting Highlights .....	14



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## President's Message

*(continued from page 1)*

enter our profession. But, we cannot meet our ethical responsibilities only by focusing inward on our scholarship and teaching. We all need to reach out to our colleagues, our profession, and our society to contribute. One important opportunity for outward contributions is the AAA. Our activities as an Association are especially attractive because of the potential of the multiplier effect I mentioned before. Working to improve academic accounting, professional accounting, and our society will be more effective as a group because our individual contributions are multiplied when combined with those of our colleagues. I see this effect occurring both due to the increased capital we all take back to the classroom as a result of these interactions, and the signaling to our profession and to society of our concern through actions we take. For example, the message in Art Wyatt's talk at this year's Annual Meeting is important both for its impact on our individual thinking about the culture of our profession and its ethics; and for the signaling to our society that occurs because such a session is held at our Annual Meeting.

### AAA

The AAA provides a great way for us to meet our obligation to be outwardly active. In addition AAA activities are a source of personal benefits. I have been and am blessed by the knowledge and enjoyment of my field that I have obtained from my AAA activities. Your presence here today suggests that you agree with at least some of my views. If so, the implications are clear. You will identify with my interest in convincing our less active colleagues, and also nonmembers, of the benefits of active membership in the AAA. You will also agree that our efforts to contribute to the improvements in our profession should include AAA activities such as those proposed last year by Pete Wilson in giving this talk and the results represented in part by the content of this meeting. Our association is an extremely valuable resource and deserves our strongest support.

### The 2003-04 Year

Over the next year the AAA will be affected by all of the factors influencing the accounting profession. The last two years have been especially significant for our professional colleagues who work in the public company environment. These colleagues include the public companies' financial officers and accountants, their auditors, and regulators. The series of major financial reporting frauds reported over the last two years has shaken the financial markets and resulted in federal legislation that fundamentally changes public company accounting, auditing, and regulation. There are many sessions at this meeting devoted to expanding your knowledge and understanding of these changes and the Sarbanes-Oxley Act of 2002. During the 2003-04 year, all of us will continue to change our courses to reflect the new environment and to communicate their implications to our students. We will also be apprising our students of the importance of ethical behavior and the penalties in the public company environment for ethical failures. Some of your efforts will be influenced by what you learned at this and other AAA meetings. But note Art Wyatt's view that SOX 2002, like all regulations, sets minimums. We need to do better than these minimums. I am confident we will.

### 2003-04 Plans

Over the next year the AAA Council and Executive Committee will engage in meetings where current issues requiring action will be addressed. We have been blessed with very committed and talented members volunteering their time and efforts on these committees. We will continue to address the AAA's cost structure, the development of a cost accounting system, and management of our costs and revenues with the advice and counsel of the Finance Committee ably led by Judy Rayburn. The Publications Committee led by Bob Libby will be considering the feedback we have received on the controversial proposal made last year. Also, they have continuing responsibilities to recommend new editors and to manage the Association's transition into the electronic publication age. Other committees will be running some of our most valued meetings including the Doctoral Consortium (sponsored by the Deloitte Foundation) and the New Faculty Consortium (sponsored by Ernst & Young).

Our several award committees will also continue. These awards provide important recognition to some of our members and in some cases are supported by our professional colleagues. Because of the importance of these awards to the AAA, I have appointed a committee to evaluate the AAA awards structure. Changes may not be necessary, but periodic evaluation is important.

*(continued on page 3)*

# Call for Nominees for AAA Offices

The 2003–04 Committee on Nominations is seeking candidate recommendations for the following offices to serve during 2004–05:

President-Elect  
Vice President–Sections and Regions  
Vice President–Research  
Vice President–Education-Elect  
Vice President–Publications-Elect  
Council Members-at-Large (2)  
International Council Member-at-Large

The 2003–04 Committee on Nominations will be chaired by Mary Stone, The University of Alabama. Other members of the committee are Joel Demski, University of Florida; Pete Wilson, Boston College; Jim Hunton, Bentley College; Anne Christensen, Montana State University; Kate Mooney, St Cloud State University; and Ella Mae Matsumura, University of Wisconsin–Madison.

Members of the Association who would like to suggest names for consideration as nominees should submit their nominations before December 1, 2003 to:

Mary Stone  
Culverhouse School of Accountancy  
PO Box 870220  
The University of Alabama  
Tuscaloosa, AL 35487-0220  
Phone: (205) 348-2915  
Fax: (205) 348-8453  
Email: mstone@cba.ua.edu

## President's Message

*(continued from page 2)*

The use of information technology by the association continues to be a source of concern. How much we use it and how fast we change are questions for which we often do not have good answers. I am considering a continuing committee to provide recommendations to the Sarasota office and the EC.

It is clear that the setting of accounting and auditing standards is moving to the international scene. The recent move by Congress to move U.S. auditing standards into public sector regulation seems to be at odds with the rest of the world. I am considering whether a task force to develop content for next year's Annual Meeting on this important topic would be worthwhile.

### Long-range Issues

Long-range issues that we will continue to monitor include the following:

1. A worsening of the shortage of accounting professors has been predicted. Our role as an association in affecting the supply of accounting Ph.D.s may be limited, but we should be alert for opportunities to contribute. We should at least consider taking a stand on the need to alter incentives and improve the supply.
2. The effect of changes in the business environment and the accounting profession on courses and curricula should continue to be a topic for our meetings and CPE courses. Association-wide action on this topic is also a possibility.
3. Managing association's costs while providing high-quality services to a diverse membership will continue to be a challenge. I expect that we will continue to develop ideas to deliver important services to the membership in new, possibly more effective ways, possibly at lower costs.

### Orlando

Next year's Annual Meeting will be held at the Marriott World Resort in Orlando from August 8 to August 11, 2004. The Program Committee, ably led by Doug Prawit, has begun organizing for that meeting. We are interested in your suggestions for the meeting. Some thoughts I have at this point are:

1. To foster continued emphasis on better integration of our scholarship and teaching by encouraging sessions that have integrated themes.
2. To communicate and explore the benefits of community in our performance as scholars.
3. To explore: (1) International setting of Accounting and Auditing Standards, (2) Ethics, and (3) Fraudulent Financial Reporting.

Please mark your calendars for this meeting. I hope to see you there!

*While the preceding summary of my talk this summer is the usual Fall issue message, I would like to add to it briefly. The AAA Outstanding Educator Award is a very significant recognition to our members. The deserving winners this year were Ray Ball and Jim McKeown. I would like to encourage more submissions this year to the award committee chaired by Bill Kinney. And I would especially like to encourage submissions that propose educators whose career contributions have been at universities other than large doctoral-granting institutions. In prior years there was a tradition that one of the two awardees each year come from such a school. But, I have been informed that there are almost no submissions for such members. Please consider your friends and colleagues who might be deserving of the award and submit a proposal to Bill Kinney's committee. ■*



# 2004 Annual Meeting

Sunday through Wednesday, August 8–11, 2004 • Orlando, Florida

## CALL FOR SUBMISSIONS

The Program Advisory Committee invites academic and practitioner members of the American Accounting Association to submit papers and proposals for special concurrent sessions and to volunteer to serve as moderators or discussants for the 2004 Annual Meeting. In order to ensure appropriate consideration of your submission, please comply with the following instructions.

### Submission Deadline

Submissions of papers and proposals for special concurrent sessions are being accepted online at <http://aaahq.org/AM2004/submit.cfm>, and must be received by January 5, 2004 to be considered for inclusion in the program. To encourage earlier submissions, there will be no fee required for those papers and proposals received before 12:00 midnight (Eastern Standard Time) on December 15, 2003. Email notification of accepted submissions will be issued no later than March 22.

All submissions should be submitted electronically and can be completed online. During submission, you will be asked to provide your AAA member ID and password, which will be required for future access to information about your submission. An email confirmation of your submission, including a submission ID number, will be returned to you.

### Online Availability of Papers

A new feature for the 2004 Annual Meeting is that authors will have the option to allow their papers to be available online approximately 30 days prior through 30 days after the meeting. The AAA has determined that online availability of papers for this period of time will not preclude subsequent publication in AAA journals.

### Submission Fee

A submission fee of \$50 (U.S.) must accompany each paper or special session proposal submitted after December 15, 2003. Submission fees may be paid electronically by credit card (Visa and MasterCard only) at the time of submission, or by check. Checks must be in U.S. dollars and be made payable to the American Accounting Association. Checks should be mailed, along with a copy of the email confirmation, to: Annual Meeting Submissions, American Accounting Association, 5717 Bessie Drive, Sarasota, FL 34233.

### Guidelines for Online Submission of Papers

DO NOT INCLUDE:

A cover page with your submission—Information typically provided on a cover page will be entered on the online submission form.

DO INCLUDE:

- A 150-word (maximum) ABSTRACT on the online submission form only. DO NOT include the abstract with the body of your submission.
- The body of your submission including ONLY the title and content of your submission in PDF format. The body of your submission MUST NOT include any identifying author information.
- Any ancillary files, such as tables, Excel® worksheets, PowerPoint® slides, etc., should be converted to PDF format and appended to the main submission PDF file prior to submission. Only ONE FILE may be uploaded at the time of submission. For assistance with multiple file submissions, please contact the appropriate Section Liaison (see below) for your submission category.
- Indication to which of the AAA Sections your submission should be directed. Choose the Section that most closely matches the topic area of your submission. In addition to AAA Sections, an

"Integrative and Other" submission category has been included. You should submit to the "Integrative and Other" category only if your submission clearly integrates across traditional Section topics, or clearly does not pertain to a Section. Submissions to this category that can reasonably be handled within a Section will be redirected to that Section for review. Papers and proposals must be directed to one, and only one, of the following submission categories: **Accounting, Behavior and Organizations**, Christine Earley [cearley@sba.uconn.edu]; **Accounting Programs Leadership Group**, Jack Ruhl [jack.ruhl@wmich.edu]; **American Taxation Association**, Kaye Newberry [knewberry@eller.arizona.edu]; **Artificial Intelligence/Emerging Technologies**, Carol Brown [brownc@bus.orst.edu]; **Auditing**, Michael Ettredge [meetredge@ku.edu]; **The Diversity Section**, Cheryl Allen [callen@morehouse.edu]; **Financial Accounting and Reporting**, Dan Givoly [dug3@psu.edu]; **Gender Issues in Accounting**, Dan Ward [dward@louisiana.edu]; **Government and Nonprofit**, Jayaraman Vijayakumar [jvijayak@mail1.vcu.edu]; **Information Systems**, Vernon Richardson [vrichardson@ku.edu]; **International Accounting**, Cheryl Fulkerson [cfulkerson@utsa.edu]; **Management Accounting**, Stephen Hansen [shansen@gwu.edu]; **Public Interest**, Alan Mayper [mayper@unt.edu]; **Teaching and Curriculum**, Thomas Edmonds [cedmonds@uab.edu]; **Two-Year College**, Christine Kloezean [ckloezean@glendale.cc.ca.us]; **Integrative and Other**, Karen Hooks [khooks@fau.edu]

### Submission Limitations

- Papers should not be submitted that have been published, accepted for publication, or that will have been presented at more than one AAA Section or Regional Meeting.
- Submission of a paper implies a commitment by at least one author to register for and attend the meeting to present the paper at the appointed time.
- Presenters must provide an adequate supply of handouts or papers for distribution to session attendees. ■

## Invitation to Volunteer for Committees

President-elect Jane Mutchler is beginning to plan AAA committee assignments for 2004–05. If you are interested in serving on a committee, please send contact information (name, affiliation, address, phone, fax, and email) with any specific committees of interest to:

Jane F. Mutchler  
Robinson College of Business  
University Plaza  
MSC 4A0725  
Georgia State University  
Atlanta, GA 30303-3083  
Fax: (404) 463-9373  
Email: [jmutchler@gsu.edu](mailto:jmutchler@gsu.edu)

If you want to suggest someone to serve on a committee, or want to suggest some type of committee activity, please feel free to do so as well. All suggestions and offers are most welcome. ■

## CALL FOR NOMINATIONS FOR EDITOR

### ***Journal of International Accounting Research***

The 2003–04 Publications Committee of the American Accounting Association's International Accounting Section solicits nominations for the position of Editor of the International Accounting Section's journal: *Journal of International Accounting Research*. The appointment of the Editor will be for an initial term of three years.

Self-nominations are encouraged. Nominations must be accompanied with a *curriculum vitae* of the nominee and with a statement indicating why the nominee is a suitable candidate. Financial and other support from the nominee's university will be considered favorably by the Publications Committee in its deliberations. Nominations must be received by the Publications Committee Chair, Jenice Prather-Kinsey, no later than November 21, 2003.

Please email nominations to Professor Jenice Prather-Kinsey at [Prather@missouri.edu](mailto:Prather@missouri.edu), or send documents to Professor Prather-Kinsey at the School of Accountancy, 324 Cornell Hall, University of Missouri, Columbia, MO 65211. ■

## REQUEST FOR PROPOSALS

### **Effective Learning Strategies Forum Poster Session – 2004 AAA Annual Meeting**

Submissions are invited for the Effective Learning Strategies Forum Poster Session to be held during the 2004 Annual Meeting. The Effective Learning Strategies Forum Poster Session will showcase ideas, research, strategies, and education innovations that support learning in accounting programs. The poster session will provide the opportunity for presenters to have an intimate forum for exchange in an informal, free flowing session where authors are available for a specified 90-minute period to discuss their work with circulating meeting participants. For details and submission form, see <http://aaahq.org/AM2004/2004ELSforum.htm>. ■

## REQUEST FOR PROPOSALS

### **Continuing Professional Education (CPE) Workshops – 2004 AAA Annual Meeting**

The American Accounting Association invites proposals from individual members of the Association, Sections, and others who wish to conduct a continuing professional education workshop in conjunction with the 2004 AAA Annual Meeting in Orlando, Florida. Half- and full-day workshops will be held on Saturday, August 7 and Sunday, August 8, 2004.

Proposals to conduct a workshop must be submitted using the proposal form that can be obtained on the AAA web page <http://aaahq.org/Am2004/CPEinfoSheet04.htm> or by contacting Linda Watterworth, Education Project Manager, at email: [linda@aaahq.org](mailto:linda@aaahq.org), phone: (941) 556-4118, fax: (941) 923-4093, 5717 Bessie Drive, Sarasota, FL 34233-2399. **The deadline for proposal submission is January 5, 2004.**

The CPE program provides professional development opportunities that give participants the opportunity to gain in-depth perspectives on very current issues. We encourage the submission of proposals that take advantage of the context of the CPE program and highlight critical issues for practical accounting and accounting and business education. (Please be aware that the AAA considers it inappropriate for presenters of CPE workshops to implicitly or explicitly market products.)

If you have any questions, please feel free to contact Linda Watterworth using the contact information above. ■

## CALL FOR PAPERS

### **Ninth Symposium on Ethics in Accounting Beyond Sarbanes-Oxley: Can the Accounting Profession Meet Its Ethical Mandate?**

The AAA's Professionalism and Ethics Committee invites papers for the Ninth Symposium on Ethics in Accounting, to be held immediately preceding the 2004 AAA Annual Meeting in Orlando.

The Sarbanes-Oxley Act will be fully implemented before the meeting, providing an opportunity to reflect on its implications and to evaluate its initial effects.

Detailed criteria and instructions are available on the AAA website. Click on the Calls for Papers button and then click on Ninth Symposium on Ethics in Accounting. ■

### **Search Begins for Next Editor of *The Accounting Review***

The managing editors of the three association-wide journals serve a three-year term with one initial year of transition. On our current schedule, one editor is selected each year, and this year the editor to be selected will replace Terry Shevlin at the helm of *The Accounting Review*.

Terry's term runs through July 2005, but our plan is to have the next editor appointed and in transition by July 2004.

The Publications Committee is soliciting nominations for *The Accounting Review* post and will be considering nominees throughout the fall. Please send your nominations to the Vice President—Publications by December 1, 2003:

Robert Libby  
Johnson Graduate School of Management  
Cornell University  
383 Sage Hall  
Ithaca, NY 14853-6201  
Phone: (607) 255-3348  
Fax: (607) 254-4590  
Email: [rl54@cornell.edu](mailto:rl54@cornell.edu) ■

# Other Calls

## **CALL FOR MANUSCRIPTS**

### **2004 AAA Competitive Manuscript Award**

The American Accounting Association Competitive Manuscript Award encourages research among members of the Association and associate members who have earned their Ph.D. within the past five years. Any subject matter in the field of accounting is proper for inclusion in this contest. For more information and submission instructions please go to the AAA website and click on the Awards button and then click on Competitive Manuscript Award. Manuscripts must be received in the Association's administrative office by January 12, 2004. ■

## **CALL FOR NOMINATIONS**

### **Notable Contributions to Accounting Literature Award**

The Screening Committee for the Joint AICPA/AAA Notable Contributions to Accounting Literature Award invites nominations of outstanding articles, books, monographs, or other publications for consideration. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Notable Contributions to Accounting Literature Award. ■

## **CALL FOR NOMINATIONS**

### **2004 Wildman Medal Award**

The Deloitte & Touche Wildman Award Committee is currently accepting nominations for the 2003–04 Wildman Award.

The Wildman Award is given annually, at the American Accounting Association Annual Meeting, to the author(s) of the article, book, monograph, or other work published during the five calendar years preceding the year of the award (2004), which is judged to have made or to be likely to make, the most significant contribution to the advancement of the practice of accounting (including audit, tax, and management services). Nominations are due by December 1, 2003. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Wildman Medal Award. ■

## **CALL FOR SUBMISSIONS**

### **2004 Innovation in Accounting Education Award**

The American Accounting Association requests nominations for the Innovation in Accounting Education Award. This award is funded by the Ernst & Young Foundation. All materials must be submitted by January 15, 2004. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Innovation in Accounting Education Award. ■

## **CALL FOR NOMINATIONS**

### **Management Accounting Section**

#### **2004 Jim Bulloch Award for Innovations in Management Accounting Education**

This award recognizes an outstanding teaching or curriculum contribution to the area of management accounting. The award provides a plaque and a \$3,000 check to the recipient(s). Both individual and group submissions are invited. Click on the Awards button and then click on The Jim Bulloch Award for Innovations in Management Accounting Education. ■

## **CALL FOR SUBMISSIONS**

### **Management Accounting Dissertation Competition**

The AAA Management Accounting Section is pleased to announce the competition for the dissertation award for year 2004. The purpose of this competition is to recognize outstanding dissertation research in the field of management accounting. Both the winner and the runner-up will receive cash awards and plaques at the annual AAA Management Accounting Section Business Meeting in August 2004. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Management Accounting Dissertation Competition. ■

## **CALL FOR SUBMISSIONS**

### **Financial Accounting and Reporting Section 2004 Best Dissertation Award**

A Best Dissertation Award is given each year to recognize the author of an outstanding financial accounting/reporting dissertation completed during the previous year. Submitted dissertations must be received no later than March 1, 2004. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Financial Accounting and Reporting Section Best Dissertation Award. ■

## **CALL FOR NOMINATIONS**

### **2005 Outstanding Accounting Educator Award**

Nominations for the 2005 American Accounting Association Outstanding Accounting Educator Award(s) must be submitted before **June 1, 2004**. Any person or group may make nominations.

This award is funded by the PricewaterhouseCoopers Foundation. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Outstanding Accounting Educator Award. ■

## **CALL FOR NOMINATIONS**

### **Seminal Contributions to Accounting Literature Award**

Nominations for the 2004 American Accounting Association Seminal Contribution to Accounting Literature Award must be submitted before January 15, 2004. Any member of the association may make a nomination. Detailed criteria and instructions are available on the AAA website. Click on the Awards button and then click on Seminal Contributions to Accounting Literature Award. ■

## **CALL FOR SUBMISSIONS**

### **Today's CPA**

*Today's CPA* is the professional journal of the Texas Society of Certified Public Accountants and is soliciting technical submissions in all topical areas (financial accounting, regulation, auditing and assurance, ethics and corporate governance, information systems and technology, taxation, and other specialized topics). Click on the Calls for Papers button and then click on *Today's CPA*. ■

## Highlights from Annual Meeting Speeches

In this issue of AEN you will find highlights from two of the five major speeches offered during the 2003 AAA Annual Meeting in Honolulu, Hawaii. The excerpts below are taken from Arthur R. Wyatt's opening keynote speech "Accounting Professionalism—They Just Don't Get It!" and pages that follow include selections from Joel Demski's presidential lecture "Endogenous Expectations." Space limitations imposed by this newsletter format mean these highlights can include only a fraction of the speakers' full messages; they are intended to attract you to the full text of the lectures that can be found on the AAA website at <http://aaahq.org/AM2003/speakers.cfm>. We are in the process of preparing both video and text from all five major speakers' presentations to make them available on the AAA website. Watch for emails and information on the AAA homepage directing you to these exceptional resources, also including: Tang Yunwei's, Managing Partner of Ernst & Young Dahua, presentation on current issues in China, Marva Collins' luncheon speech on excellence and high expectations in teaching, and Bill Felix' comments as incoming president of the American Accounting Association.

## Accounting Professionalism—They Just Don't Get It!

*Speaking from the experience of nearly 40 years in the accounting profession as practitioner, standard setter, and faculty colleague, Arthur R. Wyatt outlined the challenges facing the profession as it focuses on what will be necessary to restore the accounting profession to the level of credibility it once enjoyed. Art's comments were rewarded by a standing ovation from opening session attendees. Of necessity, given space restrictions here, these highlights include only a fraction of Art's message; you will find the full text on the AAA website at <http://aaahq.org/AM2003/speakers.cfm>.*

I have entitled my presentation, "Accounting Professionalism—They Just Don't Get It!" By the time I am finished I hope you will be able to identify who the "They" is and what it is that they don't get.

The accounting profession has been beaten up badly in the media over the last few years, and with some justification. The forces at work were numerous and complex, and different investigators place emphasis on a variety of phenomena that created the environment in which Andersen disappeared and the entire profession has had its reputation tarnished. Some of these forces, corporate and individual greed, delivering services that acted to impair independence, becoming too cozy with clients, and participating actively in finding ways to avoid the provisions of accounting standards were not new, however. What was new is that the profession's historical defenses to combat these forces proved ineffective. The bottom line is that the profession, indeed, society as a whole, has paid a high price for the accounting profession's failure to meet the expectations of investors, creditors, and other users of financial statements.

In the time that I have I am going to try to get at the core of the problem as I see it. I will also make some suggestions on how the profession can prevent a recurrence of the recent bad times, and that educators may consider to improve how they prepare entrants to the profession. My observations are based upon observing the profession's evolution over the past 50 years and participating actively in it for nearly forty years. My comments will frequently refer to Arthur Andersen, since that is the only firm with which I had substantive experience. Those comments are not intended to be praiseworthy, apologetic, or critical of Andersen. Rather, they merely will help illustrate the world as I saw it over a good many years ...

I want to emphasize that these changes associated with the growth of consulting practices really evolved relatively slowly over a period of about thirty years. There were no dramatic turning points, no particular events that one can point to and say, "This was the start of the downfall." Each new step taken seemed a logical outgrowth of what then existed—an adaptation to changing times ...

As we moved into the 1990s the Securities and Exchange Commission expressed increasing concern about both the range of services rendered and the increasingly large billings related to consulting services. The SEC challenged several firms, alleging that certain services offered acted to impair the independence of auditors, but the Commission was not able to demonstrate any direct tie-in between consulting arrangement fees and the granting of an inappropriate opinion on financial statements by the auditors ... Throughout the period the accounting firms, and the AICPA as well, stonewalled

all efforts by the Commission to limit consulting activities to certain types of services. Firm leaders not only failed to recognize how the widening range of services was impairing the appearance of their independence, but they also failed to recognize how the emphasis on increasingly conflicting services was changing the internal culture of the firms ...

Within Andersen, and certainly at the other firms, the consulting arms exerted increasing pressure for additional profit shares and for ever-increasing rates of growth. Client share prices were rising in the booming stock market, executives were becoming wealthy (on paper at least), and accounting firm partners felt entitled to participate in the economic boom by achieving increased earnings in their firms. Since the partnership form of organization did not permit the use of stock options, accounting firm partners had to grow firm revenues (and profits) in order to participate in the wealth growth that was occurring among top executives of their clients. In retrospect, it is easy to see the greed factor at work. At the time, however, the changing focus on revenue and profit growth was viewed as merely adapting to the changing times. The focus of professionalism diminished, and the focus on revenue growth and increased profitability sharpened.

Just as greed appears to have been the driving force at many of the companies that have failed or had significant restructurings, greed became a force to contend with in the accounting firms. In essence, the cultures of the firms had gradually changed from a central emphasis on delivering professional services in a professional manner to an emphasis on growing revenues and profitability. The

*(continued on page 8)*



## Accounting Professionalism

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gradual change resulted in the firm culture being drastically altered over the 40 years leading up to the end of the century. The historical focus of the accounting firms was on quality service to clients in order to provide assurance to investors and creditors on the fairness of clients' financial statements. The credibility added to a client's financial statements by the clean audit opinion was the central reason for a CPA firm's existence. This focus gave way to a focus on an ever-expanding range of services offered to a client pool fighting to achieve the short-term earnings per share growth expected of them in the marketplace.

This increased focus on revenue growth and profitability was not, of course, limited to leaders of accounting firms. Corporate managers became overreaching and greedy beyond one's comprehension. Investment bankers wanted in on the large fees and regularly pressured accounting firms to accept accounting practices that, in retrospect, were clearly outside the intent, if not the actual provisions, of the existing standards. Security analysts were pressuring clients to show growth, and these clients too often leaned unduly on their auditors to accelerate revenue recognition and to delay expense recognition. Probably none of these groups thought at the time that it was being greedy. But, the fundamental responsibility of the accounting firms should have been clear. Their role was to protect investors and creditors from being misled by financial statements that embraced unacceptable accounting and inadequate disclosures. Thus, while many participated in the shoddy financial reporting of the era, accounting firm leaders led their firms to the top of the list of entities that failed to meet investors' justifiable expectations.

In essence, the culture of the leading firms in the profession had changed. The infusion of new personnel, some at relatively high levels, who lacked a background that placed prominence on accounting professionalism, gradually gained increasing influence in accounting firms. The consulting arms were rapidly growing and were gaining higher compensation levels than the audit and tax partners ... Those with the technical skills previously considered so vital to internal firm advancement found themselves with relatively less important roles. Staff personnel within the firms were easily able to observe the attributes of those who

were the rapidly rising stars and undertook efforts to emulate these attributes ... The core values of the professional firm were undermined by primarily commercial interests.

The issue was not how the delivery of a particular consulting service might affect the auditors' judgment. The issue was not how the existence of consulting fees that were even greater than the annual audit fees might affect the auditors' judgment. The issue was how the increasing infusion of personnel not conversant with, or even appreciative of, the vital importance of delivering quality accounting and audit service affected the internal firm culture, its top level decisions and the behavior patterns of impressionable staff personnel. It wasn't that consulting personnel were unprofessional in performing their work, but their actions and behavior were far more commercially driven than were auditor actions. Auditors were more willing to take on additional risk in order to maintain their revenue levels. Many long-standing audit procedures that put audit personnel in touch with recurring transactions were scaled back. Clients were more easily able to persuade engagement partners that their way of viewing a transaction was not only acceptable, but also desirable. Audit partners too often acquiesced to the client views in the current period, agreeing to fix the problem next year. (How did that notion ever get started?) Healthy skepticism was replaced by concurrence. The audit framework was undermined, and the result was what we have recently seen in massive bankruptcies, corporate restructurings, and ongoing litigation. The gradual changes in internal firm culture effectively altered the long-standing value systems of firm leaders, and the results have been costly and problematical of reversal. The cultural changes evolved over a long period and have become pervasive in nature. The current challenge of firm leaders has to be to gain an understanding of how the current culture evolved, and how best to eliminate the damaging commercial initiatives and restore a proper, and expected, degree of professionalism.

This evolution of the growth in consulting services and the significant impact that consulting personnel had on changing the internal culture of the accounting firms was a profession-wide phenomenon. The recent result of this evolution was the demise of Andersen. The survival of the other large firms is possibly somewhat happenstance, as well as somewhat related to the particular nature of the development of the Andersen

consulting practice. Andersen was no doubt the most vulnerable of the firms. Its consulting practice took shape at an earlier date and prospered at a more rapid rate. Internal battles over profit share and how best to grow the business arose earlier at Andersen ...

Several of the remaining firms have taken steps now to divest themselves of their previously existing consulting practices, thereby removing some significant pressures that created internal cultural changes. Even so, these divestitures have not been without their problems and certainly have been undertaken under duress, and not because firm leaders acknowledged the necessity of such divestitures to the firm survival. Even today, these firms are continuing to expand the range of services offered within their auditing and tax divisions, compensating in part for the previous services that have had to be discontinued under provisions of recent legislation.

The thirty-year evolutionary change in the culture of the major accounting firms culminated in the demise of Andersen, various levels of litigation involving the remaining firms, and the passage in 2002 of the Sarbanes-Oxley legislation. While that legislation will be helpful in establishing the boundaries on the scope of non-auditing services, and while it helps establish appropriate qualifications for audit committee members (among other provisions), the underlying causes of the decline in accounting professionalism remain in place. The leadership of the various firms needs to understand that the internal culture of the firms needs a substantial amount of attention if the reputation of the firms is to be restored. No piece of legislation is likely to solve the behavioral changes that have evolved within the firms over the past thirty years.

The firms need to consider a number of initiatives. The tone at the top of the firms needs to change. As a starting point, leadership of the major firms might require that their managing partners meet the standards established by Sarbanes-Oxley for the individual on SEC-registrant audit committees that is designated as a qualified financial expert ... The policies established at the top of the firms must be approved by and articulated by individuals who have the professional respect of the managers and staff. The challenge to restore the primacy of professional behavior in the conduct of services rendered will not be easily met. Such restoration likely will not be met at all if the chief messenger is known throughout the firm as being

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primarily an advocate of revenue growth, even when that growth may be at the expense of the firm's reputation for outstanding professionalism in the delivery of its services.

The top leadership in the firms also needs to consider whether the four largest firms are really effectively unmanageable ... As the large firms have grown to their current size, the challenge to have such effective monitoring is substantial. Maybe some consideration should be given to whether a split-up of a big firm would enhance the firm's quality control and permit more effective delivery of quality service. While such a thought will no doubt be draconian to some, one only has to consider what might be the end result if one of the current four large firms meets the same fate as Andersen. Firm break-ups might then be at the mercy of legislative or regulatory intervention—an even more draconian thought. The bottom line, however, is, are the large firms able to manage their practices effectively to assure top quality service to their clients and the public?

The firms need to place greater internal emphasis on quality control in audit performance. More effort should be devoted to assuring that clients have met the intent of the applicable accounting standards, and less effort should be devoted to assisting clients to structure transactions to avoid the intent (and sometimes the letter) of the standards. In working with the FASB the focus of the firms should be on pressuring the FASB to develop standards that are conceptually sound and that avoid compromises that are designed to keep one segment of society happy at the expense of sound financial reporting. Too often the accounting firms have acted at the direction of their clients in lobbying the FASB on specific technical issues and have not met the standards of professionalism that the public can rightfully expect from the leading accounting firms. Too many of the FASB standards contain conceptual impurities that encourage gaming the system, and too many firms are active participants in the gaming activity. Lobbying the FASB on behalf of particular client interests is not professional on its face and casts as much of a cloud on the firm's independence as does providing a range of consulting services to audit clients.

As a side note, I have seen comments by leaders of several of the Big 4 firms recently suggesting that the real cause of recent financial statement shortcomings is

the failure of existing accounting standards to reflect the underlying economics of reporting companies. These statements seem to be self-serving attempts to deflect criticism from accounting firm performance to the adequacy of the current set of generally accepted accounting principles. To test the sincerity of these comments, I suggest one analyze the recent firm submission to the FASB on proposed standards that have emphasized economic reality over "backward-looking historical cost." I suspect such analysis would suggest that several firms have missed numerous opportunities to encourage the FASB in its efforts to adopt standards that reflect better economic reality and, in fact, have often taken strongly contrary positions, at least in part at the urging of their clients.

While on the subject of the FASB, we need to recognize that the Board fared well in the Sarbanes-Oxley legislation. Going forward, the Board needs to do a better job in educating congressmen and senators on their proposed standards and why the lobbying efforts of constituents are often far more self-serving than desirable from the perspective of fair financial reporting. The Board needs to attack a significant number of its existing standards that are conceptually unsound and that embody a series of arbitrary boundaries that attempt to prevent users from misapplying the standard. We should have learned by now that standards that contain arbitrary rules in the attempt to circumvent aberrant behavior really act to encourage that very behavior. Firm leaders should recognize that their audit personnel will be far better off in dealing with aggressive client behavior if the standards that are operational are soundly based and consistent with the Board's conceptual framework ... The big firms need to decide that the FASB is their ally, not their opponent, and become more statesmanlike in pursuing sound accounting standards. This will require leaders who understand the nuances of technical accounting requirements and who are able to grasp that acceptable levels of profitability will flow from delivering top-quality professional service to clients.

The firms should reexamine their policies on hiring non-accounting majors and experienced personnel. The restrictions imposed by Sarbanes-Oxley on the range of consulting services that may be provided will reduce the need for employment of such individuals. Even so, the firms need to evaluate the cost to their culture of injecting into it individuals who have no understanding of the significance

## faculty development UPDATE

### SITES TO SEE

#### Teaching and Learning on the Web

<http://www.mccli.dist.maricopa.edu/tl/index.html>

This searchable collection of examples maintained by Maricopa Community College includes course websites ranging from courses delivered entirely via the web to those offering specific activities related to a class assignment, as well as courses offering class support materials via the web. More than 50 business-related examples are included.

#### "Have You Seen These Instructional Resources?"

<http://raw.rutgers.edu/raw/aaa/audit/Pubs/Audrep/03spring/item10.pdf>

Members of the Auditing Section of the AAA's Education Committee have developed a table of educational resources related to corporate governance and audit committees to assist colleagues seeking relevant materials for their classes.

#### Creating Significant Learning Experiences

<http://www.ou.edu/idp/significant/index.htm>

Including both theoretical underpinnings and practical approaches, this site, designed to complement a recent book on the subject of "significant learning" by longtime college teaching facilitator Dee Fink, comprises useful perspectives for thinking about the development and design of courses to support substantive learning.

of accounting professionalism and the importance of ethical behavior ...

Finally, firms need to reconsider their compensation philosophies. While selling new work has always been an important objective in a public accounting firm, rewards for such endeavors should be balanced with rewards to those who have been particularly effective in their technical

(continued on page 10)

# faculty development UPDATE

(continued from page 9)

and professional performance. Firm revenues will grow when potential clients recognize that the fundamental basis for evaluating their audit firm lies in the quality of service provided and the care with which auditors guide client decisions in the direction of superior financial reporting ...

What about educators? What can we do to improve the quality of the product we make available to the accounting profession? We must continue to emphasize the conceptual underpinnings to accounting. We need to have students get an understanding of the reasons why the FASB falls short of developing sound conceptual standards. We need to emphasize the significant role in our society that financial reporting plays and the significant role in that process that corporate accounting officials and their auditors play. We need to make students aware of the interpersonal challenges they

may face in dealing with clients and even with conflicting internal firm policies. We need to assure that our students' overall educational program provides them with the tools they will need to become effective practicing professionals.

We need to give some serious attention on how best to inculcate in our students an appreciation for continuously striving for accounting professionalism. We need to fit into our courses greater appreciation for ethical dilemmas. My experience is that undergraduate students are probably at their peak of idealism when we deal with them. They need to consider cases that deal with ethical issues, not to be given "the answer" and not to be preached to about proper conduct. Rather they need to debate the issues, and each student needs to be challenged to decide how he or she would deal with the issue ... We then need to challenge the student to consider whether his or her value system is really in sync with what will be expected of them as they embark on their careers. This focus on ethical behavior needs to be incorporated throughout the accounting curriculum and not left to be dealt with as an appendage to an auditing course. An ethical code is really a personal mind-set and not a recitation of a series of "thou shalt nots."

My time is up. For those who have been dozing, "Accounting Professionalism—They Just Don't Get It!" focuses on a reconsideration of what is necessary to restore the accounting profession to the level of credibility that it once enjoyed. The leaders of the powerhouse large accounting firms must acknowledge that some serious assessment of the current state of affairs is necessary. The survival of the accounting profession as an important facet of our society cannot rely on the effectiveness of the Sarbanes-Oxley legislation. The leaders of the profession, whoever they may be, need to gain an understanding of why they have failed to serve the public well in recent years. These leaders need to embrace policies now that will enable their professional staffs to once again meet the public's expectations.

*Prepared by Arthur Wyatt for the opening keynote address on August 4, 2003 for the American Accounting Association's 2003 Annual Meeting in Honolulu, Hawaii.*

*Arthur Wyatt joined the international public accounting firm of Arthur Andersen & Co in 1966. Since then has been a member of the Financial Accounting Standards Board, vice president of the AICPA, and vice president and president of the American Accounting Association. In 1993 Art joined the accounting faculty at the University of Illinois.*

## Endogenous Expectations

*As Presidential Lecturer for the 2003 AAA Annual Meeting, Joel Demski challenged attendees to reflect on the role of expectations in accounting research and teaching. His abstract for the lecture notes: "While expectations are central to modeling work and essential in empirical documentation, we tend to rely on largely exogenous expectations, as opposed to closing the analysis with aggressive identification of information sources and an explicit equilibrium argument." These brief excerpts from his introduction and conclusions are only a small part of his larger thesis, which can be found in full text on the AAA website at <http://aaahq.org/AM2003/speakers.cfm>.*

Expectations are the centerpiece of accrual accounting, and expectations about these accruals and their use are the centerpiece of accounting research. Yet in our teaching and in our research we typically employ reduced form specification of the accounting process, coupled with transparent, largely exogenous expectation structures. The manner in which we estimate "abnormal accruals" or make use of analysts' forecasts are cases in point, as are value relevance, audit judgment,

compensation and earnings response studies, and FASB deliberations.

This reliance on largely exogenous expectation structures, I think, needlessly limits the depth and boundaries of our teaching and research. My purpose here is to document this claim, and to argue for a more inclusive approach to our scholarship, one that emphasizes "microfoundations" and an equilibrium view of behavior.

Accrual accounting, of course, is a formalized anticipatory statement of stocks and flows. For example, the non-cash asset balances and the liability balances on a balance sheet, the various stocks of accruals, represent stocks of anticipated benefits and payments, just as the non-cash components of income, the flows of various accruals, represent flows of anticipated benefits and resource consumptions.

These accruals, however, are surely not happenstance. Rather, they are estimates, estimates that can be interpreted as expectations as well as expectations that stem from choices: choice of accounting method as well as the decision to engage in the underlying transactions themselves. Consider, for example, the use of "mark to

model" techniques to estimate the fair value of an unusual financial instrument. The firm chose to employ the instrument, and likewise enjoys considerable discretion in its temporal measurement. Relatedly, the firm is free to adjust its transactions in anticipation of a regulatory event, such as expanded fair value reporting of financial instruments or the demise of pooling. In parallel fashion, the manner in which accounting measures are used is itself a choice: a choice to buy or sell, a choice to go forward with the new product proposal, a choice to allow management's self-report to stand.

This suggests our focus on understanding the nature and use of accounting measures should, ideally, be based on understanding how these choices are made, including the fact that coordinating forces, such as organizational architecture, market clearing, regulation, and education, are at work.<sup>1</sup> Yet, as noted, we tend to rely on reduced form,

<sup>1</sup> Watts and Zimmerman [1986] are particularly eloquent in stressing choice in the accounting domain. Further note the importance of dynamics. We know change is ever present, and we are also fairly comfortable with the claim decisions change as the environment changes. This suggests a narrow focus on estimating decision rules or reduced form structures is likely to be self-defeating (e.g., Hansen and Sargent [1980]).

(continued on page 11)

(continued from page 10)

somewhat ad hoc techniques instead of more directly on how the choices themselves are made. In an audit judgment experiment, for example, we typically rely on psychology, to the exclusion of organizational and client interaction issues; and in an earnings response experiment we typically rely on the difference between reported and analysts' forecasted earnings in identifying the substance of the information release, to the exclusion of other information or the organizational context in which the forecasts are produced and archived.

In emphasizing the underlying choices, my instinct is to rely on the context, forces, and behaviors involved, to emphasize the microfoundations or calculus of the choice setting, so to speak. Coupled with an equilibrium argument, we then have a picture of endogenous expectations and choices.<sup>2</sup>

I begin with a selective survey of the use of expectations in accounting practice, followed by a brief illustration of the expectations theme. From there I examine selected examples of accounting scholarship that highlight various expectations: earnings management studies, use of analyst forecasts, regulation assessment studies, audit judgment studies, compensation studies, cost measurement studies, and governance studies. The recurring theme is a consistent pattern of reliance on exogenous expectations, of underinvestment in understanding and exploiting the underlying choices themselves; and this leads to the conjecture that if we broaden our analysis, broaden it to the point the underlying expectations are endogenous, we will shed new light on these various phenomena. I emphasize my point is not a criticism of where we are, but an attempt to capitalize on what we have accomplished and move to a broadened, more integrated view of our subject matter, a task that depends on theoretical work, empirical work, and their interaction ...

*As a prelude to his main theme, Demski lays out several patterns in the practice of accounting, with examples illustrating that expectations are "widespread in current practice"; noting that "despite the predilection for expectations as we in the*

*academy think of them, there are distinct patterns of truncation, conservatism, and subjectivity." After describing these patterns, he concludes:*

From a social science standpoint, we observe the accruals, try to divine the underlying choices, and in the process learn something about institutions, such as exchange markets, regulations, and managerial behavior. Yet in studying these expectations, we ourselves rely on expectations; and it is the nature of our expectations that concern me. In particular, I think we excessively treat expectations as exogenous when we try to sift through observables. Practice exhibits choices, raw material for our work. But in understanding this raw material I think an approach more grounded in the underlying choices, in the microfoundations so to speak, is appealing. After all, it would allow us to treat the choices that generate these raw data as flowing from endogenous expectations.<sup>6</sup> ...

*The address moves on to expand the expectations theme, illustrating through selected examples of accounting scholarship that highlight various expectations, including: earnings management studies, use of analyst forecasts, regulation assessment studies, audit judgment studies, compensation studies, cost measurement studies and governance studies. Demski concludes with a challenge for accounting faculty.*

## Conclusions

Our scholarship uses the practice of accounting as a laboratory for deepening our understanding of accounting institutions, and for social science purposes more broadly. Growth and efficiency in this process rest on investment in the microfoundations of our subject matter. I have sketched how this theme cuts across a variety of our studies, and find a consistent pattern of underinvestment. We tend, it seems, to underinvest in underlying choices, the microfoundations of our subject area: the richness of accruals, the institutional fabric of analysts, the organizational subtleties of audit firms and their ongoing client interactions, and the microstructure of governance arrangements and their dynamics.

Moreover, though my ramblings and illustrations are static in nature, our subject area and our aspirations have a substantive learning component as well. Consider the learning associated with a new class of fair

value disclosures, learning on the production and on the consumption side. Similarly, an ABC implementation is likely to entail significant, extensive learning both in terms of the production process itself and exploiting the resulting newly estimated product cost statistics.

The larger issues, though, are whether this expanded view of our subject is likely to be productive, and whether we are prepared to accept such a challenge. Lucas concluded his presidential address to the AEA (American Economics Association) by answering the first question:

The macroeconomic research I have discussed today makes essential use of value theory in this modern sense: formulating explicit models, computing solutions, comparing their behavior quantitatively to observed time series and other data sets. As a result, we are able to form a much sharper quantitative view of the potential of changes in policy to improve peoples' lives than was possible a generation ago (Lucas 2003, 12).

It is my hope one day someone will stand before the American Accounting Association and identify a body of scholarly work that has deepened our understanding, deepened it to the point we are able to offer informed and reliable quantitative assessments of changes in accounting policies, be they economy-wide or intra-organizational in scope. I think we have made considerable progress, but I also think the key to significant additional progress, in our research and in our teaching, is to broaden our focus to accounting in a more endogenously determined environment, to expand our reliance on microfoundations, to examine closely the economics and social psychology of the context, to be attentive to macroconditions such as the business cycle, in short to embrace and exploit endogenous expectations.

**Full references and acknowledgments are available online at:** <http://aaahq.org/AM2003/expectations7.pdf>.

*Prepared for Presidential Lecture, American Accounting Association, August 5, 2003. Helpful comments by John Christensen, George Drymiotis, John Fellingham, Hans Frimor, David Sappington, Katherine Schipper, Mary Stone, and seminar participants at the University of Southern Denmark are gratefully acknowledged.*

*Joel Demski is the Frederick E. Fisher Eminent Scholar in Accounting at the University of Florida's Fisher School of Accounting, and a past president of the American Accounting Association. ■*

<sup>2</sup> These concerns are not new, e.g., Holthausen and Watts [2001] and Hribar and Collins [2002]. But I hope to document their breadth. Moreover, and by analogy, the market clearing or rational expectations school in macroeconomics stresses microfoundations, in lieu of the more traditional Keynesian approach, and has led to new understanding of, say, monetary policy and business cycles as well as the limitations in empirically assessing policy choices [e.g., Lucas [2003]].

<sup>6</sup>The consistent pattern in theoretical work over the last few decades is that finer details matter, that context is a first-order effect. We see this emerging in, for example, Arya et al. [2000], Beatty and Weber [2003], Gleason and Lee [2003] and Gibbins, Gramling and Maletta [2001]. Better integrating theoretical and empirical work is the key to the next round of progress, and that is why I stress microfoundations.



# Al Hartgraves Recognized as Accounting Educator of the Year



The Georgia Society of CPAs recently recognized Al I. Hartgraves as Accounting Educator of the Year. This award is given to accounting educators who have a passion for teaching and the accounting profession.

Professor Hartgraves has played a significant role in educating two generations of Emory students. He challenges his students to work hard, delve deep, and produce quality. Students appreciate his rigor and accessibility, and he is highly respected among both undergraduate and graduate students. He has the ability to transform seemingly dull, unimportant issues into something meaningful and significant.

He earned his Bachelor of Arts/Bachelor of Science degree in 1967 and Master's of Accounting in 1968 from the Moore School of Business at the University of South Carolina. In 1975, he received his Ph.D. in accounting from the Robinson School of Business at Georgia State University. Al began his career in academia in 1968 as an Assistant Professor of Accounting at Lee University in Cleveland, Tennessee. There he became an Associate Professor, was Chairman of the Department of Business, and Dean of the Division of Arts and Sciences. He was also Assistant Professor of Accounting at the University of South Carolina from 1977–80. In 1980 he started his long association with Emory University where he is currently Professor of Accounting at the Goizueta Business School. He became a CPA in 1969 and a certified management accountant in 1981.

Professor Hartgraves' commitment to education extends beyond the classroom. His numerous publications and articles span several decades. He has written successful textbooks in management accounting and financial statement analysis, and has provided extensive service to Emory University as chair and member of numerous committees and advisory councils. Administrative posts at Goizueta include Acting Dean, Senior Associate Dean, and Assistant Dean and Director of M.B.A. Programs.

Over the years, Professor Hartgraves has received many professional recognitions and academic honors. He was a member of Beta Alpha Psi and Beta Gamma Sigma. He received the Outstanding Alumnus of the Year, Gamma Beta Chapter, Beta Alpha Psi, (1978); M.B.A. Distinguished Educator of the Year, Goizueta Business School, 1992 and 1995; Executive M.B.A. Distinguished Educator of the Year, Goizueta Business School, 1992; Evening M.B.A. Distinguished Educator of the Year, Goizueta Business School, 1995; Donald Keogh Outstanding Service Award, Goizueta Business School, 1995; Outstanding Faculty Member, *Business Week Guide to the Best Business Schools*, 1997 ed; M.B.A. Teaching Excellence Award for Classic Educator, Goizueta Business School, 2002; and University Scholar/Teacher Award, Emory University, 2002.

His professional organizations and his community have benefited from his expertise, time, and dedication. He has been active in the American Accounting Association; participated in a faculty internship at Peat Marwick Mitchell and Company (1985); is on the Board of Arbitration, National Association of Securities Dealers; and is a member of the Lee University Business Advisory Council. He has served on the editorial board of *Issues in Accounting Education* and is currently on the editorial board of *Southern Business Journal*. He has been a guest lecturer and professor at universities in Austria and Finland. He has served on the Board of Directors, Psychological Studies Institute, 1988–91; Mt. Paran Board of Elders, 1984–85; Board of Directors, Atlanta Counseling Center, 1997–present; Board of Trustees, Big Canoe Chapel 1998–2001. ■

## NEW JOURNAL ANNOUNCEMENT AND CALL FOR PAPERS

### ***Journal of Contemporary Accounting & Organizational Change***

In today's business world, organizations experience dramatic change from time to time. The *Journal of Contemporary Accounting and Organizational Change (JCAOC)* represents a new emphasis on exploring how organizations change, and how the change process affects internal organizational processes. Organizational change often needs the adoptions of innovative ideas and behaviour to achieve the desired change based on the strategic orientation of the organization. The change process within the organization frequently brings about changes in appropriate organization structure and internal systems with different ramifications. New accounting and control systems are essential to implement strategies in a change situation. Accountants have always been skilled in adapting their skills and roles to new opportunities and environmental changes. The dramatic changes occurring in organizations today present a fresh challenge. If accountants fail to acquire new skills and techniques then emerging roles of hybrid accountants sometimes called business analyst, management controller, or strategic.

The mission of JCAOC is to provide a platform for researchers and practitioners from multiple disciplines to disseminate information on organizational and accounting systems change. To achieve this mission, JCAOC will be directed at mapping out contemporary changes in the new global business environment and explains the major new techniques, practices, and philosophies associated with the rise of strategy-oriented accounting and information systems. It will give a broad résumé of issues at the forefront of best practice and academic research. Research students, practitioners and academics seeking information on how accounting is being reconstituted in today's rapidly changing global environment will find much of interest and value.

JCAOC is a peer-reviewed, academic journal that publishes 2 volumes per year. It will publish high quality research on contemporary issues in organizational change and accounting. It provides a communication media between accountants and organizational experts, whether they work in industry, the public sector, in consulting, or in academic institutions. Contributions from organizational change researchers are actively encouraged along with contributions from accounting and auditing academics.

For more information and complete instructions for submitting a paper, please go to the AAA website and click on the Calls For Papers button and then click on *Journal of Contemporary Accounting and Organizational Change*. ■

## Tools and Teaching Materials Available on the Topic of Independence

Independence rules, as set forth by the United States Securities and Exchange Commission, and the Professional Code of Conduct of the AICPA, affect all those involved in financial reporting. Introducing critical issues of independence at the university level can provide students with the background and awareness they need to understand the important role of integrity and objectivity in their accounting and auditing work.

A collection of multimedia materials and handouts is now available, free of charge, for inclusion in appropriate courses. The Independence Education Program has developed a toolkit titled The Independence Education Program (IEP) for Educators. This project is part of a broader program designed to educate accounting professionals on issues related to independence.

A limited number of these toolkits is available from the AAA. If interested, contact Barbara Brady at [barbara@aaahq.org](mailto:barbara@aaahq.org) or (941) 556-4121.

The IEP for Educators toolkit includes three resources that may be helpful to you and your students:

### **CD-ROM**

- Introduction from Dan Guy, CPA, Ph.D. and Gary Holstrum, CPA, Ph.D.
- 3-hour presentation including specific practices you can use to help students learn about independence, and input from participating faculty
- Downloadable materials you can use to reproduce presentation slides and handouts

### **Videotape**

- This three-part video complements the instructional materials outlined in the course curriculum.
  - Part 1: Why Independence? (13 minutes)
  - Part 2: Common Sources of Error (8 minutes)
  - Part 3: Case Study (15 minutes)

### **Faculty Toolkit**

The 94-page toolkit includes all the teaching materials you will need to use the program resources included on the CD-ROM and videotape.

Each component includes instructions for accessing the information and ideas for use in the classroom. Taken as a whole or in part, these materials can be a valuable resource for your undergraduate and graduate classes.

If you would like a copy of the IEP for Educators Toolkit, send your request via email to [aaahq@aaahq.org](mailto:aaahq@aaahq.org); call Barbara Brady at (941) 556-4121; or fax to (941) 923-4093. The toolkits are available free of charge. ■

## Deloitte & Touche Sponsors 33rd Annual American Accounting Association Doctoral Consortium

### **Participants discuss state-of-the-art accounting research and teaching**

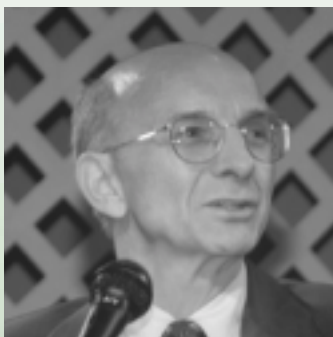
The American Accounting Association (AAA)/Deloitte & Touche/J. Michael Cook Doctoral Consortium was recently held in Tahoe City, California. The program brings together leading doctoral students and distinguished faculty from the U.S. and abroad to participate in a week-long program on accounting research and education.

"The consortium focuses on the issues that are of most pressing concern to students who are about to become faculty: theoretical and applied research, teaching, and career development," said Mark M. Chain, President of the Deloitte Foundation and National Director of Recruiting and Human Resources Management for Deloitte & Touche. "Student participants hear from some of the best minds in accounting education through presentations, small group discussions and the sharing of experiences, which significantly enhances their doctoral program experience."

The annual program, which is sponsored by the Deloitte Foundation through a contribution from former Deloitte & Touche Chairman and CEO, J. Michael Cook and his wife, Mary Anne, was first offered in 1971, and more than 2,000 students and faculty have attended. The AAA selects a distinguished committee of accounting faculty, who plan the event and invite top scholars to present perspectives from their areas of research and teaching interest. Students from 77 institutions participated in this year's program.

"It was a great honor to organize and participate in the Doctoral Consortium," said Maureen F. McNichols, 2003 Consortium Director and Eccles Professor of Public and Private Management at Stanford University. During the program, students are exposed to areas of research that they can learn about and contribute to their careers in research and teaching. The Consortium falls at the time during which student participants are typically selecting, or at the early stages of developing, their dissertations. Accordingly, the program has a significant impact on students' future research and teaching. The AAA and the Doctoral Consortium faculty and student participants greatly appreciate Mike and Mary Anne Cook and Deloitte & Touche's generous and long-standing support of this program. ■

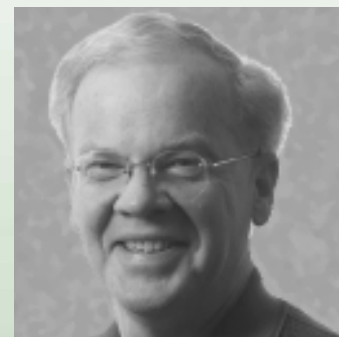
# 2003 Annual Meeting Highlights . . .



The American Accounting Association held its 88th Annual Meeting from August 3–6, 2003 at the Hilton Hawaiian Village in Honolulu, Hawaii, with AAA President G. Peter Wilson (left) presiding. Over the course of the meeting attended by 1,762 AAA members, 27 Continuing Professional Education programs were offered; 98 paper presentation sessions and 17 panel sessions also took place.



Nancy Uddin, Monmouth University, won the AAA drawing and will enjoy three nights' free accommodations at the Orlando Marriott World Center Resort during the 2004 Annual Meeting in Orlando, Florida. (See page 4.)



Outstanding Accounting Educator Award winners Ray J. Ball (above), University of Chicago, and James C. McKeown (below), Pennsylvania State University



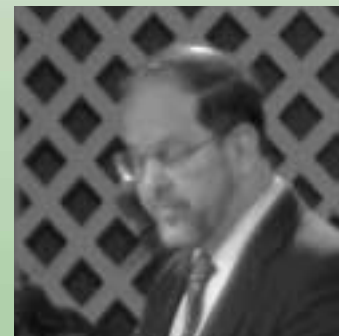
Competitive Manuscript Award winner Haidan Li (above), University of Iowa.



Notable Contributions to Accounting Literature Award winners Richard Frankel (above), Massachusetts Institute of Technology, and Charles Lee (below), Cornell University



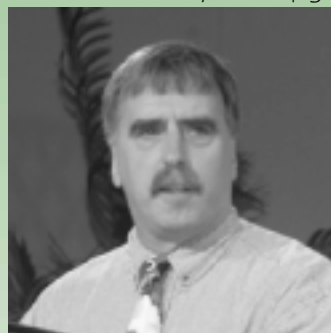
Pete Wilson and Bill Felix exchanging the Presidential gavel.



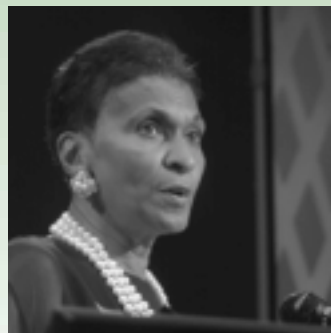
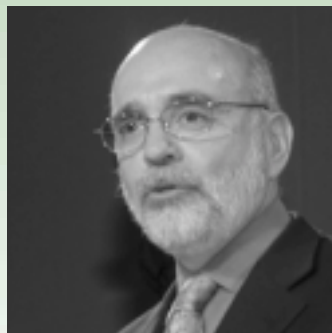
Wildman Medal Award winner Zoe-Vonna Palmrose (below), University of Southern California



Innovation in Accounting Education Award winners William (Bill) McCarthy (left) Michigan State University and Harriet Maccracken, Julie Smith David, and Philip Reckers, all at Arizona State University. Julie Smith David is pictured (right) accepting the award.



Featured speakers included (bottom row, left to right) Arthur R. Wyatt, University of Illinois at Urbana–Champaign; Joel S. Demski, University of Florida; Marva Collins, Inspiring Educator; Tang Yunwei, Ernst & Young Dahua Certified Public Accountants Co., Ltd. Incoming AAA President, William L. Felix, Jr. (pictured on page 1) spoke at the Wednesday Luncheon.





## A Few Words from the Executive Director

With the success of the 2003 Annual Meeting in Hawaii behind us, the fall semester is progressing with new projects, new resources, and new opportunities to participate in networking, peer review, and faculty development.

One of our newest projects is designed to maximize access to ideas and challenges presented during the Annual Meeting for all members. This year's program offered something for everyone, and the four major speeches were highlights of the 2003 in Hawaii experience. Art Wyatt's opening keynote commentary, "Accounting Professionalism—They Just Don't Get It!" was met with a standing ovation on Monday morning, and Joel Demski's presidential lecture garnered continued enthusiasm on the second day. Marva Collins captivated Tuesday luncheon attendees, and Bill Felix addressed critical issues for the profession and the Association on Wednesday. We received so many requests for copies of their comments and videotapes of all four speeches that we have posted full text of the Wyatt and Demski speeches online (<http://aaahq.org/AM2003/speakers.cfm>), and are working to complete the posting of the video of all four events, and the panel session following Art Wyatt's presentation, online this semester. Keep watch for emails announcing expansion of these resources on the AAA website.

The AAA website is the source of another project underway at the AAA headquarters office. This fall we moved the AAA website to a new Internet Service Provider (ISP), allowing the collection of all of our web resources together on a single server, providing enhanced technological tools for database development, and increasing server security. Next steps will be reorganizing and refurbishing the AAA website, making use of feedback gathered via the Web Administrators' recent survey and our enhanced technological tools. We are looking forward to offering enhanced web-related services to members, sections, and regions when this project is completed.

With the fall semester well underway I am beginning to make travel plans for upcoming AAA meetings. I hope to see a number of you during my travels and have included a list of meetings below to make it easy for you to mark your calendars. In the meantime, if you have ideas or concerns, I hope to hear from you either by email: [tracey@aaahq.org](mailto:tracey@aaahq.org) or by phone: (941)9 21-7747, ext. 311. ■



*Tracey Sutherland*

### Upcoming AAA Meetings

January 7–10	AI/ET Section Midyear Conference	Clearwater, FL
January 9–10	Management Accounting Section Research and Case Conference	Miami, FL
January 9–10	Information Systems New Scholars Workshop and Midyear Conference	Clearwater, FL
January 15–17	Tenth Annual Midyear Auditing Section Conference	Clearwater, FL
January 30–31	Financial Accounting and Reporting Section Midyear Meeting	Austin, TX
January 30–31	International Accounting Section Midyear Conference	San Diego, CA
February 6–7	Government Nonprofit Section Midyear Meeting	Houston, TX
February 8–10	Accounting Program Leadership Group (APLG) Annual Seminar	Las Vegas, NV
February 27–28	ATA Midyear Meeting and JATA Conference	Denver, CO
March 25–27	Midwest Regional Meeting	Kansas City, MO
March 25–27	Southwest Regional Meeting	Austin, TX
April 1–3	Southeast Regional Meeting	Lexington, KY
April 15–17	Mid-Atlantic Regional Meeting	Arlington, VA
April 29–May 1	Western Regional Meeting	Newport Beach, CA
April 29–May 1	Northeast Regional Meeting	Albany, NY
May 6–8	Ohio Regional Meeting	Akron, OH
August 8–11	AAA 2004 Annual Meeting	Orlando, FL

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