

NEWSLETTER:

Administrators of Accounting Programs

A Group of the American Accounting Association
5717 Bessie Drive, Sarasota, FL 33583

SPRING 1984

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PRESIDENT'S MESSAGE

The time has arrived to be making plans to attend the annual AAA meeting which will be held in Toronto this year. The general business meeting of AAP is scheduled at 5:00 p.m. on Wednesday, August 15, to be followed at 5:45 p.m. by a wine and cheese reception for all AAP members. These will be the only formal AAP activities at the Toronto convention. Holding these activities early on Wednesday evening will permit AAP members to attend the early-bird reception of the AAA and pursue their faculty recruiting activities and other personal academic interests during the remaining convention time. As last year at New Orleans, the Board of Governors of AAP has decided to forego any concurrent sessions during the AAA program.

The slate of nominees for officer and board positions for 1984-85 appears elsewhere in the newsletter, along with the election ballot. Please complete the ballot and return it to our secretary, Maurice Stark, at your earliest convenience. Please direct your suggestions for committee appointments and membership activities to our president-elect, Hal Wyman, at the University of Connecticut. Hal will be making his committee appointments prior to the Toronto meeting.

The success of the 1984 AAP seminars was largely due to the hard work of Russ Petersen, Bel Needles, and the planning committees. A total of 170 members attended the regular sessions in Las Vegas and Orlando, and 28 members attended the special seminars for new chairpersons. The new chairperson seminar will probably become a permanent feature of our future programs, based on the positive reception received this year. The Board of Governors will be deciding in Toronto whether we will continue our regular seminars in two locations in 1985 or meet only in one location. There appears to be strong sentiment of many members

to continue the Las Vegas location. Please direct your opinions on this issue to Hal Wyman or myself.

The regional chairmen of AAP have been responsible for conducting AAP activities at the regional AAA meetings during the year. All of the regions sponsored an AAP activity, and I hope that most of the members were able to participate in their region. The Board of Governors is always seeking good program ideas, especially at the regional level. Please communicate your ideas for regional activities to us.

Congratulations are in order for Doyle Williams and his staff on their completion of the 1983-84 Data Base survey. Please avail yourself of the opportunity to obtain special analyses for groups of schools as small as seven. Instructions are included in your copy of the most recent survey. The Board is directing the data base committee to include additional questions in the 1984-85 survey on the use of microcomputers in accounting programs, equity salary adjustments for faculty, and prospective faculty salaries in accounting.

The Board of Governors feels that the AAA is giving insufficient attention to developing expanded funding for doctoral student fellowships. I have contacted Harold Langenderfer, president of AAA, on this matter (see letter elsewhere in the newsletter), and I expressed the concern of the AAP Board at the March meeting of the AAA Council. The AAP Board will be considering additional actions that the AAP can take to stimulate interest in accounting doctoral programs and ease the supply crisis of qualified accounting professors.

It was my pleasure to serve this year as a member of the AAA nominating committee, and I am pleased to report that Chuck Carpenter, 1982-83 president of AAP, has been nominated for the position of vice-president of AAA for 1984-85. Chuck will serve as a strong representative of AAP interests on the AAA Council and Executive Committee.

At the March meeting the AAA Council approved a dues increase of \$20 for regular AAA members. This is the first dues increase in eleven years, a period of significant inflation. The impact of the increase on section and group memberships within the AAA is yet to be seen. It was explained at the Council meeting that *The Accounting Review* is self-supporting from its own revenue, and draws no support from membership dues.

Have a pleasant summer, and I look forward to seeing you at our AAP activities in Toronto.

Sincerely,

Gary E. White
President

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BOARD EDITORIAL

The Board of Governors requests that the following letter, sent to Harold Q. Langenderfer, University of North Carolina, from President Gary White, be published in the member newsletter. If you have any suggestions or ideas about this matter, please contact either Harold or Gary.

Dear Harold:

The Board of Governors of the Administrators of Accounting Programs Group (AAP) of the American Accounting Association (AAA) wishes to express its concern over the relatively modest amount of financial support that is offered by the AAA to accounting doctoral students. The Board supports the recent change in the doctoral fellowship program to attract entry-level students to doctoral programs. However, the Board feels that the faculty supply crisis is a problem of the highest priority and urges the AAA to commit substantial funds to its solution.

Approximately \$35,000 was awarded in 1982-83 under the prior format of awarding grants for recogni-

tion and supplemental support. Assuming that this same amount will be awarded in 1983-84, three students will receive large awards totalling \$15,000, leaving only \$20,000 for the smaller awards. The AAA must lead the way in attracting students to accounting doctoral programs. The AAP encourages the AAA to consider a variety of methods to secure funds for an expanded fellowship program. Although the AAA must contend with a current budget deficit, any proposed dues increase should be large enough to provide significant support for doctoral fellowships. If we believe in this cause, we should be willing to use part of our dues to support doctoral study.

In addition, the AAP urges the AAA to undertake a significant fund-raising effort to increase the contributions of individuals, firms, and other organizations to fund doctoral fellowships. The AAP stands ready to assist the AAA in this venture.

On behalf of the AAP Board of Governors,

Sincerely,

Gary E. White

ADMINISTRATORS OF ACCOUNTING PROGRAMS GROUP OF THE AMERICAN ACCOUNTING ASSOCIATION

Position	1983-1984	1984-85 Nominees
President	Gary E. White Texas Tech University	Harold E. Wyman University of Connecticut
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	Robert B. Rogow Auburn University	Robert B. Rogow Auburn University
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	Gary E. White Texas Tech University	Harold E. Wyman University of Connecticut
	James T. Hood Northeast Louisiana University	Patrick R. Delaney Northern Illinois University
	Belverd E. Needles, Jr. DePaul University	James P. Modisette University of Arkansas
	Richard A. Samuelson San Diego State University	Hadley P. Schaefer University of Florida

1984-85 ELECTION BALLOT

Please vote for each nominated candidate, or write in the candidate of your choice.

Nominees for 1984-85 Offices

Write-in Ballot

PRESIDENT

Harold E. Wyman
University of Connecticut

VICE-PRESIDENT AND PRESIDENT-ELECT:

Russell J. Petersen
University of Iowa

SECRETARY:

James R. Davis
Clemson University

TREASURER:

Jacob B. Paperman
Wright State University

BOARD MEMBERS:

Rita J. Hopewell
California State University – Long Beach

Robert E. Schlosser
Rutgers University

NOMINATING COMMITTEE:

Patrick R. Delaney
Northern Illinois University

James P. Modisette
University of Arkansas

Hadley P. Schaefer
University of Florida

Harold E. Wyman
University of Connecticut

Gary E. White
Texas Tech University

After marking your ballot, please mail to:
Maurice Stark
Department of Accounting
College of Business Administration
Kansas State University
Manhattan, Kansas 66506

REFLECTIONS UPON THE "MARKET ALIGNMENT" PROBLEM

by E. J. DeMaris
North Texas State University

Section A

Most accounting departments experienced growth in the number of full-time faculty over the past fifteen years. With this came a salary compaction problem that threatened the retention of tenured faculty, to say nothing of the deterioration in faculty morale. The salary compression problem undoubtedly has been

exacerbated by the fact that the annual increments in the salary offer for new doctorates have widened and the amount of funds available for salary adjustments of any kind have shrunk. Now there is extreme difficulty in finding funds for the assistant professor hired two years ago, to bring him to the current offer price for new assistant professors, let alone to recognize a meritorious performance by an "old" assistant professor. All this has only increased the adverse effects upon faculty morale and made it even more difficult for the department to retain its best faculty. Thus, the central problem facing many accounting chairpersons today is how to resolve this formidable problem, if indeed there is a solution, before the exodus. ▶

What follows is a recital of certain experiences and reflections upon my own personal attempts to deal with the compression problem over a period of some fifteen years. I have made no formal survey. I have discussed aspects of the problem with dozens of other accounting department chairmen. While on the Coordinating Board of the Administrators of Accounting Programs Group of the American Accounting Association, I was associated with the development of a *Report on Approaches to Market-Based Salary Adjustments for Accounting Faculty*. This was prepared by the Committee on Current Affairs chaired by Professor Harold Soltenberger of Michigan State University and appeared in 1980. This report included four models that could be used by anyone interested in making a market-based salary adjustment request of his dean or some higher official of his/her university. One of the four models was used at North Texas State University with success. Regrettably, there is no necessary correlation between the thoroughness or length of such presentations and their success. In a receptive environment, a one-page request may prove to be successful where the well-documented twenty-page effort on another campus yields nothing but a lukewarm letter acknowledging receipt of the study. There is no question that the higher the request is placed in the university's administration structure, the better, from the standpoint of maintaining relatively peaceful relationships with the other departments as well as its success. Possibly one cannot hope to improve upon the success of the accounting department at The Ohio State University in 1981. Its president announced to the entire campus that three areas of the university, including accounting (not the business school), would receive additional raise money because their faculties were in high-demand fields.

It is my impression that there was a flurry of market adjustment requests made from 1979 to 1982 that were successful. Many accounting faculty members received very significant salary adjustments. It is also my impression that the last two years or so have seen far less success in securing fruitful recognition of the compression problem by central administrations. This has occurred in the face of the fact that the salary level for freshly minted doctorates in accounting continued to rise by significant increments each fall. Early on, the problem was to try to keep a gap between the assistant professors and the associate professors. Now, as we noted above, the assistant professors already on the faculty a year or two need a substantial salary adjustment just to bring their salary level up to that being offered by the department to the new hires. And real merit funds have simply dried up for all ranks. Ironically, merit is the term which many universities use to apply to all salary adjustment money, no matter how inadequate. No doubt this is the term thought to be appropriate in securing such appropriations from the state legislatures. Regrettably, the use of the term 'merit' seems only to add a note of irony to the already overwhelming problem of compression and dismay facing many hundreds of accounting faculty members.

What is the answer? For some departments there has been sufficient recognition of the compression problem by special allocations to suggest that, apart from the fact that there is an ever-present lag in the catch-up

process, these departments will be able to deal with the problem especially if enrollments stabilize and the need for new faculty is reduced. For departments at the other end of the spectrum, where the compression problem has only occasionally been recognized or not at all, a far different course of action seems indicated. One possibility would be a fund-raising program that would support a number of supplemented professorships. There is now in Texas one law school that supplements the state-provided salaries of all faculty from the rank of assistant to full professor. This would be a worthy goal for any accounting department.

Many departments will eventually fall somewhere between the extremes noted above. A combination of market-alignment adjustments plus the initiation of programs to raise funds so as to provide salary supplements would seem to be a desirable response. But fund-raising efforts take time and the market alignment problem is ever-present. And pressure for some kind of solution will continue to confront even those departments no longer experiencing growth in their programs. The fact of the continuing severe imbalance between available new faculty and presently existing unfilled positions is sufficient to support an upward trend in the salaries of the new additions to the academic marketplace. It appears that accounting department chairpersons can count on having market-alignment problems for some time to come.



ANNUAL BUSINESS MEETING

The Board of Governors will meet at the Sheraton Centre Hotel in Toronto at 2:30 p.m. on Wednesday, August 15. Both current and newly elected members are expected to attend, if possible.

A general business meeting for all members will be held at the same location beginning at 5:00 p.m. with a wine and cheese party to follow at approximately 5:45 p.m. Location announcements will be posted in the hotel lobby for all activities. All members are encouraged to arrive in time for the business meeting.

APIA CALL FOR PAPERS

Advances In Public Interest Accounting is a new publication with two major aims. First, to provide a forum for the growing body of researchers who are concerned with critically appraising and radically transforming conventional accounting theory and practice. And, second, to increase the social self-awareness of accountants and encourage them to assume a greater responsibility for the profession's social role.

We are seeking original manuscripts that explore all facets of this broad agenda. Examples of manuscript topics include:

- Expanding accounting's focus beyond the behavior of individual corporate entities.
- Finding alternatives to conventional efficiency and profitability measures of corporate performance. ♦

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PRYOR, LeRoy Joseph
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Portland State University
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STEELE, J. T.
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- Incorporating into the reporting system the costs that corporations externalize by imposing them on their employees, their communities, and future generations.
- Exploring the ways in which both financial and managerial accounting participate in resolving the social tensions that surround corporate activities.
- Recognizing the heterogeneity of interests and conflicts within investor and creditor groups.

Send four copies of prospective manuscripts to Professor Marilyn Neimark at the Baruch College. All manuscripts will be blind-refereed by at least two reviewers. A statement of editorial policy and manuscript guidelines are available from the General Editor, APIA, Baruch College, CUNY, 17 Lexington Avenue, New York, New York 10010.

ACCOUNTING ACCREDITATION UPDATE

by Jane Tzinberg Rubin
AACSB Associate Director of Accounting
Accreditation and Controller

From remarks made at the AAA Accounting Administrators Programs in February 1984.

The increasing acceptance of AACSB accounting accreditation activities is reflected by the number of schools that are either seeking or have achieved this status, and by the expanding participation in the process by academics and practitioners. In the midst of the third year of the accounting accreditation program, it is worthwhile to analyze activity to date and attempt to make some projections on expected future activity levels. In addition, several current issues relating to the accounting accreditation process will be reviewed.

Accounting programs at ten additional schools were accredited at the AACSB Annual Meeting in April 1983. This increases the total number of schools with accredited accounting programs to twenty-eight. Since the inception of the program, approximately ninety letters of intent have been submitted, resulting in the filing of approximately seventy self-study reports and the completion of almost sixty visitations. By the conclusion of this third full year of operation, approximately forty schools will have accredited accounting programs.

Letters of intent, which are required to be filed by November of the self-study year (1983), indicate approximately fifteen schools are applying for accounting accreditation in the 1984-85 school year. Of these schools, a majority represent either schools applying for initial business and accounting accreditation, or schools accelerating their regularly scheduled business visits in order to apply for accounting accreditation. Based on the AACSB revisitation schedule for previously accredited business schools, it is expected that roughly fifteen schools per year will apply for accounting accreditation.

Although present signs indicate only moderate interest in the accounting accreditation process, a recent study by AAA President-Elect Doyle Z. Williams, published by the AICPA, indicates otherwise. In *Accounting Education: A Statistical Survey 1982-83* (p. 47), survey results indicate that 90 percent of AACSB accredited business schools, and 40 percent of non-AACSB accredited business schools, eventually plan to apply for accounting accreditation.

Several interesting events are occurring simultaneously with the development of the accounting accreditation process. One issue, external to the AACSB, relates to the organization's continuing status as the sole accrediting agency for baccalaureate and master's degree programs in business administration. In 1983, the AACSB was granted continued recognition by the Department of Education for a period of four years. The accounting accreditation program, because it constituted an expansion of scope, is to be reviewed again by this organization in two years. The AACSB's application for continued recognition by the Council on Postsecondary Accreditation (COPA) also requested an expansion of scope to include accounting accreditation. In late 1983, the AACSB was notified that it would be granted a one-year deferral unless additional evidence could be presented to convince COPA to act otherwise. One stated area of concern involves what COPA considers to be "dual accreditation, i.e., an accounting program that is evaluated as an integral part of a program in business administration and one that is evaluated as a discrete program..."

In understanding this issue, it is important to note the recent pressures being exerted on COPA by the American Council on Education, an organization made up primarily of university presidents, to prevent the proliferation of accrediting agencies and in particular, of specialized accrediting bodies. However, COPA is aware of the sensibility of the AACSB, rather than some other new accrediting body, overseeing the accounting accreditation process. Subsequent discussions with various COPA representatives have produced a better understanding of the objectives of the accounting accreditation program. A final decision on this issue will probably not be available until Fall 1984.

Another current issue, internal to the AACSB, involves the recently formed Accounting Standards Committee. This eight-member committee was established by the AACSB Executive Committee in March 1983 and is made up of several AACSB deans, accounting academicians, and a practitioner. This new committee was formed so that the Accounting Accreditation Committee would not be in a position to both legislate and implement, and so as not to overload the Business Administration Standards Committee with accounting issues. When the Accounting Standards Committee was originally established, the Executive Committee decided that a review of the Committee's operations should be performed after the initial two years, particularly to insure that the two sets of standards (accounting and business administration) were remaining harmonious. However, a dean of an Accreditation Council member school has recently submitted a

proposal, to be voted on at the AACSB Annual Meeting (May 1-4, 1984), to disband the Accounting Standards Committee and require all accounting and business administration standards changes to be formulated by a single standards committee. Another component of this proposal is the belief that the entire Accreditation council should have been consulted on this issue prior to the establishment of such a committee.

An update of accounting accreditation activities should also include a comment on the experiences of participating schools and expectations of what these experiences should include in the future. A frequent complaint voiced by schools relates to the appropriate interpretations of the present standards. This situation, of course, results from the newness of the standards and the relatively small number of participating schools to date. Obviously, as more schools become involved, an historical data base from which to draw conclusions will be created. However, given the overall shift by the AACSB from an emphasis on quantitative to qualitative standards, the problem of interpretation will most likely continue to remain a troublesome one. Because qualitative judgments are by necessity subjective, striving to achieve consistency in accreditation decisions will also likely remain a challenging goal. Unfortunately, this situation results in schools being unable to predict the eventual outcome of their accreditation application with a high degree of confidence. In addition, attempts to clarify further certain standards and interpretations would likely be viewed as additional prescriptive advice which might be construed as allow-

ing even less opportunity for innovative educational approaches.

Frequently stated advantages of the accounting accreditation process include: aid in recruiting both faculty and students, aid in recruiting of students by employers, and aid in obtaining additional resources for the accounting programs. However, another advantage frequently alluded to by participating schools involves the consultative nature of the process. Exposure to the varying perspectives of the accounting team visitors, who represent some of the most outstanding accounting practitioners and educators in the country, has been referred to as an invaluable experience, well worth the cost and effort of the accreditation process, regardless of the final accreditation decision.

As a final footnote, it is important to acknowledge that this process, which is truly only in the infancy of its development, is highly dependent upon the efforts of accounting educators and practitioners, and upon the participation of the most prestigious accounting programs throughout the country. Hopefully, this combination of effort and participation will eventually contribute to the development of viability and credibility in the accounting accreditation process.

Those interested in obtaining additional information about the accounting accreditation process, whether planning to apply for accreditation in the upcoming year or several years into the future, are encouraged to attend the AACSB Accounting Accreditation Workshop to be held September 16-17, 1984, in New Orleans, Louisiana.

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