

2001

Accounting Hall of Fame 2000 induction: Joel S. Demski

Charles T. Horngren

Daniel L. Jensen

Joel S. Demski

Follow this and additional works at: https://egrove.olemiss.edu/aah_journal



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Horngren, Charles T.; Jensen, Daniel L.; and Demski, Joel S. (2001) "Accounting Hall of Fame 2000 induction: Joel S. Demski," *Accounting Historians Journal*: Vol. 28 : Iss. 1 , Article 9.
Available at: https://egrove.olemiss.edu/aah_journal/vol28/iss1/9

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Journal by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

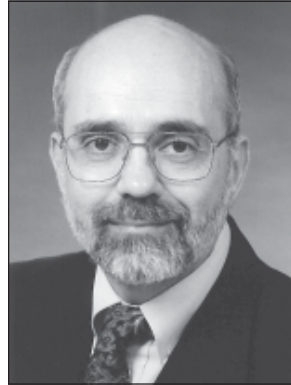
Accounting Historians Journal
Vol. 28, No. 1
June 2001

ACCOUNTING HALL OF FAME 2000 INDUCTION

August 14, 2000
Philadelphia, Pennsylvania

Remarks, Citation, and Response

JOEL S. DEMSKI



REMARKS

by

Professor Charles T. Horngren
Stanford University
Hall of Fame Member

This occasion is a special honor and treat for me. I have known Joel Demski since 1963, when he was a superlative doctoral student at the University of Chicago. The middle 1960s were heady years for the doctoral program there. Among its students in accounting and finance were many individuals who have made noteworthy contributions to the scholarly literature and practice. Examples are such names as Demski, Beaver, Ball, Brown, Watts, Fama, Mike Jensen, Roll, and Scholes.

I have watched Joel grow from a bright, leading doctoral student to become the leading researcher in the entire world regarding applications of information economics and agency theory to accounting. Along the way, Joel and I and our wives have become close friends. Millie has been a fabulous supporter and partner. Joel is a superb role model for academicians. For over 33 years, he has been a refreshing trailblazer in accounting research. His amazing productivity and sophistication continue to flourish.

Joel is not merely a splendid researcher. He is an educator in the broadest sense. He is a treasure for any university. In particular, he has a set of collegial skills that raises the level of scholarship throughout a doctoral program and especially throughout the younger faculty.

Joel and I were Stanford colleagues for eighteen years. In 1985, to my dismay, he departed for Yale. I said to him, "Joel, I looked forward to our growing old together here." He replied, "We have."

Now I shall read the citation, which was prepared by Dan Jensen.

CITATION

prepared by

Daniel L. Jensen

The Ohio State University

read by

Charles T. Horngren

Known for the originality and rigor of his research, this distinguished and consummate scholar has played a leading role in accounting research for over three decades. He was born in 1940 in Sturgis, Michigan, the second of five children born to George and Athalia Demski. Both his mother, who was a high school graduate, and his father, who did not complete grammar school, stressed the importance of education. In the early 1940s, the family moved to Pinconning, Michigan, where he spent his early years and where his father founded a small manufacturing company.

His own interests and his parent's business led him to study engineering at the University of Michigan, where he arrived just after the launching of Sputnik and the resultant revitalization of engineering education. "After engineering school," he recalls, "I was not sufficiently intrigued by family business, the auto industry in general, or consulting to leave what I had discovered to be the joys of university life." Thus he remained at Michigan after his BSE in industrial engineering (1962) and enrolled in its MBA program where he encountered William A. Paton and took courses from Stephen A. Zeff and Samuel R. Hepworth, who kindled his interest in accounting and encouraged him to pursue a Ph.D.

He received his MBA degree with high distinction in 1963 and, after reviewing business Ph.D. program catalogs in the University of Michigan library, he selected the University of

Chicago because it appeared open to an emphasis on mathematics. He was awarded a Ford Foundation Fellowship and moved to Chicago. There he worked with Sidney Davidson, Nicholas Dopuch, Charles Horngren and a host of other faculty as well as fellow students such as William Beaver and Philip Brown. Charles Horngren became his advisor and led him through the experience of a dissertation and into a distinguished academic career.

When he completed his Ph.D. in 1967, he took his first professorial position at Columbia University, where he worked with Carl L. Nelson. He recalls, "Chuck Horngren and the Chicago experience taught me how to think, and Carl taught me what it means to be a professor." In 1968, he joined the accounting faculty at Stanford University where he held the Paul Holden Professorship and later the Joan E. Horngren Professorship in Accounting. In 1985, he moved to Yale University to become the Milton Steinbach Professor of Information and Accounting Systems and in 1994, to the University of Florida to become the Frederick E. Fisher Eminent Scholar in Accounting.

His pathbreaking work on applications of information economics and agency theory to accounting is presented in 60 published journal articles, 5 books, and over 25 other published papers. His work and that of the countless students he inspired has created a new domain for accounting theory. He is one of the most widely cited authors in the accounting literature and many of his papers have been awarded national prizes for their importance and influence. One of his first papers, "An Accounting System Structured on a Linear Programming Model," won the 1967 AICPA Award for Outstanding Contributions to the Accounting Literature and 3 years later, another paper, "The Use of Models in Information Evaluation" (written with his former colleague Gerald Feltham), captured the same award. Another early paper, "Decision Implementation Interface . . ." won the 1969 American Accounting Association Competitive Manuscript Award. His articles have been required reading for doctoral students for over three decades, and his doctoral seminars, which he has delivered to many universities, are nationally known for their insights and their capacity to inspire and prepare students for research. His most recent book, *Managerial Uses of Accounting Information*, brings this important work and his insightful thinking about fundamental accounting problems to interested students at all levels.

For many years, he has played an active role in the Ameri-

can Accounting Association. He has served on many of its committees and editorial boards. Next year he will serve as its president-elect. He has also been a member of the editorial boards of the *Journal of Accounting Research* and many other journals. He is known as a true scholar for his probing mind and uncompromising pursuit of excellence. He is also well-known as a mentor and as a superb example for others because of his willingness to invest himself in the work of his colleagues and students.

His many honors include an honorary doctorate from Odense University in Denmark, the American Accounting Association's Outstanding Educator Award (1986), multiple awards of the AICPA-AAA Outstanding Contribution to Accounting Literature Award (1967 and 1970), and the University of Florida Foundation Research Professorship.

In 1964, he married Millie Sobieray. They have three children, Jay, Rachel and Sybil. His hobbies center on beach activities, twentieth century history, and sporting clays. He is the 64th member of the Accounting Hall of Fame, Joel Stanley Demski.

RESPONSE

by

Joel S. Demski

University of Florida

I have long regarded the Accounting Hall of Fame as Bill Paton's Club, a club of legends of the likes of Hatfield, Littleton, Chambers, Horngren and Ijiri, and, of course, Paton himself. To be invited into this Club is an honor beyond description, as well as profoundly humbling.

In broader terms, I see today's event as a celebration of accounting scholarship: its growth, its accomplishments and its prospects. Accounting has become serious scholarly work in the social sciences. Its roles within an organization's fabric, in globalized financial markets, and in and across public, private and not-for-profit sectors have become major scholarship activities.

In turn, these activities have deepened our understanding of accounting institutions, painted in vibrant colors the limits of our understanding, engendered intellectual excitement, and raised our relevance and stature within the academy.

We have learned the importance of studying accounting in its environment, with explicitly active users, and with complementary measurement and reporting services. And we have learned that, with sufficient abstraction, accounting in all its forms, from the sole proprietor to national income reporting,

and in all its locations, whether North America, Europe, Asia or wherever, is cut from the same theory.¹

These are exciting developments. And this is why I view today as a celebration, a celebration of what our community has accomplished, and the opportunities that are on our doorstep.

My own role here is surely modest, and heavily influenced by a host of individuals and good fortune. I had the good fortune to attend Michigan's Engineering School and to then be taught by Sidney Davidson, Nick Dopuch and Chuck Horngren, not to mention a cast of extraordinary students, at Chicago. I also had the good fortune to be tutored at Carl Nelson's finishing school. At Stanford I discovered Bob Wilson, the very embodiment of all that Carl was trying to portray. And it was there that I hooked up with colleagues, co-authors and life time friends, Bill Beaver, Jerry Feltham and Bob Swieringa, and re-connected with my advisor and mentor and friend, Chuck Horngren. These were magic times.

This circle of simply extraordinary friends and colleagues gradually expanded to include, among others, John Fellingham, Hadley Schaefer, Katherine Schipper, and Doug Snowball. And as I look around and ruminate over inter-generation passage I am privileged to know and be reassured by young scholars like Jon Glover, Karl Hackenbrack, and Russ Lundholm. Each one of these individuals has touched me in important ways; and each is a genuinely good person.

Add to this the opportunity to work with a steady supply of remarkable students, such as Gary Sundem, Stan Baiman, Froystein Gjesdal, John Christensen, Rick Antle, Rick Lambert, Srikant Datar, Steve Huddart, Bente Villadsen and Pierre Liang. It just doesn't get any better.

Well it does. My deepest debt, by orders of magnitude, is to my wife, Millie. We have been married for over 36 years, a marriage of joy, of love and of friendship. Millie is my confidante, my source of encouragement, my moral compass, my

¹This work is found throughout the scholarly literature of the past four decades. Examples, with an eye toward, but not exclusive focus on, theoretical work, are provided by Butterworth [1972], Feltham [1972], Ijiri [1975], Demski and Feltham [1976; 1978], Gjesdal [1981], Libby [1981], Watts and Zimmerman [1986], Ohlson [1987], Dye [1988], Demski [1994], Demski and Feltham [1994], Feltham and Ohlson [1995], Scott [1996], Sunder [1997], Beaver [1998], Christensen and Demski [2000] and Christensen and Feltham [2000].

source of wisdom. She keeps me balanced, but focused, and optimistic. This journey would never have taken place were it not for Millie.

I have been blessed to be one of the workers in our community of scholars. And I am deeply, deeply honored by this induction into the Accounting Hall of Fame. But let's not forget this is a community endeavor. So let's all celebrate our collective accomplishments and, more important, our prospects.

Thank you, thank you all, for the privilege of being a part of this celebration. And, Millie, there simply is no way to adequately express my feelings, my admiration and my gratitude.

Thank you.

SELECTED REFERENCES

- Beaver, W., *Financial Reporting: An Accounting Revolution* (Prentice-Hall, 1998).
- Butterworth, J., "The Accounting System As An Information Function," *Journal of Accounting Research* (Spring, 1972).
- Christensen, J., and J. Demski, *Accounting Theory: An Information Content Perspective* (University of Florida, 2000).
- Christensen, P., and G. Feltham, *Fundamentals of the Economic Analysis of Accounting Information in Markets and Organizations* (University of British Columbia, 2000).
- Demski, J., *Managerial Uses of Accounting Information* (Kluwer, 1994).
- Demski, J., and G. Feltham, *Cost Determination: A Conceptual Approach* (Iowa State University Press, 1976).
- Demski, J., and G. Feltham, "Economic Incentives in Budgetary Control Systems," *Accounting Review* (April, 1978).
- Demski, J. and G. Feltham. "Market Response To Financial Reports," *Journal of Accounting & Economics* (January, 1994).
- Dye, R. "Earnings Management In An Overlapping Generations Model," *Journal of Accounting Research* (Autumn, 1988).
- Feltham, G., *Information Evaluation* (American Accounting Association, 1972).
- Feltham, G., and J. Ohlson, "Valuation and Clean Surplus Accounting for Operating and Financial Activities," *Contemporary Accounting Research* (Spring, 1995).
- Gjesdal, F., "Accounting for Stewardship," *Journal of Accounting Research* (Spring, 1981).
- Ijiri, Y., *Theory of Accounting Measurement* (American Accounting Association, 1975).
- Libby, R., *Accounting and Human Information Processing: Theory and Applications* (Prentice Hall, 1981).
- Ohlson, J., *The Theory of Financial Markets and Information* (Elsevier, 1987).
- Scott, W., *Financial Accounting Theory* (Prentice-Hall, 1996).
- Sunder, S., *Theory of Accounting and Control* (South-Western, 1997).
- Watts, R., and J. Zimmerman, *Positive Accounting Theory* (Prentice-Hall, 1986).