

Chapter 1

JOEL S. DEMSKI: A LEADER IN ACCOUNTING SCHOLARSHIP

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Abstract: Joel Demski has made significant contributions to accounting research and education for nearly forty years. This paper reviews and highlights many of his scholarly contributions. He has been innovative and thought provoking – always at the leading edge of our discipline

Key words: Accounting Theory

1. INTRODUCTION

I have been asked by the organizers of this conference to write and present a paper that describes and comments on Joel Demski's contributions to accounting scholarship. I am very pleased to accept this invitation and to participate in this wonderful event. We have been good friends for thirty-seven years.

Joel obtained his Ph.D. from the University of Chicago and joined the faculty of Columbia University in 1966. I obtained my Ph.D. at the University of California, Berkeley, and joined the faculty at Stanford in 1967. Chuck Horngren had been Joel's supervisor at the University of Chicago and had come to Stanford in 1966. He was very impressed by Joel and in 1968 he encouraged the Stanford faculty to invite Joel out on a recruiting trip.¹

¹ At that time, the Stanford accounting faculty consisted of five full professors (Chuck, Bob Jaedicke, Bob Sprouse, Ozzie Nielson, and Jerry Wentworth) and one assistant

Joel and I met for the first time when he came to Stanford on his recruiting trip. He had been an engineering undergraduate, while I had majored in accounting. Nonetheless, we had both studied accounting and management science in our Ph.D. programs, and we were both interested in management accounting, particularly as it related to management decisions. Furthermore, we both received appointments to Stanford's Decision Analysis group as well as to the Accounting group.

Our dissertations were quite different, but Joel had read both my dissertation and that of my fellow student John Butterworth. He immediately became interested in the information economic analyses John and I used to explore the relationship between information and the payoffs from management decisions. Hence, Joel and I quickly formed a close bond.

2. THE SIXTIES – A TIME OF CHANGE

To appreciate Joel's early contributions to accounting scholarship, one must have some understanding of the nature of accounting thought at the time Joel entered the Ph.D. program in the early sixties. The following is a brief sketch of some salient aspects of that setting. The changes that took place in the sixties profoundly affected subsequent accounting thought and research. Joel was at the forefront of that change, along with a small band of other Ph.D. students at Chicago, most notably, Bill Beaver, Ray Ball, Phil Brown, and Ross Watts. However, right from the start, Joel's work differed dramatically from their empirical research on financial reporting. He soon joined in applying information economics to accounting, which was initiated at Berkeley by John Butterworth, Ted Mock, and myself.

2.1 Accounting thought prior to the mid sixties

Up through the fifties, and into the sixties, classical accounting thought viewed accounting as a *measurement activity* that provides "truthful" descriptions of events -- statements of "fact" that can be used by a variety of decision makers. There was little or no explicit exploration of the impact of accounting reports on the resulting decisions and consequences.

professor (me). Bob Swieringa, now Dean at Cornell, joined us in January 1969, and Bill Beaver came as an Associate Professor in September 1969.