

KENNESAW STATE UNIVERSITY ORAL HISTORY PROJECT

INTERVIEW WITH DANA R. HERMANSON

for the

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Conducted by Thomas A. Scott and Dede Yow
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- TS: Dana, I wonder if we could begin with your telling us when you were born and where you were born and just a little bit about where you went to school.
- DH: Okay. I was born in 1964 in the Washington, D.C., suburbs. My mother [Dianne P. Hermanson] was a homemaker and created a wonderful environment for all of us. My dad was a professor at the University of Maryland at the time, an accounting professor.
- TS: Oh, near College Park.
- DH: That's right. We lived in Hyattsville, near the campus, and later moved to Silver Spring. We were in Maryland until 1973 when my dad took a job at Georgia State. We came down here and lived in Atlanta from '73 until I went to college at the University of Georgia, undergrad, in '82.
- TS: What's your father's name?
- DH: Roger H. Hermanson.
- TS: So he came here as a professor of accounting at Georgia State?
- DH: That's right. He was there from '73 to '97.
- TS: So he retired in '97?
- DH: That's right.
- TS: Okay. Well, one of the things we often ask is how someone got interested in their discipline; I guess you inherited it.
- DH: That's right. I inherited it. My wife Heather [M. Hermanson] and I are both accounting professors here. My sister [Susan Ivancevich] and her husband [Daniel Ivancevich] are both accounting professors at UNC [University of North Carolina] Wilmington. So we have five accounting professors in the family.
- TS: My goodness. So I guess you went to public schools in Atlanta?

DH: That's right. I went to North Springs High School and then the University of Georgia. I majored in accounting and worked with Ernst & Young—Ernst & Whinney at that time—from '86 to '89. I met Heather at the firm.

TS: That was in downtown Atlanta?

DH: That's right. I worked in the audit practice.

TS: So that's after you got your bachelor's degree?

DH: That's right.

TS: So you worked for Ernst & Whinney? I don't even remember that name.

DY: I do.

TS: Do you?

DH: It was Ernst & Ernst, then Ernst & Whinney, and then Ernst & Young.

TS: Okay. I guess they're headquartered in New York?

DH: I think at the time it was Cleveland, but after the merger I believe now it's New York.

TS: So this is like a branch office in Atlanta? A big branch office?

DH: Yes, very big. Very big and fast-growing with a lot of the big clients in town like Coca-Cola.

TS: Were you thinking at that time you weren't going to be an academic; you wanted to get into the field?

DH: I definitely wanted to get experience. It was a real trade-off. I really enjoyed the work, but the lifestyle—particularly from January to the end of March—was pretty rough. I kept going back and forth, and I think even after the first year at the firm, I looked at a couple of Ph.D. programs. I made one trip to explore a place.

TS: January through March was rough because you were doing everybody's taxes?

DH: No, doing everybody's audits.

TS: Oh, at the end of the year, everybody does an audit.

DH: Yes, I was on the audit side. So for December 31 year-end clients, the work really gears up instantly. I spent a lot of time out at Coca-Cola. I didn't have a lot of travel, but I had a lot of overtime. I loved the work, but I really felt long

- term, after seeing the lifestyle that my dad had with the flexibility and intellectual freedom, that was something I wanted ultimately.
- TS: Right. Your father, I guess, is one of your mentors.
- DH: That's right.
- TS: Could you talk a little bit about mentors, if there were any on the undergraduate level—and about your father as well.
- DH: Definitely, my father has been a tremendous mentor. He really gave us a sense of what the academic life was like. He also gave us a very good sense of what accounting was all about. He had a very successful introductory accounting textbook for years. During the summers, sometimes we would be involved in proofreading, changing numbers, changing names and problems—things like that. So we really got a good sense of both the accounting discipline as well as what it meant to be an academic. I was just really interested in the academic freedom, you know, where you've got the ability to pursue what you're interested in. That was very, very appealing. From both of my parents, I learned the importance of focusing on the family—ahead of the career—and this lesson has stayed with me. I had a great upbringing and am trying to give the same to my kids.
- TS: But you didn't want to go to Georgia State for an undergraduate degree, I guess?
- DH: No. Particularly majoring in accounting, I wanted to go somewhere else.
- TS: At the University of Georgia, were there any professors that particularly stand out?
- DH: There's one who really stands out, and, ironically, he was not an accounting professor. I had many great accounting professors there, but the one person who really stood out is a math professor, John [G.] Hollingsworth. He's probably retired by now. I had sent him a letter years ago, after I got here. He taught an honors calculus course that I took my freshman year. In that course, we had a kind of eclectic mix of people, including a twelve-year-old kid named Ralph; and about a week and a half into this course, I felt like I was in way over my head. Like there was no chance in the world that I was going to get through this thing. I was spending hours and hours trying to solve problems, and I just felt like I was beating my head against the wall. I went and met with [Hollingsworth], and he encouraged me to stay in the course. He was confident that I would get through it. That course probably taught me more about patience and problem-solving than any course I ever had. It was just a tremendous experience. It was a full-year sequence. I haven't directly used a lot of the material from that course in my career, but that patience—being presented with something, feeling like you don't even know where to begin, and then gradually getting to the point where you've solved it—was tremendously valuable.
- DY: It's to your credit you stayed in.

TS: Well, as an undergraduate, did you do any kind of research or specialized work? Is this kind of a general accounting degree you got on the undergraduate level?

DH: Yes, more of a general accounting degree. I knew I wanted to go into public accounting with a firm when I finished. I was kind of torn between doing audit work or tax work; I ultimately decided to do audit work. I interned with Ernst & Whinney during my senior year. I went to work with them full time after graduation. They had a great group of people there; a lot of the students had the same ambitions. I took a lot of classes with the same people, so [there were] just a lot of friendships there where you still run into people once in a while. I remember those days.

TS: Tell me again? Was Heather there as an undergraduate?

DH: No, Heather went to Illinois [as an] undergrad. She was in the marching band with the football team and came to the Peach Bowl, I think in '85. She decided that when she graduated, if she was going to move away from Chicago, she'd come somewhere warm. So she ended up moving here in '87.

TS: Okay, so she's at Ernst & Whinney when you get there.

DH: Well, she came the year after me.

TS: But you met there.

DH: That's right.

TS: Okay, so you're there two or three years?

DH: I was there three years. Three years plus an internship.

TS: And that's when you decide you're going to graduate school.

DH: That's right.

TS: Now you got an MBA, didn't you?

DH: No, I took some classes at Georgia State for a year but didn't get a degree from that.

TS: So you go straight to Madison from your firm here in Atlanta?

DH: Yes, from the firm after the year of classes at Georgia State. I was thinking about whether I could get a MAcc—master's of accounting—in that period. Then ultimately, I concluded I would just go ahead and go up to [the University of] Wisconsin [Madison]. So we moved up there in June of 1990.

TS: Why did you pick Wisconsin?

DH: We were looking for a relatively big Ph.D. program, since there were two of us going in. Wisconsin's program was a large, fairly diverse program that supported a lot of different areas of research. We went up there and visited, and, as I recall, I don't think we made trips to visit anywhere else. It was just a nice place with helpful faculty.

DY: Good fit for both of you.

DH: That's right. It gave us the flexibility we needed because heading in, we had no idea what research area we were going to focus on or anything like that. It worked out very well.

TS: Well, tell us a little bit about your years up in Wisconsin. What you did your dissertation on, for instance, and the specialties you developed and your mentors up there.

DH: Okay. In terms of mentors, really two that stand out: John Wild, who is an accounting professor who actually taught two of our doctoral seminars—one on financial accounting research and then the seminar where you develop your dissertation proposal. I think there were eight or nine students in that course; it was huge for a dissertation seminar. He just had a real gift for presenting and synthesizing ideas, giving you feedback. He taught us a lot, not only about the research process, but also the writing and communication process. And then the other mentor from there is Larry Rittenberg. He was my dissertation chair and Heather's dissertation chair. He chaired both of our dissertations at the same time, and we finished within a couple of months of each other.

TS: He must have been very confident that you were going to make it to take you both on.

DH: Yes! [laughter] He was just a great sounding board and was wonderful through the whole process. We've kept in close contact with him over the years. In terms of life in Madison, being a Southerner, the snow was exciting to me from mid-October until about Christmas. Then from January 1 until late April, it was not exciting. I remember watching the Masters [Golf Tournament] on TV and then looking out my window and seeing six or eight inches of snow on the ground. So when it came time to look for a job, we literally drew a line across the country and said, "We have got to be below this line."

TS: That's what they say about everybody up North—that last month or so is what really gets them.

DH: Oh, yes. It's not the severity of any individual day, it's just the length. You get to March, and you get a day that's 55 or 60 [degrees] and sunny, and you think, "That's it!"

TS: And the baseball players are going through spring training down in Florida, and you know it's time to live somewhere else.

DH: Yes. But that first spring there, I must have said to Heather ten times, “That has to be the last snow storm, right?” No. It was late April.

TS: Wow. So that would be right about now that it would be beginning to clear up. [chuckle] Tell us a little bit about your dissertation.

DH: My dissertation looked at the issue of the extent to which the auditor, when doing a financial statement audit, provides warning to people outside the company that a company may be in financial distress and may not make it.

TS: Their company?

DH: Well, the company that you’re auditing.

TS: The one that you’re auditing may be in financial distress?

DH: So you’re out there, you’re testing the financial statements. Essentially, the idea is, the company is rolling along; management is running this company; shareholders and creditors are interested in how well the company is doing. So it’s management, then, that prepares the financial statements to tell you how well the company is doing. Well, you have a built-in bias here. It’s like a self-graded exam where you need somebody else, the auditor, to come in and test the financial statements before they’re released and anybody relies on them. There’s an incentive [for management] to lie, and there’s also the potential for errors in the financials. The other thing that the auditor does, though—because the auditor is in there and has access to all this private information—is the auditor assesses whether the company is going to make it for another year. So my research was looking at when you have an instance of bankruptcy, and you look back to the last audit opinion that was issued before the bankruptcy, was that a clean opinion, or was it an opinion that pointed out that there could be some significant issues?

TS: So you’re critiquing the auditors then?

DH: That’s right; exactly. And what I looked at, essentially, was factors that influence the auditor’s decision in that setting.

DY: What are some of those?

TS: Like keeping the company happy?

DH: Right. So, yes, the size of the client is one of the factors. What you find is, the larger the client—all else equal—the less likely they are to get a going-concern opinion, which is one that signals that there may be financial troubles ahead.

DY: Bite the hand that feeds you!

TS: Even though the fall is going to be the greater if the large company goes.

- DH: Right; exactly. So I looked at client size issues . . .
- TS: Is this like [the case of] the auditor [who] says, “Well, Coca-Cola couldn’t possibly be in trouble; they’ve been here forever.”
- DH: Yes, that’s another part of the argument. The big company is less likely to fail. So in the research, you have to control for that probability of bankruptcy. You try to control that away. So even after considering the relationship between client size and how likely they are to fail, you still find that the bigger the company, the less likely they’re going to get this kind of opinion [going concern]. So I looked at a number of different factors.
- TS: I know from having been on the board of little organizations like the Marietta Welcome Center, we always wondered . . . We were board members, but we weren’t the ones that prepared the financial data for the auditor; it was the staff. So I guess there was a real question: If you’re a board member, how much do you really trust the staff to provide accurate information to the auditor? And if the staff doesn’t provide accurate information—I mean, you’re suggesting the auditor can figure it out.
- DH: Well, I think the expectations on auditors have gone up a lot as a result of Enron [Corporation] and WorldCom and kind of looking at the different parties here. The auditor has a big role in this, but the board of directors also has a big responsibility. Specifically, the audit committee of the board of directors is the one that oversees what the auditors are doing and oversees what the internal auditors are doing and oversees that whole process.
- TS: So in your dissertation, it sounds like you’re pushing for aggressive tactics on the part of the auditor to get to the truth and then speak truth to the corporation.
- DH: Definitely. And trying to understand what these factors are that influence that decision. I even tried to look at the way the partners in the audit firm are compensated; does that play a role? Does the complexity of the client play a role? If things are very complicated, it’s more difficult to assess whether the company is in financial trouble or not.
- DY: It sounds very multi-disciplinary.
- DH: Yes.
- DY: You obviously have to use psychology; you’ve got theory in there, and it’s very highly analytical. And, of course, you have to be able to write well to communicate.
- DH: That’s right.
- TS: Was this a problem that auditors were well aware of before all the Enron stuff came along and the public became aware of it?

- DH: Yes, definitely. There was certainly a lot of litigation against audit firms in the '70s and '80s and the end of the early '90s where you'd have companies that declared bankruptcy.
- TS: And they said that you didn't tell us.
- DH: Yes. You look back, and one of my co-authors [Joseph V. Carcello] did a study with another professor [Zoe-Vonna Palmrose] where their conclusion, I believe, was that you had to issue at least two going-concern opinions in a row in order to really shield yourself from litigation effectively. When you have a situation like that where the company goes bankrupt, the executives have been wiped out because they have got a lot of their personal net worth [that] has just gone away. You start looking around for who may be responsible and who has deep pockets. Well, the auditors may be responsible partly, and they've certainly got deeper pockets than anybody else because the parties directly involved with the company generally have been wiped out by the bankruptcy itself. So this litigation risk that the audit firms have faced for years is . . .
- DY: Sort of like medical malpractice.
- DH: That's right. The firms say their second biggest cost is insurance. Salaries are number one.
- TS: Let me just ask a question out of total ignorance. A field like history really professionalized in the late nineteenth century when American institutions started granting Ph.D.s; the American Historical Association goes back to the 1880s and so on. If you're doing anything except very recent history, you've got a long historiographical record of "this school of historians said this in the late nineteenth century, but the progressive historians said this" . . . but [then there are] the neo-conservatives, and then the new left, and so on. How old a discipline as an academic discipline is accounting?
- DH: Good question. Before 1968, it was largely a discipline that was driven by normative writing: This is the way things should be; this is the way we should set up the accounting model—really built on logical arguments, largely. In 1968 there were two influential papers published, one by [W. H.] Bill Beaver and one by [Ray] Ball and [Philip R.] Brown. Those were, to my knowledge, the first major empirical data-driven studies looking at the relationship between stock prices and the release of accounting information. The conclusions weren't surprising. When the accounting news is good, the stock price goes up; and when the accounting news is bad, the stock price goes down. But that was really the beginning of, not normative work in accounting, but positive work in accounting. And that is, figuring out how things really are before we start talking about how things should be. So that was kind of the beginning of almost the scientific revolution in accounting.
- TS: So you're in a brand new field then.

- DH: Yes, compared to many disciplines.
- DY: And these were academic papers and academic publications we're talking about.
- DH: That's right. One in the *Journal of Accounting Research* and one in *The Accounting Review*. So, yes, you look at the empirical literature, and it's less than a forty-year history in terms of the types of things we see today.
- TS: So when you're doing your dissertation then, there's not a whole lot of literature to draw on, I guess.
- DH: I would guess that I probably had, in terms of the going-concern opinion literature, probably twenty, twenty-five papers. Not like some fields where there would be three or four hundred papers.
- TS: So this is cutting-edge stuff that you're doing.
- DH: Right. It's kind of a unique discipline, too, in that you've got this interface with the profession, so if things change in terms of regulation—take Sarbanes-Oxley right now—there are a ton of new studies coming out now on what the impact of Sarbanes-Oxley has been on how managers behave, how auditors audit, and what internal auditors are doing. So you've constantly got a lot of motivation for research coming from current developments.
- TS: Just for the record, and for anybody listening to this tape a hundred years from now, Sarbanes-Oxley is a piece of legislation from what, five or ten years ago?
- DH: From the summer of 2002 [The Sarbanes-Oxley Act of 2002, federal law].
- TS: That recent. And basically what does it say?
- DH: It says a whole lot of things. It basically promotes independence on the part of the board of directors. It prohibits the auditor from doing a lot of consulting-type work for other clients in order to . . .
- TS: This is a response to Enron.
- DH: In response to Enron and WorldCom, yes. The legislation was pretty well dead in the water until WorldCom announced their big fraud. Then Enron was no longer the one-in-a-million, it-will-never-happen-again kind of scenario. So, yes, [it covers] lots of restrictions on what auditors can do, stiff criminal penalties for accounting fraud, personal certification of the financial statements by the chief executive officer and chief financial officer, audits of internal controls—not just audits of financial statements. So it's certainly the biggest thing in terms of financial legislation since 1933 and 1934, when the [U.S.] Securities and Exchange Commission [SEC] was created. But directly in response to Enron and WorldCom.

- TS: I guess the stereotypical view of accountants as mild-mannered men sitting in a room somewhere . . . after Enron and all of that, I guess people have a very different perspective.
- DH: It's been fascinating to see the impact of the scandals. One school of thought is that when you have a profession that gets dragged through the mud on the front page of every periodical—not the business section but the front page of the entire periodical for a year and a half—that it will be terrible for the profession.
- DY: But that's not the case.
- DH: Not the case at all.
- DY: You're crucial.
- DH: Yes, enrollments are way up. Appreciation for what the profession does has never been more visible.
- TS: Oh, really? That's great. But we used to think that Arthur Andersen was such a wonderful, prestigious company.
- DH: That was absolutely *the* firm at one time.
- TS: But when [former President and Georgia Governor] Jimmy Carter did his reorganization of government in Georgia, I think Arthur Andersen was the consultant on all of that. That was supposed to be so prestigious that Carter had brought in Arthur Andersen.
- DH: Certainly the fall of Andersen was something I don't think most people had any idea could ever happen.
- TS: So some big corporations hit the dirt, but public respect for accountants went up at the same time.
- DH: Well, there was certainly a tarnishing of the image of accountants for a period, but there was also an [increased] awareness. I think before all this, if you said "CPA," people thought tax returns. Now, you say "CPA," and people recognize that there's also this audit function out there, and [they think], "I'm investing my retirement savings in the market, so I care about this audit function." That's something that was not nearly as widespread before.
- TS: Have we seen an increase in the number of students since then?
- DH: Oh, yes. There was an article in *The Wall Street Journal* a few months ago that talked about the increase in enrollment at a variety of big programs, and it was 50 percent here, 100 percent there. The MAcc program here at Kennesaw has gone from, I think, thirty-five students to a hundred students in the last four or five years. So, yes, there's been a boom, partly in response to the scandals and

resulting increase in accounting work, and partly in response to some changing market conditions with information systems . . . not as many opportunities there as there were before.

TS: What year was it that you got your doctorate?

DH: In 1993.

TS: So not that long ago.

DH: No.

TS: So then you started testing the job market. Did you do some teaching while you were at Madison?

DH: Yes. I taught for a year while I was in the program up there.

TS: Taught the introductory accounting?

DH: Yes. I thoroughly enjoyed it.

TS: Okay, so you start testing the waters. Why did you decide to come to Kennesaw State?

DH: We had a difficult and perplexing search in that we were coming out of Wisconsin, definitely wanting to get to the South. It's 1993; state budgets are just a disaster everywhere, and we're not just looking for one job, we're looking for two jobs. We're both accountants, and we're both audit people. So we start looking around and hear, "We might be interested in one of you, but we can't take both of you." We started trying to plot out if there were two schools in the same city where we could each go to one. Those kinds of things weren't coming together. We just kept sending out materials and sending out materials. Quite honestly, Kennesaw was not a place—as we started the search—that was even on the radar screen. I had grown up here and gone to Georgia, but in 1982 to 1986 Kennesaw was still rapidly emerging.

TS: And you're thinking big research schools?

DH: Yes. Not University of Michigan-big, but certainly the folks at Wisconsin weren't thinking of a Kennesaw at that point. So we keep going through this search, and as I recall, my dad heard from somebody that Kennesaw might have an opening or two. We ended up interviewing at Kennesaw and the University of Tennessee as our only two interviews. We came to Kennesaw, really not knowing what to expect. It was a different choice than we had anticipated. It was certainly different for the department to be hiring two brand new PhDs, which they had not done before.

TS: That's right.

DY: Who was in the accounting department at that time?

DH: Ralph [W.] Frey was the chair, and Paula [H.] Morris, Steve [Steven W.] Smalt . . . actually, a lot of the people who are still there.

TS: Was Charlie [Charles S.] Garrett there?

DH: No, he was not there then. So we came in not really knowing what to expect. I don't know if the other faculty really knew what to expect of us, and we didn't really know how it was going to work out. But one of the things that I think is kind of magical about the [Michael J.] Coles College [of Business] is the faculty track system.

TS: Explain that.

DH: These aren't the official labels, but basically there's the research track, kind of a mixed track, and a teaching track. So the scholarship expectations vary depending on which track you're on.

TS: And those tracks were in place in '93?

DH: Right. I think Tim [Timothy S.] Mescon put that in place as soon as he came in 1990. So you've got different expectations on different tracks but also different teaching loads on different tracks. So we were able to come into Kennesaw, which was not at that point nearly as focused on . . .

TS: It wasn't a research institution.

DH: Not a research institution, but we had a teaching load and a level of support that was consistent with what people had at a lot of other schools. So we quickly realized, "Hey, this is working out well. We've got the flexibility to do the things we need to do and . . ."

TS: I didn't realize that Tim had put that in so early.

DH: Yes, and [there was] just a very collegial, wonderful environment in the department. It's a very diverse group. But I think the track system is just so helpful in kind of letting people identify who they are, and then things sort themselves out very easily.

TS: Did you know Tim or Craig [E.] Aronoff or any of those from Georgia State from your father being there?

DY: Tim's father was at Georgia State.

DH: Well, Tim's father [Mike Mescon] was dean at Georgia State when my dad was an accounting professor there, so Tim and I are kind of replicating the relationship that our dads had at Georgia State. It's kind of an interesting parallel.

TS: And Craig was at Georgia State before he came here.

DH: That's right.

TS: I didn't know whether you knew any of them.

DH: I didn't know Craig. I'm sure my dad knew Craig, and my dad had worked with Tim's dad, Mike.

TS: Did you know anybody on our faculty before you came here?

DH: Ralph Frey, I had not met before, but he was actually a student of my dad's at the University of Maryland years before. So there was a connection there.

TS: Didn't Tim have a Maryland connection somehow?

DH: Yes, he was at Salisbury State [University].

TS: Right.

DH: Yes, the academic world is small enough that there are all these connections.

TS: So you say you were both interviewed at Tennessee and then here.

DH: That's right. And I really never expected to get back to Atlanta. Hearing from school after school: "We had two jobs, but the budget got pulled" or "We had three jobs, and the budget got pulled" or "What are you, crazy?! We don't have any jobs." It just worked out beautifully.

DY: Whom did you interview with when you came here? Ralph was the chair.

DH: Yes, Ralph was the chair; Tim was the dean. Deborah [S.] Wallace—we talked to her because I think Ed [Edwin A.] Rugg [the Vice President for Academic Affairs] was tied up with something else.

TS: What was Deborah's position at that time?

DY: She was Associate Vice President for Academic Affairs and Dean of Graduate Studies.

DH: We met with various faculty.

TS: So '93 . . . I guess you hadn't had that new building very long, I don't believe, at that point.

DH: No. Only a year or two, I think [1991].

TS: So you're moving into a new building in a growing program and a growing institution, which was still called a college at that time.

- DH: That's right. It was just great timing. It's been exciting to see the growth over the years.
- TS: So because of the tracking, you've been able to keep a relatively small number of classes over the years.
- DH: Right.
- TS: What's typical? Like two classes?
- DH: The typical for the research track is a two-two load, and the mixed track is a three-three. Then the teaching track is a four-four.
- TS: And you're saying the two-two is equivalent to what you would be doing if you were at, say, the University of Tennessee?
- DH: Yes. I think that's their schedule, too. So it's a very competitive package for people. Time is a great constraint when you're trying to do a lot of research.
- TS: Absolutely. So because you took that track, they're encouraging you toward scholarship from the beginning, which is not necessarily true across campus, I don't think, at that time.
- DY: In fact, I would say it's peculiar to that college because I don't think it happens in the sciences.
- TS: I haven't heard any other discipline saying that.
- DH: Our accreditation model is very much geared toward a higher scholarship expectation if you're in graduate education. So it's really consistent with the marketplace, and it's consistent with the accreditation focus in business.
- TS: Yes. Well, you were talking about [how] you weren't thinking about coming to a place that wasn't Research I or whatever.
- DH: Well, I guess having said that, I also didn't want to go to a place that was pure research. I definitely wanted to come to a place that valued teaching, and so I was looking for kind of a balanced environment. But Kennesaw was just not a place that had occurred to me when we started the search.
- TS: I guess the question I really wanted to ask is once you got here, did you find a different kind of intellectual climate than you would have thought by reputation we were at that time?
- DH: I guess a couple of things jumped out at me immediately. First, on a teaching dimension . . . In Wisconsin, teaching the undergraduates, you had a roomful of very bright people, [but with] zero experience, by and large. So there were a lot of things you couldn't really talk about and make tangible or concrete for the class.

- DY: They had no reference point.
- DH: Yes; no reference point. And I remember really being struck the first couple of years here that you'd walk into a class, and day class or night class 90 percent of the people in the room had significant business experience.
- DY: Yes. That was our peak of nontraditionals, was it not?
- TS: Probably so.
- DH: There was just so much you could do, particularly in Accounting Principles, here that you couldn't do at a traditional university. It just made the teaching really enjoyable. People would come up after class [and say], "I'm running this business; I've got this question" or "I'm working for so-and-so, and I've got this question." There was a lot of real world impact that the students were experiencing because they were already in a business setting, either their own business or somebody else's.
- DY: So your classroom became a kind of laboratory.
- DH: Oh, yes. And then at the graduate level—I hadn't taught any graduate level before that—but there you've got night classes, everybody's working, or almost everybody's working. So you bring up an issue, and it's, "Yesterday at my company that was the issue, and here's what happened." So, just a tremendous exchange of ideas really struck us early on.
- TS: So the SAT scores may not be as high, but the practical experience more than makes up for it.
- DH: Oh, yes. It just really changes the ability to do things in the classroom.
- TS: I'm sure you found that a lot more fun.
- DH: Yes.
- TS: And we've had that experience, too, across the board on this campus with the nontraditional students that can bring life experiences into the classroom. Somehow or other, they seem to intuitively know what you're talking about in a way an eighteen-year-old doesn't yet.
- DH: Yes, that's right.
- DY: I have a question here that may veer off a bit, but it's influenced by the fact that I've been reading our most recent oral histories. How do you think it affected your scholarship? Do you think that your scholarship incorporated or leaned in any way toward the scholarship of teaching, or has your research and your scholarship been focused very much in the same manner as your dissertation was?

- DH: I guess my philosophy of scholarship—even at the dissertation stage—was you’ve got to do things that are relevant. I’ve always defined relevant as I could describe this project to somebody in practice, and they wouldn’t think I was crazy; they would see some value to it.
- DY: So you had that built in.
- DH: Oh, yes. So I really enjoyed the focus here that you’ve got flexibility. It’s not a model where these five journals count, and they only publish the ultra-hardcore pure academic . . .
- DY: Theoretical.
- DH: Theory-driven—theory development or theory testing that happens to be in an accounting setting kind of papers. So the scholarship focus here was very consistent.
- TS: The applied scholarship.
- DH: Yes, yes. And that’s really where I’ve been my whole career is very much applied. And then, also doing a fair amount of research on teaching methods, curriculum issues, faculty issues, and things like that—so kind of a mix of those areas. I’ve never felt at all that I was at any disadvantage being here, not in terms of getting on editorial boards, getting papers published, interfacing with national organizations, or anything like that. [It’s] just a very supportive environment and an environment that’s absolutely consistent with what I believed coming in the door.
- TS: So you seem to be saying that our business programs have a national reputation, that we are known.
- DH: Oh, yes.
- TS: Across the country, or at least in the relevant places across the country.
- DH: That’s right.
- TS: You said a little bit earlier that you wanted to be in public accounting? Is that what you’re talking about—that public accounting is really where you’re working with firms and doing practical things, relevant things, as opposed to just totally abstract research?
- DH: Well, public accounting in the sense that the public accounting firms are the ones that do the audits . . .
- TS: On the stock exchange?
- DH: Right.

- TS: Okay, that public.
- DH: Yes. Usually the distinction you hear is [that in] public accounting, you're a CPA working for an accounting firm, whereas in private accounting, you're a CPA or non-CPA working inside a company. So if I'm auditing Coca-Cola, and I'm working for Ernst & Whinney, I'm a public accountant. But if I go to work for Coke, I've gone into private accounting.
- TS: Oh, okay; I've got you. So you wanted the independence that comes from being not on the Coca-Cola payroll.
- DH: Well, I really wanted the experience and the learning. I think no matter what kind of accounting curriculum you put together—you've got, say, three years that is accounting focused—students are going to learn more in the first two years of going out and auditing companies than you could ever teach them, no matter what you did in those three years. It's just a tremendous learning experience.
- DY: I think you've begun to answer this question, but since it's in our repertoire, I'll go ahead and ask you why have you remained at Kennesaw? What's kept you here?
- DH: I guess [there are] a few answers to that. One is the wonderful group of people in the accounting department. You hear of so many places where in the accounting department, there are politics, and people don't talk to each other.
- DY: Oh, I thought that was only English departments!
- DH: But we just have a faculty here that's very diverse, but gets along tremendously well. Just a genuinely nice group of people. So that spills over then into a wonderful working environment. And then you think of the track system and the flexibility you have for pursuing different research; the flexibility you have in terms of hours and working at home versus working on campus. It's just been a wonderful environment, and that's been the biggest driver for me. We love the environment; we love the community. Opportunities have presented themselves from time to time, and we've always concluded that we like it here. It's tough to beat.
- DY: Do you live near Kennesaw?
- DH: Yes, within five or six miles.
- DY: So you have no great horrible Atlanta commute.
- DH: Oh, no. Ten to fifteen minutes, unless I get caught near one of the schools on the way over. But we know what times to avoid.
- TS: Well, you've won a service award as well as a scholarship award, as far as campus-wide awards. When you came, you were interested, obviously, in

teaching and scholarship. How did the service work into the equation with your track system and your particular situation when you came to Kennesaw? Were you under pressure to be involved in service? Is it something you naturally like to do? Is it something that's so closely related to your scholarship that you didn't see a distinction? How would you describe it?

DH: Yes, it's more that there was tremendous overlap between the service, the scholarship, and, frankly, the teaching. Really, all three were integrated. Starting the Corporate Governance Center was a voluntary effort of four faculty: my wife Heather and I in accounting, and Paul [D.] Lapidés and Gary [B.] Roberts in management, as well as Bobby Vick, a local CPA. Many others have joined over the years, but it was not anything that was imposed. It was that we saw—particularly, Paul saw—this change in the expectations on boards that was taking place. And I had some interest, and everybody kind of discovered each other. One of the things that I articulated very early on in the process—this was, I guess, 1995 when we started the center—two years into my career, massive service is the last thing that I need to be doing right now. So my rule was I just can't let this mess up the other dimensions of my professional life. What I found is that it didn't mess them up; it enhanced them greatly. Relationships formed by [my] getting involved in the governance community and the accounting community, particularly with professional organizations, accounting firms, and all sorts of different groups—it just created incredible opportunities through the years.

DY: I wonder if you could give us a quick definition of the Corporate Governance Center?

DH: Okay. The Corporate Governance Center is really designed to be an information provider on corporate governance issues by doing research, interacting with the media, and responding to calls as people have questions. The governance center has branched out to the University of Tennessee. The University of Tennessee center is probably more research-focused than the center here.

TS: Our center is older than Tennessee?

DH: Yes, Tennessee's was started in 2003 with the interdisciplinary [cooperation of] the law school and the business school. Within the business school, just about every department has some folks involved. It's one of those great topics where you look at the board of directors of a company, [and] every discipline has some issue that touches the board. So the finance people are involved, the accounting people are involved, the management people are involved, and in some cases the marketing people are involved. It's an area of study that's very rich and very open to different disciplines.

TS: Were we one of the first corporate governance centers?

- DH: I believe we were *the* first governance center. There were a number of schools that were doing some corporate governance education, but my understanding is that this was the first center in the area.
- TS: Was there anything in particular that led to this sense that there was a need for a corporate governance center—like any huge scandal out there or collapse of the S&Ls or anything of that sort?
- DH: I think the S&Ls were a piece of it. I think General Motors back in '92, the General Motors board really stepped forward and asserted itself. Some other companies started doing the same thing. We were seeing CEOs getting tossed out the door for lack of performance, and there was this beginning of the discussion of the corporate governance revolution. Shares were now more concentrated in institutional investors, and the institutional investors can get the ear of the company much quicker than you or I can individually. So you've got shareholders that are now institutions putting pressure on boards for better performance on the part of the CEO, and you're seeing CEOs go out the door. And, yes, we just really saw it as an area that was ripe for study given what was happening in the marketplace.
- DY: Is it kind of democratizing of companies?
- DH: Oh, definitely. In fact, the cover of *Business Week* this week talks about—I think the title is “The Downsized CEO.” The board, the lawyers, and the auditors have all gotten a lot of power as a result of Sarbanes-Oxley and the changes in the marketplace in the last three or four years. And the party that has lost power is the CEO. The notion that “I'm the CEO; everything I say goes; nobody else has any power,” is over.
- DY: Another hierarchy overturned.
- DH: That's right.
- TS: I saw that you wrote an editorial on “Corporate America, Jack Welch, and Greed.”
- DH: Yes, I was quoted in the editorial [laughter].
- TS: I saw him being interviewed with his new wife [Suzy Welch] on some show recently. He sounded like kind of an interesting guy.
- DH: Oh, yes, a very interesting guy. He's got a new book out now [*Winning*].
- TS: Yes, I guess that was after his book. I gather that you're associating him with greed.

- DH: [laughter] There were some disclosures in his divorce case about some of the benefits that he was going to have for years and years after leaving GE [General Electric Company] that caught a lot of attention.
- TS: Yes, that was it. He was explaining—well, he wasn't apologetic for what he was getting—in that interview.
- DH: I was quoted in an article in that.
- TS: Oh, is that where you were quoted? I thought you had written that. Let's see. Oh, yes, that's on the editorial page of the *Buffalo News*. That was [in] their editorial, but they quoted something that you had said?
- DH: Right. It was more of a story that appeared on the editorial page.
- TS: I'm not asking my question very well, but you all did a report on twenty-first century governance and financial reporting principles in 2002, which would have been right at the time all those scandals were front-page news with Enron and so on. The principles were endorsed by the Institute of Internal Auditors and presented to the New York Stock Exchange and on to the White House and the U.S. Congress, which is about as prestigious as you can get. Tell us, first of all, who is the Institute of Internal Auditors?
- DH: That's the professional association for internal auditors, and internal auditors are company employees who test internal controls and assess risks in the company. They're a different group than the external auditors who come in and test the financial statements.
- DY: Is this analogous to your private-public?
- DH: Yes, same kind of difference.
- TS: So you all got a report out that seemed like it caught on immediately.
- DH: I guess it was probably early March of 2002. Enron was coming apart; Andersen was getting a lot of heat. WorldCom hadn't happened yet, but there was a lot of discussion about what good corporate governance was. There were hearings on Capitol Hill where people were testifying on what's good governance, what's bad governance. I guess two of us [Lapides and Hermanson], along with co-authors of ours at four other schools [Mark S. Beasley, Joseph V. Carcello, F. Todd DeZoort, and Terry L. Neal], thought, "Well, we've been studying these issues for a number of years. Maybe it's time that we issue a statement on what we think is good governance and good financial reporting." So we took about a couple of weeks start to finish, where we came up with ten recommendations on governance and seven recommendations on financial reporting. You use the term *report*; it's really three pages. There's kind of an introductory page, a page on governance, and a page on financial reporting.

Interestingly, we debated a lot over the financial reporting recommendations. Lots of back and forth, and “I can’t live with this” and “This has got to be here.” You’ve got six different people involved trying to come to a consensus. The governance ones went very smoothly. Well, then we released this through a press release [Terri Thornton], put it on the Web site, and e-mailed it to all the reporters that we had interacted with over the previous couple of years. There was some decent media coverage. I think the Associated Press picked it up, and it was hitting some newspapers and things like that. We were reasonably pleased that we had spoken and some people had listened, and we figured that might be it. It turned out that the Institute of Internal Auditors was right at the point of preparing their presentation to the New York Stock Exchange—which I think was April 6 or April 8, and we released on March 26. Well, they saw our governance principles and liked them, [so they] included the governance principles in their presentation to the New York Stock Exchange and in their material that went to Congress. They, just out of the blue, became our unexpected marketing arm for these things.

DY: Timing is everything.

DH: Yes. And the governance principles got a lot of attention from various groups. The financial reporting principles that we fought over [received] almost no attention at all! [laughter] We could have done the governance principles in half a day, but you never know how these things are going to turn out. It was really an opportunity to lay out ten things that we believe about governance: The board ought to be independent, you ought to have internal audit, and on down the line. It’s been interesting to see that we certainly weren’t the only ones saying these things. It was kind of a groundswell that there are certain elements of good governance that should be in place, and the majority of those things have happened from 2002 to the present. Sarbanes-Oxley addressed a lot of them, and the stock exchanges have addressed different pieces. So I think it’s the combination of academics saying things and people in practice saying things and regulators saying things. It eventually gets to be accepted practice.

TS: Have you had any calls from the White House?

DH: No. [laughter] I don’t think I’m on George Bush’s speed dial.

TS: Haven’t been invited to come up there and audit the government?

DH: No. [laughter]

DY: That’s scary.

TS: You’d probably never finish that. Well, you did that report, and from what you said, that was kind of one of the minor things that you’ve really done with this center, in terms of time it took to do it. But it seems to me all of these things have to get you out in the community where you’re interacting constantly with corporations and accounting firms. Could you say a little bit about that kind of public role? You’re doing some things to create visibility for Kennesaw State

whenever you get out there, but could you talk a little bit about working with businesses and that kind of thing?

DH: Sure. I guess I'll pick an example that kind of touches on a lot of those areas. Turn back the clock to 1987: There was a report that came out—it's now referred to as the Treadway Commission report—that talked about the problem of accounting fraud in the U.S. This is going back almost twenty years. The Treadway Commission, which was really a consortium of five accounting organizations, came out with about fifty recommendations for companies, auditors, regulators—even educators—on how we could clamp down on this accounting fraud problem. This was well before Enron and WorldCom. Then 1997 comes along, and this group is still doing things together; they had come out with a few reports in the intermediate period. So 1997 rolls around, and they realize that ten years have gone by since they made all these recommendations. And they yet don't really have a good sense of what's happened to the fraud problem from 1987 to 1997. So they were looking for some researchers to study fraud over that eleven-year period and come up with a report, first of all giving the facts and figures, but secondly, making another set of recommendations of what still needs to be done. So this whole process is going on. They're looking for parties to do this, and the guy who was head of—COSO is the group; Treadway kind of became COSO. . .

DY: What is COSO?

DH: It's the worst name in the world. It's the Committee of Sponsoring Organizations of the Treadway Commission. So it's these five accounting entities. The guy who's chairman of COSO [John Flaherty] was also serving on the advisory board of [KSU's] Corporate Governance Center, so we had a relationship. I had met him at a conference and had invited him to serve, and he wanted to make sure that we were aware of their research requests in this area. As it all turned out, we ended up being engaged to do this project [with Mark S. Beasley and Joseph V. Carcello]. It was about an eighteen-month process of reading SEC enforcement releases where the Securities and Exchange Commission had sanctioned companies for committing accounting fraud, analyzing [the releases], gathering a lot of other information about the companies, the boards, what happened to the companies, who went to jail, all those sorts of things. So in March of 1999, we came out with our report, which profiled a random sample of two hundred fraud cases from the preceding eleven years, and we then came up with another set of recommendations (implications) for mitigating this fraud problem. We started the project, I think, in late '97, so it went from late '97 to early '99.

During the time we're doing this project, all of a sudden the SEC decides to form a group to, in a sense, look at audit committees and how audit committees might do a better job of overseeing financial reporting. So you've got our effort going on the research side, and you've got this Blue Ribbon Committee that's doing things—coming up with recommendations on how to improve audit committees. Then you have a third group, a group sponsored by the National Association of

Corporate Directors. Paul Lapides, Bobby Vick, and I were both on that commission along with a few other academics [Larry Rittenberg]. I think it was a group of about thirty-five people trying to come up with, not really recommendations, but more [like] best practices for audit committees.

So you've got all three of these efforts going, basically, at the same time, and I'm involved in two of them. The interplay among those was fascinating. The Blue Ribbon Committee came out with their report first, so they've got ten recommendations for improving audit committees, partly in order to prevent fraud. One of the things that they had in some of those recommendations was kind of an escape clause for small companies: "We recommend 'X,' but for small public companies you may want to consider exempting them from this." So that comes out in February 1999. Our report comes out in March 1999, and one of [our] basic conclusions was that accounting fraud is largely concentrated in small companies. So there's a mismatch between the recommendations and our results. Well, our report also generated a debate about whether fraud is really concentrated in small companies or whether the SEC is simply able to nail small companies. So that's a whole other story. [laughter]

TS: What do you think?

DH: I think it's some of both. I think you certainly have weaker controls in small companies . . .

DY: Vulnerability is an issue, surely.

DH: Yes, but I think I've also come to appreciate over the years the realities of the SEC and their limited resources [in] going after a big company with teams of attorneys. That's a very, very costly process, so I think there's definitely some merit to that story as well. What ended up happening, though, after our report came out, was this exemption—this escape clause for the small companies—essentially went away. So we were in a position where this project that we really never had any inkling would affect policy ends up affecting policy in terms of SEC rules and stock exchange listing requirements when it comes to smaller public companies. Again, it was just unbelievable timing.

TS: This is pretty serious stuff when you're doing a report that may affect the SEC's ruling.

DH: It was a remarkable experience. There was interaction with the SEC, a lot of interaction with the media, and lots of stories written about the research, about the impact that it had.

TS: Do you get a lot of calls from the media, the newspapers?

DH: I guess there were two bubbles: In 1999 when the report came out, there were a lot of stories within a very short time that we were either involved in or cited in. And then the other big bubble was 2002 in the wake of Enron and WorldCom. In

a typical recent year, maybe once a month there's something where I talk with a reporter and I get quoted or something like that. But in 2002 it was closer to once a week.

TS: Do you usually get quoted correctly?

DH: I have not had any disasters. I've had a couple of cases where I know I said "A," and I know I said "B," but "A" and "B" ended up in the same sentence, and I'm not sure exactly how that happened. But I haven't had anything where I've cringed and thought, "Oh, my gosh. I look like a complete moron." So my experiences with the media have been largely—95 percent—very, very positive.

TS: Business reporters usually know their stuff?

DH: Yes. I've been impressed, particularly with the issues we're talking about—auditing issues and corporate governance issues. It's not ultra-technical—accounting pronouncements or anything like that—but I've been pleased with the level of expertise on the part of the reporters.

DY: It could be the clarity of your expression also.

DH: Oh, yes, of course! [laughter]

TS: I know you're not involved directly with the Corporate Governance Center on campus anymore, but you mentioned the advisory board. Could you say a word or two about that? How did you pick the individuals or companies that would be on the advisory board?

DH: Paul Lapidés really led a lot of that process. We laugh sometimes that at the beginning, I didn't really understand this advisory board thing; I didn't know that we needed a lot of advice. But I think Paul's focus was to really try to get the leaders in corporate governance to all be affiliated with [KSU's] center in some way. He was definitely contacting many of the big fish and getting them on board. In terms of my involvement with the advisory board . . . if I met someone at a conference who was a good fit, like the chairman of COSO, I would follow up with an invitation. And you never really knew whether that relationship would amount to much or not amount to much. It was very difficult to predict ahead of time. The other thing we did, in addition to the advisory board, is put together a group of Research Fellows—which really started out as my co-authors at different schools. Then it branched out to other people. So you had a group of advisors [made up of] maybe fifteen or twenty, and then a group of fellows, maybe fifteen or twenty. And even the Tennessee model now has gone to this Research Fellows group.

TS: So you're a Research Fellow at the University of Tennessee's Corporate Governance Center now?

DH: Right.

- TS: You kind of said it earlier that they were a spin-off of what we have here?
- DH: Joe [Joseph V.] Carcello, who's at Tennessee, and Terry [L.] Neal, who's now back at Tennessee after being at Kentucky for about five years, were both long-term co-authors of mine. Joe had been involved in the center here for a long time. Joe was really in a position at Tennessee where they were looking for a big initiative and really had a focus on governance research, both on the part of people in business and people in law. So Paul and I worked with [Joe] to launch that center, and we're both Research Fellows of that center.
- TS: How does that work, to be a Research Fellow at some other institution? Do they pay part of your salary?
- DH: Oh, no, there's no financial component to it at all. It's really just an affiliation that indicates that we're all on the same team. But no financial dimension at all.
- TS: Do you seek grants for your research through the center?
- DH: In Business there's not nearly as much grant money as there is in some other disciplines. I guess trying to think of the grant sources that I've had over the years, there would be COSO for the fraud study, the Institute of Internal Auditors for a study, and then the KPMG Audit Committee Institute for a couple of studies. But there's not the big formal grant-writing process that is so common in some other disciplines.
- DY: Well, the government isn't really interested in funding you.
- DH: Right.
- DY: They're going to be NEH [National Endowment for the Humanities] and NIH [National Institute of Health] and those . . .
- DH: Yes. I have not been through that process at all. What tends to happen is that if there's an opportunity for some funding, it would be [by] some individuals within the fellows group who would band together and say, "This is something we're interested in doing; let's see if we can get some funding."
- TS: So being a fellow at the University of Tennessee basically means that they can use your name and you can use your affiliation with them, and you're actually doing projects together.
- DH: Exactly.
- DY: I think that your timing has been so impeccable. I think we should make use of this man's *futuristic bent* here. I'm just real curious to know what you think about where our university is going? Lynn [Lendley C.] Black and Mary Lou Frank just came to my department with the University College, which they're getting going now. Lynn said he had just heard that KSU is now officially in the second-tier

institutions with West Georgia, Valdosta, and Georgia Southern. So that's something that we'd been acting and producing in that way but hadn't officially gotten that.

TS: And that's official now?

DY: It's official now.

TS: So we're a regional university?

DY: If that's the term they're using. I'm not sure that they're even using that term anymore. [2014 editor's note: Dr. Black was apparently referring to the decision of the Board of Regents to authorize limited doctorates at these four institutions; in 2013 the four were classified as comprehensive universities].

But at any rate, this institution is clearly changing. I mean, if you just look around physically, environmentally, you see it. What do you think these changes bode, and how do you see your role in this evolving institution?

DH: Good question. I guess, first, in terms of where I see us headed: What I'm hearing is potential for us to be the largest university in Georgia within a reasonably short period of time.

TS: Fifteen years, maybe.

DH: Fifteen years. Tremendous growth in graduate programs. From a faculty perspective, increased emphasis on scholarship, but I believe not at the cost—at least I hope not at the cost—of teaching.

DY: I hope so, too. Or of human bodies.

DH: That's right. [laughter] The dorms have almost instantaneously changed the feel of the campus, almost instantaneously changed the make-up of any daytime class that you teach. The emergence of the sports programs, that same kind of thing. It's interesting to hear the discussion that we're now officially in the second tier. I view us being in the first-tier in the not-too-distant future. I think if we're a 35,000- to 40,000-student institution with Division I sports, well-known programs, and excellent students in a geographic area that's just exploding, it's going to be a major university. And that's really the way that I view it now. It's very different from 1993 when it was Kennesaw State College, and it was 10,000 [students] or whatever it was at that point. Even though it's 10,000 to 18,000 [students], it just feels like the campus has changed dramatically. I think the sense we have of who we are has changed a lot. [KSU] used to be the undiscovered gem out here, and now it's a place that wherever you go in the Atlanta business community, somebody will say something nice about KSU, [such as], "You guys are doing great. We hear about you all the time. Keep it going."

- TS: Well, the very appearance has changed since you came. We used to think of the business building as out in the suburbs, you know, out by itself. And now it's right on the campus green with buildings cropping up all around it. That's a change since 1993.
- DH: Yes. But look at this place. It's just got some real strategic advantages with location, with the environment that you create for faculty—at least within my department—great use of technology, a creative approach to scheduling, doing things at the Galleria and doing things here. My perspective is more of the Coles College, but it's just a very, very, entrepreneurial group that is great at seizing the opportunity in an Atlanta marketplace that is still one of the fastest growing places in the country.
- TS: What is it about the Coles College that has allowed it to achieve so much? It seems to me that you all are really competing already with Georgia and Georgia State. I mean, your programs are competing with them already. And certainly it's not holding you back to be at Kennesaw State in terms of having a national reputation in your field. It's not so much true, I don't think, in other colleges on our campus. I don't think our history faculty would be considered [to be] competing with Stanford or Harvard or anybody in the level of scholarship that we're doing. I mean, we think we teach better than they do, but in terms of the level of scholarship . . . But the Coles College has actually accomplished a great deal, I think. Who do you think is responsible? How has that happened? Is it location or personnel or what?
- DH: It's a combination of factors. We've talked about the track system, which seems like something that's so simple it shouldn't make that big a difference. But I think it makes a huge difference.
- DY: I can see how it would.
- DH: Yes.
- TS: I'm just now getting to where I've got a two-two. I think the amount of scholarship would be vastly greater on other parts of the campus if we had that kind of tracking system.
- DY: Well, it promotes a kind of collegiality because everyone is happy with where he or she is. You can work collaboratively in that structure.
- DH: That's right. So the track system is a major, major factor. I think the entrepreneurial culture . . . I think back to when we started the center—and even looking at the [Cox] Family Enterprise Center, the Econometric Center, the Center for Professional Selling—ideas bubble up. You go start it, and you try to keep up with it. It's not a bureaucratic, 'no' is the default answer to everything, kind of culture.
- DY: Do you think, too, the youth of our institution have something to do with it?

- DH: Oh, yes. Yes. I've said this to many people over the years: I view [our] not having a long history as being a huge advantage. There's not this "We always did it this way" or we're going to trot out this conflict from forty years ago, and that's going to be the reason we have to say 'no' to this. There's none of that. Everybody's got a lot of freedom to develop things.
- TS: Would you see the dean and chairs and so forth pushing everybody aggressively, or are they staying out of the way so that this entrepreneurial spirit can swell up from the faculty? Is it bottom-up or top-down? How has it happened?
- DH: It may vary by activity. If I think of something like the Executive Programs, [while] I haven't been heavily involved, my sense is that Tim Mescon really had a vision of building those programs within a short period of time. [They] are the second or third largest programs in the country, I believe. And then there are other things that bubble up. I think the administration does a very good job of not creating a layer of bureaucracy that becomes a wet blanket on innovation. And in our department, if you want to teach a new class on something, as long as it sounds reasonable, "God bless you; go do it; we'll see how it works out." That environment is so healthy when I compare it to colleagues I know at other institutions where it seems like moving a copy machine is going to create three faculty meetings.
- TS: Right. [chuckle]
- DH: So that lack of bureaucracy, the entrepreneurial culture, the track system, and then the location. With two-career families, you've got instances where the spouse is in business in Atlanta, and the other spouse is here at Kennesaw teaching. Or one spouse [is] at one university, and one spouse at another. So, [there are] just a lot of advantages in terms of the location.
- TS: It must be hard to hold faculty in a business college, where you can go out into private corporations and make a lot more money than you're making here, maybe.
- DH: Right. On the other hand, the lifestyle and the flexibility are worth a tremendous amount. I think a lot of people realize that. Or they're doing the role here, and they're doing occasional consulting in town. They're getting a taste of the business world and some financial compensation for that while focusing a vast majority of their efforts here. So again, in this market, there's the opportunity to do that. Whereas, if you're in the middle of a cornfield somewhere, you don't have that without travel.
- TS: When we interviewed [S.] Alan Schlact, I was surprised at how much work he does off campus. In fact, I think he said he had more income from off-campus [work] than on. Does everybody in the Coles College tend to do that, do a lot of consulting work?
- DH: It varies a lot by person. I've done very little consulting, but I've done a fair amount of funded research. I'm still now only in the end of my twelfth year of

- my career, so I'm still relatively new to this. I've really just had more of a research focus up to this point.
- TS: So you're talking about research funded by the corporation that you're doing the research for?
- DH: Exactly. Like KPMG's Audit Committee Institute, or The Institute of Internal Auditors or COSO. So I have not done a lot of for-pay consulting over the years. There are people who do a fair amount, and some who don't do any. So it's really very, very individual-specific.
- TS: Are you talking about doctoral programs in business?
- DH: I wasn't aware that we were until Dr. Black spoke at a reception a couple of months ago. He mentioned three areas, I think, for Ph.D. programs in the relatively near future. I think one was conflict resolution. I can't remember what the other one was, and then he mentioned business. And all the business faculty in the room kind of looked at each other because we really hadn't heard much about that. We're kind of at a unique point in that, if you look around at the departments, there are certainly people in each department who would function very well in a doctoral education [program]. So I'm not sure what the thought is as to where you would start that. Accounting is kind of strange right now, in terms of the market, in that we've got a ton of retirements taking place around the country. So you've got job openings posted all over the place.
- DY: Is this the baby boomers?
- DH: Well, maybe even just before. But then you look at people coming out of accounting Ph.D. programs. It used to be in the range of 200 to 210 [Ph.D.s] a year around the country. In the last five years, I don't know the exact number, but it's more like 80 or 90. The supply has been cut by over half.
- TS: Why is that?
- DH: Good question. It could be that the economy was so strong for such a long period of time that you start looking at the opportunity cost of going and getting, in many cases, a four- to five-year degree and making very little money while you're going through—that versus a big salary in business. It takes a lot of commitment to do that. But we're seeing a big drop-off in the number of people going into accounting Ph.D. programs. So as Kennesaw is thinking about Ph.D.s, which is obviously the next logical step as the institution moves forward, we're also having to think about our marketplace in accounting. A lot of schools are dumping Ph.D. programs at this point. So it's unclear to me how that would work out in terms of accounting.
- DY: Well, something that Lynn Black did say today was that the *caveat* came down from the board that while we are officially the second tier, the door will be closed for Ph.D. programs. That is not to say doctoral programs, but traditional Ph.D.

programs. Of course, he was fairly cavalier about that because he said, “Well, Kennesaw has always had its own particular spin.” We put our own spin on programs, and we can continue to do that. There are just different kinds of doctoral programs. So given what you’ve been doing and what your colleagues have been doing, I can imagine you can craft some kind of doctoral program that might draw in those people who don’t want to go through the traditional Ph.D.

DH: Right. Well, what comes to mind is Rich Clune, who is in our department now, and who is in an executive doctorate program at Case Western [Reserve University]. He’s just finishing up now, and he’ll be coming to us permanently in the fall. But it’s a program that’s not specific to a discipline in business. It’s a business program designed to train people with significant business experience on how to do applied research. Something like that would be a perfect fit.

DY: Exactly. That *is* Kennesaw. That’s the Kennesaw spin right there.

DH: That’s right. Yes. But when you said doctoral, I was thinking Ph.D.

DY: I think we all do.

DH: That’s interesting.

DY: Isn’t that exciting?

DH: Yes. To my knowledge—and from what Rich has said, too—the Case Western program is the only one in the country right now. So he’s flying up to Cleveland. We would have a basis to do that.

DY: There we go. Kennesaw, cutting-edge again.

DH: Yes.

TS: You’ve talked a bit about your research in auditing and corporate governance. We haven’t really talked about what you’ve done in way of research in accounting education. Would you talk a little bit about that?

DH: Yes. It’s not been really as voluminous as the other areas. I’ve done some work on active learning and the extent to which active learning helps promote recall of the facts on the part of students. I did one study in accounting, and then I did a companion study in finance with James [G.] Tompkins [Professor of Finance] and my wife [Heather M. Hermanson, Professor of Accounting]. With others, I’ve done some work on research, teaching, and service expectations at different types of universities. I’ve done some work on the executive MBA program—what’s covered in terms of accounting content and finance content—with my wife, James Tompkins, and also Rodney [G.] Alsup [Senior Associate Dean for Graduate Business Programs and Professor of Accounting], looking at some curriculum issues there. We’re involved in a study right now looking at ethical issues in the review process in refereed accounting journals [with Timothy Louwers and

Charles Bailey]. That's been fascinating already. My job at this point is to go through the written comments. We've only got three open-ended questions, but it's already clear that we've stuck a nerve. There are some just fascinating responses that we're categorizing right now on what people think is appropriate or inappropriate, or a story that happened to them, and suggestions for improving that process. We're a discipline that doesn't have a code of ethics for academics, so it's very unclear [as to] what's acceptable and what's not acceptable in the review process.

DY: Would this also tie in governance? I mean when you talk about publications and having some . . .

DH: Oh, yes. Basically, governance of our academic discipline, yes. And yet you've got very diverse practices across journals; you've got diverse ethical orientations across individual people. It's just been fascinating to see some of the responses, where it's almost half one's and half five's [on a one to five scale]. Just very, very divergent views.

DY: You've either had a horrible experience or a very good experience.

DH: Yes. That's just the latest example of something that's more education or institution-oriented that I've been involved in.

TS: Well, it sounds like working on codes of ethics would be right down your alley.

DH: That's right. [laughter]

TS: With fraud and auditing and so on.

DH: That's right.

TS: You have information technology as one of the areas where you've done some research, too. What have you done there?

DH: There it's not the technical side of information technology, but it's, again, the governance side. One study [with Daniel Ivancevich and Mary Hill] looked at internal auditors and the extent to which internal auditors are addressing IT [information technology] risks as they address risks within the company. The basic conclusion was they're not addressing IT risks a whole lot because it's not clear who really understands those. And then I worked with Linda Hadden, who was getting her doctorate at Nova Southeastern [University]. I served as her dissertation chair, and her dissertation was looking at audit committee oversight of information technology risks, trying to get a sense of to what extent the audit committee has focused on this issue as they oversee financial reporting. It was the same kind of conclusion—that audit committees probably weren't doing as much as many would hope.

DY: Why do you think that is?

DH: Probably an understanding issue.

DY: Yes, that's what I'd think.

DH: You have one group that has internal controls expertise, and you've got the tech group that understands the system. But neither group really understands what the other party is talking about. So finding people to bridge that gap is the challenge.

DY: And we're going to have to do that.

TS: Well, you were one of the "Forty under Forty" in *Georgia Trend*. I love *Georgia Trend*. You're at least the second on our campus to get that.

DH: That's right. Roger [C.] Tutterow was first.

TS: Yes, Tutterow got it a few years back. I guess you won't be able to get that anymore.

DH: No, I just squeaked in. I was thirty-nine. [laughter]

TS: But that's quite an honor to be singled out by *Georgia Trend*, I think.

DH: I was delighted to be included there.

TS: The amount of awards and publications you've got is just astounding. Maybe I should ask you how you find the time to do all of this that you're doing?

DH: What I really try to do is to work hard when I'm working. But I'm not a sixty- or seventy-hour-a-week person anymore. Before we had our first son, Tim, who was born after we'd been here for a year—through the Ph.D. program and even the first year here, it was sometimes seventy hours a week. We did the Ph.D. program in three years, which nobody had done there in awhile so [it was] a very intense effort. Public accounting was a lot of seventy-hour weeks or more. And then when Tim was born, we just concluded we were going to work normal hours. We're just going to work very hard during that period.

DY: And how old is he now?

DH: He's ten now.

DY: And is he proofing your book?

DH: No. [chuckle]

DY: That's going to come.

DH: He'll ask sometimes what I'm writing about, and I'll explain it. He's got a very good sense for understanding the issues. Our younger son is Will, who is seven.

- But I'm very focused on balancing family life and work life. Over the years, I've tended to work at home more and more all the time.
- TS: With computers it's possible now. And the Internet.
- DH: Yes. And really, from a student standpoint, too, the students really don't come by my office physically. But through WebCT, there's constant accessibility and interaction there. So with the technology, it really opens things up. I have a very unstructured [set-up]. Sometimes I'm working here, sometimes I'm working at home. Sometimes it's seven in the morning I'm working, and if things really get cranked up, my escape valve is ten at night to two in the morning. I focus very well during that period. It's painful the next morning when I get up with the kids at 6:10 and get them off to school. But if things are really getting intense, I'll do that for two or three nights, then collapse and get back to normal. I'm not seventy-hours-a-week; I'm not weekends. I'm fortunate that I can write quickly. I type with three or four fingers, and my typing speed seems to be perfectly synchronized with my thinking speed, so I can just get through it quickly. So I really focus on efficiency rather than massive hours and really try to manage professional travel [to be] as low as possible—a couple of trips a year, maybe—so I'm not running around from conference to conference and all of that.
- DY: Well, it sounds like both cognitively and philosophically, so much of your work flows together anyway.
- DH: Yes. Very much so. To give you an example, the other day I was preparing a presentation I'll be giving to a local CPA firm, and it was exactly the same material that I was presenting to my forensic accounting class that night. Parts of it came from things I had either read preparing for an article or [from] stuff that I had written myself. I don't view it as “teaching is here, and service is here, and research is here, and outside stuff is here.” It's all one bundle, and it's either stuff on helping companies prevent disasters or studying the disasters that have taken place. It's all under that one envelope. So, yes, the efficiency from that is tremendous.
- TS: Does Kennesaw ever call on you to deal with any of its auditing problems?
- DH: I have not had any calls from the KSU auditors, no. [laughter]
- TS: I guess they need an independent voice from off campus.
- DH: That's right. I have to tell them I'm not independent.
- TS: Do you have any aspirations for administration?
- DH: I really don't. My dad never did. He was department chair, I think, for a couple of years at Maryland before we came here.
- DY: They probably had a rotating system.

DH: Yes, I think so. I really don't have administration aspirations. I'm really thoroughly enjoying what I'm doing. I'm teaching a new class this semester, forensic accounting, which has been . . .

TS: What is forensic accounting?

DH: Basically, investigative accounting, where there's some anticipation that there are going to be legal proceedings at some point. The forensic accountants would go in after there were allegations of fraud and do the investigation.

TS: After the allegations. I was thinking of autopsies.

DY: I was, too. I was thinking [television show] *CSI*. You shine your lights; you pick up your evidence. You analyze it; you recreate situations. Oh, I bet that's exciting.

DH: It has been the best teaching experience I have ever had in my career. I just have a phenomenal class with people in there with just unbelievable business experience. We've had a number of speakers come in who have just been incredible, including one duo that's a retired FBI agent [Oliver Halle] along with a person who went to federal prison for embezzling funds from a company [Diann Cattani]. That was the most riveting class I have ever had in my career. Just unbelievable.

DY: How many students?

DH: Twenty-seven or twenty-eight.

DY: That's doable.

DH: Yes, that has been just an incredible experience.

DY: I wish I'd known about it. I would have [come].

DH: [laughter] But, there again [is] another example of the synergy. One of the speakers was David Wolfe, who is a forensic accountant in town that I've been writing some papers with. Another is Chris Rossie, who is with Oversight Systems, Inc., a company that's developed continuous monitoring software so that they can test every transaction that's taking place in the company, real time, and try to identify errors, misuse, and fraud. So those are two of my speakers. And I'm an advisor to Oversight. We're writing papers together. I'm doing stuff with David Wolfe. I've got two of my four outside speakers for the semester, and again, [there's] just tremendous overlap.

DY: That's so energizing, too, that you don't get tired and beat down when you're working creatively like that.

DH: That's right. And I've said to so many people I'm so delighted to be in an environment where you can pursue forensic accounting—I'm now interested in and hadn't done much in it before. I can do that and have the freedom to do that. It's not the traditional model that you see at some institutions, where if whatever you're doing doesn't fit in these four boxes or these four journals, then you're wasting your time, and you'll be penalized for that. I really don't want that environment at all.

TS: I think I've gone through most of my questions. Do you have anything that we left out?

DY: It's been absolutely delightful.

DH: Oh, thanks. Yes, I've enjoyed this.

DY: This will be very helpful for our history where we're seeing trends and themes that are coming through that you are also stating: the excitement and the possibilities that are here at this institution.

DH: That's right.

TS: Great.

DY: Thank you very much.

Kennesaw State University Oral History Project
KSU Oral History Series, No. 19
Interview with Dana R. Hermanson — Part II
Conducted, edited, and indexed by Thomas A. Scott
Tuesday, 23 September 2014
Location: KSU Archives, Kennesaw State University

TS: The interview today is with Dana Hermanson. This is an update to the interview we did with Dana back in 2005. Well, Dana, it's been nine years since we did the original interview, and I can't think of anybody that's been more productive on this campus than you have over the last nine years.

DH: Thank you.

TS: We definitely need to get up to speed on what you've been doing since that time. In the previous interview you had already won two of the big awards on campus. You and Paul Lapidès had won I've forgotten now whether it was the Distinguished Service or the Distinguished Scholarship.

DH: It was Service.

TS: And then you won the Scholarship as it was called back then, Research and Creative Activities Award, on your own. Of course, since then you've won an abundance of prizes, including Distinguished Professor and some off-campus things as well. When we did the 2005 interview, I don't think you had the position that is part of your title nowadays: the Mary and Jack Dinos Eminent Scholar Chair of Private Enterprise. Why don't we start by talking about just exactly what the Eminent Scholar Chair of Private Enterprise does and what that means because we've got an interview with Craig Aronoff, who was the long time chair, the first . . .

DH: That's right.

TS: I guess Jasper Dorsey held that spot until we actually did a national search, but Craig was the first academic chair of private enterprise, and I guess that morphed into the Cox Family Enterprise Center, didn't it? I did an interview with Joe Astrachan [Wells Fargo Eminent Scholar Chair of Family Business] a few years ago who had basically replaced Craig, but now it looks like there's an executive director and a staff of six or eight people. So just exactly what is your role with regard to that Center, and what exactly do you do as the distinguished chair?

DH: Okay, Mary and Jack Dinos put up the money, and my understanding is that it was matched by the state to originally create the eminent scholar chair.

TS: And the Dinos family has donated the money for [former dean] Tim [Timothy S.] Mescon's chair and several others, I guess.

DH: That's right, and Kat [Kathy Stewart] Schwaig, the [current] dean [of the Coles College] holds the other Dinos Eminent Scholar chair now.

TS: So that goes to the dean?

DH: Exactly, yes.

TS: But there's another one too isn't there? Craig got some Dinos money too didn't he?

DH: Right, Craig was the original holder of the chair that I hold now.

TS: Oh, I see, so when he retired . . .

DH: When he retired it came over to me.

TS: That's when you got it, and that was 2005.

DH: That's right, the summer of 2005. Right after we talked.

TS: I didn't think that came up during the [19 April 2005] interview.

DH: That's right, I don't think it did.

TS: So is the chair for you to do research or service to the community or what?

DH: For me primarily it provides funding for research. For example, if we're doing an interview-based study, and we've got to transcribe interviews, I can cover some costs there. I do a lot of studies with doctoral students now, which is another new development since 2005.

TS: I saw that you've already chaired five committees for students that have completed their doctorate.

DH: That's right, and five more in process.

TS: That's remarkable. I'm sure that's very time consuming.

DH: That's right.

TS: You're doing scholarship with the students as they do their dissertations?

DH: Exactly.

TS: So do you get joint publications?

- DH: Yes. A typical student will come through that program with their main dissertation focus. We try to do some other related projects as well. In an ideal world they come out of the program with publications in hand.
- TS: Yes, so this is very helpful to them because you've got a reputation, and it makes it easier to get published, I guess, doesn't it?
- DH: Right. That's been a great program. I'm sure we'll talk more about that. In terms of the Family Enterprise Center, I'm most heavily involved with the Corporate Governance Center and have been for twenty years.
- TS: And you were the founder of that along with Paul Lapidés [director, Corporate Governance Center]. Is Paul still on the faculty; I haven't seen him in ages.
- DH: Yes. With Family Enterprise, I play more of a supporting role there with involvement in some programs. Recently, we had some discussions about me doing some new things with them going forward. It's been a real learning experience for me. A lot of my research focus up to the point of 2005 had been more of the traditional large public company setting. The family issues are fascinating. I've seen the family issues more from the perspective of being a family of academics where we've done research projects together. So I've lived a dimension of family business, but I am not an academic expert in family business. It's been fascinating to learn some about the area.
- TS: I was just thinking the other day with this Hobby Lobby case that a family business is not necessarily small.
- DH: Right.
- TS: But typically we think of it as small business, don't we?
- DH: Yes. And I had this notion that you've got general corporate activity over here, and then there are these small family businesses, and what I never appreciated until getting more active in the area is the family dimension is throughout a lot of large companies whose names we know.
- TS: Right. So your perspective is always from the auditing side?
- DH: Auditing and corporate governance, corporate board and audit committee perspective.
- TS: So publications have come out of that for you or service primarily?
- DH: At this point primarily service.

TS: Service in the sense that you're giving advice to these companies?

DH: Helping facilitate a program on, for instance, fraud and family business, things along that line.

TS: Sure, sure. So public speakers and conferences and that sort of thing?

DH: Yes, and it's been limited, certainly relative to the Corporate Governance Center activity.

TS: Right. That was a big change I guess.

DH: Yes.

TS: Okay, let me think now, what was the year, 2008, that you started your doctoral program in business? [Editor's note: the Board of Regents approved KSU's Doctor of Business Administration (DBA) program at its 19 March 2008 meeting].

DH: Yes, planning stage [in 2008]. I think 2009 is when we really got kicked off, and that was a fascinating process.

TS: Okay, maybe you could talk about that. Nobody's talked about it on tape.

DH: I think Tim Mescon, Joe [F.] Hair, Rich [Richard] Clune; I think Joe Astrachan was involved, probably George Manners. There was a group of people here who I think saw an opportunity in the market place for us to do something in what I would call non-traditional doctoral education. Something other than . . .

TS: Than PhD?

DH: And something other than the historical model we've had that to get a PhD or other forms of the doctorate, you've got to go on campus somewhere, four, five, maybe six years, give up your employment, your total immersion in the traditional residential experience. They were rethinking the model. Case Western has a program that they've had for a number of years that Rich Clune went through that's a non-traditional approach. So retain your current employment, do a program that's in the probably thirty hour a week range, and target that to experienced professionals.

TS: Thirty hours a week of what?

DH: Courses, reading, research, but your on-campus time is "X" number of residencies per year.

- TS: So you expect them to do thirty hours a week while they are holding a forty-hour a week job?
- DH: Yes, so it's not for the time management challenged, that's for sure.
- TS: Doesn't it make perfect sense for somebody trying to get a doctorate in business to actually keep working the field while they're doing it?
- DH: Yes, and really what we see is the profile of the people who come into this program—and it started in 2009, so we've graduated a number of students out of the program—you take somebody with fifteen, twenty, twenty-five years of business experience who wants to transition into an academic career. We say, "Okay, we're going to basically marry your business knowledge and the questions that you want to explore with research methods and theory. We'll bring those two together so that you can be an active scholar and a successful academic."
- TS: Okay, so I guess that's what maybe I wasn't even thinking along that line. I was thinking getting a degree that they would take back to their jobs, but you're thinking about transition [into a faculty position]. Of course, I did notice that it was neat on your vita that you talked where [your doctoral student] Anne Wilkins is now at Middle Tennessee State.
- DH: Yes, that was her initial placement. She is back at University of Tennessee at Chattanooga now [as an assistant professor of accounting].
- TS: Oh, okay, and then Doug [Douglas M.] Boyle [is an assistant professor of accounting at the] University of Scranton.
- DH: That's right. He's department chair there now.
- TS: Carol Bishop, Columbus State.
- DH: Yes, she's gone back to Georgia Southwestern at this point [as director of the MBA program].
- TS: Georgia Southwestern, okay. What used to be our peer until we became a comprehensive university. Then Auburn for Therese Viscelli [as a visiting assistant professor of accountancy].
- DH: She's been on a two-year visiting position there, and then Rob [Robert] Wilbanks at Tennessee Tech.
- TS: Jim [James F.] Boyle is still in the works, ABD, but he got a job at University of Scranton [as an Assistant Professor in the Department of Accounting].

- DH: That's right. What we've really seen, I think, heading into the establishment of the DBA there was some uncertainty about what type of demand we would see. In other words, would we see demand that was, as you mentioned, the demand for the person in industry or in consulting who wants to get a DBA in order to further their corporate or consulting career? Or are we going to see people transitioning from a business career into an academic career?
- TS: And you're finding the latter.
- DH: We have seen overwhelmingly that it's the transition folks. They want to come in and get the skills needed to be successful researchers and teachers. Most of them have teaching experience anyway from serving as adjuncts to being lecturers, so it's really a research program.
- TS: So just like some people want to do a mid-career change to teaching elementary school, these are people that want to do a mid-career changes to being college professors.
- DH: Exactly. As you look at the higher Ed market in business, there's a persistent shortage of doctorally qualified faculty, and that shortage is more acute at the non-Research I schools. So if you look at our program, we're bringing in people with business experience and training them to be very good researchers. They are very appealing candidates particularly to the non-Research I schools. I would say they're the lowest risk hires you could ever have.
- TS: They're going to be successful.
- DH: Teaching experience, they know business, publications in hand or well underway—they hit the ground running, so they've been very well received by the market.
- TS: Fantastic.
- DH: When we hit the five-year mark earlier this year of running the program—we've had people from three cohorts coming through—I summarized where we were and sent a message out to the students that I've worked with over the last five years, and it really caused me to reflect on the DBA program. What I said to them in the e-mail was something along the lines of, "This has really rejuvenated me for the next twenty years." It's been the best teaching and just connecting experience in my career.
- TS: Right. I'm thinking back that I went through a traditional PhD program as did you, and I doubt if anybody that started at the same time I did finished at the same time I did, but it sounds to me like you almost guarantee them, "You do the work, and you're going to get through in three years or four years."

DH: The timing varies by individual. It's lock step for the first eighteen months as they're going through the course work, but you get to the dissertation stage, and it spreads out a little bit. We've seen everything from Anne Wilkins just I think set records that may never be broken going through just right on top of every stage, but for some others it stretches out to the three and a half plus year mark, but it's not like the range we saw even at Wisconsin where it might be three years or it could be five or six years.

TS: I think it's fabulous what you're doing that you almost become a partner with them in getting through that dissertation, and nobody ever treated me or my classmates that way when we went through.

DH: My philosophy on the program is when I take on a student, and I'm going to be the dissertation chair, is I want to create another long-term co-author. If I'm taking you on, Tom, to be my student, I'm going to chair your dissertation, and I want you to learn everything you need to learn to be a great co-author of mine for the next fifteen plus years.

TS: Pretty smart, you've got all those publications coming out.

DH: Yes, it's win-win. It's definitely changed the nature of my portfolio. It's becoming rare now for me to have a project that doesn't involve a DBA student.

TS: But it makes a big difference in business doesn't it, whether you're the first author or the second author or the third author?

DH: In business it's become much more of just an alphabetical listing most of the time. What we do with any dissertation papers though is the DBA student is the first author.

TS: So, sure, it's their dissertation.

DH: Yes, so that's absolutely a given. We play a supporting role and have one philosophy that while it's a dissertation, the student's got to drive every dimension of it. Then after they finish the dissertation and we're transitioning from a dissertation to now a publication, I always say to the student, "Okay, now the game has changed a bit." Now we've got a team, and we'll play different roles depending on the student's particular area of focus and the nature of the project. Now we're in a team environment and we're working together as a team to get this published.

TS: We have a provost at Kennesaw State with a DBA, so I'm assuming it's not a handicap in the academic world to have a DBA as opposed to a PhD?

DH: No, I think the DBA that Ken Harmon has from [the University of] Tennessee—it was just a different name for a traditional PhD at that point. At this point there is

- some marketplace confusion, I think, about what DBA means. If you look at some programs, we would be at one end of the spectrum: it's a research-focused doctoral degree designed to take you from a business setting into an academically qualified professor setting, tenure track faculty position.
- TS: So it might as well be a PhD.
- DH: Yes, it's just delivered in a very non-traditional format.
- TS: It may be more applied?
- DH: We didn't really know how good the research would be as we got into this. What we're seeing—Doug Boyle, just in the last week and a half or so—he's one of the Cohort I students—had an acceptance with the *Journal of Accounting and Public Policy*, which is an A level journal; he got a conditional acceptance at *Accounting Horizons*, another A level journal. The dissertation papers are being submitted to A and A+ level journals, so the research quality has really exceeded my expectations. The students are doing great work. But you've got this marketplace confusion then because we call our program a DBA, and then you've got the pure, consulting, corporate programs that are also called DBA or executive DBA, so we've got something that we really see as unique in the marketplace, and we're not quite sure what to call it.
- TS: Do you think it will be a PhD some day?
- DH: I would love to see it be called something different than DBA, yes. People I think are using the term research DBA. I think that captures what we're doing better. If you call it PhD, do you have the confusion that, well, this isn't a traditional residential four to five year program.
- TS: The way I understand it is that the research universities used to have lots of DBAs and EdD programs, and all those programs at a certain point became PhD programs even though they didn't necessarily change anything when they did so.
- DH: Right. I think what we deliver is a PhD in a non-traditional format for people who because they have fifteen to twenty-five years of business experience can really make that work well.
- TS: So that's the role of the comprehensive university, I guess. I'm seeing this too—I've been doing a bunch of interviews over at Southern Polytechnic because the consolidation is coming up, and they went through the same thing with Georgia Tech when they got their engineering degrees as opposed to engineering technology. Engineering technology is much more lab-oriented, and the engineering degrees are much more abstract, but they basically sold it to Georgia Tech by saying that we're not a competitor with you because we're going for the

- non-traditional student that has to come at night and the weekend and all that kind of thing.
- DH: Right. I would characterize us the same way. I don't think we would be competing with University of Georgia, University of Alabama, or University of Tennessee for doctoral students.
- TS: But our doctoral students are competing and getting out to these places where they're teaching like Chattanooga and Middle Tennessee State.
- DH: Yes, and I think even there we're probably serving different markets. The R1 [Research 1] doctoral [universities—very high research activity] . . .
- TS: Oh yes, they're not going to R1s.
- DH: They prefer to place people at other R1 doctoral schools, so you've got the traditional PhD schools feeding each other, and then you've got this other segment of the market where they're really struggling for good faculty, and that's what we're supplying.
- TS: When I say we're competitive, how many PhD students at R1s actually end up teaching at R1s, and how many of them go wherever the job is?
- DH: That's right. And there are some that started at R1s and don't meet the high bar for tenure in an R1 and end up going to a different tier later on.
- TS: Oh, or perhaps they don't want to do the scholarship. We've had plenty of people like Gary Roberts who came to Kennesaw because they primarily wanted to teach—of course we're talking thirty years ago at Kennesaw—the atmosphere at that time. We talked a little bit in the last interview about the research tracks. I guess I'm surprised that it's not the model for the whole university now after all these years. It was twenty years ago that Tim Mescon put it in.
- DH: Yes. I've maintain that one of the two or three keys to our success over the last twenty years is the appreciation that not every faculty member is identical, and that we ought to leverage the strengths and interests of each faculty member. It doesn't seem to be that radical a concept, but academia can be slow to change. I'm just amazed at how many times I tell people around the country about our track system, and they say, "Oh, my, gosh! I wish we had something like that. We all have the same teaching load, the same service expectations. Some of us are publishing at a national level, some haven't published in years, and this doesn't make any sense." Our model I think is outstanding.
- TS: Yes. How many classes do you typically teach a semester?

- DH: My typical load now is I teach one in the fall. I've got an undergraduate Fraud and Forensic course. It is special topics right now, but I think we're going to move toward making that a permanent course. Then in the spring I teach two sections of a Fraud and Governance class in the master's program. Then I team-teach a doctoral seminar with Jennifer Schafer that goes from November to May, and that's on an overload basis.
- TS: So basically three classes plus and then you've got doctoral students. I guess do they count five doctoral students as equivalent to a course release or anything like that?
- DH: All of the DBA stuff is overload, so it doesn't factor into the normal load. Teaching that course and then chairing the dissertation committees is all overload. But there's such overlap now particularly that I've got five students who have finished and five more in the program that I'm chairing and then one I'm a committee member on that I look back at a lot of weeks and think, "How did I spend my time this week?" If you look at it through one lens I could say, "Gosh, that was probably an 80 percent DBA week"—because there's such blending of the research projects, the dissertations, and the interaction with the students. So it's hard for me to divide up the buckets anymore because it's all one bucket in a sense. Research is what I do with co-authors and DBA students; research is what I cover in the master's class; and research is obviously what we do in the DBA course.
- TS: So you're teaching research.
- DH: Yes, teaching research.
- TS: And doing research.
- DH: Exactly. I feel like I've arrived at a point—and it takes anybody a long time to get to this point—where I don't have a teaching bucket, a research bucket, and a service bucket that are somehow loosely linked. I've got one bucket.
- TS: You know that the Distinguished Professor Award is supposed to be for people who have everything in one bucket integrated all together and have national reputations for doing it. I asked you, I guess, nine years ago—I always ask people why they have stayed at Kennesaw. But it sounds to me like you wouldn't have anything better if you were at an R1 than you have now in terms of workload, distribution of your workload, or ability to get published, or anything else.
- DH: That's right. It's just been a fantastic environment. I think one of the things that people don't appreciate sometimes is how different the culture can be from university to university. Being raised in this culture of very little bureaucracy, no face time focus whatsoever—you can work at home, you can work here, wherever you want.

- TS: That's really changed a lot in the last ten years too hasn't it?
- DH: Yes, but you take those two ingredients, and I think if I considered an opportunity at University X could I give up the lack of bureaucracy? Could I give up the lack of face time focus? And the answer is no. Those are virtually priceless.
- TS: So you have not seen a growth in bureaucracy at Kennesaw while you've been here?
- DH: I haven't seen it driven at the Cole College level. I think there are certain institutional things that have changed because we're now one of the really big fish.
- TS: Administering a grant is bureaucracy now, isn't it?
- DH: Yes, so there are definitely systems and processes here now that are much more formalized than they were twenty years ago. We have a lot more faculty training on this issue and that issue and things like that.
- TS: Faculty training?
- DH: The driver training course we have to complete . . .
- TS: Oh yes, a lot of weird things came through last year [as requirements for all employees].
- DH: I'm an advisor to a student group. We had the training on reporting illegal acts and those kinds of things.
- TS: Right, the ethics test . . .
- DH: The ethics test, the assurance of learning things—I think it's more institution level. When you go from 10,000 students to 35,000 students, then yes, you're going to have more systems in place to manage things, but on a day to day basis I still see an environment in the Coles College where the default answer to most opportunities is yes, let's give it a try, not no.
- TS: So that's still the case? It seemed like Tim Mescon would say yes to anything, which was sometimes not to his advantage like the Newt Gingrich [Renewing American Civilization] course [in 1993].
- DH: Yes. It's one of those environments though that when the default answer is yes that inspires people. I think people also appreciate that not everything that gets a yes is going to work out, and that's fine. If we don't fail once in a while, then we're probably not aiming high enough.

TS: I think about the last ten years before I retired I was teaching a two-two, and it just kind of happened informally, but I think basically you had to do the publications, and then they gave you the release time or justified it somehow. We had a little Center for Regional History and Culture, and that became the justification even though we didn't do that much with the center, but it gave me the time to do things. So I guess informally we [had a track system] in [the College of] Humanities and Social Sciences, but still I'm surprised that they haven't institutionalized it over there the way that the Coles College has done. I mean, when you get an example like what's going on in the Coles College, why wouldn't everybody? I guess Nursing copied it, but why not everybody?

DH: I think it really allows us to alter the competitive landscape because we're sitting in Coles and thinking about competitors; we're thinking of UGA, Georgia State, that level of school. I think a lot of that's because we've got the track system and the culture to just make a lot of things happen.

TS: Are you under a lot of pressure with the job that you've got—your eminent professorship—to get grants?

DH: Grants are really not a big driver in business. The grant money is relatively . . .

TS: Oh that's right. You mentioned that in the earlier interview.

DH: Yes so it's more . . .

TS: But you all go out and, like getting the Dinos family to support you . . .

DH: Right. But it tends to be more endowed chairs or contributions to a center as opposed to a whole lot of project specific grant money.

TS: So you're not under pressure to go out and beat the bushes to get people to give money to your Corporate Governance Center?

DH: Not really. But my focus is more on being very active on the research front with my co-authors and DBA students. I want that to get out there and have an impact through publications, taking it to professional audiences. On a day to day basis, I don't feel a burden or a weight on my shoulders that I've got to do this and I've got to do that. Probably my biggest challenge from a day-to-day standpoint now is managing the number of projects. At any point in time right now I think I've got twenty-seven research papers going at different stages. I literally have a Word file that I keep in Drop Box with a table, and I have color-coding. Red is when it's hot and it's on my desk. My stress level only goes up when I look through that list of twenty-seven and six of them are red and they are all on my desk. So managing that workload . . .

- TS: You had mentioned in the earlier interview about you worked hard, but you didn't necessarily work seventy hours a week. Is that still the case?
- DH: It's still the case. And for me, a big key is that I work at home. I teach Tuesday and Thursday. I work at home Monday, Wednesday and Friday.
- TS: So that saves you an hour drive or whatever.
- DH: And there's a multiplier effect. I tell people an hour at home is like working three hours on campus.
- TS: As long as you discipline yourself to do it.
- DH: Yes, you've got to stay disciplined. What you don't have is interruptions or anything, so I try to work at home three days a week during the semester, and those three days, as hard as I can possibly work during regular hours. I still have the 10:00 p.m. to 2:00 a.m. outlet that I will hit sometimes if things are really crunched. I've done that several times in the past few weeks as things were tight. But that flexibility and that ability to work at home as opposed to here are absolutely critical.
- TS: And then if anybody really needs to get ahold of you they can send an e-mail.
- DH: Yes, they can e-mail; they can call; I do a lot of Skype with DBA students.
- TS: So it doesn't matter where you are.
- DH: No. All the DBA students know what my basement looks like because they see my face and then the basement in the back.
- TS: Used to be when I started here you had to have so many office hours a week posted, but you're available anyway.
- DH: Yes. With D2L, you know, the undergrad students can get me anytime, so it's a whole different world.
- TS: Well, maybe one way to organize the interview is to talk about some of these awards and recognitions that you won and just a little bit about what they are. You're obviously very productive every year, but you got several just from 2014: Winner with several co-authors of the ABO Research Conference Best Paper for 2014 [for "Auditor Sensitivity to Real Earnings Management: An Experimental Investigation"]. What's ABO?
- DH: That's the Accounting Behavior and Organizations section of the American Accounting Association. The American Accounting Association has several sections that focus on specific areas of accounting. The ABO section focuses on

- experimental, behavioral research, mainly psychology-focused. So this is for a paper that we submitted actually to present next month at the ABO conference.
- TS: But you already had the best paper even though it hadn't been presented yet?
- DH: Right. Based on the screening of papers to accept for presentation at the conference; then they awarded our paper.
- TS: Your co-authors are Kennesaw faculty from accounting or where?
- DH: Actually the one I've worked with the longest is Rich [Richard W.] Houston. He's a professor at the University of Alabama and is department chair over there now [director of the Culverhouse School of Accountancy]. Ben [Benjamin P.] Commerford is the first author, and Ben is a doctoral student at Alabama. Mike [Michael] Peters has worked with Rich before, and Mike is at Villanova and is the department chair over there [chair of Accounting & Information Systems]. The way this project got started is Ben, Rich, and Mike were focused on a particular topic called Real Earnings Management in accounting. The basic idea is managers not just tweaking the accounting numbers in order to hit targets, but actually changing the timing of transactions to hit targets. For instance, we're under heavy pressure to meet an earnings target this period; maybe we cut back on research and development expenditures this year or we cut back our advertising the last month of the year to push expenses down.
- TS: So this is playing games with the numbers.
- DH: Playing games with actually the transactions. It's not making different judgments or tweaking estimates; it's actually changing transactions in order to hit an earnings target. So they were interested in this issue. I've been fascinated by it for a long time, but hadn't done any work in the area. It must be a couple of years ago now they asked if I wanted to be involved in a couple of papers in this area. The first one was interviewing auditors about what they think about real earnings management. This was the follow-up that was an experimental study looking at a hypothetical case, how experienced auditors react when they see real earnings management.
- TS: How do they react?
- DH: They get very skeptical about management's focus on short-term targets and the tone in the company; they want to do more audit work; they think the risk of misstatement is higher; so they get very squeamish when they see this kind of behavior. What we learned really both through this and through the interview paper is essentially a viewpoint that auditors have that if you're willing to do things like this, you know, cut back on advertising, cut back on R&D, artificially boost sales in order to get a target, now I'm worried about what else you're doing that I haven't seen. So skepticism goes up.

- TS: Oh, so maybe fraud comes into the picture.
- DH: Yes, fraud risk goes up.
- TS: In the Atlanta Public Schools they had a target, and it was doing well on those tests that showed how student learning compared to other school systems in the country.
- DH: Yes. I actually spend an entire day in my undergraduate Fraud and Forensics class—I spent an entire day earlier this month on the Atlanta Public Schools case. I said, “If you look at what apparently happened in that case, it is so similar to a fraudulent financial reporting case that it’s just remarkable.” Focus on a single number, apparently heavy pressure, based on what we read in the *AJC* [*Atlanta Journal Constitution*], it just fits the profile of an accounting fraud case almost perfectly.
- TS: And so unless people are really ethical, if you put them under enough pressure, they’re going to do whatever you want them to do even if they’ve got to cheat to do it.
- DH: Yes. And what I tell the students is look at the syllabus for this course. It’s 1,000 points; it’s 900 for an A, 800 for a B. I put you under a certain amount of pressure in here, so that you’ll learn. I say, “What would happen if I walked in the first day and said it’s 998 for an A, it’s 996 for a B, and 995 or below is an F.”
- TS: Everybody would drop.
- DH: I said, “By the way, the registrar’s system is down, so you can’t drop, and the department chair and the dean are out of town, so you’re stuck.”
- TS: So they say, “We’ll cheat.”
- DH: Yes. I said, “What would you do?” I said, “All kinds of behaviors that we wouldn’t normally see—you could rationalize cheating; you could probably rationalize attacking me in the parking lot, all sorts of things because once you’re dealing with somebody who you think is unreasonable, all bets are off.”
- TS: Oh, then you can rationalize anti-social behavior.
- DH: That’s right. “This guy is nuts.”
- TS: Well, it’s the same thing, if 900 or above is an A; somebody that is at 899 is going to think it’s totally unreasonable that I didn’t get an A. So they might cut a corner somewhere.

- DH: Yes, you can see some strange behaviors around the cut points.
- TS: I think with faculty it's the same thing. Sometimes the job description is more than a normal person can do, and so they're going to do something, I mean, ignore their students in the classroom so they can get that paper out or whatever.
- DH: That's right. One of the notions we talk about in that class is people do what you pay them to do, not what you want them to do. It's hard to appreciate sometimes how the pressure and the incentives can go awry.
- TS: One would hope there would be a little ethics in there or religion or something that would cause a person to do what's right even if it's to their disadvantage. But human nature being such as it is a large percentage are probably not going to do that. So I guess your target audience is to say to the CEO, "Look, because you're requiring unreasonable things, you're getting these unreasonable behaviors."
- DH: Yes, and it's a very fine line that you walk because if there's no pressure on people, they're not going to perform well. Why would you if you're not under pressure? You ratchet the pressure up and you get better and better performance up to a certain point, and then you ratchet it too high and some people cheat, some people crack, and some people just leave. We talk about why it is so hard to make a four-foot putt to win the Master's. Because the pressure is extreme. You and I go out on the green, and a four-foot putt, we're going to make most of them.
- TS: Maybe you!
- DH: But if it's to win the Master's that's a big deal.
- TS: Okay, so there's a lot of psychology in all the research you've ever been doing then.
- DH: Right. Psychology and economics are the two underlying pieces.
- TS: Okay, so you've got this paper that is actually going to be presented soon. How do you meet these guys? At conferences or because of papers you've written or what?
- DH: The American Accounting Association does a doctoral student consortium each year. I met Rich back in, it must have been 1992. They bring in doctoral students from around the country, I think around the world now, one student per school. So I was there as the Wisconsin representative. Rich was there as the Indiana University representative. We just got to know each other at that conference. Then starting in 1999 our interests really came together, and we've been working together on primarily experimental studies since '99.

- TS: Right. Now in history it's still pretty much the case that we do our research by ourselves and get our own publications out, sometimes two authors, but typically still it's just one, but in business it seems like it is always four authors on a title, or more.
- DH: Business I would say that the mode would probably be three now. I think if you went back forty years the mode would be one; the mode has shifted up.
- TS: Is this because it's so hard to get published that you do these things together or do you really bring different talents to the table?
- DH: I think we bring different talents to the table is a piece of it. I think the scope of projects, what you need to do to get into one of the top journals, has gotten so expansive, that scope is really huge. So in order to do the volume of work that you need to do to get published, you really need a team. I think another factor is that the faculty reward system really doesn't penalize you much if at all for [the number of authors]. Two authors versus four authors doesn't seem to make any difference. For me a big part of it is just enjoyment. It's fun to work with different people, and it is fun to be able to specialize in a certain role over time. For me it's the writing dimension and the managing the paper through the review process. That's the part I love. I work with some other people who just love the initial setup, the data collection, that dimension. I do it on some projects, but that's not where my passion is. I've got one person I've worked with a lot, Joe [Joseph V.] Carcello up at [the University of] Tennessee [head of the Department of Accounting & Information Management and executive director of the Corporate Governance Center]. Joe and I joke that if not for him we wouldn't have started half the projects we've done together; and his response is, "Yes, Dana, but if not for you we wouldn't have finished them." He's a starter, and I'm a finisher, and it's a great team. There are other times where when I work with Shelly [Zhongxia] Ye who was at KSU for several years—she's now [an assistant professor of accounting] at Texas at San Antonio—Shelly is just phenomenal on data collection and analysis, and I love the writing and managing through the review process. We're just a great team.
- TS: I noticed that was one of the awards, the Coles College Collaboration Award this year, Shelly Ye, you, James [G.] Tompkins [IV, professor of economics, finance & quantitative analysis]—he's been involved for years in a lot of your publications—and then Raj [Rajaram] Veliyath [associate dean and professor of management and entrepreneurship].
- DH: Yes, and Rich Clune too [associate professor of accounting and associate director of the School of Accountancy].
- TS: Oh, yes, he was the first one listed. So these are all faculty members in Coles College at that time, and what did you all collaborate on?

- DH: We collaborated as slightly different co-author teams on two papers. Several years ago I had done a study with Joe Carcello, Mark [S.] Beasley [professor of accounting, North Carolina State University] and Terry [L.] Neal [professor of accounting, University of Tennessee]. We had interviewed audit committee members on the process that audit committee members on the board use to basically fulfill their duties.
- TS: Basically the audit committee is keeping an eye on the auditors?
- DH: Keeping an eye on the auditors, keeping an eye on the financial reporting process. That study came out [“The Audit Committee Oversight Process,” *Contemporary Accounting Research* 26, no. 1 (Spring 2009): 65-122]. James Tompkins was very interested in doing that same kind of analysis on compensation committees and nominating committees, the other two main standing committees of the board. We put together a team for the compensation committee paper that was me, James, Shelly, and Raj, and we interviewed twenty compensation committee members—a host of questions about what are their thought processes in different areas, what are they worried about, what stresses do they feel, how do they approach their job.
- TS: Compensation, what are they paying their workers?
- DH: What they’re paying the executive team primarily, yes. So a lot of it dealt with CEO compensation issues.
- TS: How do we justify paying them five million dollars?
- DH: Yes. Here’s the tension they feel: The shareholders are always mad when they think we’re overpaying, but at the same time if we don’t pay a lot we’re going to lose the CEO to somebody else.
- TS: The workers are mad because they’re making 100 times more than they are.
- DH: Or 400 times!
- TS: Right, which didn’t use to be the case.
- DH: Yes, so fascinating discussion. But what was fun about that project is Shelly and I are in accounting, James is in finance, and Raj is in management, so you’ve got three of the disciplines represented. We then did the next project, which was nominating committee members, and the nominating committee is there to identify new candidates to serve on the board. So we interviewed people where the company had done a board search fairly recently and asked a lot of questions about how did you come up with the initial pool of candidates, what was the selection process, how active was the CEO in the selection process, did you just reach out to friends, how did this process work.

- TS: Yes, and you know how Betty Siegel used to be on a lot of boards, and I'm assuming she hadn't invested necessarily in those corporations but they wanted her because of her title and personality and such as that.
- DH: Yes, just a range of factors that go into that. So that second project was me, Shelly, James, and Rich. We're just beginning the writing stage on yet another project on strategic planning committees. So through various projects with people in different disciplines, we're all able to look at board processes, understand how directors on those various committees do their work. There is not only in academic publishing payoff, but in my master's course on Fraud and Corporate Governance they read the audit committee, the comp committee, and the nominating committee papers in order to get a sense of what directors actually do when they're in the board room. So just a perfect relationship between the academic work, the graduate level teaching, and then when I speak to local groups, I'm almost always talking about research. I did a session with the Institute of Internal Auditors last year. I did that with the Georgia Society and also with some folks at UPS where I covered insights from those three board process studies as well as five or six other studies. So I'm really trying to view the middle of the picture as the research, and then it's flowing out to graduate teaching, DBA, and the professional community.
- TS: I was just thinking, I've been on a few little non-profit type boards before, and one of them that I was on briefly the director had just been arrested before I went on the board for absconding with some of the money. I was just thinking how incompetent I am to know whether people are honest or not. I just wonder what you found about the general level of competence on these boards that you've examined.
- DH: I would say that most of the interviews we've been very impressed with what we've heard. There have been some where we were not as impressed. Some of the most fascinating questions I think for me came out of the audit committee study where we would ask questions about how does the audit committee approach the fraud risk issue and even how does the audit committee assess management's integrity. In both cases the overall pattern of responses was I think somewhat disturbing. Not a lot of consensus on what the audit committee should do with fraud risk, not a lot of consensus on what the responsibility is. With management integrity it was a lot of look for the little things, see how people react under pressure . . . not a real robust, scientific approach. One of our DBA students, Rob Wilbanks, has done a follow up study where he's looked at the relationship between how the audit committee oversees fraud risk and assesses management integrity and how that relates to personal and professional ties between the audit committee members and management, for example.
- TS: Oh, whether they're too close?

- DH: Yes, are they too close? If they're too close does the audit committee back off a little bit? They're not quite as robust in looking at those issues. He's got some fascinating results. One that wasn't necessarily a focus of the study, but we had captured the data very easily—he was able to look at differences between male and female directors and is really finding some evidence that female directors appear to be more vigilant in some of these areas. There is a growing literature in accounting and governance now that's looking at gender differences on the road as well as in the CFO positions and finding some pretty . . .
- TS: And I guess most boards are still 80 percent male, aren't they?
- DH: Yes, 80 to 100 percent!
- TS: Right! So if you're worried about fraud, you had better put more women on the board.
- DH: Yes. And there are various explanations for why you'd find that effect. It could be underlying gender differences in how you approach certain issues. It could simply be a diversity issue that if you introduce somebody who is demographically dissimilar from the others, maybe you just create a whole different dynamic in terms of how you approach things. I think it's a fascinating area.
- TS: It sounds like it. I heard something on Xerox corporation the other day on the news—I'm not sure what I was listening to—but there's a black woman that heads the Xerox corporation [Ursula M. Burns], and she was saying, "If we had an executive team that consisted all of black women from New York, we would probably agree on everything and think we were very productive in everything that we're doing." She was making the case for diversity, which apparently Xerox is the leader in accomplishing.
- DH: Yes. I think diversity of thought is very, very powerful. You get people who look at things in different ways.
- TS: So not necessarily ethnicity or gender or anything else but thought—although some of those demographic differences can lead to thought differences.
- DH: They can definitely lead to it, and yet I can also think of counter examples where I'll have a co-author who is demographically very similar to me, but we think differently, and another co-author who is demographically very dissimilar to me, and yet we think of things very much the same.
- TS: So in the academic world we may think we're achieving diversity, but if everybody's a wild-eyed liberal, we haven't accomplished that much.

- DH: Yes. It's an interesting notion. For me it's the diversity of thought that's just really powerful in the boardroom as well as on a research team.
- TS: By the way I want to ask you about some of those letters to the editor. I think I could gather your point of view from the titles.
- DH: I should point out that it's always the *Wall Street Journal* or the *AJC* that actually picks the title. Sometimes the titles, I think, "Gosh, it was great to have the letter in there, but, man, I wish they had come up with a less inflammatory title!"
- TS: Right. Well, we skipped over—I don't know that anybody [at KSU] but the Coles College has a Career Achievement Award.
- DH: That was a new award that they started this year and the collaboration was too. I forget what the exact parameters were but to recognize career achievement over some extended period of time. It might have been ten years.
- TS: You were the first one to receive the award then.
- DH: And they gave three of them this year, so I was one of the three.
- TS: Wow. And it's just Coles College, isn't it. I hadn't heard of any others.
- DH: Yes, Nancy Prochaska [associate professor of management and entrepreneurship] and Linda Malgeri [associate professor of accounting and director of Coles College Assurance of Learning] were the other two.
- TS: Okay, I know both of them. They've both been around a long time. Well, I guess you have to be to get a Career Achievement Award.
- DH: Yes, both have made just great, great contributions to Coles.
- TS: I did an interview with Nancy when she got the Philip Preston Community Leadership Award in 2001. Linda also won that award in 2000. That's great. Let's see. You are one of twenty-five individuals in accounting academia to be ranked in the top fifty in two different research areas in terms of the publications that you are doing [for the years 1990 to 2009]. Is it the number of publications in A journals?
- DH: Yes, a group of faculty at Brigham Young University collect data on publications in eleven of the top accounting journals.
- TS: So it's based on the eleven top journals.
- DH: I would say eleven of the top journals. They definitely pick what we would all agree on as the top six, and then they pick five additional ones, and those are

- really picked in order to get diversity across sub areas of accounting. But I think there are three or four key journals I can think of that are not included in that analysis that would arguably rank ahead of some of the ones that are included.
- TS: But this is for two different areas. So what were your two areas?
- DH: Auditing and accounting information systems. Auditing is definitely where I've spent the bulk of my time, but had done enough on the accounting information systems side.
- TS: What exactly does that mean?
- DH: That's more looking at the technology underlying your computer systems. I am not a technology expert by any stretch, but we have done a couple of studies years ago that were published in the *Journal of Information Systems* that got me into the rankings.
- TS: And you were listed as the 80th most prolific author in 25 core accounting journals for the years from 1959 through 2008. Out of over 10,000 authors you were in the top 80. I guess that's a fancy way to say that you do a lot of publications!
- DH: Right!
- TS: That's remarkable. And again, you've talked about the fact that we've got the research track here, but I doubt if there's too many people at non-research universities that are that prolific.
- DH: Yes, it really speaks I think to the environment that's been created here.
- TS: And then *Directorship* magazine, which I guess is a magazine that has research on directors of corporations . . .
- DH: Yes, it's published by the National Association of Corporate Directors; that's the main professional group.
- TS: They have you as one of 34 people to watch [in corporate governance in 2010], which may have two different meanings [laughs]. "That guy that's going to audit us and look out for fraud, we better keep an eye on that guy." No, I don't think that's what they meant at all, no.
- DH: No, but they named me and Paul Lapedes, and James Tompkins to that list.
- TS: Oh, so we have three from Kennesaw out of the 34 mentioned?
- DH: Exactly, we were all people to watch—potential movers and shakers in the governance area. Yes, we were very pleased to be included in that list.

TS: I guess we could say something about some of these publications. You're a co-editor of *Accounting Horizons* [2009-2012], co-editor meaning is that like a book or a journal or what?

DH: That's a journal; it's an American Accounting Association journal.

TS: Oh, okay, so you were editing the journal for at least three years.

DH: That's right, 2009-2012. My co-editor was Terry Shevlin. At that time Terry was at the University of Washington, he has since moved to University of California Irvine [in 2012 as professor of accounting and director of the PhD program].

TS: So a lot of time goes into editing a journal.

DH: That's right. Terry's expertise was financial accounting and tax, so he took those papers. I would take audit, information systems, and managerial.

TS: You had to read all those papers and decide what was worthy?

DH: We would assign some to associate editors; others we'd handle ourselves and then get them reviewed, make the decisions. I had a great time doing it.

TS: You'd have to learn a lot.

DH: Definitely learn a lot and deal with a lot of different people in the American Accounting Association. It was definitely something where I would say the workload in any individual day was never that great, but it was something that was always there, seven days a week—logging into the system [to see whether] anything had come in, anything I need to keep moving.

TS: And then before that you were co-editor of *Current Issues in Auditing*. Is that a journal also?

DH: That's right, that's another American Accounting Association journal.

TS: So you've been doing a lot of editing.

DH: I did basically five years straight in the trenches of day-to-day editorial activity. It was great, and I'm delighted to right now be taking a break from day-to-day editorial activity.

TS: Well, now I'm going to guess at this. You were the winner of the 2008 Deloitte/AAA Wildman Medal. I'm assuming AAA is American Accounting Association.

DH: Yes.

TS: For your significant research publications [that advance the public practice of accountancy].

DH: Right.

TS: How is that awarded?

DH: That is selected by a committee of the American Accounting Association. They generally give one of those each year. The Wildman award is focused on research that has made or has the potential to make an important contribution to accounting practice.

TS: Who was Wildman?

DH: I'd have to look for sure. I believe he was probably a Deloitte partner, but I'm not positive. [Editor's note: According to the AAA website, John R. Wildman was a partner in a Deloitte predecessor firm from 1918 to 1938, an accounting professor and department head at New York University, and the first president of the American Association of University Instructors in Accounting, the forerunner of the AAA].

The paper we got the award for was published in *Accounting Horizons*, and it was a research synthesis article that was prepared for the new regulator of the auditing profession, which was created after the Enron and WorldCom disasters. The Public Company Accounting Oversight Board [PCAOB] is the new regulator of public company audits. They had put together a list of potential areas that they want to do a standard setting in. The American Accounting Association's Auditing Section basically facilitated putting together teams to look at the different areas of interest to the PCAOB. So we did a project on auditor risk assessment where we mapped our analysis of the literature to the issues that were of interest to them, and that was the first of the PCAOB synthesis papers that was completed and resulted in the Wildman Medal [Robert D. Allen, Dana R. Hermanson, Thomas M. Kozloski, and Robert J. Ramsay, "Auditor Risk Assessment: Insights from the Academic Literature," *Academic Horizons* 20, no. 2 (June 2006): 157-177].

TS: Of course you've won a lot of awards on campus. The Distinguished Research Award in 2011 was the second time you've won that. You and Nick [Nikolaos] Kidonakis [professor of physics] have won it twice. I just did an update with him a few weeks ago.

DH: I have not met him, but . . .

TS: Oh he's interesting!

- DH: Unbelievable research record, just out of this world.
- TS: As I told him, they didn't even teach those things in physics when I took physics classes. But you've won that and, of course, the Distinguished Professor Award in 2007, and then you've been up just about every year for the Foundation prize for best publications.
- DH: Yes, I'm the Susan Lucci of that award [nominated numerous times for a daytime Emmy award]—0 for whatever.
- TS: That's all right, that's all right. At least you're up for it. I was grateful that you numbered your publications [in your vita] because there are 103 of them in there. That was just articles—103—and then you had co-authored or did a number of book chapters, "Examination of the Non-Traditional Doctoral Education" in 2014. Of course, we've already talked about that today, your work with non-traditional students.
- DH: Yes. And that's one where what we are doing at KSU with the DBA program fit perfectly with an American Accounting Association and AICPA [American Institute of Certified Public Accountants] group called the Pathways Commission [on Accounting Higher Education], which I'm a member of now. Pathways came out with recommendations in 2012, and one of the recommendations was the need to unlock doctoral education in accounting, so we can address the faculty shortage; and they also talked about getting practitioners more involved in accounting education. So it was just a perfect fit.
- TS: Yes, I saw that you did something on the shortage of accounting faculty members. Is that because they can make a lot more money in private industry than they can in teaching?
- DH: I think it's the hurdle of getting the traditional PhD is an issue. I think once somebody is in an accounting firm or an accounting position for more than six or seven years, the opportunity cost of doing a traditional PhD program is really high.
- TS: Sure, they can't give up their job.
- DH: Yes. Accounting faculty salaries are higher than most people in practice think. We did a paper a few years ago where we had interviews of practitioners. One of the questions was, "What do you think a brand new assistant professor in accounting at an AACSB [Association to Advance Collegiate Schools of Business] accredited school makes?" I think the average—I'm not sure if it was the average or the median—\$85,000 was the number. And the actual number for that year was almost \$130,000.

- TS: People in the liberal arts grumble about that (laughter). Okay, so you basically want to bring their salaries down by getting more people in the field, right (laughter)?
- DH: We just want to enhance their lives by bringing them into academia.
- TS: Okay, that sounds great! Let's see. You had a publication for the Center for Audit Quality [with Beasley, Carcello, and Neal]. It's "An Analysis of Alleged Auditor Deficiencies in SEC Fraud Investigations: 1998- 2010," May 2013].
- DH: Yes. That was a follow up. We've done two big studies for COSO, and we talked about one of those last time. We had a COSO [Committee of Sponsoring Organizations of the Treadway Commission] fraud study come out in 1999, another one in 2010. Those are focused on the characteristics of the accounting fraud cases. What we did for the Center for Audit Quality was we took the second COSO study data set, extended it by a few years to update it, and then we looked specifically not at what did management do to commit the fraud, but we looked at the cases where the SEC also took action against the audit firm. We said, "Okay, what did the auditor do to get in trouble with the SEC?" The auditor only gets in trouble with the SEC about a quarter of the time, so we were trying to get an understanding of what allegations does the SEC make against the auditor in those cases where they go after the audit firm. I think very similar to an analysis we had done years before after the first COSO study, it was a lot of basic, fundamental failures, a lot of instances where the auditor would document, "we've got concerns in such and such area," but then there was no follow up. It tended to be very basic, what I would characterize as egregious failures that led to the auditor getting sanctioned by the SEC. There are certainly a lot of fraud cases where I guess the SEC looks at it and says, "The auditor got burned; the auditor did an audit that was in compliance with standards; and they just got burned."
- TS: I think we mentioned in the previous interview about all the expensive insurance for malpractice that auditing firms have. Do you think the problems with the auditing companies are mainly incompetence or fraud?
- DH: On the audit side I think it's missing signals.
- TS: They're not in collusion with the companies?
- DH: We certainly find some cases like that. In that Center for Audit Quality study there's a mix of negligent audits and in some cases where the auditor was in on it. But the ones where the auditor was in on it are relatively rare. I think the other thing that's important to recognize when you look at a study like the Center for Audit Quality one is you start out with a population of thousands and thousands of public companies. Over a ten-year period a few hundred will have a material fraud that the SEC comes after them on, then about a quarter of those few hundred result in sanctions against the auditor. So the cases that we study in something

- like the Center for Audit Quality publication are a tiny percentage of all the audits that are done out there.
- TS: So typically you can trust the auditors?
- DH: Yes, yes. I'm always careful to say, look, 99 percent plus of the audits, there's no fraud, there's no issue, it appears that everything is good.
- TS: Unless it's Enron.
- DH: Yes, we study the disasters because we think you can learn something from the disasters, and we'd love not to have any disasters.
- TS: Kind of like a plane crash.
- DH: Exactly. My colleague Mark Beasley at NC State says, essentially these audit failures, these big frauds are the plane crashes of the financial industry. What do you do when you have a plane crash? You study it because you want to prevent the next one. But you don't take knowledge of that one plane crash and say nobody should fly. You're very, very safe flying, you're safer flying that you are driving to the airport, so don't freak out about it, but it's still important to study the plane crashes. That's the lens that I use as I think about something like the CAQ study—not all auditors are bad or deficient or anything like that, but there are some cases where we've got problems and let's learn from them.
- TS: My impression at Kennesaw is that whatever the case may have been in the past, it seems like with [President Daniel S.] Dan Papp here everything gets audited over and over again, so if there's any fraud going on here, I don't know how you would get away with it. Is that your impression?
- DH: I definitely see as the university has grown, the bundle of resources is big.
- TS: More opportunity?
- DH: There's more opportunity; there's also great need for control. I think the challenge for KSU over the years with the rapid growth has always been keeping the systems in line with the size of the institution. I think we've really focused on that.
- TS: That's good. Well, before we get through I wanted to ask you about some of these letters to the editor. We could go for hours on what you've done with your research, but I think we've hit the highlights at any rate—and the awards—but “Obamacare: Much More than Merely a Botched Loss.” That was last year when we all know how embarrassing it was for the government when the [Affordable Care Act] website didn't work. But you're saying that was just, I guess, the tip of the iceberg.

DH: Yes, the letters to the editor are one of the most fun things that I do.

TS: Do you get a response?

DH: I often get responses. It's an opportunity to speak out on issues of the day in a way that's very different from doing research where by the time it ever hits print the issue was five years ago. So if I see something in the *Wall Street Journal* or the *AJC*—those are my two primary outlets, occasionally *CFO* [Chief Financial Officers] *Magazine* and some others—but if I see something, it's almost like a feeling—and I think Paul Lippes has had the same feeling at times—it's like I absolutely have to drop everything and sit down and write a response.

TS: I can see Paul doing that.

DH: Yes, definitely. It just flows out, and I definitely learned the model over the years with brevity and something that's a unique twist. You're never quite sure what they're going to pick up, if anything. The *Wall Street Journal*, most of the time you write one it's not going to get in. They get I don't know how many a day, but they print so . . .

TS: What percentage would you say get in that you write?

DH: At the *Wall Street Journal* I'm going to guess it's one out of every four maybe.

TS: Okay, so you're writing a lot of letters to the editor then.

DH: Yes, I think I've had ten or eleven in the *Wall Street Journal*. I've probably written thirty or forty.

TS: Do they tend to pick up those that look most controversial?

DH: It's hard to nail down. I've written some where I thought, "Oh, this is a slam dunk; this thing is going to be in." Then they'll print two that were similar to mine. I think, "Okay, so they got . . ."

TS: So if you've written something that nobody else has said . . .

DH: Yes, once in a while I'll write a letter that's two paragraphs, and they'll print one sentence. So maybe what I said was what the first two letters said but then . . .

TS: Oh, that could be dangerous [if it is taken out of context].

DH: Yes. There have been some times where I thought, "Oh, the conclusion to this letter is just—that's the gold; that's one of the best things I've come up with."

- And they'll print everything except what I thought was the best part. So you never know.
- TS: Do they know who you are, and does that have an effect on getting you into the paper?
- DH: I don't know if they track that or what, but having the number that I have . . .
- TS: They don't put anything in there saying that you're the eminent professor of so-and-so at Kennesaw?
- DH: Depending on the topic, I alter how I sign it. If it's something where I am sharing a research insight to speak about a business issue then it's Dana R. Hermanson, my title at KSU. If it's something that I think is more my personal view, more political . . .
- TS: You don't want to get Kennesaw in trouble?
- DH: Then it's Dana Hermanson, Marietta, Georgia. So I really have two buckets.
- TS: So if you're writing about Obamacare, you're probably going to say Dana Hermanson, Marietta, Georgia.
- DH: Yes. I haven't looked back at the letters that I wrote on that, but my recollection is that they were primarily focused on some of the odd economics in place, more so than just the issues with the information system. I think one of them had talked about there was concern about a certain provision of Obamacare that if people behaved in a rational manner, it would create real funding issues with the law. My thought was, "Oh my gosh, if we have a law written where we're concerned about people making rational economic decisions and that's going to sink the law, then we have a fundamental problem." You can see from the list that I tend to get fired up for a while. I'll write several, and then I won't do much for a while, but a lot of it is applying just basic economic analysis, appreciating how people respond to incentives, and illustrating that sometimes what you see come out of Washington ignores how a rational person would react to that incentive.
- TS: I think I just noticed too on Obama that one was about the Obamacare, which I assume you didn't care for, and the other was he doesn't know how to compromise, which was right before the election of 2012, which I'm sure some other people have said over the years as well. All right, so you didn't vote for Obama (laughs). But some of the other letters there was something about sensitivity. I didn't write the whole sentence, something about diversity training?
- DH: Oh, gosh.
- TS: That was in the *Wall Street Journal*.

DH: Yes, the *Wall Street Journal* published something. I never would have commented on it, but it was some kind of rant that I think a doctoral student at Wisconsin had written about the type of diversity training that they were receiving at Wisconsin.

TS: Which sometimes can look crazy when you start explaining it.

DH: Yes.

TS: Not that all diversity training is crazy, but occasionally it can be.

DH: Yes. There are a lot of things you can do well, and there are a lot of things you can do poorly. This guy had written about his views of the training he had been through, and it instantly transported me back. This is one of those where the letter was out in no time. We had gone through similar diversity training when we were at Wisconsin. So I thought, “Okay, here’s a guy from Wisconsin commenting on this. I went through a similar experience twenty years ago. I just have to write about it.” I just offered some observations about how in my view the goal of the training was absolutely not achieved, and if anything probably made things worse.

TS: Just made people mad?

DH: Oh, gosh, there was yelling and screaming, and there was one guy in there who I’m convinced was either just a thrill seeker or was just there to stir the pot. He almost could have been a plant. He would just say the most ridiculous things, and there were people standing up and yelling, and we’re turning to each other thinking why are we here? This is so unproductive.

TS: But this was not something that happened at Kennesaw?

DH: Oh no, no, this was back in Wisconsin in the early nineties.

TS: I don’t know what you think, but to me our diversity office sounds pretty rational on campus.

DH: Yes. And I think we’re blessed with very rational functions in a lot of areas. Another one during a lot of experimental work—the Institutional Review Board here, IRB—unbelievably reasonable and efficient, and I have colleagues at other schools where that process is not that way, and I feel very blessed to have that here.

TS: I hear horror stories from oral historians around the country that have to go through [unreasonable IRBs on their campuses].

- DH: Yes, I think that there's just a unique focus that I see here on, okay, what's the substance of what you're trying to do? Once we understand the substance of what you're doing and recognize that the risk is near zero, we're comfortable, and there are some places where it just doesn't seem to be that way.
- TS: That's good. Well, apparently you don't appreciate runaway spending, but that's probably a no-brainer that we're against runaway spending.
- DH: Yes, the accountant in me just objects to spending more than you have (laughs).
- TS: One was entitled in the *Wall Street Journal*, "Voting against Your and Our Long-term Interests." What was that about?
- DH: I can't remember what the issue was, but it was basically applying what a rational economic decision would be on an issue versus what people vote for sometimes, which can be 180 degrees opposite of what would be in their economic best interest.
- TS: Right. So maybe there are other things than economics that are motivating people in their voting.
- DH: Yes. I find a lot of the public policy discussions to be fascinating because a lot of them come back to basics like budgeting, like moral hazard, do we create incentives for people to take on too much risk by providing a bailout position when they fail? So it's a fascinating area, and I have a lot of fun responding to it. I occasionally get nice e-mails of encouragement. You occasionally get somebody who profoundly disagrees, but it's fun to have the discussion.
- TS: Good. Well, I gather you don't like red tape!
- DH: No (laughter).
- TS: At least not too much of it. I used to take my class down to the National Archives Southeast Branch when it was in East Point, and they used to be able to take us through the stacks—apparently even some of the staff can't get back in the stacks nowadays with all the security—but at any rate they would show us these documents with a ribbon around them, the old-time pre-computer and all that, and they'd take the ribbon off and ask, do you know what this is? It was red tape (laughs). Let me just ask you one last question in this regard; there's a couple that have to do with "keeping more of what you earn isn't welfare." These are in the *Atlanta Journal Constitution*. And "income redistribution, the coach has it right." I'm not sure who the coach was. That's back in 2009. But I was thinking if you wanted to make this political, Jason Carter's campaign ad—he looks like he's fifteen-years-old to me—but he basically seems to be running on the middle class has been losing ground in recent years. I guess the implication is a handful of people at the top, that one percent is ending up with all the wealth, and the rest of

us have been standing still or going backwards. What did you say? “Income redistribution, the coach has it right.”

DH: I’m trying to think. I think I was commenting on a letter that somebody else had written the week before, and I think the basic issue, and I see this in a lot of the political races, is one view of the world, I think, is that we ought to focus on making the pie as big as possible, and not focus as much on worrying that every person’s slice of the pie is equal. A different worldview is that the size of the pie is fixed, and therefore we’re going to spend a lot of time fighting about how big a slice each person gets.

TS: Which is crazy [to think that the size of the pie is fixed].

DH: Yes. I get concerned when I see that notion of the fixed pie, and we need to fight about how it’s distributed because what that ignores is two things: one is if we can make the overall pie bigger, everybody is going to be better off. Some will be more better off than others, but that’s fine. The other thing I think we ignore is if we spend a lot of time fighting about the allocation of the pie, we can make the pie smaller, and I think that’s what’s happening now.

TS: Oh, because you adopt policies that actually discourage investment or whatever.

DH: Yes, if we wanted to be extreme, if we took the marginal individual tax rate back to 90 percent, well, people are going to get to a certain point and they’re going to quit. So what happens? Well, activities that would have taken place don’t take place. The pie gets smaller. Economic activity is constrained, and everybody is worse off. I think that was really the spirit of this argument that I was commenting on was let’s get back to growing the pie, and if we grow the pie and, what I’ve said to people before, if you look at my title, Dinos Eminent Scholar Chair of Private Enterprise, I’m very, very thankful to the Dinos family for providing the money and for their support. I said, “As I look at that title, the two words that really jump out at me are Private Enterprise.” A lot of what I try to emphasize when commenting on public policy issues is if we kill or constrain private enterprise, the pie gets smaller; everybody is worse off.

TS: Sure. I guess the other side of the coin is, if you’ve got mass purchasing power, you’re going to grow the pie because people are going to go out and spend more money because they’ve got it to spend. So basically you’re saying you need to avoid both extremes, aren’t you?

DH: Yes, I’m saying the number one objective should be growth, and I would say growth with a level playing field, in other words equality of opportunity, but not equality of outcome. Equality of outcome doesn’t work. I’ve heard a lot of people say “You can take everybody in the country, give them a million dollars today, and by tomorrow we’d have inequality again because some people would blow it overnight, others would fund something and two weeks from now would

have doubled that.” So people have to have faith in the system, faith that it’s a fair game. But I get really, really nervous when I see that somebody has this view that the size of the pie is fixed, and all we’re going to do is fight about how to slice it up. As soon as you adopt that mentality, I think you start shrinking the pie.

TS: When I used to teach survey classes, and I tried to point out that between the Civil War and World War I real median income in America virtually doubled, you know, adjusted for inflation, despite the fact that you’re getting all these huge fortunes. Then you get the Progressive Era and the Trust Busters and all that. But the reality was the pie was growing in that period. Then of course, I guess one of the arguments, at least some people think the Great Depression took place because of a lack of mass purchasing power by the time you get to the end of the 1920s, so there’s got to be a balance in there somehow, I guess.

DH: Yes. I’d like to see a real focus on growing the pie.

TS: Yes, and wise policies to make it grow.

DH: Yes. I think it’s very easy for people to attack capitalism without realizing that capitalism has pulled more people out of poverty than any system in the history of the world. It’s just been remarkable. If we can stand back and let people compete we get great outcomes.

TS: Okay, so you believe in private enterprise.

DH: I do. It’s in my title!

TS: But you also believe in the SEC and think there has to be a little bit of government regulation.

DH: There definitely has to be police on the watch. You’ve got to have a level playing field, and you have to have penalties when people step outside the lines. I fully appreciate that, so I’m not a complete free-for-all kind of person.

TS: I think Jimmy Carter once said that the goal of government was to make it easy for people to do what was right and hard for them to do what was wrong.

DH: Yes. But I think it’s important, particularly coming through a period where we had accounting scandals in 2001 and 2002, we had the financial crisis in 2008-2009—what I’m personally interested in is making sure that the prevailing view is not that business people are all evil. There are a lot of great people in business doing a lot of great things, providing unbelievable opportunities for people. That’s what’s built the country, and I don’t want to see an overreaction to the misdeeds of some such that we clamp down so heavily that we then shrink the pie and we kill off the start-ups, destroy incentive and innovation, and that’s a risk.

TS: Well, certainly higher education has benefitted mightily from the contributions of people that have money.

DH: That's right, exactly.

TS: All right. Is there anything that we should have put in this update that we haven't talked about?

DH: I think we covered a lot of turf. I think a perspective on KSU, because of the change that I share with a lot of people, particularly those that say, "Gosh, you've been at KSU for twenty-one, twenty-two years now." I say, "Yes, I've been at one place, but I've really taught at four different universities because it's now an environment where I'm focused primarily from a professional standpoint on doctoral students and their research and bringing that into the master's classroom. I contrast that to 1993. We had just started the master's in accounting, you know, the classes were four to six students, and nothing here was residential. We've gone through an unbelievable transformation that has put us—in accounting research we're one of the top sixty schools in the world now, in auditing we're one of the top fifteen or twenty. It's just a radically different place, and yet we've preserved the collegiality and the flexibility that we've had all along. I feel fortunate to have been here my whole career.

TS: All right, great. Well, thank you very much.

Kennesaw State University Oral History Project
KSU Oral History Series, No. 19
Interview with Dana R. Hermanson – Part III
Conducted, edited, and indexed by Thomas A. Scott
Location: School of Accountancy, Burruss Building, Kennesaw State University

TS: Dana, you keep winning awards both on campus and nationally. Along with Mark S. Beasley of North Carolina State University, you are the 2020 recipient of the American Accounting Association Auditing Section Outstanding Educator Award. The description of the award is it recognizes exemplary contributions in accounting research and/or teaching over a sustained period of time as evidenced by publications (of which you have plenty), educational innovations, guidance to undergraduate and graduate students, and excellence in the classroom. It sounds to me like a lifetime achievement award, and I wonder if you could talk about what you've done in these areas to win the award.

DH: Sure. It really is sort of a lifetime achievement award in the Auditing Section. It has been interesting to see the generational shift in the last few years. [Joseph V.] Joe Carcello, whom I've worked with for years at [the University of] Tennessee, won it in 2018. Then [Steven M.] Steve Glover at Brigham Young [University] got it last year. Then this year it was Mark Beasley and me. One thing they announced at the presentation was that Mark and I had actually nominated each other for the award. It is one that, as you mentioned, recognizes career-long efforts in research and teaching. I focus a lot of my attention on trying to do things that are helpful to the academic community, but more importantly to the practicing accounting community.

A lot of focus in recent years has been on doctoral education. I have chaired ten dissertations, been on six other [dissertation] committees, and have done a lot of publishing with doctoral students. At both the Master's level and the undergraduate level, I focus on getting research in the hands of the students, getting them reading articles, thinking about the issues, and talking about the issues in class. So, that's an overview. I've said in the past that research is my central product. What I try to do with research is get it into the classroom, get it into academic journals and get it to practitioners. So, I have sort of this research factory that has multiple audiences.

TS: We've always claimed that research informs our teaching and is supposed to have an impact on the classroom.

DH: Yes.

TS: I don't think it always does that.

DH: Yes, I think, early in my career it was tougher to have the same degree of overlap between teaching and research that I have now. I have the body of research work

now that has developed over twenty-seven years [at KSU]. So, now my graduate courses are highly reflective of the research I'm doing, and there is just tremendous synergy across...

TS: Twenty-seven years!

DH: Yes. Next year it will be twenty-eight, and I will be 56. So, I can say I've spent half of my life at KSU.

TS: Well, I think that is a good thing.

DH: Yes.

TS: I started at KSU, Kennesaw Junior College, in the fall of 1968, when I was 25 years old, and that was fifty-one, almost fifty-two, years ago. Of course, it is not the same place it used to be.

DH: No, it is really not. I tell people, I've taught at four different schools, and I've never moved.

TS: We are going to hit on some of these topics in more detail as we go along, but the Outstanding Educator Award covers the waterfront of what people do in their careers, I guess.

DH: Yes, and I was very honored to get it. It is amazing when you look back at the people who've won it over the years. You look at the ones who won it when Mark and I first started our careers, and it seems like, "Wow! That is just an incredible honor to be included in that list."

TS: Absolutely. Here is another set of statistics. Brigham Young University does a count each year of how many articles scholars are publishing in twelve leading accounting journals. It is kind of like a lifetime count, I guess, of how many articles you've done in the last thirty years and what have you, which is to say it probably discriminates against young people.

DH: They do six year, twelve year, and then full career rankings.

TS: Okay, that sounds better.

DH: Yes, exactly.

TS: Anyway, the 2019 BYU ranking recognized you as the 18th most prolific accounting researcher in the world based on publications in twelve top accounting journals for the thirty years from 1990 to 2019. To me, that is just incredible.

DH: Thanks.

TS: I don't know many other Kennesaw State professors who can claim anything close to that in their fields. The seventeen, who have published more than you, must not sleep. Your twenty-five-year ranking for 1995 to 2019 was even higher—11th. In your thirty-year ranking, you were also 14th in the auditing category, 10th in accounting education, and 6th in breath of research. I assume accounting education is a relatively new field to write about.

DH: Actually, there is a fairly long history of that in accounting.

TS: Also your research has been cited over eleven thousand times according to Google Scholar, which means that other scholars have cited your work in their papers, presumably in a flattering way.

DH: Hopefully, most of the time (laughs).

TS: How does anybody even count that? Google must have a lot of people full time just counting works cited in publications.

DH: Right.

TS: You have talked about this in some of the previous interviews, but I know you also believe that your academic duties shouldn't be a twenty-four-hour-a-day job, and that there ought to be balance. Your children are in college or recent graduates. My question is, how do you maintain balance and still put out all of this work and teach your classes and all the other things that you do?

DH: Personal organization is a big part of it. I have a file that I open pretty much every day that has the current status of every current project, if it's under review at a journal, the day it was submitted, a color-coding for whether it's on my desk or it's with somebody else. I have a number of columns where I'm keeping track of things. I would say now I've probably got twelve to fifteen projects going. It has been as high as thirty-plus at some points in the past. But that really gives me a visual of everything that is going, and I try to keep everything moving.

A second key for me—and I've told a lot of people this over the years—is you have to find a quiet place to work. For me, that has evolved over time. When the kids were little, it was quieter here [on campus] than it was at home (laughs). Now, I haven't had an office at KSU in five years. I do all of my paper reviewing and writing at home.

TS: My goodness, you don't have an office?

DH: I do not have an office. Several of us in Coles College [of Business] gave up our offices. We've just hit the building's constraints.

- TS: Since you weren't using your office, you might as well let somebody else have it?
- DH: Yes, that's right. When I'm here, it's for teaching, meetings, running into people, and talking. When I'm at home, it's very focused, research or reviewing.
- TS: So, that's why you were already in the conference room when I got here today because you had nowhere else to go?
- DH: That's right. There is a post out here at the top of the stairs, and a lot of people refer to that as my office because I'll stand there before class with my laptop, and sometimes I'll see more people in fifteen minutes standing there for just a quick catch up than I used to see, sitting in my office.
- TS: So, students don't say anymore, "I would like to meet you in your office"?
- DH: Right. If I meet with a student we come in here [to the School of Accountancy Conference Room] or we'll find a spot in the atrium. So, it has really been a nonissue in terms of dealing with students or anything like that. But I would say two biggies would be the personal organization piece and the quiet place to work. Then I would say the third piece is having great teams to work with. I tend to be more the writer on projects and the person who marshals the paper through the review process. I love that part. I am a finisher. I tend to work with a lot of starters—people who love to get things rolling or love to do data collection. When we get to the analysis stage, maybe they are doing it, and I'm doing some things or checking things. There is this natural handoff from starters to finishers. That is how I think about my role.
- TS: Well, that's nice to be able to do that.
- DH: Yes.
- TS: And a lot of these starters are at other universities, I gather.
- DH: That's right. We do a lot of work with graduates of our doctoral program. Then I have my long-term teams. Mark Beasley—I have been working with him forever. Joe Carcello is retired now, but I worked with him for many, many years. [F.] Todd DeZoort and [Richard W.] Rich Houston at [the Culverhouse School of Accountancy of the University of] Alabama, and Terry [L.] Neal at [the Department of Accounting and Information Management of the University of] Tennessee are part of a broad network.
- TS: So, they collect all the data; they analyze the things and say, "These are our findings; write it up"?
- DH: Yes. It would not be unusual in my projects that we're all in the early discussion stage, deciding what exactly we're going to do. For instance, in the series of

interview papers we've done with boards of directors, James [G.] Tompkins, [Professor of Finance] here, has conducted the interviews. So, he was the lead on gathering the data. Shelly [Zhongxia] Ye, who used to be here, and who is now at UT [University of Texas] San Antonio, would be the main analysis person. Then a couple of us, including me, would be more the theory people, the writers, the, "Let's pull this together now that we've got the raw material from James that has been processed by Shelly, and get it to a point where we've got a coherent story that we have put together."

TS: I guess somebody reads all the research that's out there already.

DH: Yes, that's right.

TS: One of the members of the team, so you don't have to do that either necessarily.

DH: That is an iterative process, depending on what we find and how we need to talk about issue X: "We haven't really looked at the literature there." So, yes, I may do that or somebody else may do it. For a lot of those projects we have four people, so we're able to spread things out.

TS: So, you have to be a team player, I guess.

DH: Yes. The way I've described it to people is you want to work with people who have different skillsets than you, but the same values. If you've got the same values, you're going to agree on issues that come up without a whole lot of disagreement. Then the complementary skill sets are critical. If you have four writers on a project, you have to be struggling...

TS: I think of how different it is in a field like history, where we still mostly do research and writing by ourselves from start to finish.

DH: In accounting it is definitely a team sport. I would say the vast majority of my projects are three or four people on the team.

TS: I assume you have to be well organized to be an accountant in the first place.

DH: Right, yes, and a lot of the people I work with have experience in the accounting industry. They have project management skills, and it's a pretty well oiled machine.

TS: So, how many hours a week do you devote on average to your academic duties?

DH: It's a good question. Several people have asked me this. Part of it depends on how you count certain times. I get up in the morning, and I read the MDJ [*Marietta Daily Journal*], *The Wall Street Journal*, and the AJC [*Atlanta Journal-Constitution*], in that order, often looking for things to respond to or for fraud

cases or corporate stories to mention in class. And potentially I write a letter to the editor, if something strikes me.

TS: I never thought about counting my hours reading the newspapers in the morning.

DH: And then there are always one off email responses that could be 8:00 in the morning or could be 11:00 o'clock at night. When I came out of my public accounting years, I had this mindset that everybody has in public accounting of, "How many hours did I work today and how am I charging them?" It took me years to get past that. So, it's liberating now to think just more in terms of tasks. "What is it I'm going to do today?"

I operate with a mindset that I want to accomplish one pretty sizable thing each day. If it's a writing task, I call it mad scientist mode. I find I can only get in mad scientist mode for maybe four or five hours, and then I'm done writing for the day. I can't sit and write for twelve or fourteen hours. But if I have that block, usually from, say, 9:00 or 10:00 in the morning till 1:00 or 2:00 in the afternoon, then it is less taxing stuff that I'm doing at other times. So, I would say I probably am in the 40 to 45 hour a week range. But that is based on zero recordkeeping and very little focus on the time dimension. It is more thinking that I need to review these two papers today, or I've got to complete the introduction on this paper, or whatever the task is. So, I found it a lot of fun to step away from the charging time mindset.

TS: Well, you ought to go into the consulting business because I know there are a lot of people who claim they are spending a lot more time each week on their academic duties, and they are a whole lot less productive.

DH: Yes.

TS: Some of them might just be spending a lot of time driving back and forth to campus. That cuts down on your productivity.

DH: Yes. I tell people that my commute some mornings is set the iPad aside, pull up the laptop, and now I'm at work.

TS: I know you lived in a different residence at that time, but in the previous interview you talked about how everybody in your classes knew your basement because you Skyped back and forth with them.

DH: Exactly.

TS: I doubt if you've got a basement in your current place.

DH: We're right by the Marietta Square in a three-level house.

TS: Do you have a designated office?

DH: I kind of bounce around some. I'll do the kitchen table; I'll do the screen porch. Heather tries to funnel me toward this one room, the office, but I tend to bounce around quite a bit.

TS: Does Heather have an office on campus?

DH: Yes. She's director of our MAcc [Master of Accounting] program, so she's got an office over in KSU Center, where they've got all the classes, the lunch, and the whole deal for the MAcc students.

TS: Well, you can use her office sometimes.

DH: We've got cubicles and a conference room over there, too.

TS: Well, that's a remarkable use of time. If the kids had a performance that you had to go to, you had time to go to the performance.

DH: That's right. I tell people, "What I love the most about this profession is just the personal freedom and flexibility."

TS: You need to be holding workshops on campus, showing others how to do it. We've touched on this in previous interviews too, but your whole family has been involved in accounting, it seems, starting with your father [Roger H. Hermanson]. He is retired from Georgia State as an accounting professor.

DH: Yes.

TS: I guess your sister [Susan Hermanson] is still at UNC Wilmington. We have mentioned her in earlier interviews.

DH: Yes.

TS: Heather, as you've mentioned, directs the Master of Accounting program. Now, you have two sons, Tim and Will, and one of them is already out in the business world, while the other is about to graduate from Kennesaw State.

DH: That's right.

TS: Talk about your family and what it is about accounting that has been so appealing to everybody. It has become kind of a family business.

DH: That's right. With my dad's experience as an accounting professor, Susan and I got to see the personal freedom, the flexibility that he enjoyed. Even pre-Internet, he would work at home a couple of days a week. It was just nice to come home

and at 3:00 o'clock in the afternoon throw the football [with him], while he would take a break. So, I think, we were both really drawn to the freedom and the flexibility. Then, as we went through school, we realized we had the aptitude for accounting as well. Heather's dad, Kevin Hayes, was CFO of a public company. So, she had the accounting background from her dad as well. When Heather and I met at Ernst & Whinney, now Ernst & Young, we both wanted to go back and do the PhD and be professors.

TS: You said in an earlier interview that your father insisted you go out and get some practical experience.

DH: And that was great advice. You work two, three, four years in practice, and you see a lot. You get a lot of insights that are helpful with research, and also helpful with teaching. My sister did public accounting, and then she went back as well. So, for our generation, I think, the initial attraction was the academic lifestyle, and we all saw that accounting was a good fit.

With our kids, it has been a little different. Tim was a management information systems major at UGA [University of Georgia], and now he works for PricewaterhouseCoopers, here in town. So, he is a MIS major at an accounting firm, doing a variety of different things, many of them accounting related. He is not a pure accountant, but we count him as one. Then, Will is graduating in May from KSU with an accounting degree and looking at opportunities now. It will be interesting to see what kind of path he takes. I think both of our sons have a lot of interest in entrepreneurship, so it won't surprise me if long-term they're looking to start a business.

TS: That is really neat, I think, that all of you are in the same field.

DH: Yes.

TS: Well, you received a best paper award this year, 2020, from *Auditing: A Journal of Practice and Theory* for a co-authored work with [Benjamin P.] Ben Commerford, Rich Houston, and [Michael F.] Mike Peters. The title is "Real Earnings Management: A Threat to Auditor Comfort?" First of all, maybe you ought to define what real earnings management means, and why it would be a threat to auditor comfort. What did you conclude?

DH: Okay. This is the final product of a project we have been working on [see p. 49 above for a discussion in the 2014 interview of real earnings management and collaboration while Commerford was still a PhD student].

Ben Commerford graduated from the University of Alabama PhD program [in 2015] and is now at the University of Kentucky as an assistant professor. So, Ben was the driver of the idea here and has done a remarkable string of papers in the real earnings management area. The basic issue—and I've done a number of

presentations on this general area—is if you have a company that has an analyst following, then the analysts are expecting a certain profit number for this year. The company is rolling through the year, and it's pretty clear to management now that they're not going to meet their target. If you don't meet your target, the stock price is going to get potentially hammered. So, there would be a number of options for management to consider. One is you simply miss the target.

TS: Admit the truth? That would be too simple?

DH: Well, that is painful.

TS: You don't want your stock price to go down?

DH: Yes, so you have this negative surprise. A second option would be you come out with updated guidance. In other words, you say to the analysts, "You're expecting, say, \$1.12 in earnings per share this year; we're not going to get there. We are thinking more \$1.05." So, you try to adjust their expectations, but that also is not going to be good news for the market. So, if you set those two aside, then you have a menu of things that are varying in their degree of inappropriateness. One would be just outright fraud—recording fake sales and a host of other things that will get you sanctioned by the SEC.

TS: Now, are the auditors that we're talking about company employees or are they outside auditors?

DH: Those are the outside independent auditors, a PricewaterhouseCoopers or Ernst & Young.

TS: Okay. So, they should catch it if you're fudging the books.

DH: Yes, and that fudging in the books could be extreme, so it's outright fraud, or it could be something a little bit softer that we call accruals-based earnings management, and that is tweaking estimates just to make them a little more in your favor. There are a ton of estimates in accounting: How collectible are the receivables? How valuable is the inventory?

TS: So, how much are you willing to accept and go along with?

DH: Yes, yes, there's some wiggle room around those. A less extreme version of the outright fraud would be this accruals-based earnings management.

TS: Is the discomfort of the auditors that it could negatively impact them if they actually tell the company the truth? Like, the company might not want to hire them anymore?

DH: That could be a piece of it. There could be friction with management, issues with the SEC, and a host of concerns. So, where most of the attention and the research has been is on this fraud bucket, and the accruals-based earnings management bucket. But there's a third bucket, and the third bucket is the one that we look at in this study, and that is real earnings management when you intentionally tweak actual transactions in order to try to fool people into thinking that you made your target through the normal course of operations. To give you an example: You've got a manufacturing company that always does maintenance on the plant the last week in November. They've done it that way for twenty years. They stop other work that week, and it costs them, say, \$3 million bucks to do all the maintenance.

TS: So, postpone the maintenance.

DH: Postpone the maintenance to February and try not to disclose too much about that change being made. And then you could trick people into thinking, "We made our target." They didn't tell me anything about delaying maintenance. There was some weird language about continual review of costs, etc.

TS: So, the question is how sharp are the auditors or how sharp do they want to be?

DH: That's right. There is a lot of murkiness in the auditing standards. Auditors definitely are looking for fraudulent misstatements. They're definitely looking for accruals-based earnings management. When it comes to real earnings management, it gets much more murky. So, common things you see in real earnings management are cutting research and development investments or cutting marketing expenses at the end of the year.

TS: So, for immediate profit you're sacrificing your long-term interests.

DH: Exactly. So, we did an interview project with mostly audit partners, interviewing them about their perceptions of real earnings management. "Is this something that you look for? Is this something you tend to find?" The major takeaway of the study is when auditors see managers doing things like cutting advertising to meet a target, it makes the auditors uncomfortable with management's ethics and the management tone in the company. It makes them squeamish, really, about the managers as people.

As a result, once you become squeamish about somebody you're auditing, it can affect other parts of the audit. Maybe we're more likely to talk to the audit committee about the issue. Maybe we're likely to resign from the engagement. Maybe we really tighten up our review of other areas of the audit now that we see they're playing games over here, and it's not technically illegal or anything like that, but it's just kind of weaselly. They're trying to cut back, not fully disclose exactly what's going on, and lead people to believe they met their targets in the normal course of business when, in fact, the only reason they met their targets is

- they didn't do any advertising the last two months of the year, or they deferred maintenance to the next year.
- TS: How much ethics training do auditors get? I mean, do you teach ethics courses at Kennesaw State?
- DH: There is definitely a strong ethics thread through the entire accounting curriculum, both undergrad and grad—a lot of focus on fraud cases and earnings management. We had the big accounting scandals of Enron, WorldCom, etc., in the early 2000s. What research has shown [Daniel A. Cohen, Aiyesha Dey, and Thomas Z. Lys, “Real and Accrual-Based Earnings Management in the Pre- and Post-Sarbanes-Oxley Periods,” *The Accounting Review*: 2008, Vol. 83, No. 3, pp. 757-787.] is if you compare the pre-Enron or pre Sarbanes-Oxley period to the post Sarbanes-Oxley period, in terms of these buckets, the accruals-based earnings management has gone way down arguably because auditors have been really tough post-Sarbanes-Oxley. They are digging through estimates like crazy.
- TS: Because they don't want to get caught?
- DH: They don't want to get in trouble. But real earnings management has increased. So, the earnings management game has changed because, in part, people think real earnings management is probably a safer thing to do. The auditors may not be looking for it nearly as closely. It's not clear that you're going to get in trouble for it. But, as you pointed out, “Hey, you cut R&D today, you could be harming the future of the company. You cut marketing advertising today, you could be hurting the future.”
- TS: How do auditing firms think about all this? I mean, obviously they want to do business. The company doesn't have to hire them to audit them. So, they probably are hoping that everything is going to be fine when they go in, and they can issue a positive report. That's not their job, but if they are too tough, nobody else is going to want to hire them either. So, it must be a whole lot of ethical analysis that companies have to go through.
- DH: Yes, definitely. There is such a fine line. One of the provisions of Sarbanes-Oxley was that the audit committee of the board of directors is the one that hires and oversees the outside audit firm. So, you have a board level committee, not management, hiring and overseeing the auditor. The reality of the situation is that the board is around maybe eight or ten days a year. Management is there every day. That is who the auditor is working with face to face on a big engagement, almost the entire year. So, what research has found [Jeffrey Cohen, Ganesh Krishnamoorthy, and Arnold M. Wright, “Corporate Governance and the Audit Process in the Post Sarbanes-Oxley Era: Do Auditors Perceive Substantive Changes?” *Contemporary Accounting Research*: 2010, Vol. 27, No. 3, pp. 751-786.] is that even after Sarbanes-Oxley, management is still a big driver in terms of the auditor, and it's just a reality of the setting.

TS: I have a question about timing. The paper apparently was published in 2016, but the award came in 2020. Why the four years before you got the best paper award?

DH: It is on a delayed basis. I forget if it's a three- or four-year period that the best paper award is for. They look back X number of years. It is, I think, fairly typical there's some lag there.

TS: Well, you were a finalist in 2019 for the Best Paper Award of *Issues in Accounting Education* for a February 2018 article entitled, "25 Reflections on Accounting Research." It led to a special August 2018 edition of the journal after they saw your paper. So, they said something to the effect, "Let's do a whole issue on reflective essays by different accounting academics."

DH: Right.

TS: First of all, what did you conclude about accounting research? And, secondly, what were some of the other articles in their special edition?

DH: What I did in that paper, I literally kept a file for probably two years of twenty-five reflections. As things would occur to me, either things we were hearing in the review process, or "here is something that new scholars need to be thinking about," I kept a list of these things. Then I started to develop them when I had time. I thought, at some point, there's going to be a paper here, and I'm not sure exactly what it's going to look like. I wasn't keeping track that there were twenty-five reflections and that I was twenty-five years into my career. That was just dumb coincidence.

But I split it into three areas. One was about the review process in our journals. A second area was about different types of accounting research. Then the third was centered on tips for being a productive researcher. What I wanted to do in the paper is say a bunch of things that I think needed to be said. I expected some of them to not be that popular. For instance, I don't like it when I have a paper under review, and through the review process we [have to] add new theory to the paper. Something that was a research question becomes a hypothesis. Something that was a hypothesis becomes a research question. There is a lot that goes on in the review process that fundamentally changes a paper.

TS: In other words, somebody makes a comment on your paper, and you go back and change something.

DH: That's right.

TS: What do you not like about that?

DH: Ideally, research would be done the way we do it in a doctoral dissertation, where you write a proposal, and the proposal includes your hypotheses: “This is what I’m expecting. This is what I’m predicting. I’ve built up all of the literature. I’ve got the theory. I’m ready to go.” That gets approved. Then you do the study, and you write it up. In reality, research is much more iterative than that. So, things get into the review process, and reviewers say, “Well, this one variable, I think you could actually propose a hypothesis on that.” “Well, I will do it, but...”

TS: But you don’t want to.

DH: Yes. One of my rants in there, and it’s something that has come up a number of times, is just more and more call for theory in papers that are really applied research papers. One of the most extreme examples is we had a very simple survey-based study that looked at how certain faculty are integrated into accounting departments. We have a lot of folks who are either lecturers or adjuncts. Faculty members like that typically have a lot of professional experience. So, we’re trying to better link accounting academia with accounting practice. We have people who are really, really well positioned to help us do that. So, it was a very simple survey about perceptions of those kinds of faculty at schools around the country: How valued do you feel? How involved are you in departmental decisions? On and on and on.

TS: Were they critical of their departments?

DH: Interestingly, overall, it was reasonably positive. But what I recall that struck us in the review process was a reviewer saying, “Well, this paper doesn’t have any theory.” Like, “Oh, my gosh!” We could go build theory, but this is motivated by a current, accounting education, practice issue. We’re not out to test a theory. So, one of my rants was, in many cases, we add theory to papers in the review process for reasons of academic respectability. My concern, apart from adding theory as you’re doing the paper, is that if you load a paper up with theory and you want people in the [nonacademic] accounting world to read it, you’ve made it gobbledygook. They don’t know what in the world you’re talking about. So, that was one of the rants.

TS: So, who is the audience? *Issues in Accounting Education* sounds like it’s primarily for people who are teaching, but I guess the audience could be people in the business world who are trying to decide whether they want to teach.

DH: I would say the audience was probably assistant professors, number one. So, here are some things that I have struggled with over the last twenty-five years. I hope you can learn something from them. Other audiences are doctoral students and those considering doctoral programs. Then probably fourth on the list would be more experienced faculty.

- Another thing that I wrote about in the article is what I call your kryptonite versus your sweet spot.
- TS: Kryptonite that puts you out of commission?
- DH: Exactly. So, we have this ranking of the journals in accounting. The Holy Grail is the top three journals: *The Accounting Review*, *Journal of Accounting Research*, and *Journal of Accounting and Economics*. Most doctoral programs will be preaching a mantra to the students, “That is where you have to publish. If you don’t publish in there, forget it.” What I pointed out in the piece is, in my career, I have published zero papers in those top three.
- TS: Oh, really?
- DH: Yes. In fact, I have only gotten a “revise and resubmit” twice from one of those. It was just a message about the kind of work I do and how I do it and why the top three journals don’t work for me. But *Contemporary Accounting Research*, which is another of the top six—I’ve had seven papers in there. *Auditing: A Journal of Practice and Theory*—I’ve had a bunch of papers in there. So, it was a message of “find the kinds of journals that appear receptive to your work, publish in those journals, and don’t hang your head in shame that you haven’t published in the top three or whatever.”
- TS: So, you are giving real advice from a senior practitioner.
- DH: Yes, and, basically, what I said is I’m an applied researcher who publishes in academic journals. I’m motivated by interesting practical questions. Then I publish where I can publish, and that’s worked really well. There are many paths to a rewarding career outside of just publishing in the top three journals.
- TS: Well, it sounds to me that the kinds of things you are doing are really exciting because you’re asking real questions about human behavior.
- DH: Yes, and that is what is so much fun about this profession—the ability to ask and try to answer questions that are interesting to you.
- TS: So, once the whole issue came out, what were some of the other kinds of papers in there?
- DH: They got a mix of contributions. [D.] Scott Showalter, who is at NC State [North Carolina State University] did one of them: [“Reflections on the Transition from Practice to Academia ... The Nuts and Bolts”]. Scott is a retired, Big-Four audit partner, who came into a “professor of practice” role at NC State and talked about the transition into academic life, what surprised him, what he dealt with. So, that was fascinating. Terry Shevlin, who was my co-editor on *Accounting Horizons* about a decade ago, is one of the very, very top academic researchers of all time.

He wrote a fascinating piece [“Reflections on My Career: Lessons Learned and Opportunities Missed”] about his journey and how he got into an academic career—the kinds of things that he has done and opportunities that he missed along the way.

It was a variety of really, really insightful personal stories. When the editor [Valaria (Val) P. Vendrzyk] got my paper, she contacted me and said, “I really like what you’ve done here, and it makes me think we need more of this because we’ve got a generation of people that is getting close to retirement who have been through the trenches for twenty-five, thirty-five, maybe forty years. Maybe there are things they’ve experienced that would be really helpful to the next generation.” So, they [Vendrzyk and David E. Stout, guest editor of the special issue] put together in August of 2018 several reflective papers.

TS: That’s fabulous.

DH: Yes, it was really cool to see.

TS: Well, you have a forthcoming publication with a couple of your former students, Douglas Boyle and James F. Boyle, both at the University of Scranton. Both were part of the doctoral program where you were chair of their committees. And so the three of you have done, “The Intersection of Academia and Practice: Publishing in Leading U.S. Accounting Organizations’ Journals.” I’ve read the abstract. It concludes, “The survey findings highlight that authors’ key motivations to publish in practitioner journals relate to potentially contributing to/influencing practice and gaining wide readership of their work, but the formal rewards to authors often are limited.” I guess that means tenure and promotion.

DH: Yes.

TS: Well, that’s a mouthful, but it seems to say, you are writing those interesting things, and you’re contributing to the field, but you’re not being respected by your fellow academics.

DH: It all depends on the type of school where you work. We’ve got this phenomenon in accounting right now, and I think it pervades other disciplines as well—[Robert S.] Bob Kaplan at Harvard calls it the curse of the top-5 [“Reverse the Curse of the Top-5,” *Accounting Horizons*: June 2019, Vol. 33, No. 2, pp. 17-24]. The mindset at a lot of schools is, if your article is not published in one of the top five journals, it doesn’t count, period.

TS: Is this primarily R1s, Research 1s?

DH: Yes. I’ve characterized it as there are 250 schools that are all trying to be top 50 in research, and two hundred of them are going to be disappointed. But there is this incredible push in accounting for this top-5 only mentality. So, that leaves

out all the other academic journals. Then you have practitioner journals, which aren't even on the radar screen at a lot of schools. So, what we did in this paper is simply analyze for a five-year period which authors in which institutions are publishing in five leading practitioner journals. One of them is the *Journal of Accountancy*, published by the American Institute of CPAs, with a subscriber list of four hundred thousand people. So, if you publish something in the *Journal of Accountancy* where there is a readership of four hundred thousand...

TS: It has to count for something.

DH: Yes, and when you compare that to any academic paper where the readership may be single digits in some cases or low hundreds in other cases, there is a tremendous ability to reach a large community. So, we did the analysis not knowing how it was going to turn out in advance, and it turned out that Doug Boyle, co-author on the paper, was number one in the country for publishing in these five practitioner journals during that period. Doug was number one, Jim was way up there, and Scranton was number one as an institution.

TS: Is the University of Scranton similar to us, an R2?

DH: I would say they are probably about where we were ten years ago. They are on a nice development path. They've started a DBA [Doctor of Business Administration] program in accounting. Doug is the director. They have a bunch of great students there.

TS: At the University of Scranton are these articles being rewarded?

DH: Yes. At Scranton they're rewarded, and at KSU we reward them as well. We follow an international journal list, but we follow it with one tweak. We take these five journals that are the top practitioner journals, and we say those are all going to count as B level publications.

TS: B level?

DH: Yes. A lot of places would not count them at all. We have our A pluses that are the top eight or ten journals.

TS: When Brigham Young does its count, does it include the practitioner journals in the top twelve?

DH: No. BYU is twelve of the top academic journals. We analyzed five practitioner journals—a very, very different focus. What we really wanted to highlight was who is doing this kind of work? We tried to tie into AACSB [Association to Advance Collegiate Schools of Business], which is pushing research impact. The American Accounting Association is pushing research relevance and impact. One way to demonstrate impact, regardless of the school where you work, would be to

say, “I published a top tier academic paper, and then I published a summary of that paper with implications for practice in the *Journal of Accountancy* for four hundred thousand people.” To us, that seems to have a lot of power. What was nice is we submitted the paper, it was accepted, and then the editor asked us to write a companion paper, which we’ve done, on how to publish in practitioner journals [“How to Publish in Peer-Reviewed Practitioner Accounting Journals”]. So, the three of us have done that. The two papers will be coming out together in *Issues in Accounting Education* later this year.

TS: Well, I think you are talking about is an issue that has been university-wide here for some time. I know in my case, I had to decide whether I wanted to write an article [for a top journal] that maybe six or seven people would read, or did I want to write for the public and have an audience that might actually think faculty at Kennesaw State had a little bit of sense and were doing something that is relevant to the public.

DH: Yes. What I love about being here is the freedom and flexibility to do both of those: the high level academic stuff, the letters to the editor, the practitioner papers, the lower level...it’s all on the table.

TS: And, obviously, you’ve been rewarded here doing that kind of thing.

DH: That’s right, yes.

TS: I think Kennesaw is a neat place for recognizing applied research. As we have evolved, only recently have we been calling ourselves an R2. I guess someday we’re going to be an R1.

DH: I think so.

TS: Well, you have a forthcoming paper in what on our campus is called scholarship of teaching and learning. It will be in the *Journal of Forensic and Investigative Accounting*. Would that be a practitioner journal?

DH: That is a B level academic journal, but it definitely has a practitioner readership to it as well.

TS: You co-authored the paper with Douglas F. Prawitt of Brigham Young, and the title is, “Providing Balance in the Accounting Curriculum and Beyond: The Case For Capitalism.” My first question is, are you suggesting that capitalism is under attack in academia even in schools of accountancy (laughs)?

DH: Short answer, yes (laughs).

TS: Really, in accounting?

- DH: It's fascinating. I'll back up a little bit. What motivated the paper—Doug and I had a couple of conversations at conferences just about what's happening in the country. I think one thing that troubled both of us is you look at the worldwide decrease in extreme poverty over the last twenty or twenty-five years, and it's the great unreported story of the last half century. Nobody knows, but extreme poverty worldwide has just collapsed, and it is due to free trade and capitalism.
- TS: But when newspapers report on something, they want to report on the problems of people starving to death and things have gone wrong.
- DH: The focus is inequality, not economic growth. Yes. But you have that finding, and then right beside it you have all the surveys of young people in this country where socialism is at least as popular as capitalism, if not more so. You sit there and scratch your head, thinking, wait a minute, this doesn't make any sense. We have this unbelievable wealth generator—capitalism—that clearly is improving the standard of living for billions of people, unlike anything we've seen in human history. At the same time this is happening and not getting reported much, we have this rise of a preference for socialism.
- TS: Has the younger generation changed dramatically in the last nine years since I retired? I never experienced that [love for socialism] in my classrooms. I thought we had some pretty conservative students on the whole.
- DH: It's interesting. I think the student body here at KSU is more economically conservative than at a lot of places, and certainly within the business school, probably even more so than the general student population.
- TS: Particularly, when you have so many nontraditional students, who work and often have spouses and children. Of course, that has been changing with so many students living on campus in the last couple of decades. I know our student average age is getting younger and younger compared to what it was twenty years ago. But when you have people working two jobs while they're going to school, it tends to make them a little more practical, I think.
- .DH: That's right. What I pick up on the most in my classes is that my students themselves haven't gotten into the pro-socialism camp, but they're certainly interacting with people who are. So, Doug and I were initially motivated by this just weird set of these two conflicting things side by side.
- TS: So, this is why Bernie Sanders can say, "I'm going to bring all these young people into the political process." But they haven't shown up yet.
- DH: That's right. So, in the course of our conversations, I shared with Doug that I had been doing some things in my fraud classes at the end of the course. It was motivated by a concern that you go through one of my courses, and you study

fraud case after fraud case after fraud case. We're studying people behaving badly in a capitalist system.

TS: And so they're blaming capitalism because people are behaving badly?

DH: And what I am very explicit about in class is, "I don't want you to misinterpret the punch line of this course. The punch line of this course is not that capitalism is bad. The punch line is that some people are bad. This is a people issue. We may talk more about [the bad people], but we have studied bad people in a capitalist system. We can look at religious organizations and educational institutions and socialist countries and communist countries, and anywhere there are [bad] people." I thank David Wolfe, a forensic accountant who I've written a couple of papers with, for this insight. He said, "Anywhere there are people, you're going to have the fraud issue." So, I say to the students, "We have to be very careful that you don't misinterpret the punch line of the course." I described to Doug some of the things that I do in class, and we decided to write this paper. I would say this one and the "25 Reflections on Accounting Research" are probably the two most fun papers that I've done in my career.

TS: Did you have trouble getting this one published?

DH: This one was a bizarre journey through the review process. We heard things in the review process like, "The paper, to be fair, needs to talk about the advantages of socialism in addition to the disadvantages." We had a set of reviews from one journal where one person said something like, "This is the only paper I have reviewed in my career where I have no criticisms." Another person reading the same paper said something like, "This paper is an embarrassment. I can't believe it was written by academics, and it is dangerous (laughs)."

TS: Because you defended capitalism?

DH: We clearly tapped in to very, very strongly held perceptions. It was published in the fourth journal that we submitted it to. It was very smooth at the *Journal of Forensic and Investigative Accounting*. They primarily commented about just toning down some things in places, which were fair comments. But I would say the review process was as fascinating as the underlying issues.

TS: You need to write a paper on that.

DH: Yes, we are considering that (laughs).

TS: I think a lot of people have been frustrated over the years just applying for a grant, as well as submitting a paper, when they get reviews that are just crazy sometimes. How do you respond?

- DH: Yes, it was clear that we really set off a few people. They were just angry about the paper. And it is a different kind of paper! It is not a traditional academic paper.
- TS: But you hope that people will read papers from another point of view. Maybe they're not going to change their life philosophy, but at least to be open to some correction in what they think.
- DH: Yes, and we had shared it with several people before we submitted it and were getting reactions like, "Oh God, I deal with this all the time! I was talking to my spouse about it last night. This absolutely has to be said." Then you go to the journals, and you get blasted (laughs).
- TS: Well, good for you for writing the paper! In 2019 you were the recipient of KSU's Outstanding Research and Creative Activity Award, Business and Industry Applications. We are no longer giving one campus-wide outstanding research award each year, but are giving a whole bunch across campus to recognize a lot of good people, I guess. But I assume "business and industry applications" is primarily for the Coles College. You've won numerous similar awards over the years, both campus-wide and for the Coles College. You've won the distinguished research award campus-wide twice (in 1999 and 2011) and the Distinguished Professor Award in 2007. Then you've received the Coles College research award several times. You've won lots of awards. You've written a lot on fraud and on corporate governance. You've been quoted as saying, "I'm most interested in who will fudge the books, who will commit fraud, and how boards of directors oversee management." We've talked about this already, so you might not want to say a whole lot more, but what have you found through your research about human behavior?
- DH: It's interesting. I'm actually working on a paper draft right now with a current title of, "It All Comes Down To People." It describes my "people focus" in the fraud area and the corporate governance area, and it goes back to two key events. First, I mentioned David Wolfe a few minutes ago. David Wolfe is a forensic accountant who now lives in Switzerland and does a lot of international fraud investigations.
- TS: Switzerland is a good place for international fraud investigations.
- DH: Yes. I had him speak to a graduate class, I think, in either late 2003 or early 2004. One of the questions he asked the class was, "What's the number one cause of fraud?" We have this fraud triangle. It is a tool for assessing fraud risk in accounting. Pressure is one side, opportunity is another side, and then rationalization is the third side. So, students were giving all sorts of answers related to different sides of the triangle. After they were done with all their answers, David smiled and said, "No, the number one cause of fraud is people." They groaned.

- TS: So, what does he mean by that? Is he saying that people are naturally corrupt?
- DH: In any system where there are people, you're never going to get fraud to zero because you're always going to have somebody who is looking to take advantage. So, that got me thinking, and I included this in the draft of the paper. "Well, wait a minute. I've always thought of the fraud cases that we've studied at the company level. Company X did such and such. I wasn't thinking about the individual CFO or the individual CEO, and that there were actually people behind all of this."
- TS: Oh, so it's not necessarily the corporation...
- DH: Right, it is a couple of people going crazy. Then David and I met after that class, and he pitched an idea to me that turned into a paper. Basically, what David said was, "We've got this fraud triangle that we use. If you think about the sides of the triangle, there is very little of the people dimension in the fraud triangle." Opportunity is all about the setting—you have weak controls or not. Pressure is about the setting.
- TS: Yes, but even if you have opportunity, most people are not going to take the opportunity.
- DH: Exactly, yes. But David argued that there's really a fourth side that we need to focus on when it comes to assessing fraud risk. And he called it capability. There is a skill set you need to commit fraud. He said, "That's not captured in the triangle at all. My idea is I think the triangle should be a diamond. It should have a fourth side called capability." Then I said, "Well, what makes up capability?" And he said, "Here is the person I see in fraud case after fraud case. They've got a position in the company where they have some formal authority. They're bright. They can lie well. They can coerce other people to go along. They can deal with stress effectively. And they have a big ego." Then he said, "Will you help me write this up?" So, we wrote a paper, "The Fraud Diamond: Considering the Four Elements of Fraud." We published it in one of these five practitioner journals, *The CPA Journal*, back in 2004. It really highlighted the people dimension of fraud. That paper has now been cited almost eight hundred times.
- TS: Wow!
- DH: It's my third most cited paper, and it's a thought piece, David's thoughts in a practitioner journal. I've done many fraud-related studies since then, one testing the diamond versus the triangle, and a lot of other people-focused things in fraud.

On the governance side, in 2004 or 2005 we did our first interview study of corporate directors ["The Audit Committee Oversight Process," *Contemporary Accounting Research*: 2009, Vol. 26, No. 1, pp. 65-122]. I did that with Mark

Beasley, Joe Carcello, and Terry Neal. That led to a whole string of interview-based studies with corporate directors where we focused on the interpersonal issues in the boardroom—how people oversee management, how you read management, and how you get a sense of their ethics. Those two events [David Wolfe’s question and the first director interview study] have created this people focus for me through the fraud and the governance world over the last fifteen years. I would say the major takeaways have been the capability dimension, and then in the boardroom I would say all of the interpersonal junk that we deal with on a daily basis is the same kind of stuff that’s going on in the boardroom. It has been fascinating.

TS: Wow. Well, maybe shift into teaching: In 2016 you were the winner of the Coles College Distinguished Graduate Teaching Award. I’m glad you got one of those. Of course, we don’t have a graduate program in history, but I don’t know that we have anything in the College of Humanities and Social Sciences like a graduate teaching award. Would you like to say something about the graduate courses you teach? I know you teach Fraud and Forensic Accounting, Corporate Governance and the Business Environment, and Fraudulent Financial Reporting and Corporate Governance. Are these courses that you developed that we didn’t have before you proposed them?

DH: Yes, I’m down to two iterations right now. One is an undergraduate course at the senior level, an elective Accounting 4800, Fraud and Forensic Accounting, course. That is one that I developed. The students basically get three buckets of material: occupational fraud, which is fraud against the company—stealing from the company; fraudulent financial reporting; and then fraud risk assessment and even fraud investigation. It is purely readings. I don’t use a textbook.

TS: Is there even a textbook for Fraud and Forensic Accounting?

DH: Yes, there have been some that have emerged in recent years. But I just keep it refreshed with very current papers, many of which I’ve done myself, looking at different kinds of fraudsters and looking at fraudulent financial reporting. It is a mix of research monographs and practitioner articles.

TS: Are these papers online?

DH: Yes. I tell them, as long as you don’t hit print, it will be the cheapest class you ever take. If you hit print, all bets are off (laughs). In that class I try to get the students reading practitioner journal articles and professionally focused monographs, and thinking about the issues. Then we do a lot of highlighting specific cases, including videos in class to put a human face on the fraud issue.

At the graduate level I take it up a level where they read academic journal articles where I intentionally pick them such that we don’t have heavy-duty statistics or theories. They read several of the board interview papers to understand audit

committees, compensation committees, nominating committees, and what they're struggling with and thinking about.

In both classes, [the goal is] getting them into the research from a "what can I take away from it" perspective, and then talking about the issues. Then the other thing that freaks them out is I do essay exams—no multiple-choice, no calculators, or anything like that. I want them to be able to look at an issue or a question and give me three or four sentences to articulate their response. Sometimes it takes a while for people to get the hang of that.

TS: A lot of grading for you.

DH: Yes, that is the downside (laughs). Tests are easy to write and hard to grade.

TS: Right. I think you were beginning to articulate your style of teaching or philosophy. Would you like to say more about your philosophy of teaching?

DH: I would say my philosophy is that I want to have class meetings, not lectures or performances. It is, "Okay, you've looked at the assigned readings. Let's have a discussion about them." The primary focus at the undergraduate level is to get the students comfortable participating in a meeting, so that they are willing to speak up. It is a real adjustment for a lot of the folks who have had more of a "sit here, take notes, and say nothing" model. At the graduate level we have them not only participating in a meeting, but also leading a meeting. I will have them lead discussions at different times, which is a different skill set.

TS: Has your teaching entirely been in the classroom as opposed to online?

DH: Yes, I have never taught online and don't have any plans to. I tend to walk in; write down items one, two, three and four; and say here is what we're going to talk about today. I don't do a lot of PowerPoint and just have wide ranging discussions and try to draw ideas out of them.

TS: Well, between 2012 and 2018 you chaired ten doctoral committees for students who successfully completed the doctorate. Have all your students successfully completed their degree program?

DH: Yes, 100 percent.

TS: I guess 2012 is just about the time when the first doctoral students graduated.

DH: Yes, I had two students in the first cohort, Anne [M.] Wilkins and Doug Boyle. Then I had three in the second cohort, and it went on from there.

TS: Are you still chairing or serving on dissertation committees?

DH: The last student where I served on the committee finished last year. I will be ready to reload soon. When we were figuring out a new program, we thought of the dissertation chair-doctoral student relationship in terms of eighteen months. It is really more like five years because you work with the students on co-authored papers out of the dissertation afterward. There was definitely a learning curve in terms of what my capacity was.

But I would say that the great thing about the doctoral program is that you take somebody like me who has the research background, and then you bring that together with somebody who has a lot of practice experience, much more practice experience than I have, and because they have so much practice experience, they have great project management skills. And I have found the doctoral students to be incredibly productive and incredibly curious. They have done much higher quality work in publications than I expected before I was involved in the program. So, it is just a lot of fun.

TS: I wonder if you could reflect on the students. I know it's expensive to go through the DBA. I think \$96,000.

DH: Right.

TS: And you're talking about people going from the business world into academia. I know they can expect to make good salaries in the academic world in business colleges, but that's a huge investment of time and money for something that's probably not going to increase their income over what they made in the private sector.

DH: Yes, I think what a lot of them are focused on is the lifestyle change, to go from a corporate or CPA firm environment where you don't have nearly the personal autonomy that we have. I would say a pretty typical profile is the person who has already made the switch to academia as a lecturer and now realizes he/she wants to get the terminal degree and become a tenure-track faculty member, which will, in many cases, double his/her university compensation and create a different trajectory. I've had people describe it as, once you're in that lecturer role and you're thinking about the DBA, which now is a PhD, the payback period becomes fairly short if you're looking at going from \$60,000 to \$130,000 in compensation when you finish. You have a three-year program that is roughly \$32,000 a year and that can pay for itself pretty quickly.

TS: It seems to me that the DBA program was always a PhD in all but name.

DH: As of 2018 it officially became a PhD.

TS: I didn't know that. How did I miss that?

- DH: It happened very, very quickly. But it was effectively a PhD all along. People have asked me, “How did you change the program to go from DBA to PhD?” It was really always a PhD. I think it was shortly after President [Pamela S.] Whitten got here that the change was made. We describe it now as a flexible, nontraditional PhD.
- TS: But you are putting people into academic positions, and you have been very successful at doing that.
- DH: Exactly.
- TS: Well, you are currently an external reviewer for faculty members up for tenure or promotion at a whole bunch of other universities. I think I counted eight currently and numerous others in the past. I think I’ve done that maybe once or twice in my career. It is amazing that you are involved in so many places around the country. You have also been editor, editorial board member, and reviewer for a number of prestigious publications, and you do at least some consulting locally. So, you have done a whole lot of service-type activities, nationally as well as locally. I am sure that this is all a testimony to how highly regarded you are in the profession and the community, but they also sound like very time-consuming activities. Again, I am wondering how you do it all in a forty- to forty-five hour week. I don’t think I could possibly be that organized. But I guess my question is, what motivates you to do all this type of service? Is it rewarded on our campus for doing these kinds of things?
- DH: Yes, I think it is. I think the motivation—a lot of my service is academic research focused. I’m on eight editorial boards now. I was co-editor of *Accounting Horizons* [from 2009 – 2012].
- TS: I would think service on editorial boards would be research focused, but being an external reviewer for folks up for promotion sounds more clearly like service.
- DH: Yes, the external reviewer stuff doesn’t fit in as directly. But what I see there is just the opportunity in the vast majority of cases to help somebody get across the threshold.
- TS: And you’re basically writing a review saying this person’s publications are up to snuff in the field.
- DH: That’s right. You’re always considering the context in which the person is working. So, I always want information on the teaching load. If you have a journal list, I want to see that, so that it is not just the generic list. Am I comparing this person to somebody at Columbia University? I want to have in your context a sense of your expectations. I have been very impressed with the quality of work that people are doing, both the quality and the volume. It is an amazing new generation of accounting professors.

- TS: Is it the person who is up for review who recommends you to be the external reviewer?
- DH: Sometimes, yes. Other times, in a lot of schools, the candidate can put forward five names. The department chair consults with others and puts forward five names. Now you have ten names. Then they pick six of those or something like that. So, yes, I get asked a fair amount, probably in part because I publish in a wide variety of places. With me as a reviewer, they are not going to run into a “curse of the top-5” kind of person (laughs). So, I’m a big believer in journals like *Issues in Accounting Education*, *Accounting Horizons*, and *Auditing: A Journal of Practice & Theory*. I don’t have a top three or top five kind of lens that I’m going to put on things.
- TS: Well, let’s talk about some of your letters to the editor. You have done a bunch in *The Wall Street Journal*. By the way, are these things that you would include in an annual review? Does anybody care around here?
- DH: I include them on my vita and in annual reviews. Depending on the topic, I send them to [Steven W.] Steve Smalt, our department chair. Occasionally I’ll send one to the dean, Robin [A.] Cheramie. It’s a model where I literally sit down at breakfast, and I have *The Wall Street Journal* on my iPad. I always start out *The Wall Street Journal* reading pretty much everything in the opinion page.
- TS: And something ticks you off, and you write a letter to the editor?
- DH: Yes, it is almost a feeling where it is, “Oh, my gosh, there’s a hole in the argument,” or “This article says X, and this one says the opposite of X, and can we reconcile those two?” So, it’s a setting where I have definitely learned over the years, and I now do a lot more of this than I used to, but I’ve definitely learned I can’t force it. In other words, I can’t sit down and say, “Today I’m going to write a letter. Let me look through and see what I can write about.” That doesn’t work. It has to grab you. Sometimes, it’s just dumb luck. In August I was out in San Francisco for the American Accounting Association convention. I come back, and *The Wall Street Journal* has an editorial about San Francisco and the problems in the streets [Charles Kesler, “California’s Biggest Cities Confront a ‘Defecation Crisis,’ August 16, 2019]. I wrote a letter [“California Fails Human-Waste Management,” August 23, 2019]. I figured that one’s got a high probability. Other than cases like that, it can be very difficult to predict what’s going to hit and what’s not.
- TS: I remember in that letter you said, we need to have humane care for the homeless, but San Francisco government must be in sad shape in terms of failure to deal with the issue.

- DH: It was stunning to see the state of the city, just unbelievable! So, that was a unique kind of letter. A lot of them will focus on economic issues and fiscal conservatism.
- TS: Well let's get into some of those. Thank you for sending me your letters to the editor. They were interesting. I enjoyed reading them. You clearly articulate a conservative economic philosophy. I should say that support for capitalism was not always considered conservative in the age of mercantilism.
- DH: Right.
- TS: Adam Smith, the *Wealth of Nations* [1776], support for market forces, free trade, and all that were more on the left then. So, I guess it depends on the times what is conservative and what is liberal. I have a question: Why do you think the national economy is over-regulated? You have said that many times in your editorials, but there seems to be a limit to how far you go because I think you have defended Sarbanes-Oxley. So, I guess the question is, how do we achieve a balance that promotes economic growth and still protects us from fraud and abuse?
- DH: I think part of the issue is I get squeamish when regulation gets passed in a reactionary manner.
- TS: You mean there's fraud or something horrible happens, so you regulate everybody?
- DH: That's right. I would say even with Sarbanes-Oxley, I've reflected on that as we've seen things play out over the eighteen years since it was passed. One of the concerns at the time was, we certainly had these large company frauds, Enron and WorldCom, etc., but even during that period of time, the typical public company that the SEC sanctioned for accounting fraud was midsized, around a hundred million dollars in revenues. As we have seen, Sarbanes-Oxley passed, and internal control audits increased, and auditors are doing more and more work, while the number of public companies in the U.S. has cratered. There are about half as many public companies as there used to be. One almost snarky interpretation of what has happened is, "We've gotten rid of the smaller public company accounting fraud problem by getting rid of smaller public companies."
- TS: Oh, my goodness! Too much regulation put them out of business?
- DH: We see IPOs [Initial Public Offerings] today are much bigger companies than they were before. So, there is a balancing act there. This is something I talk about with my students as we go through these fraud cases. It is a natural human reaction to say, "Okay, the fraud in this particular case was X, so we need to regulate X." The next one was Y, so, "We need to regulate Y." The danger you run into is you have to appreciate that economic growth is the other thing out

there that we're really interested in. It is possible to load up companies with so much regulation that we kill economic growth. Just as inside one company you could control things so much that you almost prevent fraud, but you bankrupt the company. So, thinking about that more broadly, we've got strong economic growth, and we have tolerable levels of fraud, but we are not going to get fraud to zero because of the people issue. And it's figuring out that balancing act that's critical.

TS: I recall an interview with [former KSU president Daniel S.] Dan Papp a few years ago. I asked a question about the growth in administration over the years. He said a lot of the growth in administrative staff was hiring people to fill out all the reports for the government required now because of the different kinds of regulation.

DH: Yes. But I think one of the most powerful editorials I ever saw, just repeated recently, was written by George McGovern, who ran for president in 1972 and was quite liberal for the times. After he got out of politics, he was involved in running a business [Connecticut's Stratford Inn] and wrote an editorial for *The Wall Street Journal* that basically said, "Oh, my gosh, if I had known what it was like to run a business with this much regulation, it probably would have shaped how I viewed things when I was a politician." [Originally published in 1992; reprinted upon his death in the *WSJ* on October 21, 2012, under the title, "A Politician's Dream Is a Businessman's Nightmare." The key thesis statement is, "I also wish that during the years I was in public office, I had had firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender."]

TS: Maybe he would have had a better chance of getting elected if he had known that then.

DH: But it was a great awakening for him that, "Oh, my gosh, when we pass all this stuff, it affects people. They are doing recordkeeping, and they are getting penalized for this, and they can't make a decision without fifty approvals, and it grinds things to a halt."

TS: So, maybe we have too many lawyers in Congress, instead of people that have actually had experience running a business.

DH: Yes.

TS: Okay, that's interesting. You had a very recent letter to the editor, ["Bloomberg: Doomed Exemplar of Capitalism?"] on February 26, 2020, regarding [Michael R.] Mike Bloomberg, who has now suspended his campaign for president. You expressed an opinion that the left sees economics as a "zero-sum game where the rich gain only by taking from the poor." My reaction was that's sad if anyone

believes that. I know in teaching my American history courses over the years, I always talked about how, even though huge fortunes have been made in America over the years, certainly between the Civil War and World War I, average income doubled in the same time. I think you could say the same thing with what happened with Silicon Valley after World War II and all the wealth that they've produced.

DH: Right.

TS: I mean, you have to be an idiot not to know that a rising tide raises all boats. But you're basically saying a lot of people don't understand that today?

DH: I think there is a segment of the population that doesn't understand it. I certainly get the sense from what we've just seen with the [Democratic presidential] primary over the last couple of weeks that certainly Democrats were becoming fearful that a group within the party is prone to that kind of thinking.

TS: The Bernie Sanders supporters?

DH: Yes, the Bernie Sanders camp, the democratic socialists.

TS: Even Elizabeth Warren says she's a capitalist.

DH: Yes, so I don't think it's the general public overall, but I think there's certainly a sector that views this as very much through a lens of inequality and power, and if a billionaire exists, then that's a horrible thing. But in Bloomberg's case he created a company that employs twenty thousand people or so, and it has probably created many millionaires. I think it is important to focus on entrepreneurs like Bill Gates. What did he do? He created a company that created...

TS: Massive wealth.

DH: Massive wealth for him and for many, many others.

TS: And he has also given a good part of his wealth away.

DH: That's right. And Bloomberg said the same thing in one of the debates: "I created a company. I worked hard. I got lucky. I'm giving most of my money away." Tying back to the earlier capitalism discussion, I get nervous when I see that the entertainment industry tends to be anti-business. A lot of the press tends to be anti-business.

TS: The people in the entertainment business are making big money in the free enterprise system.

- DH: Yes. In fact, to address the problems that humanity faces, we need wealth. To help charities you have to first generate wealth.
- TS: But you were implying a little earlier that maybe the Democratic Party as a whole is pulling away from anti-capitalism after Super Tuesday.
- DH: It certainly appears that way, yes.
- TS: And the overwhelmingly supportive black voters for Joe Biden might indicate that African Americans are not quite as left wing as some people think, I guess.
- DH: Yes, I think if we have a national debate that's around to what degree do we have regulation and to what degree do we have social programs, etc., in a capitalist system, then that is a really healthy debate to have.
- TS: And it occurs to me that our political debates don't cover any of the topics that are really relevant. Like, I haven't heard anybody say, why don't we balance the budget? I mean, we were able to balance the budget when Bill Clinton was president because we had a super prosperous economy. We are supposed to have a super prosperous economy now. But neither party seems to favor a balanced budget right now. I would support anybody who came out and said, "I believe in a balanced budget, in good times at least."
- DH: I agree, but it is not even on the radar screen. It is very frustrating. When you have career politicians and the incentive to be reelected, and [paying for programs] is something that is off in the future, they are not going to worry about that. Kicking the can becomes very easy to do.
- TS: One more question in this discussion of capitalism versus socialism is, what is your definition of socialism? What about programs like Social Security? I have a friend who I ran track with years ago at the University of Tennessee. He posted a Social Security card on Facebook with a statement, "If you have a Social Security card, you're a card-carrying socialist (laughs)." But, of course we pay into Social Security throughout our working careers. But are programs like Medicare and Medicaid socialist?
- DH: I always go back to fundamental definitions. This is one of the things we did in the capitalism paper. Socialism is government or collective ownership of the means of production. You see that in a few countries worldwide at this point, and they are disasters.
- TS: But does even Bernie Sanders want to take over the Ford Motor Company?
- DH: I'm not quite sure exactly what Bernie Sanders wants to do. But I think there is definitely concern among a number of people that there is a slippery slope dimension. If we wipe out private health insurance and we have Medicare for all,

- we get a government health care system, which is about a sixth of the economy. Is energy next? What comes after that?
- TS: But the fundamental definition is the government controls all the businesses?
- DH: Yes, and when you have that kind of situation, one of the things we talk about in the capitalism paper is, it's human nature to want to better your own condition, and as soon as you have a scenario where you can't do that through your own effort, you ultimately get to coercion.
- TS: Right. I don't know about the young people that supposedly are out there that are pro-socialist, what they really think, but I guarantee you the vast majority of the American people are not the least bit interested in the government controlling the major means of productivity.
- DH: I think that's reflected [in the polls], too, and we talk about that in the paper. There is definitely confusion among some of the younger people about what we mean by socialism. There are some conflicting answers when you ask, "Well, what about capitalism?" "We're not excited about that." "What about free trade?" "Well, yes, we are excited." Well, capitalism is free trade. So, there is an economic literacy piece of this that's part of the puzzle.
- TS: And we've seen that in the presidential debates too with some of the Democrats very critical of NAFTA [the North American Free Trade Agreement], which not only was George H. W. Bush, but Bill Clinton also.
- DH: Right. It's fascinating to see the arguments.
- TS: Well, I have a couple of windup questions, unless you want to say any more about the letters to the editor.
- DH: I would just say it has been an incredibly fun outlet for me, not only in terms of keeping up with the issues and trying to argue a point of view, but I think they have really helped my writing ability for the practitioner papers and even academic papers. As I sit down to do a *Wall Street Journal* letter or an *Atlanta Journal-Constitution* letter, I'm thinking in terms of four sentences. The first sentence is going to be introductory, John Smith argues such and such. Then I basically have three more sentences to drive home a point. I will go through that, and I'll revise. If it is a day when Heather is still home, I'll hand my iPad over and say, "Can you read this before I send it?" But it has really, really helped me with being very direct, right to the point, boom, boom, boom.
- TS: I was always impressed with our late colleague [Melvyn L.] Mel Fein's ability to write for an audience in his weekly column in the *Marietta Daily Journal* with very clear English and to the point, short sentences and paragraphs.

DH: Oh, yes. So, you have an academic sociologist who can write for the masses just so succinctly.

TS: And his wife Linda [A.] Treiber, has that talent too. She's been doing a few columns recently.

DH: Yes.

TS: Okay. We've talked about campus culture at KSU and how we've evolved, but I wanted to ask you, how do you describe campus culture at KSU today? And are we moving in the right direction?

DH: I think it has been a fascinating run here for twenty-seven years. It has always been a place that has been entrepreneurial. We try a lot of different things. It's a very nontraditional academic environment, and I've thoroughly enjoyed that. I think because of our size and because of some of the issues that bubbled up, we've had to do more standardization, more bureaucracy, more controls. There is just some degree of that as you go from about ten thousand students when we got here to thirty-eight thousand now. You have to expect those kinds of changes. I think our challenge is to remain scrappy, to remain nimble, and to pounce on opportunities when we see them. But I think it really is a very, very different place than a lot of schools around the country.

It is a place, particularly here in the Coles College, focused on output. It is not focused on face time. It is exceptionally collegial—just a group that gets along really well, and I think is very supportive in terms of we have this track system where faculty who focus on teaching have four-four loads [with minimal research expectations] that allow people like me to be on a research track and do what we do. It all works, and it is amazing to me that this track model isn't the model in every department in the country.

TS: Or even every college on our campus.

DH: Yes, I mean, figure out what people really want to focus on, and let them do it.

TS: How do you remain collegial when, like you say, you don't even have an office anymore?

DH: I think it's good that we're not on top of each other all the time. At KSU, what we tend to do is have committees that drive things. So, for promotion and tenure, that is a committee that's doing it. It is not a vote of all faculty members on who is going to be promoted.

TS: Fortunately.

- DH: Yes, and my observation from talking to people around the country and hearing about just incredible rifts in the faculty and political battles, when you have full department vote on issue after issue after issue, it just creates a nightmare. Here we are committee driven. Even in hiring, you have a search committee. Everybody gets to provide input, it goes to the search committee, it goes to the hiring administrator, and we're done. I think getting the faculty out of the weeds of the daily decisions like we've done here is just incredibly powerful. It really frees me up to focus on my research and my teaching. Internal service has been primarily search committee work for the past few years. But I think all of those things promote collegiality.
- TS: I know I decided years ago that if I engaged in a lot of campus politics, I didn't have time for the things I really wanted to do.
- DH: Yes.
- TS: Well, you must have at least ten years to go before you retire, I guess.
- DH: Yes, I am probably thinking in terms of fifteen, health willing. I'm 55 now; that would take me to 70. We will see.
- TS: It's a good goal. What continues to keep you at KSU?
- DH: I think the freedom and the flexibility have been great. It is, as I mentioned, exceptionally collegial. I talk with my dad some, just about the arrangement here, and what it's like. He says, "Oh, my God, you've got an amazing, amazing setting there." I agree. I've told the administration, "You've ruined me for other schools," because it really is an environment almost to the point of, "Do whatever you want to do, and let us know if you need anything."
- TS: Well, I presume, if you wanted to teach at an R1, you would be teaching at an R1. But that doesn't appeal to you?
- DH: What I have concluded over the years is the thing I value most career-wise is autonomy. I can't think of another setting where I would have the autonomy that I have here. Then you combine that with great people and a suburban Atlanta location and both of my sons are here in town and everything, it is just a great setting.
- TS: Well, this is conclusion of the third part of our interview. If you stay another fifteen years, I don't know whether I'll be around to do another interview with you (laughs). We'll probably have to do another one some day, but anything you want to add before we stop?
- DH: I just appreciate that you're doing this. I think it's really valuable to chronicle the many different parts of the campus, the Marietta campus, as you mentioned

before, as well as the Kennesaw campus. I think you're capturing history in a way that's just not possible without sitting down with individuals and hearing their stories. So, I really thank you for doing this.

TS: I appreciate that. It is certainly fun for me to do interviews across campus. I think we have a story to tell at Kennesaw. One hundred years from now, when somebody is writing our 150th anniversary history, I want him/her to know the stories of our outstanding faculty. And I think these interviews are a good way to do it.

DH: Yes, it really is a special place. In fact, when I was in Houston to receive the outstanding educator award, in part of my remarks I thanked KSU and the administration for this environment that allows us to do whatever you want, and let us know if you need anything. Velina [K.] Popova, who is on our faculty here, was sitting at a table. She came up afterwards and said people were asking her if we were hiring. The word is out that it is a different kind of place.

TS: As long as you're productive, the administrators leave you alone.

DH: Yes, it has been a great place to be.

TS: Well, thank you very much.

DH: Sure. My pleasure.

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