



2-2007

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Recommended Citation

Cascini, K. (2007). Reflections on a seminal force in international accounting. *Journal of College Teaching and Learning*, 4(2), 1-6. doi: 10.19030/tlc.v4i2.1624

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Reflections On A Seminal Force In International Accounting

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*A*ccounting is a manifestation of several important environmental factors within a country, including economic, educational and political, and, as such, is evolutionary in accordance with those changing social structures. In today's ever expanding global economy, the understanding of international aspects of accounting is critical to understanding world events and the way in which they affect our lives. As new nations and new economic powers emerge, continually updated information, including accounting information, is an essential resource for linking an internal accounting system with worldwide systems. Because of the major impact that international accounting has had on countries' internal accounting systems, it is important to examine the contributions made by leaders within the profession. For over the past four decades one of the most influential leaders in the field of international accounting has been Dr. Gerhard G. Mueller.

Born in Eineborn, a village in central Germany in 1930, Dr. Mueller began his academic career with a teaching position at the University of Washington, Seattle in 1960. Professor Mueller advanced quickly from Assistant Professor to Chair of the University of Washington's Department of Accounting. He spent five years as Senior Associate Dean and one year as Acting Dean. He served the academy until 1996, when he departed to assume responsibilities as a member of the distinguished Financial Accounting Standards Board (FASB).

During his tenure at the University of Washington he wrote and published over one hundred articles and reviews, and authored or coauthored nineteen books. He also advised over thirty Ph.D. aspirants, many who later became recognized scholars in their own right. Dr. Mueller's international accounting mission has taken him to over one hundred universities abroad where he presented papers and conducted seminars. He created numerous global outreach programs such as the cooperative venture between the Washington State Society of CPAs and its Canadian counterpart, the Institute of Chartered Accountants of British Columbia.

Dr. Mueller has received numerous awards for his initiatives and achievements, including The National Outstanding Accounting Educator from the American Accounting Association (AAA), and the Distinguished Teaching Award from the University of Washington. In 1988, he was elected president of both the AAA and the Washington State Society of CPAs. The WSSCPA named Professor Mueller the recipient of its prestigious Vincent A. Gervais Award for Public Service in 1994. Dr. Mueller has taught at several universities around the world and was awarded the University of Washington's Hughes M. Blake Professorship of International Business Management during successive years from 1992 to 1995, at which time he was awarded the Julius A. Roller Professorship in Accounting.

Dr. Gerhard G. Mueller has earned the distinction among his peers as the "voice of authority" on international accounting matters, and has been a primary mover behind ongoing efforts to adapt the profession to ever expanding global markets.

EARLY YEARS

The strong internationalist bent, which has been a hallmark of Dr. Gerhard Mueller's long career, might be said to have had its inception during his early youth. An illegal flight in 1947, from his birthplace in Eineborn, East Germany to West Germany, where he labored as a management apprentice on a large feudal farm, was the precipitous event for an even more fortuitous international step, this between continents. His West German uncle encouraged him to seek admission to an innovative American student exchange program created to foster democratic ideals among German youth. In 1949, Gerhard was introduced to a California family and began the slow process of acculturation on their San Joaquin orange farm. While he returned to West Germany after a year, the family assisted his immigration to the United States in 1952. (*Business*, University of Washington, 1996, vol. 18, No. 2, page 6). Gerhard proved an

exceptional student as he very quickly adapted to the academic environment of his newly adopted country. Completing, within five years of becoming a citizen, both undergraduate and MBA degrees at the University of California, Berkeley, he assumed a position as a staff accountant for FMC corporation in San Jose, focusing on international problems. He was also engaged to Coralie George (ibid. page 6).

Mueller's career took another important turn when one of his former MBA professors nominated him for a Ford Foundation Fellowship in the new field of business administration. Without prior Ph.D. ambitions, but with a "very plush scholarship" in hand, Mueller returned to the Berkeley campus in 1958. With characteristic vigor and enthusiasm, he undertook Ph.D. coursework and commenced research on accounting practices in six European countries (ibid. page 6).

Mueller himself has described his life as "a series of lucky quirks of fate". One such episode may have been the sudden departure of his faculty advisor at Berkeley, for a position in Indonesia. Congruent with a recruiting visit to the campus by Professor Kermit Hanson, Chairman of the University of Washington's Department of Accounting, Finance and Statistics, Mueller describes their conversation as follows, "He was masterful in his understanding of my situation, and, to my great amazement, he offered me a teaching contract, beginning in the fall of 1960." Thus was the beginning of a long, illustrious academic career at the University of Washington, as he taught introductory accounting courses while completing his Ph.D. (ibid. page 7).

Professor Mueller's long association with the University of Washington was interrupted briefly when, recommended by its Seattle office, New York based Price Waterhouse offered him a position as a research fellow for its international division. Now married to Coralie and with their first child, Professor Mueller elected to limit his stay in New York to two years, returning to Seattle in 1964 to continue teaching and research in international accounting (*Business*, page 7; *Accounting Today*, Oct. 7-20, 1996).

ACADEMIC CAREER AND CONTRIBUTIONS

Dr. Mueller dedicated thirty-six years of service to the University of Washington before retiring to assume a position as a board member of the Connecticut based Financial Accounting Standards Board (FASB). One would be remiss in not remarking on the major influence Dr. Mueller has had on his students over the course of his academic career. During his tenure at UW, he advised over thirty Ph.D. students and many more MBAs, who credit him with the willingness to consistently offer valuable expertise and counsel despite an extremely busy schedule. Many of his students also credit him with having played a crucial role in their own career development beyond the classroom. On of those students, Gary Meek, now the Oscar S. Gellein/Deloitte & Touche Professor of Accounting at Oklahoma State University offers the following, "Gerry didn't just pat me on the back and say farewell. He went out of his way to open doors for me. To this day, I think of Gerry when I'm working with one of my doctoral students, and I try to emulate his approach" (*Business*, page 7).

As Chair of the Accounting Department at UW, Dr. Mueller was instrumental in bringing together a highly capable and energetic faculty. Professor Gary Sundem, in commenting on his role, described the accounting faculty prior to Dr. Mueller's stewardship as a "risky place for a young accounting faculty." "Gerry convinced me that the department was going to be a major player in the field" (Ibid. page 8). Today the University of Washington's accounting department is considered one of the best, in great part due to Doctor Mueller's profound influence at all levels, and his ability to recruit and effectively manage/engage exceptional faculty.

Dr. Mueller founded the Executive-in-Residence program and the Accounting Development Fund, to ensure an ongoing relationship between practicing accountants in the Seattle area and University of Washington based academics. This resulted in a close-knit community of professors and practicing accountants. He also coordinated the construction of a new Business Executive Center and Library (Ibid. page 7).

Professor Mueller has written and published over one hundred articles and reviews, and authored or coauthored nineteen books. He received, in 1983, the University of Washington's Distinguished Teaching Award, and in 1986, the Wildman Medal, given to the author of a publication that makes the greatest contribution to the

accounting profession. He was named to the Hughes M. Blake Professorship of International Business Management from 1992 to 1995, and then awarded by the University the Julius A. Roller Professorship of Accounting. Dr. Mueller is regarded as the “voice of authority” in international accounting. He rose to Senior Associate Dean of the Business School before leaving the University of Washington in 1996 to take a distinguished position as a member of the Financial Accounting Standards Board (Arthur A. Volk Symposium, University of South Dakota, November 16, 2000)

CONTRIBUTIONS TO THE AAA AND THE WSCPA

The American Accounting Association (AAA), in 1982, named Dr. Mueller an Outstanding Accounting Educator. He was elected president of that association in 1988. Also that year, he was named president of the Washington Society of CPAs (WSCPA), the first academic appointed to such a position. A past president of the WSCPA, Robert Bunting commented on the perceived disconnect, or arrogance, that characterized interactions between practitioners and academics. As president of both these key organizations, Mueller was able to establish a tone of camaraderie and cooperation between the two. He also increased the WSCPA network by including women’s groups and many professionals from the major accounting firms, and industry representatives. Professor Mueller was the recipient of the Vincent A. Gervais Award for Public Service in 1994, by the Washington State Society of CPAs (*Business*, page 8)

TENURE AT FASB

Dr. Mueller’s impact on the FASB board can be measured in part by a single important initiative in the area of international accounting. In his own words, “Capitalizing on a worldwide convergence in the way companies do business, we developed a functioning international financial accounting standards board that national boards will use as a foundation and adapt to their own circumstances” (*UW Business*, Fall, 2001, page 41). The importance of this lies in enabling equity markets to compare financial statements on an equal basis. Stakeholders are thereby better able to make informed investment decisions.

Another critical issue highlighting his tenure on the Board involved the question of recording derivatives as assets and liabilities. In the past, derivatives were not recorded on financial statements. This was because the U.S. accounting system is based on historical cost, and derivatives have no recorded cost when contracted and an uncertain future value. Again in Dr. Mueller’s words, “The board concluded that derivatives are, in fact, financial assets and liabilities. Congress introduced bills to prevent FASB from issuing the derivative standard. But we decided we’d rather go down with the ship than retreat. We issued a standard that’s complex but workable. I consider this a major breakthrough.” Reflecting on his overall contribution to the board, Dr. Mueller offers that “even as a lone academic on a seven member board,” he was able to make a substantial impact, particularly in international accounting (Ibid. p41). As we, as observers, assess Dr. Mueller’s successful term at FASB, it is appropriate to echo the words of Professor Gary Meek in the aforementioned interview, “Is there anything this guy can’t do?” (*Business*, page 8).

FROM INSPIRATION TO IMPLEMENTATION

In his 1961 Accounting Review article entitled, “Some Thoughts About the International Congress of Accountants,” Dr. Mueller is inspired by Mr. Jacob Kraayenhof’s address to the 1959 annual meeting of the American Institute of Certified Public Accountants (AICPA). Kraayenhof proposed the establishment of closer relationships among accounting professionals in different countries. To that end, he forged accounting theory grounded in global assumptions and encouraged work on international accounting standards (G. Mueller, *The Accounting Review*, 1961, page 552).

Dr. Mueller was in complete agreement with Kraayenhof’s proposal, but noted “nothing tangible had resulted from that mandate” (Mueller, page 552). He went on to make an alternate proposal which called upon the International Congress to take the following actions:

1. Establish a continually functioning executive branch of the Congress.
2. Appoint a professional committee of that body to actively engage in research on international accounting issues, on a continuing basis.
3. Begin the process necessary to enact the publication of a professional journal (Mueller, page 552).

In response to the first challenge, the continually functioning branch of the Congress developed into the International Committee for the Accounting Profession (ICCAP), which later became, in 1977, the International Federation of Accountants (IFAC). At this point the IFAC became responsible for organizing future Congresses (Richard Vangermeersch, “A Roadmap for the 10th World Congress of Accounting Historians, 2003, page 30).

Dr. Mueller’s second proposal, the appointment of a professional committee to pursue continuous work on the subject of accounting matters, caught the attention of the 1962 Congress. It was noted that there was an increased interest in international harmonization of accounting, as evidenced through numerous articles written on the topic and published in several accounting journals (Vangermeersch, page 23).

The 1972 10th World Congress held in Sidney, Australia acted on a proposal for the development of international accounting standards. This stemmed from a December 1971 meeting on this issue involving “forty delegates from twenty-five nations. It was at that Congress that Gerhard G. Mueller was appointed to undertake an AICPA research study on transnational financial reporting to investors” (Vangermeersch, page 28).

The 10th World Congress is considered by many to be the most significant of all Congresses, having led to the 1973 formation of the International Accounting Standards Committee. That Congress also established the ICCAP, which became IFAC.

While the establishment of a professional journal remains an important goal for the International Congress, Dr. Mueller’s third proposal has been a catalyst for numerous other high quality accounting journals boasting an international theme, both in the United States and abroad.

Dr. Mueller’s lifelong mission as a proponent of international goals within the profession has taken him an extraordinary distance beyond the East German teenager daring to test totalitarian government parameters in seizing that first trans-border opportunity. His teaching zeal has taken him to universities across the globe, such as the University of Zurich, and Cranfield School of Management, U.K., in 1973/74. He has worked closely, as well, with the Chinese and Japanese Accounting Associations, and, in 1978, directed a Japanese/American accounting seminar. In 1987, as the AAA District International Visiting Lecturer, he visited and taught at universities in Ghana, Kenya, Nigeria, Zaire, Zambia, and Zimbabwe. While in Seattle, Professor Mueller created outreach programs between the WSCPA and its Canadian counterpart, The Institute of Chartered Accountants of British Columbia. He also became, while at the University of Washington, the first Executive Director of the Center for International Business Education and Research (CIBER), an initiative of the U.S. Department of Education to showcase business schools in relation to U.S. competition in global markets (*Business*, page 8).

CONCLUSION

There can be little doubt that Dr. Gerhard Mueller has realized most, if not all, of what he set out to accomplish. Widely recognized as the “voice of authority” on international accounting issues, he has been a primary mover behind ongoing efforts to adapt the profession to ever expanding global capital markets. An exceptionally capable institution builder, and a guiding force for many students and professionals in the field, Dr. Mueller’s legacy is secured. His remarkable accomplishments have indisputably earned him a place in the Accounting Hall of Fame.

AWARDS AND RECOGNITIONS

1. Professor Emeritus of Accounting, University of Washington
2. AICPA Distinguished Achievement in Accounting Education Award, 2000
3. One of the Top100 Most Influential People in Accounting; *Accounting Today Journal*, 1996
4. Board member, Financial Accounting Standards Board, 1996-2001
5. Washington State Society of CPAs recipient, Vincent A. Gervais Award for Public Service, 1994
6. President, American Accounting Association, 1988
7. President, Washington State Society of CPAs, 1988
8. American Accounting Association Distinguished International Visiting Lecturer, 1987
9. Wildman award, 1986
10. Distinguished Teaching Award, University of Washington, 1983
11. Outstanding Accounting Educator, American Accounting Association, 1982

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