

ANU COLLEGE OF BUSINESS AND ECONOMICS

School of Accounting and Business Information Systems

BUSN8013: Seminar in Research Methods – Semester 2, 2009

<http://cbe.anu.edu.au/courses/course.asp?code=BUSN8013>

Time and Location:

Tuesdays from 3:00 p.m. to 6:00 p.m. in Crisp 1064 (the College Board Room).

	E-mail	Room Number	Telephone	Consultation Times
Course Coordinators	Professor Neil Fargher neil.fargher@anu.edu.au	Rm 2055 Bldg 26b Moran	6125 4853	See course web site
	Professor Keith Houghton keith.houghton@anu.edu.au	Rm 1122 Building 24 Copland	6125 3596	See course web site
Course Administrator	school website: http://www.cbe.anu.edu.au/schools/abis email enquiries: enquiries.abis@anu.edu.au	School Office Room 2037 Building 21 Hanna Neumann	6125 0025 6125 7968	Office hours: 9am – 5pm Monday - Friday

Required Books:

Reference is frequently made to the following two books:

Salkind, N.J. Exploring Research, 6th Ed. (Upper Saddle River, NJ: Prentice-Hall), 2006.

Shadish, W.B., Cook, T.D. and D.T. Campbell. *Experimental and Quasi-Experimentation: Designs for Generalized Causal Inference* (Boston, Mass: Houghton Mifflin) 2002.

In addition to these two research methods books we will assign a number of articles from various sources for most weeks. In general, these references will come from the published and unpublished research in accounting.

The Shadish, Cook and Campbell book is an updated version of a book regarded by many as a "classic" and you might find that you may well continue to use it for many years to come. Although it is not particularly easy to read, it is worth the effort.

Objective of this Subject

This course will provide you with an introduction to a wide range of research methods used in scholarly accounting research and how quality research in accounting is undertaken. By definition it also assists you in developing skills in analyzing the research work of others from a methods perspective. However, there is a warning; a single course in research methods will not result in making you an expert researcher – that will take more courses and practice – possibly many years of practice to develop a high level of expertise. Much of the course is based on the “scientific method” of research. This is a method of undertaking research that has gained widespread approval by many accounting researchers in many parts of the world. The course requires you to read a considerable amount of material, reflect on it and question it. It would be a serious error of judgment on your part if you simply tried to “rote” learn the material; you must understand and analyze the material. Additionally, this course requires you to be able to apply the skills and knowledge you develop as and when necessary when analyzing the research of others or when undertaking your own research.

Various seminar assignments will give you opportunities to practice with different skills in developing your research expertise.

There is much to be covered in this unit. Together we can make it a productive and enjoyable educational experience with significant and positive educational outcomes.

Questions you should be better able to answer at the end of this semester:

- What makes an accounting research topic “important”?
- What is the role of theory in research?
- How does one identify theory or theories relevant to an important accounting research question?
- How does one develop a testable research question from an important topic?
- What is research validity and what might threaten it?
- How can you control for threats to validity?
- What assists in making research “reliable” or “unreliable”?
- What research method types are available to undertake research?
- How does one choose between alternative research methods types?
- What is research design and why is it important to research?
- How do you choose between alternative possible research designs?
- What are the key elements in statistical inference?
- Why does research often use data to test a theory?
- What are the component parts of a typical research proposal?
- What types of statistics are often used in accounting research and why?
- How does one write a research paper, report or article?
- What are the major ethical dilemmas that a researcher in accounting faces?
- How does one get research published?
- How does one constructively review (criticize) the research of others?

Organization

Each of the classes will have a particular theme or themes, as summarized in the course description that follows. You will need to be prepared for each class. You are responsible for completing all readings assigned for any given day *before* the class where possible. This is important because our class is not a lecture - it is an interactive class with everyone in the room participating. We will facilitate **our** discussion and provide any insights I might be able to add, but most of our ability to have quality discussions depends on you. There is a clear expectation for you to engage in the class and class discussion. Remember that part of your assessment depends on **your** participation in class.

Reading and Written Questions

There is a reading guide for each session. This will help organize our discussion. It is essential that we engage in discussion and cover the issues you want to raise so that you obtain a fuller understanding of each of the themes covered in the semester.

Therefore, in preparation for each class session please write at least one question or issue that you would like to discuss for each of the week's assigned readings. These may overlap with other students; this should not be of any concern.

Written Assignments

Written assignments are used during the unit to reinforce a number of important issues during the semester. The assignments will comprise much of what we discuss. Much of the value of the classes will derive from discussing the varying perspectives different students take on any given assignment. A description of the assignments can be found later in this document. Unless otherwise specified the written assignments are due at the start of the class session listed below.

Most of the assignments will be graded A to F and a numeric mark out of 10. An exception is the Major Assignment (research proposal), which will be graded out of 20.

Major Assignment

The major assignment involves writing a research proposal. You will motivate a testable research question, review prior literature, derive hypotheses, and present a research design to answer your research question, including a description of the methodology, sample, measurement of variables, and limitations. The proposal must not be more than 20 one-and-a-half-spaced pages in length. This limit excludes references, figures and tables.

You may choose to take advantage of the work you did in some of the weekly assignments to minimize the additional effort necessary to prepare your major assignment. However, you may wish to develop a new proposal from scratch because of something new you have seen or learned during the semester. This is entirely your decision.

All students are required to present their research proposal during the final class. The amount of time allotted for each presentation will be discussed during class. Presentations are an important part of the learning experience. The presentations should be interactive, so be prepared for questions. This presentation and the discussion that occurs will assist you in revising and improving your assignment. It is the final version of the assignment that will be graded, so use this as an opportunity to develop and "fine tune" the proposal. You could prepare overhead transparencies to facilitate your presentation.

The research proposal is due at 4pm on Monday 9 November, 2009. Please place your research proposal in the School's assignment submission box. Late submissions will be penalized at 10 percent per day.

ABIS Seminar Critique

You are required to critique one of the papers presented during the ABIS Research Seminar Series. For a list of possible issues to consider in preparing a critique refer to Salkind pages 56-57. Choose the issues of most importance to the particular paper being presented. The critique need not exceed 2 one-and-a-half spaced pages.

It is up to you to choose which paper you will critique. Please bear in mind, though, there may be unforeseen circumstances that prevent you from critiquing certain presentations (e.g., last minute cancellations by presenters) – thus it is not be advisable to wait until the end of the seminar series before completing this assessment component. The seminar schedule will be posted at <http://www.cbe.anu.edu.au/schools/abis/>.

The ABIS Research Seminar critique is due at class in the week following the relevant seminar. No late critiques will be accepted unless there are exceptional circumstances.

Final Examination

There is one examination for the course, which is usually a take-home examination over a period of two or three days. We will discuss and agree on the timing of this later in the semester but it will normally be held soon after the final class. The examination helps me to evaluate what you have learned from this seminar and the skills and expertise you have developed thus far in your program. As indicated earlier, this examination and its assessment will not have the expectation that you are an expert researcher in accounting. The examination will involve you critically reviewing the research completed by others. We will seek to test the themes from each class in the semester.

Assessment

Course grades are based on the following weights:

Component	Percent of Course Grade
Written assignments (weekly)	32%
Major assignment	20%
Final examination	30%
Seminar participation	8%
ABIS seminar critique	10%
Total	100%

The grades which will be given on your work will either be alpha characters or numbers. Where they are the former they can be interpreted as follows:

- A** = *Exceeds expectations.* An "A" means that you have impressed me with exceptional performance.
- B** = *Meets expectations.* A "B" means that you did what I expected of you, and that you are on track to continue progressing through the doctoral program. You might not have *exceeded* expectations.
- C** = *Below expectations.* A "C" means that I was disappointed and that you are probably in need of further work.
- D** = *Unsatisfactory.* If you repeatedly receive this grade you will need to seek advice on your suitability for this course.
- F** = *Grossly unsatisfactory.* This is an extremely rare grade but it does happen.

The educational outcomes from the unit (i.e. what you learn) is more important than the grade assigned. In an academic career, people will soon forget your grade-point average, but they will continue to monitor the innovation and quality of your scholarly research.

Disabilities

If you have any queries about special arrangements with respect to disabilities and examinations or assignments, please refer to the Disabilities Services Centre <<http://www.anu.edu.au/disabilities/>>.

Policies, Procedures and Rules

Information about University policies, procedures and rules is provided in a number of places on the ANU website. These websites provide information on the Code of Practice for Student Academic Honesty, Assessment Arrangements for Students from Language Backgrounds Other Than English, Academic Progress Rules and Procedures, Special examinations/consideration, Supplementary examinations, and Review of assessment procedures.

1. Student Enrolment and Administrative Procedures Guide (SEAP) <
http://www.anu.edu.au/sas/SEAP_guide/>
2. ANU Rules <<http://www.anu.edu.au/cabs/rules/>>
3. Graduate Research website
<<http://rss.anu.edu.au/default.asp?ref=16>>
4. Information for students in the College of Business and Economics <
http://cbe.anu.edu.au/Current_Students/general_info/>

Academic Misconduct

Misconduct in the preparation and submission of written work and/or examinations for assessment will have serious consequences for a student. Consequences include failure of the course, receipt of a mark penalty or in some circumstances disciplinary proceedings and exclusion. The University's Discipline Rules apply to all students, undergraduate and graduate, and define misconduct in relation to an examination as including but not limited to:

- cheating
- plagiarism
- except with the approval of the Delegated Authority, submitting for an examination any work previously submitted for examination
- failing to comply with the University's instructions to students at, or in relation to, an examination
- acting, or assisting another person to act, dishonestly in or in connection with an examination
- taking a prohibited document into an examination venue

For further information on Academic Misconduct, go to <
<http://www.anu.edu.au/sas/seap/examinationsandassessment/5.12.php>>.

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SEMINAR SCHEDULE

Week	Date	Topic	Instructor	Assessments Following Class
1	21 July	The research process, science and the scientific method	Houghton	Assignment 1
2	28 July	The nature of theory and reading the literature	Houghton	Assignment 2
3	4 August	Motivation in Accounting Research	Fargher	Assignment 3
4	11 August	Developing a researchable issue: Significance, research questions, hypotheses and models	Fargher	Assignment 4
5	18 August	Research design, validity and reliability	Fargher	Assignment 5
6	25 August	Revisiting the previous topics in relation to your developing research proposal.	Fargher	
7	1 September	Survey Research (including issues of questionnaire design)	Fargher	
8	8 September	Experimental and Behavioural Research	Fargher	Assignment 6
9	15 September	Qualitative and Field Research	Houghton and Mahama	
10	22 September	Archival Research <ul style="list-style-type: none">• Auditing• Financial Accounting	Houghton	Assignment 7

Week	Date	Topic	Instructor	Assessments Following Class
11	13 October	Archival Research (cont.) <ul style="list-style-type: none"> • Managerial Accounting • Tax Empirical Research Working with Data	Houghton	
MID SEMESTER BREAK				
12	20 October	Research Ethics Writing Your Research Report or Thesis	Houghton	Assignment 8
13	27 October	Revision and review Proposal Presentations by students	Fargher and Houghton	

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COURSE SCHEDULE

PART A: INTRODUCTION AND BASIC TOOLS

Session 1:

Topic: *Introduction to the course.
What is research and what makes it important?*

Issues and questions to be dealt with:

- Course objectives and what is expected of you.
- What is research in accounting?
- What is the objective of accounting research?
- What is motivation in research?
- What is the scientific method and how does it affect the conduct of research?
- What alternative research methods are there?
- What are the underpinnings of "scientific method" research?
- What is a typical structure to a piece of research in accounting using the scientific method and what are the "component parts" of a typical research paper?

Readings:

Salkind, Chapters 1 and 2.

Shadish, Cook and Campbell, Chapter 1.

Assignment 1: Due by the beginning of next class.

Session 2:

Topic: *Reading the Literature(s) and the Role of Theory*

Issues and questions to be dealt with:

- What is “the literature” and where do I find it?
- How do I start finding the relevant literature?
- How do I know I have been “exhaustive” in my examination of the literature?
- Which other disciplines do I turn to – when and why?
- What are the practical issues in assessing literature?
- What is the role of citation in using the literature?
- How can I use the literature to develop theory?
- What is a theory and theory building?
- Why is theory at the heart of good research?
- How does one develop theory?
- Can one simply “borrow” theory from others?
- Deductive and inductive methods to theory building.
- Case studies and examples of theory building.

Readings:

Salkind, Chapter 3.

Bamber, L.S., T.E. Christensen and K.M. Gaver. Do We Really Know: What We Think We Know? A Case Study of Seminal Research and Its Subsequent Overgeneralization. *Accounting, Organizations and Society*, 25 (February 2000): 103-129.

Koonce, L. and M. Mercer. Using Psychology Theories in Archival Financial Accounting Research. *Journal of Accounting Literature*, 24 (2005): 175-214.

Assignment 2: Due by the beginning of next class.

Session 3:

Topic: *Motivation in Accounting Research*

Issues and questions to be dealt with:

- What are possible elements to motivation?
- What alternative types of motivation exist?
- What is the distinction between methodological motivations and “content” motivations?
- Why do some really “hot” issues never get researched?
- Is there a role for replication?
- The distinction between motivations for “applied” research and “pure” or “academic” research.
- What are some current topics in accounting (defined as including management accounting, financial reporting, auditing, tax and accounting information systems)?
- The relationship between motivation and the “researchability” of an issue (including issues of design ability to test and data availability).
- The relationship between motivation and your comparative advantage(s) as a researcher.

Readings:

Sternberg, R.J. and T. Gordeeva. The Anatomy of Impact: What Makes an Article Influential? *Psychological Science*, 7(March 1996): 69-75.

Kinney, W. On the Accounting Scholarship: What is Uniquely Ours? *The Accounting Review*, 76 (2001): 275-284.

Demski, J.S., J.C. Fellingham, Y. Ijiri and S. Sunder. Some Thoughts on the Intellectual Foundations of Accounting. *Accounting Horizons*, 16 (June 2002): 157-168.

Chow, C.W. and P.D. Harrison. Identifying Meaningful and Significant Topics for Research and Publication: A Sharing of Experiences and Insights by “Influential” Accounting Authors. *Journal of Accounting Education*, 20 (Summer 2002): 183-203.

Other relevant readings (optional):

Kinney, W.R., Jr. New Accounting Scholars – Does It Matter What We Teach Them? *Issues in Accounting Education*, 18 (February 2003): 37-47.

Demski, J.S. Is Accounting and Academic Discipline. *Accounting Horizons*, 21 (June 2007): 153-157.

Assignment 3: Due by the beginning of next class.

Session 4:

Topic: *Developing a Researchable Issue: Research Questions, Hypotheses and Models*

Issues and questions to be dealt with:

- What is a research question?
- How can a research question be structured so that it is testable?
- Introducing research design and how the question has an impact.
- Why are there dependent and independent variables?
- When testing for a research question why is there a need to “control” for other factors?
- How a research question differs from a formal hypothesis.
- What is direction in a hypothesis?
- What is a model? Why is it used to test a research question?

I will use the following issue to help illustrate the development of a research question in a testable hypothesis: What explains the fee paid by a company for its audit fee?

Readings:

Salkind, Chapter 3.

Defond, M. and J. Francis. Audit Research after Sabanes-Oxley? *Auditing: A Journal of Practice and Theory*, Vol. 24 Supplement (2005): 5-30.

Class exercise: “Developing Research Questions, Hypotheses and Models”.

Shadish, Cook and Campbell, Chapter 2 (background to future classes).

Assignment 4: Due by the beginning of next class.

Class Exercise for Session 4

Developing Research Questions Hypotheses and Models

The following exercise is designed to be undertaken in class however, you may care to consider the issues involved prior to class.

From the readings so far, you will have developed an appreciation of what a research problem is. In addition, you will have some appreciation of the scientific method of undertaking research. The use of the scientific method inevitably limits the possibilities of research – using this method makes some issues not easily researchable. In some instances, certain issues may not be researchable at all or researchable only with limiting assumptions. The essential criterion of the scientific method is that we undertake research under “controlled conditions”. As you will have already appreciated the world of accounting is not like the scientific laboratory and therefore there is some tension between the use of the scientific method and the researchability of many accounting issues.

Below is a list of five general areas in which research might be undertaken. You are asked to review each of these areas and consider:

1. What the nature of the research question, hypothesis and/or model might be?
2. Whether the research issue is researchable.
3. What challenges and limitations exist in undertaking this research?

1. The Effect that E-Commerce has on Cost Efficiencies in the Airline Industry'

E-commerce is now a significant part of our economy. In the developed world most major business entities appear to have web sites that are accessible to their customers, suppliers and employees. Some would argue that the airline industry has been at the forefront of using websites to interface with its customers. The desired research would focus on the presence and extent of the use of web-based technologies and their effect on the **cost base or bases** with US-based airlines.

2. The Consequences of the Presence and Extent of Litigation Against Audit Firms in the Market for Audit Services

The market for audit services is much researched. This market is a significant part of our economy and of importance to our profession. Amongst large listed companies the purported “Big 4” audit firms dominate the supply of audit services. These firms have also been subject to substantial litigation both in the US and elsewhere. Much of this litigation relates to audit quality in addition to the joint supply of management consulting services as well as audits. The consequences of litigation have effects in respect of the plaintiff and defendant in the litigation, other companies within the same industry, other audit firms, the profession more generally and other stakeholders including the SEC.

The desired research should examine aspects of the consequences of litigation, in particular the effect on audit fees.

3. The Effect on Reporting Entities of the International Harmonization of Accounting Standards

The International Accounting Standards Board is a body that has existed for a number of decades however the use of IFRS has recently increased markedly. The desired research looks at the impact of the introduction of internationally harmonized accounting standards in one or more countries. These impacts may involve reporting entities in their own right, the stock markets, corporate regulators and institutional and retail investors. The desired research would look at one or more of these with a view to assessing the economic impact harmonization might have.

4. The Impact on Decisions Efficiency and Outcome of the Use of Graphs in Annual Accounting Reports

Humans make decisions based on information contained in conventional accounting reports. These reports are prepared using generally accepted accounting principles and are audited by independent audit firms. Information contained in these reports is categorized in three broad classes: (1) numeric information generally based on the dollar value of various items; (2) words and phrases that are used to describe economic or financial characteristics of the accounting entity; and (3) graphs and pictures contained in the report that provide visual information about economic or other characteristics of the accounting entity.

The desired research seeks to understand the impact of information provided by way of graphs. This impact may affect the decision outcome made by human decision-makers and may also affect the decision efficiencies. The research should ideally allow for different contexts in which decisions might be made, for example, the decision to buy an IPO investment or one made during a takeover battle.

5. The Existence and Extent of Tax Havens in Many Parts of the World has an Effect on the Taxable Income of US Accounting Entities

There exist sovereign States that intentionally structure their taxation arrangements such that offshore entities may derive favorable treatment in respect of taxation. These taxation arrangements are, in the eyes of some, intended to have an effect on managerial decision-making by companies in other jurisdictions including the US. One consequence used by companies is to move *operations* to these locations. Another consequence is to simply redirect *financial transactions* through these locations. There are also consequences in respect of transfer pricing decisions. There is some evidence that certain US headquartered and/or US listed organizations have benefited from the use of these taxation arrangements. The effects of the use of such arrangements can be observed both from the perspective of the companies involved and the taxation authorities that are affected by it. The desired research seeks to understand the impact on both companies (taxpayers) and entity taxing authorities.

Session 5:

Topic: ***Research Design***

Issues and questions to be dealt with:

- What is research design?
 - What alternative designs exist?
 - How do I choose between alternatives?
 - What is the relationship between design and validity?
 - Cross-sectional designs
 - Inter-temporal designs
 - How will design deal with issues of control?
 - The use of multiple measures and designs
 - What are correlated omitted variables and why are they a particular issue?
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- What types of validity are there?
 - How do they manifest themselves?
 - What is statistical conclusion validity and what are the major threats to it?
 - What are the issues researchers must deal with in construct validity?
 - Can you estimate construct validity? If so how?
 - What are the major issues researchers must deal with in external validity?
 - What is construct validity and why is it important?
 - What are examples of the competing forces between types of validity?
 - Cases and examples of challenges to validity.

Readings:

Shadish, Cook and Campbell, reread chapter 2, read chapters 3 and 4.

Time will be devoted to the material in Shadish, Cook and Campbell. This is not easy material to comprehend. We will work from basic concepts to more complex concepts. Reading the material before class is imperative to understanding this class.

Kinney, W.R., Jr. Empirical Accounting Research Design for PhD Students. *The Accounting Review*, 61 (April 1986): 338-350.

Further reading:

Salkind, Chapters 10 and 11.

Trotman, K. Chapter 2, "Experimental Design" in *Research Methods for Judgment and Decision Making in Auditing*, Coopers and Lybrand Research Methodology Monograph No. 3, (1996) Melbourne.

Trotman, K. Chapter 4, "Validity in Experiments and Design Issues" in *Research Methods for Judgment and Decision Making in Auditing*, Coopers and Lybrand Research Methodology Monograph No. 3, 1996, Melbourne.

Assignment 5: Due by the beginning of next class. Assignment 5 is more extensive than the typical assignment.

Session 6:

Topic:*Research Design (continued)*

NOTE: Assignment 5 is due and will form the basis of this class. Assignment 5 requires an individual student presentation. There are no separate readings for this week as you are expected to work on your own research. You are encouraged to discuss your research thoughts with potential supervisors and other students.

The majority of this session is devoted to student presentations and discussion.

Issues and questions to be dealt with:

- What is the objective of this research?
- What is the motivation for this research?
- What is the research question?
- How does this research question relate to previous research?
- How can the research question be structured so that it is testable?
- What are the dependent and independent variables?
- Is it a feasible research project?
- What suggestions can I make to improve the research?

The above list of issues and questions is NOT a checklist for your assignment. These are the types of issues and questions that the audience might consider during and following a presentation.

PART C: RESEARCH APPROACHES

Session 7:

Topic: *Survey Research in Accounting*

Issues and questions that may be considered:

What is the purpose of research of this type, that is, what is its greatest strength? Why?

What is its greatest weakness? Why?

What validity challenges might be most common in this type of method? Why?

What measurement issues (if any) are most important to this type of method? Why?

Readings:

John R. Graham, Campbell R. Harvey, Shiva Rajgopal, The economic implications of corporate financial reporting, *Journal of Accounting and Economics* 40, 2005, 3–73.

Copy of the survey instrument used by Graham, Harvey and Rajgopal:

<http://faculty.fuqua.duke.edu/~jgraham/finrep/survey.htm>

Mark W Nelson; John A Elliott; Robin L Tarpley, How are earnings managed? Examples from auditors, *Accounting Horizons* 17, 2003, 17-35.

Salkind, Chapters 6 and 7.

Shadish, Cook and Campbell, Chapter 5 (this completes chapters 1-5).

Readings needed if you intend to use this methodology:

Dillman, D. A. Mail and internet surveys: the tailored design method. 2nd Edition, Wiley. 2007.

Brownell, P., Chapter 3 "Survey Research Methods" in *Research Methods in Management Accounting*, Coopers and Lybrand Research Methodology Monograph No 2, 1995, Melbourne

Roberts E.S., In Defense of the Survey Method: An illustration from a study of user information satisfaction, *Accounting and Finance* 39, 1999, pp. 53-77.

Krosnick, J.A., Survey Research, *Annual Review of Psychology*, 50, 1999, pp. 537-67.

Zhang, Y., Using the Internet for Survey Research: A Case Study, *Journal of the American Society for Information Science*, 51(1), 1999, pp.57-61.

Session 8:

Topic: *Experimental and Behavioral Research in Accounting*

Issues and Questions to be dealt with:

- What is the purpose of research of this type, that is, what is its greatest strength? Why?
- What is its greatest weakness? Why?
- Can you identify a dominant theme or perspective to this type of method?
- What underpinning theoretical base or bases can be identified in this type of method?
- What validity challenges might be most common in this type of method? Why?
- What measurement issues (if any) are most important to this type of method? Why?

Readings:

Rankin, F. W., S. T. Schwartz, R. A. Young. The Effect of Honesty and Superior Authority on Budget Proposals. *The Accounting review*, 83 (2008): 1083-1099.

Trotman, K.T., A.A. Wright and S. Wright. Auditor Negotiations: An Examination of the Efficacy of Intervention Methods. *The Accounting Review*, Vol 90 No. 1 (2005): 349-367.

Bonner, S.E. Judgment and Decision-Making Research in Accounting. *Accounting Horizons*, 13 (December 1999): 385-398.

Shadish, Cook and Campbell, chapters 1-5 (previously read, reread to build understanding).

Readings needed if you intend to use this methodology:

Swieringa, R.J. and K.E. Weick. An Assessment of Laboratory Experiments in Accounting. *Journal of Accounting Research*, 20 (Supplement 1982): 56-101.

Schulz, A. Experimental Research Method in a Management Accounting Context. *Accounting and Finance*, 39 (1999): 29-51.

Smith, V.L. Economics in the Laboratory. *Journal of Economic Perspectives*, 8 (Winter 1994): 113-131.

Kachelmeier, S.J. and R.R. King. Using Laboratory Experiments to Evaluate Accounting Policy Issues. *Accounting Horizons*, 16 (September 2002): 219-232.

Assignment 6: Due by the beginning of the next class.

Session 9: Qualitative and Field Research

To Be Announced.

Session 10 Part A:

Topic: *Archival Research in Financial Accounting*

Issues and questions to be dealt with:

- What is the purpose of research of this type, that is, what is its greatest strength? Why?
- What is its greatest weakness? Why?
- Can you identify a dominant theme or perspective to this type of method?
- What underpinning theoretical base or bases can be identified in this type of method?
- What validity challenges might be most common in this type of method? Why?
- What measurement issues (if any) are most important to this type of method? Why?

Readings:

Brown, P. Chapters 2, 3 and 4 in *Capital Markets-Based Research in Accounting: An Introduction*, Coopers and Lybrand Accounting Research Methodology Monograph, No 1 (1994) Melbourne.

Barth, M.E. Valuation-Based Accounting Research: Implications for Financial Reporting and Opportunities for Future Research. *Accounting and Finance*, 40 (March 2000): 7-31.

Dechow, P.M. and D.J. Skinner. Earnings Management: Reconciling the Views of Accounting Academics, Practitioners and Regulators. *Accounting Horizons* 14 (June 2000): 235-250.

Francis, J., I. Khurana and R. Pereira. Disclosure Incentives and Effects on Cost of Capital Around the World. *The Accounting Review*, Vol. 80 No. 3 (October 2005): 1125-1162.

Nichols, D.C. and J.M. Wahlen. How Do Earnings Numbers Relate to Stock Returns? A Review of Classic Accounting Research with Updated Evidence. *Accounting Horizons*, Vol 18 No. 4 (December 2004): 263-286.

Session 10 Part B:

Topic: ***Archival Research in Auditing***

Issues and questions to be dealt with:

- What is the purpose of research of this type, that is, what is its greatest strength? Why?
- What is its greatest weakness? Why?
- Can you identify a dominant theme or perspective to this type of method?
- What underpinning theoretical base or bases can be identified in this type of method?
- What validity challenges might be most common in this type of method? Why?
- What measurement issues (if any) are most important to this type of method? Why?

Readings:

Ferguson, A., J. Francis and D. Stokes. What Matters in Audit Pricing – Industry Specialization or Overall Market Leadership? *Accounting and Finance*, Vol 46 No. 1 (March 2006): 97-106.

Francis, J., K. Reichelt and D. Wang. The Pricing of National and City-Specific Reputations for Industry Expertise in the U.S. Audit Market. *The Accounting Review*, Vol 80 No. 1 (January 2005): 113-136.

Cahan, S.F. and W. Zhang. After Enron: Auditor Conservatism and Ex-Andersen Clients. *The Accounting Review*, Vol 81 No. 1 (2006): 29-48.

Assignment 7:

The assignment requires that you read:

Craswell, A., J.R. Francis and S. Taylor. Auditor Brand Name Reputations and Industry Specialization, *Journal of Accounting and Economics*, 20 (1995): 297-322.

Due by the beginning of the next class.

Session 11:

Topic: *Archival Research in Management Accounting and Taxation*

Issues and questions to be dealt with:

- What is the purpose of research of this type, that is, what is its greatest strength? Why?
- What is its greatest weakness? Why?
- Can you identify a dominant theme or perspective to this type of method?
- What underpinning theoretical base or bases can be identified in this type of method?
- What validity challenges might be most common in this type of method? Why?
- What measurement issues (if any) are most important to this type of method? Why?

Readings:

Management Accounting

Ittner, C.D. and D.F. Larcker. Assessing Empirical Research in Managerial Accounting: A Value-Based Management Perspective. *Journal of Accounting and Economics*, 32 (December 2001): 349-410.

Zimmerman, J.L. Conjectures Regarding Empirical Managerial Accounting Research. *Journal of Accounting and Economics*, 32 (December 2001): 411-427.

Kaplan, R.S. Innovation Action Research: Creating New Management Theory and Practice. *Journal of Management Accounting Research*, 10 (1998): 89-118.

Taxation

Shevlin, T. Research in Taxation. *Accounting Horizons*, 13 (December 1999): 427-441.

PART D: DEVELOPING THE RESEARCH OUTCOME

Session 12A:

Topic: *Research Ethics and Getting Started*

Issues and questions to be dealt with:

- What are the ethical dilemmas that can occur in research?
- What, if any special issues do accounting researchers need to be careful about?
- Who are the stakeholders in research?
- Why do universities and other research interested organizations have "ethics committees" and why?
- What is the function of an ethics committee?
- What processes does a (young/any age) researcher use to (1) avoid an ethical dilemma or (2) extricate him- or her-self from an ethical dilemma?
- Does accounting research need funding?
- What are the sources of funding?
- What might a research student expect to get in terms of funding?
- Where to begin?
- Writing papers versus writing the thesis
- Cases in Ethics in Research

Readings:

See class exercise discussion handout entitled "Case Studies in Ethical Issues".

Please ensure you have considered (1) if there is an ethical dilemma for the researcher or researchers, (2) how it might have been avoided and, (3) what impact the ethical issues, if any, will have on all stakeholders in the research process.

Shadish, Cook and Campbell, Chapter 9, pp 279-298.

Rosenthal, R. Science and Ethics in conducting, Analyzing and Reporting Psychological Research. *Psychological Science* 5 (May 1994): 127-134.

Kerr, N.L. HAR King: Hypothesizing After the Results are Known. *Personality and Social Psychology Review* 2 (1998, No 3): 196-217.

Session 12B:

Topic: *Writing Your Research Report or Thesis, the Publication Process and Reviewing.*

Issues and Questions to be dealt with:

- What makes a research paper different from other writing?
- What are the typical “component parts” of a research paper?
- The tension between economy of words and “under describing” what the research does?
- Why is there a particular need to write the methods section of a paper VERY carefully?
- Do many research papers pass the test of being able to be relocated?
- What is the difference in writing a research paper and a thesis/dissertation?
- Why do journals have reviewing processes?
- Why give research (or attend) workshops?
- What is the task of a reviewer and does it vary between one reviewer and another?
- If these tasks do differ, in what way and why?
- How do you deal with referee comments?
- How do you manage your communications with (1) referees and (2) editors?
- When might you become a referee? How will you make use of the opportunity?
- The role of conferences and seminars.
- What is the tension between teaching and writing research articles?

Readings:

Salkind, Chapter 13.

Brown, L.D. and R.J. Huefner. The Familiarity with and Perceived Quality of Accounting Journals: Views of Senior Accounting Faculty in Leading US MBA Programs, *Contemporary Accounting Research* 11 (Summer 1994): 223-250.

Zimmerman, J.L. Improving a Manuscript’s Readability and Likelihood of Publication. *Issues in Accounting Education* 4 (Fall 1989): 458-466.

Schulman, E.R. How to Write a Scientific Paper. *Annals of Improbable Research* 9 (September/October 1996): 8-9.

Schulman, E.R. and C.V. Cox. How to Write a PhD Dissertation. *Annals of Improbable Research* 3 (September/October 1997): 8-10.

Kachelmeier, S.J. Reviewing the Review Process. *The Journal of the American Taxation Association* Vol 26 Supplement (2004): 143-154

Assignment 8: Due by the beginning of the next class.

PART E: YOUR OWN RESEARCH PROPOSAL

Session 13:

Topic: *Review of Student Research Proposals*

Issues and questions to be dealt with:

This week we give over a significant amount of time to a first review of your research proposals. Eventually these proposals will become the material you will use to complete the major assignment.

Readings:

There are no specific readings for these sessions due to the presentations however, Salkind, Chapter 12, may be of some use to you.

ANU COLLEGE OF BUSINESS AND ECONOMICS

School of Accounting and Business Information Systems

BUSN8013: Seminar in Research Methods – Semester 2, 2009

CLASS DISCUSSION HANDOUT (Session 12A)

Case Studies in Ethical Issues

The following are short illustrations of situations where an ethical dilemma or a potential ethical dilemma may have occurred in undertaking research.

You are asked to consider each of the cases and to:

1. identify the ethical dilemma or dilemmas;
2. identify the stakeholders involved in the dilemma;
3. formulate alternative possibilities for dealing with the dilemma; and
4. make a recommendation as to the preferred option, giving reasons for your choice.

There is no clear “right” or “wrong” answers. You will need to make assumptions, please ensure you state any such assumptions.

In addition, you are asked to think of one further case where an ethical dilemma may occur. This is not restricted to accounting research and can include situations you have read or heard about.

Case Study 1. *Taxation Implications of Accounting Policy Choice*

In March this year the Australian taxation authority announced a \$7.5 million research fund and called for expressions of interest. In your research application you proposed to study the effect of accounting policy choice of Australian companies and those companies with a presence in Australia that paid Australian corporations tax. The issue was to examine the publicly available records of these companies to determine if there was a wide disparity between the reported income of companies and the amount of tax paid. In order to undertake the research, private data about tax paid to the Australian government would need to be provided. Your application for funding was successful and as part of the approval process you were granted access to certain taxation data about companies trading in Australia.

Approximately 15 months after commencing work on the project, it became apparent there was a small group of companies including those incorporated in Australia and some with headquarters in foreign jurisdictions that were engaging in opportunistic accounting policy choice in respect of their calculation of tax payable to the Australian authorities. You examined possible explanatory factors such as industry category, level of financial distress or health, whether it was an Australian or foreign based company, company size, length of incorporation and a number of corporate governance variables. None of these factors were good proxies for what you now believe to be the true underlying explanatory variable; a certain "Big 4" accounting firm. Specifically, most of the companies you believe to be especially aggressive in respect of their taxation policies are all clients of a certain tax partner in the Sydney office of this particular accounting firm.

The results of your study completed thus far show low levels of explanation for the dependent variable. It seems clear from feedback from the funding agency that your research will be not funded in the future unless you can find more significant results. If you include dummy variables for either: (1) the specific accounting firm; (2) the particular office of the firm; or (3) the specific partner involved, the level of explanatory power of your model increases significantly. Indeed, if you include the tax partner involved as a dummy variable, the level of explanation is in excess of 80 percent of the variance of the dependent variable. With such powerful results it is almost certain that you will be given a five-year extension for over \$1 million by the funding agency.

Case Study 2. *The Effect of Group Decision-Making*

Your study looks at human decision-making either as individuals or as groups. The decision on which you have focused is the determination of next year's divisional financial budget. The variable of interest is whether individuals or groups make better decisions and whether the personality types within groups have an effect on these decisions, both good and bad. The dependent variable uses the dollar value of the divisional financial budget. The data used to make a judgment originates from a successful manufacturing company on the west coast. You are using data from this company and working with the assumption that a proxy for the ideal budget was actually used for this particular company. In addition, you are examining the level of consensus between the various individuals and groups regarding next year's financial budget. The assumption here is that the majority decision could also be a proxy for the optimal decision.

The research design calls for three types of decision making: (1) individual workers with some previous experience in the budgetary process; (2) groups comprising workers who have been assembled through a random process; and (3) groups comprising workers who have been assembled by the researchers in an attempt to integrate specific personality types into respective groups.

In all, there are 114 subjects involved in the research. The research is undertaken over a seven-month period. Stage One calls for all subjects to consider the particular circumstances of the case study and to make a decision about next year's divisional financial budget. Stage Two occurs ten weeks later and draws these individuals into groups that are assembled with reference to a random process. Each group comprises six individuals. Stage Three involves groups comprising six individuals which have been deliberately assembled by the researcher. Stage Three occurs approximately 12 weeks after Stage Two. Two weeks after the commencement of this stage each subject undergoes a psychological test. The psychological test examines traits such as tolerance to ambiguity, cognitive ability and personality type. The 19 groups are assembled with great care. All the individuals within three of the groups are shown to possess high cognitive ability and a co-operative decision-making style. A further three groups are assembled comprising individuals with poor cognitive skills but are also co-operative. Six groups are assembled comprising individuals with mixed levels of cognitive skills and decision-making styles. The remaining seven groups comprise individuals with differing levels of cognitive skill including at least one individual who is highly authoritarian in nature plus at least one individual who is a conflict avoider.

At the end of the third stage you have examined the results of the groups and compared them to the randomly assigned groups' results. You notice a high level of difference between the outcomes in Stage Three. This difference occurs both between the various types of groups in Stage Three results and between that stage and the earlier Stage Two results.

Each of the individuals is asked if they are prepared to participate in a case study involving decision-making about budgeting. The consensus covers all three stages although there is no specific mention of the distinction between individual and group decision-making.

The company involved as the site for the research expresses some concern about the resignation rates of some individuals involved with the research. You do not ask if there is any pattern to the resignations.

Case Study 3. *Hospital Financial Controls*

While reviewing the previous literature you find an interesting result on the use of different managerial styles in maintaining financial control. In particular, you observe staff with professional training respond differently (negatively) to conventional authoritarian management styles compared to other personnel. You choose a hospital setting with a large number of professional, technical and administrative staff who could work with the new research. You persuade 63 hospitals nationwide to agree to participate in the study. You send copies of a carefully developed questionnaire to all 63 hospitals with instructions for distribution to the following staff groups: (a) medical practitioners; (b) nursing staff; (c) paramedical staff including physiotherapists, speech therapists, pharmacists and the like; (d) technical staff including engineers, technicians and the like; and (e) administrative staff.

The questionnaire is distributed on the basis that the results would be confidential and individuals would not be identified. You also indicate that individual hospitals would not be identified and over-the-aggregate results would be reported. In addition, respondents are provided with a reply-paid card if they wish to obtain an abbreviated copy of the results upon completion of the study. In total, you receive over 1,000 requests.

Included in the questionnaire is information about the decision-making style of the individual, the individual's immediate superior and the individual's subordinate. It requests information about the level of satisfaction of the individual subject and the degree of confidence and diligence in their given position of employment. You recognize the difficulty of some of the questions and the problem of self-reporting bias. In examining the data gathered using either answer, only 59 hospitals responded. The first difficulty you face is which of the hospitals should be incorporated in Table 1 of your paper. Should it be all of the 63 hospitals or only the 59 hospitals that actually responded? You would like to publicly acknowledge the help of those hospitals that provided data but are unsure which group to include.

You notice that geographic location appears to play a role in the types of results obtained. There seems to be marked distinction between three reported levels of confidence and job satisfaction between hospitals on the east coast and hospitals on the west coast. However, you do not have any theory to explain these unexpected results.

The research is drawing to a close, and you are about to take up a new research-only position at a university in another state. You complete the research and send the manuscript to the chief executive of each of the 59 hospitals that provided data. You now regard the project as completed and move on to your new position.

Case Study 4. *The Auditing Profession*

You are working as a professor in a prestigious research oriented school on the east coast. Your contract of employment allows you to engage in professional practice in your discipline so long as it does not interfere with your university work including both teaching and research. You are asked to appear as an expert witness in litigation against one of the Big 4 audit firms. The litigation involves claims by an administrator of a company in liquidation against the audit firm who was previously the auditor of the company. The claim involves questions of audit quality and alleged negligence. You are provided with copies of the working papers of the audit for the previous year. In addition, you are provided with useful information by an investigating audit firm that raises questions about the quality of the audit. You are asked if you require any further information before coming to your view. It is the first time you have undertaken expert witness type work.

You advise the university that you have been engaged to undertake this work. This is required under the contract of employment. It becomes known to the audit firm that you have accepted the engagement to appear as expert witness for and on behalf of the liquidator. The liquidator is another large accounting firm. The defendant firm is gravely concerned that your evidence may be damaging to their position. They approach you and ask that you resign from the case. You explain that you have accepted the engagement in good faith it would be ethically inappropriate to withdraw at this late stage.

The managing partner of the defendant firm approaches the Dean of your school. He reminds the Dean that his firm supports the salaries of two other professors in the school as well as much needed research funding for accounting and auditing research undertaken within the Department of Accounting. The Dean approaches you and explains that the withdrawal of funding by the firm would be extremely damaging. It would have an effect not only on funds available for research but also the Department's capacity to continue to employ the required number of people. In turn, this may have an effect on teaching loads in the department.

A week passes and you have still not made up your mind whether you are prepared to provide evidence to the case. It is now just two weeks before the case is due to be heard by the Supreme Court. The partner-in-charge of the audit division of the defendant firm telephones you at home. He explains that the firm has the utmost respect for your research and views as a scholar but they are gravely concerned that your appearance in court will be damaging to the profession. He also explains that they understand your dilemma. As a way to proceed, he suggests that you withdraw from the case and in exchange his firm will fully fund your position as a research-only position for the next three years. He explains that the offer has the blessing of your Dean.

Case Study 5. *Pediatric Research*

You are a newly appointed faculty member in a Latin American medical school. Your research career is focused on attempting to help new mothers in their ability to feed newborn babies. Your current view is that the most important “hot” issue at the moment is the relative value of natural feeding methods compared with commercially produced and nutritionally balanced baby formula.

Research design experiments would involve all new births in the local hospital over the next four months. It is expected there will be approximately 200 births during that period. The research design calls on the use of natural feeding methods for a randomly selected group of mothers. For each of these selected mothers the research program would fund instruction and assistance in the use of natural feeding methods. It would involve assistance from both within the hospital and periodic visits to homes by registered pediatric nurses. These visits would extend for approximately four months in each case.

Mothers not in this group would not be provided with this assistance and instruction. Instead they would be given instructions not to use natural methods. They would be provided with significant quantities of commercially produced and nutritionally balanced baby formula. In addition, they would be given instructions on how to make up the formula and how to feed babies using a bottle. These mothers would be given enough formula to last approximately four months after delivery of their respective babies.

For ethical reasons it was decided not to allow mothers whose babies were either medical emergencies or in distress to participate in the research study.

ANU COLLEGE OF BUSINESS AND ECONOMICS

School of Accounting and Business Information Systems

BUSN8013: Seminar in Research Methods – Semester 2, 2009

ASSIGNMENTS

Assignment 1: *Identifying Important Issues in Accounting*

The most rigorous research method is of little value unless the underlying issue is interesting to the accounting community. A danger of too much focus on research methods is that you may underemphasize how essential it is to investigate important issues. What this means is that we are looking for issues which have a strong *motivation*. This exercise is intended to acquaint (or reacquaint) you with the issues that are of most importance to contemporary accounting.

Identify **five** timely issues of importance to accounting broadly defined to include each of the following four traditional categories:

- Financial Accounting
- Managerial Accounting
- Auditing
- Taxation

Each of these four categories should be represented by at least one of your five issues. You may select the fifth issue from the category that interests you most.

What to document:

For each of your five issues, just label the issue and summarize it in one or two sentences. Be prepared to explain further in seminar discussion. Also document the source(s) that led you to this topic. You do not need to develop the topic into a research question at this point. However, you may do this later as part of future assignments so try to select topics you would consider to be good candidates for research investigation.

How to find important issues:

Browse the most recent issue of journals and related sources to see what is on the mind of practitioners and standard setters. Listed on the next page are some practice-based and academic journals. This list is not exhaustive and many will disagree with it – however everyone has their own idea as to which journal is the best, most important or most influential.

Selected Academic or Research Journals:

The top tier as viewed by some scholars includes:

The Accounting Review
Journal of Accounting Research
Journal of Accounting and Economics
Review of Accounting Studies
Contemporary Accounting Review

Other journals that have published high quality research:

Accounting Organization and Society
Auditing: A Journal of Practice and theory
Abacus
Accounting and Business Research
Journal of Management Accounting Research
Accounting and Finance
British Accounting Review
Journal of Business Finance and Accounting
International Accounting Research
Journal of Accounting and Public Policy
Review of Accounting Studies
Review of Quantitative Finance and Accounting

You should also take advantage of the extensive array of resources on the Internet. Some useful online accounting resources follow:

www.afaanz.org

This is the website of the major accounting and finance association in Australia. It contains useful links and information about relevant conferences and events.

www.aahq.org

This is the website of the American Accounting Association (AAA), the most significant association of accounting academics in the English speaking world. There are many useful resources within this site. Note that PhD students from all countries have an opportunity to join the AAA as an associate member at a discounted fee. Importantly, this will give you personal access to various scholarly journals; please consider this opportunity carefully.

www.fasb.org

This is the site of the major accounting standard setter. It gives details of current projects. You can access the FASB's website via the Rutgers Accounting Web (above) or directly via this url. It contains several interesting menu choices, including a status report on all current projects on the FASB agenda.

www.pcaobus.org

This is the site of the Public Oversight Board in the USA. Be careful when you access this site and ensure that this url is keyed correctly, you might end up at a place you do not want to be. The body was created after Enron and the Sarbanes-Oxley Act. It is important both for major companies and audit firms.

www.imanet.org

This is the website for the Institute of Management Accountants.

online.wsj.com

In addition to the print version, the online interactive version of the Wall Street Journal can be an important source of timely news about accounting. Also consider registering for the WSJ online search engine, it is excellent.

www.aasb.gov.au

This is the website of Australia's accounting standards setting body.

www.auasb.gov.au

This is the website of Australia's auditing standards setter, with information on its meetings and policy

www.icaa.com.au

This is one of the two major professional accounting/auditing bodies in Australia. It contains useful information relevant to practice in Australia.

www.aicpa.org

The AICPA website is very useful as it is the most important professional accounting body website in the USA.

www.cpaaustralia.com.au

This is one of the two major professional accounting bodies in Australia. They have discounted memberships for students and a wealth of conferences/PD

Assignment 2: *Searching the Literature: Developing Theory*

Choose one of your research questions from Assignment 2 that you find particularly interesting. Search the academic literature for articles and theories relevant to that question, using the search techniques that we will discuss in the seminar.

Identify **four or five research articles** that relate to your research question. Where relevant **at least one** of these articles should be from **outside of accounting**, as accounting research generally draws on theoretical underpinnings from more basic fields such as economics, psychology and organizational behavior. Ask yourself **why** a research question might be answered in a particular way and then look for theory to support or refute your conjectured reasons.

It is not necessary that all articles you identify use the same research methodology. In fact it can be an advantage if the research uses more than one research method type. Ideally, different contributions from different methods (e.g., experimentation, real world data and analytic modeling) can combine to yield insights unavailable from any one method considered in isolation. Try to find variety in the articles you identify constrained only by broad relevance to your research question.

In the course of completing this exercise, you may discover that others have already addressed your research question, leading you to either refine your question or find another question. This type of iteration is normal, and constitutes an integral part of the research process.

What to Document:

1. Given what you learned in Assignment 2, state your research question at both a conceptual and operational level. If the research question has changed since Assignment 2, state the amended research question as you now perceive it.
2. For each article you identify, document the reference (author, title, journal and pages). Then describe what the article is about, what it seeks to do, how it is done and what conclusions it draws. Then in a brief paragraph (two to four sentences is adequate) provide your own analysis as to why you consider this article is relevant to your research question. You may find there are some articles that are beyond your current level of comprehension. Do not be concerned as this can be expected to be true for at least some articles – you still have much to learn in your PhD program. Be prepared to discuss in our seminar how the articles you identify could be used to construct a theoretical and empirical base for your proposed research.
3. Succinctly explain (one or two brief paragraphs are adequate) how your research question would contribute to the existing literature you identified in Part 2.

Assignment 3: *Developing Issues into Testable Questions*

Based on our seminar discussions and your further exploration of the issues that you identified in Assignment 1, identify a **testable research question** for your choice of any **three** of the five issues/topics you listed in Assignment 1. In some cases you may wish to come up with more than one question for one or more of the issues. Specify both the dependent variable and independent variable(s) in your research question, i.e., does [independent variable] lead to increased/decreased/more/less/etc. [dependent variable]? Do this at both a *conceptual* level and an *operational* level.

The *conceptual* level defines the notion or phenomenon of interest in terms of abstract concepts that cannot be measured directly. In research, we refer to a conceptual variable as a construct. At this level you need to consider the theoretical construct only – not compromised by the need to operationalize it – i.e. bring it into the “real world”.

The *operational* level defines the observable referents that you propose to use as proxies (measures) for the conceptual variables. Once you specify your research question at an operational level, you are well on the way to a formal research proposal.

The task of forming a research question can be diagrammed as follows:

	Does X	lead to	Y?
<i>Conceptual Level</i> (Theory)	Independent Construct	leads to	Dependent Construct
<i>Operational Level</i> (Testable Issue)	Independent Variable (Treatment)	leads to	Dependent Variable (Outcome or Effect)

Example:

Conceptual question: Does the provision of management consulting services by a company's incumbent auditor damage the independence of the auditor's opinion?

Operational question: There are many possible operationalizations of this important but extremely difficult and complex question. Two possibilities are:

Do audit firms that jointly provide audit and non-audit services issue fewer audit qualifications for these clients than for clients where only audit services are provided – all other things being equal?

Do companies that buy significant amounts of non-audit services from their incumbent auditor have lower share prices than those that hire other professional firms for such work – all other things being equal?

Dependent variable: Operationalized as: audit qualification in the first question and market prices in the second. Note the difference between the theoretical issue and the operationalized one.

Independent variable: Operationalized as: the presence of joint supply of audit and non-audit in the first question, and the extent of that supply in the second.

- Note the relationship between the operationalized variables and the original issue is less than complete. Think about why that is and what implications it has for answering the original question. Consider these types of problems when developing your own research questions.

Assignment 4: *Developing Hypotheses*

Based on our seminar discussions and your further exploration of the issues, identify a ***testable research question of your choice*** for which you do not know the answer based upon previous research.

Specify both the dependent variable and independent variable(s) in your research question, i.e., does [independent variable] lead to increased/decreased/more/less/etc. [dependent variable]? Do this at both a *conceptual* level and an *operational* level (Refer previous assignment).

The task of forming an hypothesis can be diagramed as follows:

	An increase in X	lead to	Increase in Y?
<i>Conceptual</i> Level (Theory)	Independent Construct	leads to	Dependent Construct
<i>Operational</i> Level (Testable Issue)	Independent Variable (Treatment)	leads to	Dependent Variable (Outcome or Effect)

Restate your research question in the form of a testable prediction (hypothesis one).

Restate your research question in the form of an alternate prediction.

Assuming that you can control the economy, what experiment would you ideally design to test this hypothesis? (state your design using the notation from Shadish, Cook and Campbell.)

Assuming that you can not control the economy, what quasi-experiment can you design to test this hypothesis? (state your design using the notation from Shadish, Cook and Campbell.)

What other variables are known to influence the dependant variable other than those in your hypothesis? What variables are needed to help to eliminate alternate explanations for variation in your dependant variable?

Assignment 5: *Preliminary Research Proposal Presentations*

Each student will be expected to:

1. Provide a written summary of their research proposal to all members of the class by no later than the start of class. The preliminary proposal includes:
 - The title
 - The author/s
 - The research issue
 - The research question
 - The contribution (from answering this research question)
 - A preliminary literature review
 - One testable hypothesis

2. Provide a short presentation to the class summarizing your developing research proposal.

This is only a preliminary proposal. Students should not attempt to make this the complete proposal due at the end of the semester.

A good research proposal requires a great deal of effort.

The standard of exposition must be superb. Your readers expect a well written exposition. The proposal should be written, read and rewritten until it conveys your insight in a clear, concise and understandable fashion. Readers could include a proposed supervisor, your fellow students and yourself. There is no substitute for regular writing and rewriting to improve your logic and exposition.

There must be a title for the research project. Look at the titles of articles you are citing. A good title identifies the area of study and also provides a clear guide to the innovation in the proposed research. A good title typically identifies the dependent and the independent variable (or interaction) of primary interest.

The proposal introduction should be similar to the introduction section of a published research article in an academic journal. For example, try to identify the management decision to be examined, the gap in the prior research and your research question. How do authors motivate their research? How do they state their contribution?

In general new researchers tend to include too much background information in the introduction section. If there is a significant amount of institutional background to be explained then add a separate section after the introduction and before the literature review to address the institutional background. Also notice that most papers only briefly reference the key papers in the introduction and the literature review comes later.

The research question must be clear. A single, well written research question is better than several vague research questions. Words such as 'describe' and 'explain' tend to be used when the author is unsure what will be studied. A purely descriptive study is warranted in a new area but it is mostly not appropriate where previous research has been conducted.

At this point in the semester a relatively cursory literature review is acceptable. You must however identify a few key academic research papers that your research will build from. The literature review must have paragraphs structured by topic and not be each individual paper you have read. Don't forget to conclude the literature review. One approach to a conclusion is a paragraph 'pulling together' what is known and how your research will extend the previous research.

For the final proposals a more comprehensive literature review will be expected but it must focus on the most relevant prior research. Provide the least emphasis on the most general prior studies and the most emphasis on recent studies that you are planning to extend.

Writing the motivation for an hypothesis is difficult. Examine the style used to motivate hypotheses in research papers. As discussed in class, consider what your dependant variable is. Consider what your independent variable is. What is the relationship you predict? Be careful to clearly state whether you are proposing a new hypothesis or testing a known hypothesis in a new setting. What is a maintained hypothesis to be tested? What is your extension that leads to a new, innovative hypothesis? Or, what is an hypothesis previously examined but which you test in a new context? Not all research projects have hypotheses but most projects do have hypotheses. Where you have hypotheses you are advised to use explicit hypotheses for the purpose of the final proposals. Students are advised to separate the literature review and the hypothesis development. It is extremely difficult to combine the literature review and hypothesis development into a single, well written section.

Models highlight relationships between concepts. Typically a model would be available from the prior research and then extended in your research, or you might draw a contrast from a previous model to your new approach. These relationships must be more than trivial. These relationships must be logically defensible. The model must relate to the hypothesis being tested.

Do use a previous article in a leading journal as a "model". You are building upon the shoulders of prior research. Do cite previous research findings and results. Do not describe everything the previous researchers did. Do not include lengthy quotations – look at how published research summarizes previous research. On no account copy a previous article without appropriate attribution.

Overall, this is a first tentative step towards designing a research project.

Assignment 6: *Designing an Experimental Study in Accounting*

Reread Shadish, Cook and Campbell, Chapter 5.

For this assignment, you are required to design an experiment to examine an issue that is of interest to you. For this assignment, you must use a *true experimental design*, and the experiment must seek to obtain the perceptions or responses of a sample of respondents on the issue of interest.

As a generalization, most new researchers try to include too much complexity in their experimental design. Many experiments are simple designs to test associations between a dependent variable, two independent variables and a potential interaction effect. A simple, well explained, rigorous design is much better than a confusing attempt at a complex design.

For this assignment, you must:

- state the research question you are addressing, or hypothesis you wish to test.
- provide a clear, and thorough, description of your experiment. Your description should:
 - o state the research design using the notation in Shadish, Cook and Campbell, Chapter 5.
 - o state the group of people you will be sampling from, and briefly explain why you consider them an appropriate group to address your research question.
 - o briefly outline a case scenario, that is, explain is the experimental task.
 - o clearly identify your dependent variable. Also indicate the scale that you will use to measure the dependent variable, and defend your choice of scale.
 - o clearly identify your independent variable(s).
 - o clearly indicate how many treatment levels you will have for each independent variable, and also identify what these treatment levels are.
 - o clearly identify any control variables and indicate where they would appear in your experiment.
 - o clearly indicate if your experiment is a between-subjects or within-subjects design.
 - o discuss anything else you would do, or would include in the experiment, to enhance the rigor of your experiment.

Your experiment can be an original idea or it can be an extension (in terms of the research design) of a prior study. It may be a topic that is very similar to your own research proposal topic except that you are designing a *true experiment*. The experiment must not be purely a replication of some prior work that has used a true experimental design. If your experiment is an extension, cite the original source and explain how it differs in terms of research design.

Assignment 7: *Analyzing Archival Research in Auditing*

Read the assigned article by Craswell, Francis and Taylor (*Journal of Accounting and Economics*, 1995). Prepare a report of about five-double spaced pages that addresses the following questions:

1. What is the primary research question of the study?
2. Why is that question important?
3. What are the advantages and limitations of "real-world data" for addressing this question?
4. Outline the research design and plan of analysis.
5. Do you find anything interesting in the footnote/endnotes?
6. What is the primary result? Do you find it interesting? Why or why not?
7. How generalizable do you think the results are?

Assignment 8: *Reviewing a Research Paper or Manuscript*

You will be provided with a manuscript that may or may not have been published. The objective of the assignment is to review the work from **a methods perspective**. You will not be expected to be familiar with the particular underpinning theory or indeed with the statistical tests used. Assume you are reviewing this manuscript for the *Accounting Review*. Prepare a written review (perhaps 4 double-sided pages) taking into account the issues we have discussed in the course. Also, you should read the author's guide published by *The Accounting Review*.

Major Assignment: *Your Own Research Proposal*

Prepare a research proposal (normally about 15 to 20 one-and-a-half-spaced pages in length excluding references, figures and tables).

Your proposal should include the following:

- A brief statement of the research issue you intend to deal with.
- Motivation of why the research question is of importance.
- Statement and justification of your proposed research method to be used for addressing the question.
- Some development of relevant theory from the literature (remember the focus of this course is on methods, your understanding of the relevant theory will be greatly enhanced in later courses).
- A statement of hypothesis (or hypotheses) and/or model that comes from the theory.
- A description of the research design you propose to use.
- Identification of other factors and/or variables together with your proposed controls for dealing with these.
- Summary of how your research would provide a contribution to the literature.

You may choose to take advantage of the work you did in some of the earlier assignments to minimize the additional effort necessary to prepare your proposal. However, you may wish to develop a new proposal from scratch because of something new you have seen or learned about. This is entirely your decision.

Please prepare a presentation of your research proposal for seminar discussion. The seminars this week will be devoted entirely to your proposals (about 40 minutes of total presentation/discussion for each proposal). This means you should expect to "deliver" for no more than 25 minutes at the maximum with time for questions.

Time will be given over in class for these presentations. They are an important part of the learning experience. The presentations should be interactive, so be prepared for questions. This presentation and the discussion that occurs will assist you in revising and improving your assignment. It is the final version of the assignment that will be graded, so use this as an opportunity to develop and "fine tune" the proposal. You could prepare overhead transparencies to facilitate your presentation.