ACCY903 – Theoretical Foundations of Research
Wollongong Campus

(6 Credit Points)
Autumn Session, 2004

SUBJECT COORDINATOR:
Professor Michael Gaffikin
Room 40.338, phone 42213380
ATTENDANCE REQUIREMENTS AND SEMINAR TIME
Mondays -3.30 to 5.30pm, in 40.131
(there are no tutorials in this subject)

SUBJECT DESCRIPTION
This subject is concerned with the nature of theory, research and theory construction in accounting and finance. It examines existing theories and the methodological bases for these theories. It provides a critique of the traditional forms of theory construction and proposes alternative methods. It compares quantitative and qualitative approaches to research and theory construction. It proposes the inclusion of traditionally overlooked dimensions to theories in accounting and finance such as the ethical, socially responsible and environmental.

OBJECTIVES
By the end of the course you should be able to critically evaluate:-
- a. the traditional means by which theories have been constructed;
- b. the extent to which research shapes theory,
- c. the distinction between quantitative and qualitative research and the implications for theory, and
- d. the success of proposed solutions to some contemporary problems.

METHOD OF ASSESSMENT
Final examination 60%
Essay 20%
Project (questions from the textbook) 20%

You must achieve a score of not less than 45% in the final exam and 50% overall to pass.

THE ESSAY
You must submit an essay during the semester. Written work should conform to the following requirements:-
- Length: Around 1500 words - not more than 2000 (not including the list of references)
- Presentation/Content: Essays MUST:-
  a. be word processed/typed using double-line spacing
  b. include the assessment (cover sheet) from the end of this program (remove and staple it) on the front of your essay.
  c. include a synopsis and a list of references.
  d. adopt the method of referencing and annotation described in this subject outline.
  e. include the ‘Acknowledgment Practice note’ (regarding plagiarism) duly signed and dated
ESSAY MARKING GUIDE
Among other things, the following issues will be considered when marking your essays. Please keep them in mind when you are writing them.

<table>
<thead>
<tr>
<th>Synopsis/Abstract</th>
</tr>
</thead>
</table>
| Clanchy & Ballard (Essay Writing for Students, 1981) recommend that the synopsis should cover:  
1. The outline of your main arguments, (not the full details); and  
2. The general conclusions you have reached.  
Remember, the synopsis is not a 'road map' of your essay. That role is more suited to an 'Introduction'.  
The synopsis length should be about 200 words. |

<table>
<thead>
<tr>
<th>Structure &amp; Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extent did the structure and the use of meaningful headings enhance the logic, coherence and flow of your arguments? How has the presentation added to the overall impact of the essay?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Content</th>
</tr>
</thead>
</table>
| How relevant was the content of your essay in building, supporting and advancing your arguments?  
At the postgraduate level, essayists are expected to adopt an analytical approach to the topic. It is not acceptable to simply reproduce the source materials. |

<table>
<thead>
<tr>
<th>Style</th>
</tr>
</thead>
</table>
| How logical and coherent was the language you used to establish and support your point of view? How did your written style add to/detract from the flow and readability of the essay?  
Have you adequately reviewed your essay for correct spelling, grammar and usage? |

<table>
<thead>
<tr>
<th>Referencing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did your references support your arguments? Do you have sufficient evidence of research to build and present your arguments? Did you follow the prescribed referencing method?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>You must read your essay (aloud to yourself is a good idea) BEFORE you hand it in to be assessed to make sure that the English expression is appropriate. English is the language of instruction and you will detract from the argument in your essay if your English expression is unsatisfactory.</td>
</tr>
</tbody>
</table>

THE ESSAY QUESTION

Essay, due in the class on 26 April 2004
No one view of what is a theory (of accounting) exists because all of the elements that are necessary for construction of a theory are often viewed very differently by different people as they attempt to devise a theory. Discuss this statement indicating what you believe the elements of a sound theory are and why there are difficulties in achieving agreement among
tantamount to stealing – *this includes material found on the internet*! We call this PLAGIARISM. You are encouraged to read widely. You are encouraged to use the ideas and writings of other authors to support your own ideas - providing you properly ACKNOWLEDGE the work of others in your list of references and notes as is required. As a student you must become familiar with, read and adopt the University of Wollongong Acknowledgment Practice as set out in the 2004 Postgraduate Calendar. At the end of your essays you must type and sign a statement with the following wording: -

"I have read and adopted the University of Wollongong Acknowledgment Practice Code as set out in the 2004 Postgraduate Calendar.

Signed

......................................................" Date............................

PROJECT (due 10 May 2004)
Provide answers to the following questions in the textbook (Riahi-Belkaoui & Jones, 2000): 7.1, 7.6 (page 252); 8.3, 8.5 and 8.6 (pages 282-3).
The answer to each question must be no more than 200 words and must be expressed in your own words (as the aim is to seek your understanding of the matters in question) – you will be penalised for merely repeating the words in the textbook or any other source (including the internet!).

REFERENCING IN WRITTEN WORK
There are certain referencing conventions followed in presenting formal written work such as essays, major assignments and projects. The main objective in presenting references is that others – readers wishing to follow-up, check or whatever - can easily find or obtain the particular work or idea being referred to. Some of these conventions are set out below.

The Bibliography (Reference List)
Titles of books (monographs) and journals are shown in *italics*. Titles of articles are shown in parentheses. For books, date of publication and publisher should be shown (and, if you like, the place of publication). For journal articles the date, volume number and pagination should be indicated. The authors should be listed with surname followed by a comma and the initials. Where there is more than one author the first author is listed with surname first followed by initials but subsequent authors are shown with their initials then the surname. The list should be sorted alphabetically (from authors’ surnames) and where there is more than one work being cited by an author(s) they should be listed in date order, oldest to latest. Formatting should be such that the list is clear and easy to read.
For example:

"I have read and adopted the University of Wollongong Acknowledgment Practice Code as set out in the 2004 Postgraduate Calendar."
Signed

......................................................" Date............................

PROJECT (due 10 May 2004)
Provide answers to the following questions in the textbook (Riahi-Belkaoui & Jones, 2000): 7.1, 7.6 (page 252); 8.3, 8.5 and 8.6 (pages 282-3).
The answer to each question must be no more than 200 words and must be expressed in your own words (as the aim is to seek your understanding of the matters in question) – you will be penalised for merely repeating the words in the textbook or any other source (including the internet!).

REFERENCING IN WRITTEN WORK
There are certain referencing conventions followed in presenting formal written work such as essays, major assignments and projects. The main objective in presenting references is that others – readers wishing to follow-up, check or whatever - can easily find or obtain the particular work or idea being referred to. Some of these conventions are set out below.

The Bibliography (Reference List)
Titles of books (monographs) and journals are shown in *italics*. Titles of articles are shown in parentheses. For books, date of publication and publisher should be shown (and, if you like, the place of publication). For journal articles the date, volume number and pagination should be indicated. The authors should be listed with surname followed by a comma and the initials. Where there is more than one author the first author is listed with surname first followed by initials but subsequent authors are shown with their initials then the surname. The list should be sorted alphabetically (from authors’ surnames) and where there is more than one work being cited by an author(s) they should be listed in date order, oldest to latest. Formatting should be such that the list is clear and easy to read.
For example:
If you are quoting the quote should be indicated in parentheses with the author’s name and date and page number listed in brackets; for example:

In discussing the differences between the two approaches to accounting history Fleischman and Tyson claim the “critical historians tend to question the objectivity of much primary source material” (1997, p 91). However, “in its stress on the social context, the work of Jakobson and the Prague School is extremely important” (Cobley & Jansz, 1997, p 154).

Do not “overdo it”. Note that in the above example the references are different (where the dates are indicated). That is because references should not interfere with the flow of the text. If you are making a lengthy quote you can do this by Indenting the paragraph and possibly showing it in a different font size, as in some books. But if you are doing this then you do NOT need the parentheses marks and you should not use italics. Italics should only be used to emphasise some word(s). (Gaffikin, 2001, p 999)

Technology has influenced referencing. In the past underlining was used because typewriters tended not to be able to italicise words. But, as word processors can easily manage italics and bold text, underlining should only be used minimally. Unfortunately, some people do not seem to appreciate this and indicate the same “thing” in multiple ways. That is, you really only need to indicate that you are quoting in one method (preferably as above) but some people indent, use parentheses and even italicise the whole quote. Thus they are saying “I am quoting, quoting quoting” (that is the same thing three times!).

There are many other conventions and, if you wish to learn more about this topic, you can read a style manual – a book published to tell authors how to present their work to the publishers. Alternatively, you can look at the “instructions to authors” given in journals (either near the front or back of an issue). In the Department many subjects require students to comply with The Accounting Review style in presenting their essays; that is essentially what I have outline above. When referring to a work in the main body of your text you should follow the same format as in the bibliography as I have when making reference to The Accounting Review. Presentation is important as it gives the readers a “first impression” of how important you believe your work is. Always proofread your work before handing it in. Leave spaces after punctuation marks.

**FINAL EXAMINATION**

There will be a 3 hour written examination at the end of the semester. It will consist of questions covering all aspects of the course. Specific details will given at the end of the subject prior to the examination, however, traditionally the examinations have required written answers to four or five questions on topics covered in the class.
SUBJECT PROGRAM

<table>
<thead>
<tr>
<th>Date (2004)</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 Feb</td>
<td>Getting to know you! Introduction and overview of the course</td>
</tr>
<tr>
<td>1 Mar</td>
<td>History and development of accounting: Nature and uses of accounting</td>
</tr>
<tr>
<td>8 Mar</td>
<td>Approaches to accounting theory Construction</td>
</tr>
<tr>
<td>15 Mar</td>
<td>Positive theorising</td>
</tr>
<tr>
<td>22 Mar</td>
<td>Regulation as theory</td>
</tr>
<tr>
<td>29 Mar</td>
<td>The nature of theory</td>
</tr>
<tr>
<td>5 Apr</td>
<td>The critiques of mainstream theory</td>
</tr>
<tr>
<td>19 Apr</td>
<td>Alternatives to mainstream theory</td>
</tr>
<tr>
<td>26 Apr</td>
<td>Research and theory</td>
</tr>
<tr>
<td>3 May</td>
<td>Accounting and social responsibility</td>
</tr>
<tr>
<td>10 May</td>
<td>The ethical dimension</td>
</tr>
<tr>
<td>17 May</td>
<td>Review</td>
</tr>
<tr>
<td>24 May</td>
<td>Review contd</td>
</tr>
</tbody>
</table>

STUDY TECHNIQUES: Some tips and tricks.
(An edited version of an original prepared by Ron Perrin, Sub Dean, Faculty of Commerce and member of the School of Accounting & Finance)

Reading: Always take time to read the preface and Acknowledgments before beginning to read the body of the book. Read for overall understanding rather than minute detail.

The Source Materials for this Course are Genuinely Scarce. Access the texts or reports you are assigned, read them quickly and return them to the library so that your fellow participants can use them. Cooperation and teamwork is essential in this course - help and sustain each other.

Read Other Works by the Authors - it will help you place their major works within an understandable framework. Discuss what you read with other participants - share your knowledge and improve your understanding.

Situate What You Read Within a Wider Historical and Social Context. When was the book written and what were the economic and social conditions prevalent at that time? How would the authors ideas have been shaped by his upbringing?

Freedom and Safety. Our seminars are designed as an environment within which you are free to express your ideas in safety. You are free and safe to disagree with me, to disagree...
COURSE RULES AND UNIVERSITY POLICIES
The Postgraduate Course Rules and the University’s Policies relating to student conduct, and especially applications for special consideration and supplementary exams are found in the Postgraduate Calendar 2004. You are obliged to read these if you intend to rely upon them in any application you may make.

NON-DISCRIMINATORY LANGUAGE PRACTICE AND PRESENTATION
In the Postgraduate Calendar the university has established a policy and guidelines for referring to minority groups, gender inclusive language and sex role stereotyping and status issues. I would ask that you adopt and honour the policy and these rules as a matter of course.

STUDENTS WITH DISABILITIES
If you have a disability that requires reasonable accommodation in this subject you are strongly advised to discuss the issues early in the session with one of the Sub Deans, Ron Perrin or Nadia Verucci, in room 40.224.

THE MAIN REFERENCES
Textbook:

Secondary Text:
Henderson, Scott, Graham Peirson & Kate Harris, Financial Accounting Theory, Pearson/Prentice Hall, 2004 [HPH]

Other:
Jones, S, C Romano and J Ramatunga, Accounting Theory, a contemporary review, Harcourt, 1995. [JRT]
Wolk, H I, M G Tearney & J L Dodd, Accounting Theory, A Conceptual and Institutional Approach, 5 ed, South Western College Publishing. [WTD]

Seminar Readings
Please note the following are initial readings and that you should read as widely as possible on the topics. The letter codes (abbreviations) refer to the list of books above. Many references are journal articles which have been reprinted in some of the above books or elsewhere.
HPH chapters 1-3
MP chapters 2 and 3

3. **Approaches to accounting theory construction**
   BJ chapter 3
   CD chapter 1
   HPH chapters 1-6
   MP chapter 4 and 5

4. **Positive theorising**
   BJ chapter 11
   HPH chapters 15 and 16
   JRT chapter 4 (especially introduction and articles by Ball & Brown, Watts & Zimmerman, Watts)
   CD chapter 7
   BS chapter 1 (especially articles by Watts, Watts & Zimmerman [both], Jensen)
   GHH chapter 9 and 10

5. **Regulation as theory**
   BJ chapters 4 and 5
   HPH chapters 7-9
   CD chapters 3 and 5
   WTD chapters 4 and 7
   GHH chapters 12 and 13

6. **The nature of theory**
   BJ chapters 6 and 9
   HPH chapters 1 and 2 (again), 5 and 6

7. **The critiques of mainstream theory**
   JRT chapter 5 (especially introduction, and articles by Tinker et al, Lowe et al, Cooper and Hopper)
   BJ chapter 15
   Morgan, G, “Accounting as Reality Construction: Towards a New Epistemology for Accounting Practice”, *Accounting, Organizations and Society*, vol 13, 1988, pp
9. Research and theory
Smith, C, R Whipp and H Wilmott, “Case-study Research in Accounting: Methodological Breakthrough or Ideological Weapon”, Advances in Public Interest Accounting, 1988, JAI Press, pp 95-120.

10. Accounting and social responsibility
MP chapters 18 and 19
GHH chapter 19
CD chapter 9

11. The ethical dimension
HPH chapter 14
MP chapter 16

12. Review
This page has been left blank and can (optional) be used for

*NOTES on subject administrations etc (for example changes)*:
NAME:  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .
STUDENT NUMBER:  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .  .
[print clearly your name indicating your family name:]

<table>
<thead>
<tr>
<th></th>
<th>Excellent ?</th>
<th>? Unsatisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synopsis:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- summary of essay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- argument clearly presented</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Structure/Presentation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- meaningful structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- logical flow of argument</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- clearly set out (form)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Content:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- well researched?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- evidence of clear understanding of topic/question</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- appropriate level of argument</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Style:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- supports argument?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- evidence of review?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Referencing:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- works used referenced?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- acceptable form?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expression:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- clearly expressed?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comments**