ACCY907/407 Empirical Research Methods in Finance/Accounting

Subject Program

Autumn Session 2003, Wollongong Campus

Subject Description

The subject provides an overview of the ways accounting and finance researchers identify, formulate and investigate empirical questions in accounting and finance. Subject topics include: the criteria adopted to select research projects, issues of experimental design, validity threats, measurement problems and statistical analysis. Selected published accounting and finance research will be used to illustrate established methods of empirical research.

Learning Objectives and Outcomes

Upon completion of this subject students should have sufficient theoretical understanding and analytical skills to:

• describe and discuss the main steps in designing and undertaking a research project
• enumerate and discuss at least one major approach to empirical research, and critically reflect on the implicit assumptions of a chosen research methodology.
• identify and describe the threats to research validity
• identify, describe and discuss major measurement problems and their prevention or circumvention
• identify, describe and discuss the major steps in at least one method of data collection and analysis
• identify and describe the major statistical methods used in at least one approach to data collection model

Particular aims:

In particular, the course seeks to provide students with the following:

1. An awareness of alternative methods of research that are available for empirical research addressing accounting issues (eg. 'questionnaire' surveys, case studies, ethnographic studies) and an ability to identify some of the strengths and weaknesses of alternative methods of accounting research, including the major prior assumptions of each method.
2. An awareness of particular techniques which may be used under these methods and some of the advantages and disadvantages of each; eg. document evaluation, questionnaires, interviews, 'in-depth' analysis.
3. The identification and acquisition of practical skills for conducting a piece of accounting research, such as:

• reviews of relevant literature
• library searches, data-base searches through computer based systems, primary and secondary sources
• reading and evaluating relevant literature
• problem identification - stating exactly and clearly what issue/s the piece of research addresses and the formulation of problem statements. The necessity for clarity, preciseness and particularity.

• organising the piece of research
  - planning
  - tasks to be performed
  - sequencing of tasks and layout
  - techniques of research report writing

• developing the ability to be analytical and interpretive rather than just descriptive.

• problems of style, clarity, avoidance of redundancy and "academese".

Prescribed text

Highly Recommended:

Course coordinator:
Associate Professor Michael McCrae
Dept. of Accounting and Finance
Location: Building 40 Room 323
Telephone: (042) 21 4015
email: mccrae@uow.edu.au

Consultation Times: Please refer to notice on coordinator's door for consultation times.

Lecture/Seminar Times:
Thursday 1:30 - 3:30, Room 19.1001
A combination of interactive lectures and class discussions will be used as the primary mode of instruction. As the course progresses it is expected that lecture style presentation will decrease in favour of shared communication and self directed action learning.

Subject Requirements and Assessment
For the purposes of determining final grades for ACCY907/407 in 2002, student performance will be evaluated on a composite mark, determined as follows:

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<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Case studies</td>
<td>20%</td>
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<tr>
<td>Case 1</td>
<td>10%</td>
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<tr>
<td>Case 2</td>
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<tr>
<td>Seminar participation/presentation</td>
<td>10%</td>
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<tr>
<td>Mid-term exam</td>
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<tr>
<td>Final Exam</td>
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<tr>
<td>Total</td>
<td>100%</td>
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All components of the assessment must be completed to pass this subject. To be awarded a Pass or higher grade in this subject, students must attain at least 40% in the final examination. Final composite marks may be scaled.

**Exam**

A final three hour exam will be held in this subject. The exam will include subject matter covered in seminars. You should study from your class notes, supplementing this material with explanations and further example problems from the textbook as necessary. The problems which you will be asked to solve and discuss in exams will not be the same as those discussed in classes but will require application of the same concepts and techniques. The objective is to test your understanding of class material rather than mere memory.

**Supplementary Exam and Special Consideration Policy**

Refer to the University of Wollongong Calendar on supplementary exams and special consideration. Also refer to the statement of Departmental policy, copies of which are available in the Faculty of Commerce Resource Room in Building 40.

The Department wishes to emphasise that the response to requests for supplementary or special consideration will normally be to refuse a supplementary exam and assess the students on available evidence. If supplementary exams are granted they may be written or oral and they will be held under exam conditions and held in the week commencing 3 weeks after the last date of the formal examination period. Only one supplementary exam may be held per subject.

If a student requests a supplementary exam or special consideration, then it is the student's responsibility to be available during the above period, in case a supplementary is granted.

The highest grade that can be assigned to the overall results of a student having done a supplementary exam will normally be a pass.

The attention of each student is drawn to the Code of Practice section in the University Calendar 2000 and particularly the section on assessment.

If special consideration is sought in relation to any of the elements of assessment (essay, computer assignments, tutorial attendance, exams), a signed request for special consideration must be submitted to the lecturer before the element is taken, or if not undertaken, then as soon after as possible. Requests must be accompanied by a medical certificate.

**Seminars**

*Your participation in and contribution to weekly seminar discussions and presentation of required seminar work will be taken into account when awarding the mark for seminar participation. (see above).*

**Case Studies**

Two case studies are required to be undertaken during the course to be submitted by the dates below.

| Case study 1 | Problem formulation, source searching Literature review and research design | 10th April |
| Case study 2 | Data collection/results presentation | 5th June |

Assignments/case studies are to be submitted during the seminar on the due date. They are to be submitted personally to the coordinator. A cover sheet for submission will be
provided which provides a tear-off receipt. This will be returned to the student as a receipt of submission.

Any request for consideration must be accompanied by supporting documentation (e.g., a medical certificate). Any case studies submitted after the due date will incur a penalty of one mark per day.

The case studies are to be undertaken by class members either individually or working in groups of no more than three.

**Seminar Presentations:**
Students are expected to make individual seminar presentations on topics closely related to the course as it progresses. These presentations will be given appropriate weight in deciding Seminar participation marks. The presentations are to be substantive, well prepared and professionally presented with due attention to depth of research in their preparation, well structured and supported by visual or other aids on presentation. Each presentation will last for about 30 minutes. More detail will be given in class on topics, requirements, and preparation.

**Mandatory case study presentation standards are as follows:**
1. The case study is to be typed using a computer word processing package.
2. A duplicate of the essay is not required. You must ensure, however, that you have the capacity to provide a duplicate, should this be requested. Problems with computers, software, lost disks etc will *not* be accepted as excuses.
3. The pages should be numbered.
4. At the front of the essay there must be a title page showing your name, your tutorial class, the date the essay is due and the topic as given.
5. An abstract of not more than one page to preface the case study.
6. There must be a margin of about 40 mm to allow for written comments.
7. All essays should include a list of references in academic form. All sourced material, including direct quotations, should be appropriately acknowledged. The conventions on citation and reference of a relevant accounting/finance journal are to be used consistently throughout the case studies.

Case studies will be penalised for failure to meet any of these requirements.

**Faxing Assignments**
Faxed/emailed assignments will *not be accepted* by the coordinator under any circumstances.

**Seminar Requirements**
The material indicated for each week represents recommended background reading and students will be expected to have read selected readings before attendance at seminars. These are indicated by (*). Students are encouraged to contribute actively to discussion and participation in seminars. **It is stressed that students must come adequately prepared for seminars by doing the background reading.** Students will be required to make presentations on their case studies during seminars at allotted times for which marks will be awarded as indicated.
University Policy Requirements
Candidates for the course should read the sections on assessment, examinations and plagiarism contained in the 2001 General Information Calendar. In particular, attention is drawn to the ‘Codes of Practice’ section.

Plagiarism
Candidates for the course should read the sections on examinations, plagiarism, code of practice - students, and "Code of Practice - teaching and assessment” available on the UOW website at http://www.uow.edu.au/about/teaching/teaching_code.html.

As a student you must become familiar with, read and adopt the University of Wollongong Acknowledgment Practice/Plagiarism as set out in the Calendar (2001).

It will be assumed that everyone in the subject has read these sections and understands their implications. Any questions about the issue should be directed to the subject coordinator within the first two weeks of the course. The cover sheets provided for handing-in of assignments also require acknowledgement of this issue.

The document ‘Acknowledgement Practice’ is available on-line to all students on the UOW website at http://www.uow.edu.au/student/calendar/rules/plagiarism.html, and in the Student Guide. A shortened copy is appended to this subject outline.

Study Time for the Subject
As an indication of the amount of time to be spent on the subject each week, the Course Rules are taken as the basis. The rules state that:

" 'credit point' is the value attached to a subject as a component of a degree and, for a subject other than a research subject, each credit point has an implied workload of 28 hours over the duration of the subject.”. (General Calendar, 2002).

This unit is worth 6 credit points. So that, in addition to seminar/lecture time, students can expect to spend at least another 12 hours per week on average throughout the session.

(I) Organisational Arrangements
Listed below are the topics and corresponding reading lists for lectures/seminars in this subject. The reading lists are guides and students are encouraged to read more widely on the topics.

First (Autumn) Session
Session Dates
24 February - 2 March Orientation Week
3 March - 17 April Lectures Commence (7 weeks)
18 - 27 April Mid-Session Recess (1 week)
28 April - 8 June Lectures Recomence (6 weeks)
9 - 13 June Study Recess (1 week)
14 - 29 June Examinations (2 weeks)
30 June - 20 July Mid-Year Recess (3 weeks)
## SUBJECT PROGRAM

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<th>Topic</th>
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<td>- What is empirical research</td>
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<td>- Major types of research</td>
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<td><strong>The Research Process</strong></td>
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<td>- Characteristics of Scientific Research</td>
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<td>- Assumptions underlying research design</td>
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<td>- Statistical Hypotheses, type 1 type 2 error</td>
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<td>7</td>
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<td>- Analytical and Predictive</td>
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<td>Study Design</td>
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<td>- Scales and measurement</td>
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<td>Ch 15</td>
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<tr>
<td>Case Studies</td>
<td>Ch 7</td>
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<td>- The researcher as participant</td>
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<td>- Types - structured, open</td>
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Issues in case studies -
- Representation, validity, contextual analysis
- Analysis of Interviews and linguistic
- Data collection, journals, formal methods, triangulation

<table>
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<tr>
<th>Analyses of Data</th>
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<td>- Descriptive stats</td>
<td>Ch 20</td>
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<table>
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<tr>
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<td>- Categories, coding, classification,</td>
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<td>- Issues of rigour and replication</td>
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<tr>
<td>- Correlation, hypothesis testing,</td>
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<tr>
<td>- Confidence intervals and levels of significance.</td>
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</table>
**Required reading**
The required reading prior to each week's seminar is shown by an (*) in the reading lists for the relevant seminar as detailed in this hand-out. The lists are not necessarily exhaustive and other relevant material may be added as it becomes available during the session.

**Main References**

**Conducting Research in Finance and Accounting**


**Problem Identification and Theoretical Framework**

Choudhury, N. 1987. Starting Out in Management Accounting, *Research, Accounting and Business Research* (Summer); 206-220.


* Long, J. D. *Problem Defining - A Prelude to Problem Solving*, in Courtis (ed). Research and Methodology in Accounting and Financial Management; 140-156


**Research Design/Research Methods**


Christensen, L.B. *Experimental Methodology*, Allyn & Bacon; chs. 6-10,13.


**Measurement**


**Analysis and Interpretation of Data**

*Dey, Ian. 1993  *Qualitative Data Analysis*, Rutledge.


* Smith, C., R. Whipp & H. Wilmott. 1988. Case-Study Research in Accounting: Methodological Breakthrough or Ideological Weapon, *Advances in Public Interest Accounting* (2); 95-120.


**Research report/thesis/dissertation writing**


(Practically all of it is good)


**Analysis and Interpretation of Findings**

*causation/correlation*


The Accounting Research candidate
(Ethics, plagiarism and fraud)


**Other Recommended Reference Texts:**


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**Plagiarism**

Extract from 2001 on-line Calendar at


“ACKNOWLEDGEMENT PRACTICE

Plagiarism

In a university, ideas are important, and it is also important to give people appropriate credit for having ideas.

There are several reasons why you should give people credit when using their ideas; three of the more important of those reasons are:

"fairness to authors and other students, the responsibility of students to do independent work, and respect for ownership rights."
If, in writing an essay or report, you copy a passage from a book word-for-word and don’t give a reference to the book, this is:

- unfair to the author who wrote the passage in the book;
- unfair to other students who do their own work without copying;
- failure to do independent work as expected in a university; and
- breach of copyright.

Giving and gaining credit for ideas is so important that a violation of established procedures has a special name: plagiarism. Plagiarism means using the ideas of someone else without giving them proper credit. That someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Intentional plagiarism is a serious form of cheating. Unintentional plagiarism can result if you don’t understand and use the acceptable scholarly methods of acknowledgment. In either case, the University may impose penalties which can be very severe.

Over many years, procedures have been developed for acknowledging ideas in all forms of expression. In published writings, for example, authors are expected to give references to articles and books on which they have relied, and to give written thanks to people who have helped them in preparing their work.

There are several methods for giving credit in written work and the lecturers and tutors in the academic units in which you study should inform you about methods that are acceptable to them. A good way to gain a better understanding of those methods in a particular discipline is to read articles published in academic journals of that discipline.

The following examples will help you understand some of the common methods for acknowledging your sources. If you have any questions about these methods, check with your lecturer or tutor.

Acknowledging Sources of Quotations

If you copy a paragraph or even a sentence from an article, a book, lecture notes or an essay or report of another student, it should be put in quotation marks and the article, book or other source should be listed in a footnote or in the bibliography or in the references.

Example 1: "The subjugation of thought in Australia through stringent censorship and draconian defamation laws has existed throughout the 200 years of white settlement" (Pollak, 1990, p 7).

Correct.

The bibliography should then include:


Example 1 is presented using the author-date system in which the author of the work and the date the work was published are
Example 2: "The subjugation of thought in Australia through stringent censorship and draconian defamation laws has existed throughout the 200 years of white settlement." 2

Correct - see the footnote (reference at bottom).

Example 2 is presented using the footnote system in which the full reference is given as a footnote. You should be aware that, depending on the system your lecturer or tutor prefers, you may use either footnotes at the foot of the page or endnotes at the end of the text.

Example 3: The subjugation of thought in Australia through stringent censorship and draconian defamation laws has existed throughout the 200 years of white settlement.

Wrong and very bad: this is a direct quote from Pollak and therefore should be placed in quotation marks followed by a reference using the author-date system or the footnote or endnote system.

If you use a quote, the words in quotation marks must be copied exactly as they are in the original source.

Example 4: "In Australia, stringent censorship and draconian defamation laws have existed throughout the two hundred years of White settlement" (Pollak, 1990, p.7).

Wrong: the quote is inaccurate in several places.

If you change or add anything, use square brackets [ ] to indicate the place where the alteration is located.

If you omit something from the quote, use a line of dots .... to indicate the location of the omission.

Example 5: Pollak claims that censorship and defamation law have been the means for "[t]he subjugation of thought in Australia .... throughout the 200 years of white settlement" (Pollak, 1990, p.7).

Correct.

Acknowledging Sources of Ideas

Even if you are not using the exact words of somebody else, it is wrong to use their ideas unless you give appropriate credit.

For example, if you write an essay or paper on the censorship of the press and you structure it using the same set of topics as Pollak uses in his book Sense and Censorship, you should say this in a sentence or note and thus give credit to Pollak.

Example 6: In this essay, the use of censorship against Dorothy Hewett, Terry Hayes, Chris Masters and Brian Toohey will be described.

Wrong: the last four chapters of Pollak’s book are on these individuals, so you should give Pollak credit for having picked them out – and more credit if you used his book for your analysis.

Paraphrasing
This means taking the ideas of somebody else and expressing them with different words. Since you are using your own words, you do not need to use quotation marks. However, you must make enough changes so that what you have written is distinctly different, and you must acknowledge your source.

Example 7: Stringent defamation laws combined with tight censorship practices have meant that independent thought has been under attack since white settlement began in Australia (Pollak, 1990, p.7).

Correct.

Example 8: In Australia, stringent censorship and draconian defamation laws have led to the subjugation of thought in Australia throughout the 200 years of White settlement (Pollak, 1990, p 7).

Wrong: this is too close to Pollak’s original wording.

Example 9: Stringent defamation laws combined with tight censorship practices have meant that independent thought has been under attack since white settlement began in Australia.

Wrong: there is no citation of Pollak.

It is often better to avoid paraphrasing altogether and write things in your own words. One good way to do this is to first read the book or article and make brief notes. Then close the book or turn over the article and write what you want to say without looking at the source. In other words, don’t refer to the source material while you are writing, unless you are transcribing a direct quote. Then, afterwards, put in the citations, in the appropriate form and at the appropriate places.

Common Knowledge

It is unnecessary to give a citation to something that is common knowledge. Common knowledge is what ‘everyone knows’ about a particular subject, or which can be found in many sources such as newspapers, magazines, popular journals and radio and television reports.

Example 10: Defamation laws are quite severe in Australia.

Correct: this is common knowledge. No citation is needed.

How to Avoid Plagiarism

Unwitting plagiarism is often the result of poor study methods. The habit of copying verbatim (word-for-word) from a source as you read is dangerous. It is easy to forget that the notes you make are verbatim and to later write them into an essay or report. The only material you should write verbatim are those absolutely delightful, pithy, witty or incisive phrases which you need to make a special point in your essay or report.
The distinction between what needs to be acknowledged and what is common knowledge is not always clear. As you gain experience in expressing yourself, you will learn to discriminate and you will learn the acceptable practices for acknowledgment in the disciplines in which you study. But while you are learning, always play safe and acknowledge, acknowledge, acknowledge.

List of References:


2. Pollak, Michael. Sense and Censorship: Commentaries on Censorship Violence in Australia (Sydney: Reed books, 1990), p7. or as reference number 2 in the List of References at the end of the essay or report.”.

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