

May 13, 2015

## ACCT 6010 Independent Research Paper I

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### Course description

Students prepare a major paper that presents results of an intensive and critical review of an accounting research topic of interest, and concludes with a research proposal.

This paper is prepared during the summer following the student's first year in the accounting doctoral program. The project provides an opportunity to: (1) investigate in depth a research topic of interest; (2) critically evaluate contributions made by existing research; and (3) develop a research proposal. The literature review and proposal might yield ideas for future research, and might develop into a publishable research study.

### Required textbook:

Glenn, Cheryl and Loretta Gray. 2013. *The Hodges Harbrace Handbook*, Eighteenth Edition. Wadsworth Publishing: United States.

### Background:

It is important that accounting doctoral students (1) face the challenge of completing a major independent project early in their doctoral program, (2) obtain practice in independently mastering a body of work in an accounting research area of interest, and (3) gain experience in critical analysis and writing. It is also important that each accounting doctoral student be given, at an early stage of the program, an opportunity to demonstrate research, analysis, and writing skills in a way that will enable faculty to make an informed judgment as to whether it is likely that the student will be able to complete the program successfully.

### Guidelines:

Students should receive only limited feedback and suggestions from faculty. It is appropriate for the student to discuss the general topic with a faculty member, and for the faculty member to provide limited guidance in terms of suggested papers to include in the review, scope of the paper, and key issues to consider. However, it is not appropriate for faculty to read actual outlines or drafts of the paper, make detailed comments or suggestions, or otherwise participate in the preparation of the paper, in any way that results in any portion of the paper representing the work product of the faculty member rather than of the student, or reflecting the quality of the faculty member's guidance, in contrast to the quality of the student's independent work.

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Students are permitted to use research proposals prepared in partial fulfillment of the requirements of a recently-completed accounting doctoral seminar as the starting point for their papers.

Students are permitted to obtain professional editing assistance, and students whose native language is not English are encouraged to do so. The UNT Writing Lab ([www.unt.edu/writinglab/](http://www.unt.edu/writinglab/)) is an excellent resource.

The project grade will be based on quality of analysis and exposition. High quality analysis will be reflected in exhaustive research on the chosen topic, careful and critical evaluation of relevant research papers, appropriate identification and synthesis of the key issues, and sound conclusions.

Aspects of expository quality that will be evaluated include organization, paragraph and sentence structure, grammar (including syntax and diction), argumentation, professionalism and focus. *The Hodges Harbrace Handbook* provides useful information on grammar, spelling, and punctuation; sentence construction; writing; and documentation.

Revise and edit your work *before* turning it in. I expect all aspects of expository quality to be high. Budget adequate time for revision and editing. Refer to *The Hodges Harbrace Handbook* for guidance. If your work needs more careful editing, I will return it to you and ask that you correct obvious grammatical and spelling problems before I review it.

Completed assignments should be sent to me by email, and should be in MS Word format. I will edit them using MS Word “track changes.” I encourage you to submit completed assignments in advance of the due dates shown below. I will immediately respond with an estimated date on which I can send you comments and suggestions for your continuing work on the project.

Please also email to me, at the time you submit your outline, the five most important papers referred to in your review.

Please refer to the table shown on page 3 for the due dates and grade point allocations for the five “deliverables” that comprise the requirements for this course.

*Items turned in later than the due date will receive a penalty of one full letter grade for each 24 hour delay with no exceptions.<sup>1</sup> This means that the highest grade possible for a two-day delay is a “C,” which is considered a failing grade in our doctoral program.*

I will be available for telephone visits and email communication throughout the summer.

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<sup>1</sup> Serious illness, family emergencies and related situations will be dealt with on a case by case basis. However, to receive *any* consideration related to such circumstances, you must notify me before the due date, not after-the-fact.

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Further instructions:

*1..Topic Description*

Refer to Appendix III for an example of an excellent topic description. The topic description should be at most about one page long (double-spaced, 1-inch margins, 12-point font), not including references. You should expect to be asked to revise the topic description.

*2..Outline*

The outline is an important document. It allows me to assess the general direction of your work. Usually there will be major revisions in paper structure following feedback you receive on your outline. It is far more economical for you to restructure the paper when it is in outline form, than when it is in draft form!

Refer to Appendices I and II for examples of outlines. The Appendix I outline is almost at the correct level of detail, but is not quite detailed enough. The Appendix II outline is far too detailed.

For excellent examples of outlines, see:

--<http://www.teachervision.fen.com/writing/essays/1779.html>;

--<http://www.albany.edu/eas/170/outline.htm>;

--other web resources; and

--*The Hodges Harbrace Handbook*, Seventeenth Edition.

*3..Manuscript preparation, style, and format*

The first draft and all following drafts should be in conformance with *The Accounting Review (TAR)* manuscript preparation instructions. Consistent with those instructions, the paper should be double-spaced, with 12-point font, one-inch margins, and a title page. Refer to a recent issue of *TAR* for further details. Please closely follow the *TAR* format for your cites and references. The page limit is 30 pages of text. (The page limit does not include title page, references, tables and appendices.)

All tables should be placed at the end of the paper, after the references section. Add vertical spacing between sections. Double space main text.

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	<u><b>Due by 5 pm on:</b></u>	<u><b>Grade point allocation</b></u>
Topic description Use a “three paragraph” format. One page limit. The document should consist of a statement of your problem(s) or question(s), the importance of the topic, and your approach to completing the literature review/proposal development.	Friday, May 29, 2015	20%
Outline Please also send me the five most important papers referred to in your review.	Monday, June 22	20%
First draft -- See note below ***	Monday, July 20	30%
Second draft and possibly a third draft	Tentative: Friday, August 7	30%

**\*\*\* Note on the first draft:**

**In order to be considered “complete,” your first draft should include at least 75% of the total content of your paper, and most of your references. Thus, you can earn full points even if you omit a section of the review. However, the first draft *must* include your introduction, most of your analysis, and your conclusions (other than your conclusions related to a part of the analysis that you have not yet completed.) I will use judgment in assessing whether your detailed outline is “complete.” If you have any uncertainty, please contact me well in advance of the due date!**

I am looking forward to working with you this summer, and expect that you will find working on the project to be satisfying and rewarding!

**APPENDIX I – Example of an OUTLINE that is not detailed enough.**

**This outline is *almost* at the right detail level, but somewhat more detail (particularly in section II) would help.**

**Outline – Cross-Listing Paper**

**1. Introduction**

In this section, I will discuss an overview of international listing of stocks (also known as, *cross-listing*) and its importance.

- 1.1 What is cross-listing of shares?
- 1.2 Why is cross-listing of shares important?
- 1.3 How can non-U.S. firms list their shares in the U.S.?
- 1.4 Recent trends in cross-listings in the U.S.

**2. Review of the cross-listing literature**

In this section, I will classify the literature into two major groups: (2.1) conventional hypotheses and (2.2) alternative hypotheses. Chronologically, most studies included in (2.1) are those published prior to 2000 and most studies included in (2.2) are those published after 2000, which is after the seminal work of Coffee (1999) and Stulz (1999). I will then

**2.1 Studies grouped by conventional hypotheses within the literature**

**2.1.1 Market segmentation hypothesis**

- Description and theoretical background
- Research and evidence
- Methodology and proxies used
- Limitations
- Summary and general consensus
- Potential future research

**2.1.2 Liquidity hypothesis**

- Description and theoretical background
- Research and evidence
- Methodology and proxies used
- Limitations
- Summary and general consensus
- Potential future research

**2.2 Studies grouped by alternative hypotheses within the literature**

**2.2.1 Information environment hypothesis**

- Description and theoretical background
- Research and evidence
- Methodology and proxies used
- Limitations
- Summary and general consensus
- Potential future research

**2.2.2 Bonding hypothesis**

- Description and theoretical background
- Research and evidence

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- Methodology and proxies used
- Limitations
- Summary and general consensus
- Potential future research
- 

3. Conclusion

In this section, I will critically summarize and analyze overall cross-listing studies discussed in section 2. I will also carefully summarize unresolved issues within each hypothesis.

4. Research proposal

At this time, I am primarily interested in information environment hypothesis. My preliminary idea is to examine the role of informational intermediaries in corporate decisions to list shares overseas. In this section, I will include the following subsections:

4.1 Hypothesis development

4.2 Research design

4.2.1 Research methodology

4.2.2 Model specification

4.2.3 Sample selection

4.3 Expected results and potential contribution to the literature

## APPENDIX II

### Example of Outline that is Too Detailed

The outline should *not* be a rough first draft of the paper in outline format!

#### OUTLINE: Review of Auditors and Decisions

- 1) Introduction
  - a) Purpose of the paper
    - i) To update the extant literature (published and unpublished) in the 15 years since Rich et al. (1997) related to multi-auditor judgment and decision-making research.
    - ii) To propose areas of future research.
  - b) What is an audit review?
    - i) Preparers – team members who perform the basic audit procedures and document in working papers the evidence and conclusions reached (Rich et al. 1997).
    - ii) Reviewers – members higher in the team hierarchy who appraise the preparer's work as documented in the working papers (Rich et al. 1997).
    - iii) Iterative process – the review process occurs in an iterative manner where preparers prepare workpapers that are reviewed by reviewers. The reviewer either accepts the work as done or leaves review comments (either verbally, written, face-to-face, or electronic) for the preparer to address. After the preparer addresses the review comments, the reviewer again examines the workpapers and may accept the work as done or leave further comments. This process continues until the reviewer deems all workpapers as acceptable (Ramsay 1994).
  - c) Why are audit reviews important?
    - i) The audit review process is a quality control mechanism within audit firms to improve the quality of workpaper documentation and conclusions made (Ramsay 1994; Tan and Trotman 2003).
    - ii) Audit effectiveness and efficiency – Poor reviews can lead to negative outcomes including ineffectiveness (underauditing) and inefficiency (overauditing) (Tan and Jamal 2001).
  - d) Discuss format of this paper
    - i) I will begin this paper by discussing research related to the emerging trends highlighted by Rich et al. (1997).
    - ii) I will then discuss research related to the inputs and 5 steps of the Rich et al. (1997) review process model.
    - iii) Finally, I will close with closing remarks and a summary of future research opportunities.
    - iv) The literature review was conducted following Rich et al. (1997). The scope of the paper includes publications since Rich et al. (1997) in *The Accounting Review*; *Accounting, Organizations and Society*; *Journal of Accounting Research*; *Contemporary Accounting Research*; *Auditing: A Journal of Practice and Theory*; and *Behavioral Research in Accounting*.  
review. *The Accounting Review*, [January]: 51-71.

#### Review of Auditors and Decisions

- 2) Introduction

- a) Purpose of the paper
  - i) To update the extant literature (published and unpublished) in the 15 years since Rich et al. (1997) related to multi-auditor judgment and decision-making research.
  - ii) To propose areas of future research.
- b) What is an audit review?
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review. *The Accounting Review*, [January]: 51-71.

### **Review of Auditors and Decisions**

## **3) Introduction**

- a) Purpose of the paper
  - i) To update the extant literature (published and unpublished) in the 15 years since Rich et al. (1997) related to multi-auditor judgment and decision-making research.
  - ii) To propose areas of future research.
- b) What is an audit review?
  - i) Preparers – team members who perform the basic audit procedures and document in working papers the evidence and conclusions reached (Rich et al. 1997).



- ii) Reviewers – members higher in the team hierarchy who appraise the preparer's work as documented in the working papers (Rich et al. 1997).
- iii) Iterative process – the review process occurs in an iterative manner where preparers prepare workpapers that are reviewed by reviewers. The reviewer either accepts the work as done or leaves review comments (either verbally, written, face-to-face, or electronic) for the preparer to address. After the preparer addresses the review comments, the reviewer again examines the workpapers and may accept the work as done or leave further comments. This process continues until the reviewer deems all workpapers as acceptable (Ramsay 1994).
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APPENDIX III  
Example of an Excellent Topic Description

**Note: This is the third draft of what began as a fairly “tangled” document. The draft still needs work, but does a good job of answering the questions “what is purpose,” “why is this project [lit review, whatever...] important,” and “what is my approach?”**

**Summer Paper Topic Description**  
**ACCT 6010 – First-Year Summer Paper**  
**Janice Street**  
**July 08, 20xx**

### **Summer Paper Topic Description**

The purpose of this paper is to review empirical research on voluntary disclosure and present a research proposal concerning nonfinancial disclosure. I am interested in reviewing the determinants of companies' voluntary disclosure choices and the economic consequences of voluntary disclosure and will particularly review some empirical studies on nonfinancial disclosure. I am also interested in examining the methodologies and proxies used in the literature and testing some main hypotheses identified in the literature within a context of nonfinancial disclosure where the new SEC rules allow oil and gas firms to disclose unproved reserves.

I will begin by summarizing several of the main hypotheses tested in empirical studies on managers' disclosure decisions. Empirical studies on voluntary disclosure have shown that (1) voluntary disclosure can reduce information asymmetry and thus reduce the cost of capital (Botosan, 1997), (2) contractual compensation provides incentives for managers to engage in voluntary disclosure (Nagar et al., 2003), (3) managers have an incentive not to disclose information that will reduce their competitive position (Verrecchia, 1983), and (4) litigation can potentially affect managers' disclosure behavior (Francis et al., 1994). I will then critically analyze selected empirical studies that examine nonfinancial disclosure. I will focus on the research most relevant for predicting disclosure choices within a context of nonfinancial disclosure. Finally, I will discuss future research directions and use the findings from my review to develop my research proposal. My research proposal will concentrate on the new SEC guidelines about the disclosure of unproved and proved reserves in the oil and gas industry.

My literature review is expected to provide an analysis of managers' disclosure decisions and identify the limitations of contemporary empirical research. My paper will

contribute to the growing literature on nonfinancial disclosure and provide evidence on firms' disclosure choices.

**References:**

Blacconiere, W.G., Patten, D.M., (1994), “ Environmental disclosures, regulatory costs, and changes in firm value”, *Journal of Accounting and Economics* 18: 357~377

Botosan, C.A., (1997), “Disclosure level and the cost of equity capital”, *The Accounting Review* 72: 323-349

Dhaliwal, D., Li, Z., Tsang, A., Yang, Y., (2011), “Voluntary Nonfinancial Disclosure and the Cost of Equity Capital: The Initiation of Corporate Social Responsibility Reporting”, *The Accounting Review* 86: 59-100

Healy, P.M., Palepu, K.G., (1993), “The effect of firm's disclosure strategies on stock prices”, *Accounting Horizons* 7: 1-11

Francis, J., Philbrick, D., Schipper, K., (1994), “Shareholder litigation and corporate disclosures”, *Journal of Accounting Research* 32: 137~164

Rogers, L.J., Buskirk, A.V., (2009), “Shareholder litigation and changes in disclosure behavior”, *Journal of Accounting and Economics* 47: 136–156

Verrecchia, R.E., (1983), “Discretionary disclosure”, *Journal of Accounting and Economics*, 5:179-194