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| 1. Research that relies on observing actual phenomena or data is known as:

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|   | a.  | descriptive research. |
|   | b.  | empirical research. |
|   | c.  | deductive research. |
|   | d.  | inductive research. |

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| *ANSWER:* | b |

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| 2. Which of the following statements relating to the importance of studying accounting theory is incorrect?

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|   | a.  | Accounting plays a very important and pervasive role in society. |
|   | b.  | Many significant decisions are made on the basis of information provided by accountants. |
|   | c.  | High profile corporate failures have substantially increased the level of trust placed on accountants by people in society. |
|   | d.  | Accounting can be considered both a technical and social practice. |

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| *ANSWER:* | c |

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| 3. Using logic rather than observation to explain a set of facts describes:

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|   | a.  | deductive reasoning. |
|   | b.  | inductive reasoning. |
|   | c.  | empirical reasoning. |
|   | d.  | prescriptive reasoning. |

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| *ANSWER:* | a |

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| 4. Positive accounting theories:

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|   | a.  | aim to provide prescriptions about what should be done. |
|   | b.  | are also often referred to as normative theories. |
|   | c.  | cannot be evaluated based on empirical data. |
|   | d.  | can be used to explain and predict particular phenomena. |

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| *ANSWER:* | d |

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| 5. Which of the following statements about grounded theory is correct?

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|   | a.  | It is generated from data observations from communication between research subjects. |
|   | b.  | It assumes that accounting provides neutral and unbiased information to stakeholders. |
|   | c.  | It involves asking stakeholders what information they need to make more informed decisions. |
|   | d.  | It assumes that accounting provides a means for powerful sectors of society to suppress those who are less fortunate. |

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| *ANSWER:* | a |

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| 6. Which of the following is *not* an argument against the contribution or validity of Positive Accounting Theory?

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|   | a.  | It is empty and commonplace. |
|   | b.  | It is a wasted effort. |
|   | c.  | It assumes that all individuals are mainly motivated by their own self-interest. |
|   | d.  | It suffers from logical incoherence. |

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| *ANSWER:* | c |

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| 7. A parsimonious theory is one that involves the researcher:

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|   | a.  | deriving the theory based on observing and analysing particular data. |
|   | b.  | using the simplest explanation for a particular phenomenon. |
|   | c.  | providing prescriptions about particular phenomenon. |
|   | d.  | developing a highly complex explanation for a particular phenomenon. |

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| *ANSWER:* | b |

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| 8. According to falsificationist philosophy:

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|   | a.  | researchers should search for observations or facts that confirm the theory. |
|   | b.  | theories can be proven on the basis of observations of real-world phenomena. |
|   | c.  | theories do not need to be tested by observation and experiment. |
|   | d.  | researchers should search for cases that do not fit the theory being tested. |

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| *ANSWER:* | d |

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| 9. Things accepted as true without further evidence are often referred to as:

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|   | a.  | hypotheses. |
|   | b.  | paradigms. |
|   | c.  | assumptions. |
|   | d.  | hermeneutics. |

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| *ANSWER:* | c |

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| 10. Researchers adopting a positivist paradigm would have an ontological assumption that the world is:

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|   | a.  | objective and external to the researcher. |
|   | b.  | socially constructed and dependent on the differing behaviours of individuals. |
|   | c.  | based on the different views and perspectives of researchers. |
|   | d.  | viewed and interpreted differently by different researchers. |

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| *ANSWER:* | a |

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| 11. Inductive reasoning involves developing ideas or theories through observation of particular phenomena.

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|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | True |

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| 12. Normative theories seek to explain and predict particular phenomena.

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|   | a.  | True |
|   | b.  | False |

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| *ANSWER:* | False |

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