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| 1. Research that relies on observing actual phenomena or data is known as:   |  |  |  | | --- | --- | --- | |  | a. | descriptive research. | |  | b. | empirical research. | |  | c. | deductive research. | |  | d. | inductive research. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 2. Which of the following statements relating to the importance of studying accounting theory is incorrect?   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 3. Using logic rather than observation to explain a set of facts describes:   |  |  |  | | --- | --- | --- | |  | a. | deductive reasoning. | |  | b. | inductive reasoning. | |  | c. | empirical reasoning. | |  | d. | prescriptive reasoning. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 4. Positive accounting theories:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 5. Which of the following statements about grounded theory is correct?   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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

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| 7. A parsimonious theory is one that involves the researcher:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 8. According to falsificationist philosophy:   |  |  |  | | --- | --- | --- | |  | 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. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 9. Things accepted as true without further evidence are often referred to as:   |  |  |  | | --- | --- | --- | |  | a. | hypotheses. | |  | b. | paradigms. | |  | c. | assumptions. | |  | d. | hermeneutics. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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

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| 11. Inductive reasoning involves developing ideas or theories through observation of particular phenomena.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 12. Normative theories seek to explain and predict particular phenomena.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |