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01. Accounting

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Abstracts from the 2013 Oklahoma Research Day
Held at the University of Central Oklahoma

01. Business Administration

01. Accounting

01.01.01 The Influence of Employment Subsidies on the Hiring Decisions of American Companies

Richard Alltizer, Thomas Lewis,
University of Central Oklahoma

The purpose of this paper is to examine employment subsidies and their effect on the labor market in the United States by examining past employment subsidies and comparing them to current subsidies. Congress over the years has authorized employment subsidies for a number of reasons. Two major reasons are the advancement of social policy and job creation. Social policy is concerned with economic inequality that exists between groups in America while job creation is geared toward decreasing the unemployment rate. Employment subsidies are in theory a good policy tool to attempt to achieve both goals. In the current economic climate, it is important to assess whether subsidies are effective policy tools, or if they are being claimed by firms who do not necessarily need the subsidies. It is also important to look at the effect that these policies have on the employment prospects of disadvantaged groups. Current employment subsidies will have a minimal effect on the job market.

01.01.02 Tax Fraud: A Summary of Judicial Findings

Richard Alltizer, Kathleen Kunkle,
University of Central Oklahoma

The article looks first at the most important and prevalent codes and regulations dealing with tax fraud. The article focuses on the avoidance of tax liability as a result of failing to accurately document income and the concealment of assets as a result of improperly disposing of property evidence. It, then, discusses the history of tax fraud and evasion, beginning with the Han Dynasty in AD 25 and leading up to present day tax predicaments in the United States. Following the history, three significant cases are analyzed as examples of the enforcement of the existing codes and regulations. Finally, conclusions are drawn regarding tax fraud and the article is brought to a close by looking ahead at tax fraud prevention.
01.01.03 Retirement Saving: What You Should Know Before You Start Your Big Girl Career

Richard Alltizer, Lisa Anderson,

University of Central Oklahoma

The array of retirement options may seem overwhelming at first, but don’t let that hinder you. Educating yourself on the various retirement tools is the most important first step. By doing this, you’re already ahead of the game. Start thinking about retirement now and you’ll be thanking yourself later. There are many retirement saving options available which include: employer-based retirement plans such as defined benefit and defined contribution plans, supplemental retirement accounts such as IRA’s and social security, and personal savings in accounts such as CDs or bonds. But it doesn’t stop there, once you open these employer-based and supplemental retirement plans, you are commonly given the ability to decide where your funds are invested. Typical investment options include, but aren’t limited to: stocks, bonds, real estate, foreign investments, mutual funds, and ETFs.

01.01.04 Tax Fraud

Mary Sheets, Jamie Schmidt, Lori Smith,

University of Central Oklahoma

Millions of people fall prey, either by scams or deliberate acts, to tax fraud every year. Some of the most commonly used tax fraud tools involve using false deductions or unqualified tax credits to reduce a tax liability or receive an unjustified tax refund. In this poster we will focus on four types of tax frauds: dependency exemption fraud, earned income tax credit fraud, identity theft, and education credits fraud. First, we will define each type of tax credit and each corresponding fraud and determine who is committing those frauds. Next, we will illustrate how each fraud works and how criminals are engaging in each type of fraud. We will then discuss the potential consequences associated with frauds and the fraudsters who commit the crimes. Finally, we will discuss what the future is for the tax credits that are aiding financial rewards to fraudsters.
01.01.05  **Hobby vs. Business**

Mary Sheets, Eno Anwanwan, Gia Madole,

*University of Central Oklahoma*

Every taxpayer has a different tax situation. Some situations are simple and easy to interpret, while others are complex and could have different interpretations depending on how the situation is viewed. One issue that frequently comes up in this situation is whether an activity an individual is engaged in is a hobby or a business. When an activity is a hobby, the taxpayer can deduct expenses only up to the income generated by the activity. Whereas, when the activity is a business, the taxpayer can deduct all expenses, regardless of activity income for that year. The Tax Court has developed nine guidelines to decide if a taxpayer activity should be classified as a hobby or a business. Most activities will not pass or fail every guideline, so the court looks at the big picture to see if the activity passes or fails the guidelines overall. Taxpayers can learn what the court is looking for by viewing past cases and analyzing why the court ruled an activity as a hobby or a business.

01.01.06  **Proposed Elimination of the Oklahoma State Income Tax**

Mary Sheets, Jennifer Tucker,

*University of Central Oklahoma*

There is strong debate in Oklahoma over the elimination of the Oklahoma state income tax. In a nutshell, proponents of elimination of the state income tax, primarily Republicans, contend that elimination of the tax will result in increased spending and increased population growth, thus increasing business and economic development. Opponents of the elimination of the income tax, primarily Democrats, believe that elimination of the state income tax will result in cuts to necessary programs that benefit working class Oklahomans without a corresponding benefit of economic growth. It appears that everyone involved recognizes that the reduction or elimination of the state income tax is a complex issue that involves balancing legitimate needs of Oklahomans with developing a pro-growth economy. Working through the various proposals, it is clear that the goals are not mutually exclusive and Oklahoma, through continued compromise, can continue its current pro-growth track while funding programs that support higher education, infrastructure, public safety and other programs that also contribute to economic development.

01.01.07  **America's Looming Retirement Problem**

Mary Sheets, Micah Zink, Sara Zink,

*University of Central Oklahoma*

Personal retirement funding comes from Social Security (SSA) and savings. Since SSA is not meant to provide luxuries in retirement, Americans need to save in order to keep ongoing lifestyles. Currently, America’s savings rate is dropping and relying more on SSA to provide a higher percentage of retirement funding. This reliance on one source of funding becomes dangerous. Americans have a multitude of options when discussing ways to save for the future. Retirement accounts are the most popular way of saving. These retirement accounts are encouraged by the US government and receive special tax treatments.
**01.01.08 Hierarchy of GAAP vs. IFRS--The Case of Bankruptcy Accounting**

Daniel Haskin, Teresa Haskin,  
*University of Central Oklahoma*

With increased movement toward convergence of major accounting principles between U.S. GAAP and IFRS, the issue of which authoritative source should be referenced becomes increasingly important. An important question is: what is the hierarchy of authority for pronouncements and documents under U.S. GAAP and IFRS? FASB Accounting Standards Codification is the single official source of authoritative U.S. GAAP. The hierarchy under international standards is less clear. The IASB promulgated a hierarchy in IAS 8, but interpretation concerning many issues is required. There are several issues not addressed at all by IFRS and one of these is bankruptcy accounting. ASC 852 is the guidance for bankruptcy accounting under U.S. GAAP. This study will investigate whether companies in countries which use IFRS are influenced by the guidance of ASC 852 when confronted with bankruptcy. A review of the financial statements of bankrupt companies in countries using or converting to IFRS was conducted into the reporting of reorganization-type bankruptcies. (Thanks to the UCO Office of Research and Grants for providing support for this research).

**01.01.09 Critical Thinking by Advanced Accounting Students**

Daniel Haskin,  
*University of Central Oklahoma*

In the Fall of 2012, I engaged my advanced accounting students in a research project to accomplish the following objectives: 1. Define critical thinking. 2. How would critical thinking be useful to me in practicing financial accounting as a CPA in public practice or in industry or government? 3. How would critical thinking have helped prevent some recent accounting scandals such as Enron, WorldCom, and Bear Stearns? 4. How does critical thinking relate to ethics in the practice of financial accounting? This project fits with the transformative learning objective related to research, creative and scholarly activities—students are encouraged to apply critical thinking to all situations.

**01.01.10 Earned Income Tax Credit: Does it Serve its Purpose?**

Mary Sheets, Crystal Medell, Kelsey Thomas,  
*University of Central Oklahoma*

The EITC has been a part of US tax credits since 1975. It has played a major role to help assist low-income households. It has had major reforms and expansions throughout the decades. It started as temporary relief and has developed into one of the largest welfare programs in history. The EITC’s main purpose is to help low-income families with financial assistance and to encourage lower income families to work. Although it has had changes to help ensure that it would be utilized efficiently, it still has its faults. It is still currently being under utilized by those in need and over utilized by taxpayers that should not receive the credit. Even though the EITC has its critics, it provides more support for a welfare program than any other agency. The main concern with the credit is if it serves its intended purpose overall.
01.01.11 ERP Consolidation Accounting Serial Exercise

Zane Swanson, Siegfried Chan,

University of Central Oklahoma

This project develops a serial exercise in consolidation accounting. Consolidation accounting is a more challenging area for accounting students. The reason is that they must understand complete financial statements of the combination of more than one entity with more than one time period involved. In contrast with most accounting learning objectives which address one journal entry at a time, the consolidation problems require multiple entries. The benefit of the exercise for students is a logical development starting with relatively simple investments in subsidiaries up through the activities of inter-affiliate transfers of inventory, noncurrent assets and financial instruments. While spreadsheets are useful for learning purposes and are the principle means of explaining consolidation accounting, the “real world” uses Enterprise Resource Planning (ERP) systems to do the accounting cycle of an investor company and its subsidiary. Therefore, an education need exists to show students how to process accounting cycle information in multiple entities and “roll up” the information into consolidated reports which have applicable consolidation elimination entries. This serial exercise is portrayed with a spreadsheet (EXCEL) and with an ERP system (Great Plains Dynamics). The ERP information is entered in journal form and then aggregated with a report writer.

01.01.12 Transforming the Graduate Business Experience,

Kathleen Kunkle, Robert Epstein, Suzanne Clinton,

University of Central Oklahoma

The ultimate goal of Transforming the Graduate Business Experience was to help students grow by allowing them to practice what they learn in class each week. The goal was realized by the process of transforming BADM 5005, Leading in the Globally Competitive Environment, through the technique of “flipping the classroom”. This is the idea that what is typically presented in class by an instructor will be received at home through videos, podcasts, and online resources. Activities normally given as homework are then completed in the classroom. Ultimately, this means more hands-on experience in the classroom. Class time will be used to reapply the knowledge that the students have already absorbed at home. For this project, my purpose was to conduct research on videos, case studies, activities, etc. to incorporate into the redesign of BADM 5005. My goal was to focus on three weeks of class, present my ideas relevant to the course material, and write learning objectives for each week. Before planning, I began by researching the flipped classroom technique at major universities, such as Harvard. This, along with my experience in BADM 5005, gave me an understanding of what type of activities would be the most beneficial to the students. Each week’s lesson plans include a video to watch, case study to read, or discussion question before coming to class. Upon arriving to class, students can expect a teamwork project, small group case study, discussion exercise, or a ty
01.01.13  Revenue Accounting in the Oil and Gas Industry

Jane Calvert, Stephen Rose,

University of Central Oklahoma

An overview of products in the oil and gas industry are discussed in this presentation. This overview also includes common acronyms and their meaning within energy industry nomenclature. Additionally, current issues such as post production cost, oil valuation and gas valuation are analyzed.

01.01.14  An Analysis of Online Learning Problems and Pitfalls in Accounting Curriculum

Jane Calvert,

University of Central Oklahoma

Distance education is quickly becoming prevalent on university campuses. This new educational platform is relatively new and learning theory and "best practices" with respect to accounting curriculum are in their infancy. There are several significant deficiencies in current online learning modalities. This presentation discusses the most important of these issues that will affect the development and management of online learning for accounting students.

01.01.15  The Fair Tax Concept

Bambi Hora, Rhodora Laughter,

University of Central Oklahoma

The income tax system was brought into existence during the twentieth century in the United States of America. Since its inception, it has grown in size and complexity and is a central concern for both businesses and individuals. Since about the turn of the twenty-first century, a group of interested parties has worked to research potential solutions and, after a good deal of research and consideration, have settled on a sort of consumption tax which would completely replace the current tax code and abolish the Internal Revenue Service. This paper will discuss the Fair Tax, as it is called, and the proponent's positions on the current tax code and the purported superiority of their suggested replacement.
01.01.16  Understanding the Buffett Rule

Bambi Hora, Jacob Reynolds,

University of Central Oklahoma

Analyzing the Buffett Rule is initially complicated because of the financially charged emotion involved for most Americans when discussing income taxes, and it is further complicated by the widespread ignorance of the tax system in general. In order to fully understand what Mr. Buffett was saying in his letter, it is necessary to understand the current tax system for individuals and business entities, the reasons why Mr. Buffett’s (significant) income was taxed differently than that of his office mates, and how Congress could modify the tax law to accomplish Mr. Buffett’s goal. Once all of the facts are presented and understood, opinions can then reasonably be formulated.

01.01.17  Limited Liability Companies: Choose Your Tax Fate

Bambi Hora, Christopher Ryan,

University of Central Oklahoma

Limited liability companies are strange and wonderful things. They are hybrid entities which provide limited liability for their owners, reasonably protecting their personal assets from loss and lawsuit; their members’ ownership is divided into “units” similar to shares of stock in a corporation; and they can be taxed as a sole proprietorship, partnership, or corporation. In order to better understand the taxation of LLCs and why the owner(s’) of LLCs might or might not select a given entity’s rules under which to be taxed, we must first understand the various tax statues and regulations.

01.01.18  Online Education and Cheating

Jane Calvert,

University of Central Oklahoma

Cheating methods have evolved with the progression of online distance education. Students have found new and creative technologically based methods to cheat on assignments and tests. It is important when designing online curriculum to be aware of these obstacles and plan ahead for prevention. Educators must take a defensive mode in order to preserve the academic integrity and quality of online instruction.
The Impact of Executive Compensation on Employee Morale

Mary Teal,

University of Central Oklahoma

With the passing of time, top executive officers have received increasingly higher amounts of compensation. During 2010 alone, officers of large publicly held companies earned approximately 400 times more than that of an average worker in his or her respective industry; this amount is twenty times greater when compared to the year 1965 (Caywood, 2010). The inquiry relates to asking if this disparity has an impact on the morale of the employees that work for these particular employers. Currently, there is not much literature available in this area. The findings in this study should be useful to corporate executive compensation committees in order to inform the process of setting balanced compensation levels that will serve to retain valued executives, while eliminating the potential negative impact on employee performance or productivity that may be based on the employees’ adverse reaction to high executive compensation amounts. This balancing should occur simultaneously in the midst of maximizing the shareholder’s return. This paper proposes the use of qualitative data analysis that the writer will apply to interview data. The qualitative reporting will be based in part on metaphor analysis. Pitcher (2011) defined metaphor analysis as a systematic method of analyzing the metaphors that people use to express themselves to gain an understanding of a person’s unconscious motives and reasons for doing something or their conception of the process involved.