

BA 384T—FINANCIAL ACCOUNTING

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Course Web Page via Blackboard

Teaching Assistant TBA—see Blackboard

"A pupil from whom nothing is ever demanded which he cannot do, never does all he can."—John Stuart Mill (I plan to ask a lot of you. Brace yourselves!)

Course Objectives

This course introduces the concepts and issues of financial accounting with an emphasis on the interpretation of financial statements and how financial statement data can be used to assess and manage value creation activities.

The course frames the issues in the context of value creation and its measurement. We explore the accounting model, its assumptions, and the preparation of financial reports all with an eye towards using them to measure and manage activities central to the value creation process.

Following coverage of value creation, mechanics, and financial analysis, the course focuses on how corporate financial statements report particular economic events. We discuss the generally accepted accounting principles for these events, their limitations, their alternatives, and the notion of earnings quality. The discussion is organized around the operating, investing, and financing decisions of the firm and its managers.

By the end of the course, you should feel comfortable with a company's annual report. You should be able to come to a reasoned conclusion about a company's financial health and be able to make comparisons across firms and periods. You should be able to pick up a set of financial statements, understand where the numbers came from, and be able to take the statements apart and put them back together again so that they suit your decision making needs. You should be able to assess whether and how company managers have created value for the shareholders. You will have a general appreciation for differences between US GAAP and IFRS.

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of financial reporting (the language of business) and how financial information helps leaders understand and manage their business. Through class discussion, informal study groups, and formal group projects (written and oral) you will enhance your communication and collaboration skills. You will learn how high quality, credible financial reporting enhances the ability of managers to lead their organizations effectively and with integrity. Finally, many of the cases and examples involve international companies and reporting practices, affording you a global perspective on financial reporting.

Materials

Required

Pratt & Hirst—Financial Reporting for Managers: A Value-Creation Perspective, Wiley 2009

A calculator that performs basic business functions (i.e., time value of money calculations).

Current articles from the business press are provided on Blackboard. The purpose of these readings is to place the concepts we discuss into perspective and to examine the impact of accounting standards on decision making. I strongly encourage you to do additional reading of this nature. It will not only improve your understanding of the role of financial accounting but also will broaden your knowledge of business.

Course Requirements and Grading

Your grade in the course will be determined as follows:

	Points
In-class contribution	50
Homework	50
Group Project and Presentation	100
Midterm	150
Final	<u>150</u>
	<u>500</u>

The MBA Programs Committee approved the following target grade distribution for all Core and Flex Core courses: A (4.0) 25%, A- (3.67) 20%, B+ (3.33) 15%, B (3.0) 35%, B- or below (2.67) 5%. This course uses that target distribution as a guideline for establishing final grades.

In-class contribution

In general, I expect students to arrive on time and prepared to discuss the day's topic and cases.

I expect professional conduct in the classroom at all times. Unless we are using the Internet for pedagogical reasons, I expect students NOT to be connected. That is, no email, no texting, no surfing, no checking your stocks or the football scores during class. This is a matter of professional courtesy – you certainly would not (should not) open the *Wall Street Journal* or a novel and proceed to read during class or during a meeting at your workplace. The quality of your class participation, and hence the quality of the class as a whole, suffers when your attention is elsewhere.

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

You should treat the Texas MBA classroom as you would a corporate boardroom.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- Students arrive on time. On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- Students display their name cards. This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- Students do not confuse the classroom for the cafeteria. The classroom (boardroom) is not the place to
 eat your breakfast tacos, wraps, sweet potato fries, or otherwise set up for a picnic. Please plan accordingly.
 Energy bars and similar snacks are permitted. Please be respectful of your fellow students and faculty in your
 choices.
- Students minimize unscheduled personal breaks. The learning environment improves when disruptions are limited.
- Students are fully prepared for each class. Much of the learning in the Texas MBA program takes place
 during classroom discussions. When students are not prepared they cannot contribute to the overall learning
 process. This affects not only the individual, but their peers who count on them, as well.

- Students respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- Laptops are closed and put away. When students are surfing the web, responding to e-mail, texting each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a
 meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender
 begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need)
 please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

Class Preparation and Homework

For each class session, you should familiarize yourself with the topics covered in the assigned chapter of the book. For each class, you are responsible for reading one or more articles taken from the business press. You may come across articles relevant to the accounting topics we are studying as you read the *Wall Street Journal* and other periodicals. I encourage you to bring them to our attention.

For each session, I have prepared a Need to Know file that provides additional background and commentary on the day's topics. You should review that file before class. I expect that you are familiar with the material and can use it as a jumping off point for the day's class session.

Each day, we take up at least one case from the Pratt & Hirst book. It is critical that you become acquainted with the basics of each case before class. Your ability to participate in class discussion will be enhanced by being prepared. You will also be rewarded for quality participation (10% of your class grade is dependent on your participation).

The case questions are representative of those you will find on your examinations. To ensure that adequate learning takes place before, during, and after our class sessions, you are required to turn in write ups of selected cases. Once you are registered as a UT student, you will have access to Blackboard. At our course web page there will be a digital drop box where you can submit your completed homework assignments. Homework assignments are listed on the day-by-day schedule that follows. The submissions are graded on a 0, 1, 2 basis. If you do not turn the homework in on time, you receive 0. If you make a reasonable attempt at all required parts, you receive 2. If you submit only a partial effort or if the effort is judged inadequate, you receive 1. The total points earned will be scaled to a maximum of 50 points in determining your final grade.

Pedagogical Philosophy

Some of you will experience a bit of a shock when you find out how this course is run. When you were undergraduates, your professors probably covered the material in class then sent you home to try some problems on your own. That's not the way this class works. I've adopted a much more active learning approach. For each class session, you are expected to read the material and be prepared to discuss the required case. For many students, this will be the first time you've covered the topic. As such, you're likely to struggle. It's through this struggle that learning takes place. The world is changing far too quickly for us to teach you everything there is to know about accounting or business. You have to pick up self-education skills.

Group Financial Statement Analysis Project

As part of course, you have been assigned to a small team or study group. For your final project, your group will assume the role of a financial analyst and conduct research for a client (e.g., an individual investor or a portfolio manager). Your client has asked you to analyze the financial statements of two companies from the same industry (one *domestic* company, one *international* company). You should choose the industry and companies **now** so that you can obtain their annual reports and begin doing any necessary research. The

research I have in mind includes searching some of the on-line databases available through the University of Texas (as a student you now have access to a long list of very powerful and expensive research tools). You should search for information about your industry and companies. What are the major trends in the industry? Have any significant events happened at your companies that will be important to consider as you analyze their results? Who are the companies' major competitors? And so on.

The Business Information Center (BIC) at the UT library is a place you should become familiar with: http://www.lib.utexas.edu/subject/business/index.html In addition, the reference librarian is a terrific resource.

The report is due on the last class session. The format requirements of the report are:

- Six pages maximum—Your report should include supporting analyses as appendices to the six pages. However, the six pages should stand on their own. I will not grade work beyond the sixth page. Really. This will likely prove to be a significant constraint. I want to impose discipline in your writing. There's nothing worse than having to read a long report that doesn't say anything. Make your point, support it, and move on.
 - Tables and Charts should be incorporated into the body of the report to help the reader follow along.
 - To meet the six-page limit, count only the space devoted to text. That is, write a six-page report. Then, drop in the cover page, the executive summary, tables, charts, exhibits, and supplementary appendices. Your report will now be more than six pages, but you will have met the requirement that the text of the report is no more than six pages.
- Double-spaced—I can spot single-spaced and 1.5 spaced work in my sleep.
- One-inch margins all around—I own a ruler. Really.
- Standard type-size (e.g., 12 point Times New Roman)
- PLEASE DO NOT PUT PLASTIC OR CARDBOARD COVERS ON YOUR REPORT.
- Submit a hard copy to me in class and post an electronic version of the report and the presentation to Blackboard.

Your final report should not consist merely of annotated tables of ratios. Ratio analysis is necessary, but not sufficient, to analyze financial statements and provide a useful report or recommendation. It is not an end in itself. You must discuss concisely the subject firms' profitability (including quality and persistence of earnings), cash flows, asset utilization, debt servicing (liquidity, solvency and reserve funds), risk assessments and overall assessments from an outside user perspective. I will want to know whether the managers at those companies are creating value for their shareholders and how. We will discuss this further in class.

You'll find more details about the project on the course Blackboard pages. I have included some notes on the DuPont model, writing tips, and suggestions along with some report formatting examples. Information about presentations will be disseminated over the course of the semester.

There are several deadlines for the group project. The early tasks involve choosing the industry and companies, getting the information, and generating the raw data you'll need later. Most of this work can be done before the end of September. By doing it early, you'll have more time to devote to analysis later in the semester.

Milestone	Date	Points
Choose industry and suggest companies. There is an area in the Blackboard discussion group devoted to the projects. Review the previously posted choices and provide yours. I will approve each one. Be sure to list your group number and post under your cohort.	First-come, first served. One group per industry. Choices must be submitted to the Blackboard Project Discussion Board	None
Submit evidence that you have found each company's annual report and financial statements. <i>Post your links to the Blackboard project discussion group.</i> Again, please be sure to include your group number in the subject line of the message.	Session 4 – August 24 th Post to the Blackboard Discussion Board.	10 points—2 points off for each day late
Submit common-size F/S and a table of ratios for each company. No interpretation of the data is required at this stage. Your data should cover at least three years of B/S, I/S, and SCF data. Use the DuPont framework to organize your analyses. Consider standardizing the financial	Session 6 – Sept. 21 st Submit these spreadsheets to me via the Project Drop Box in Blackboard.	20 points—4 points off for each day late

statements of each company at this time (i.e., reformat and group accounts together to make comparisons easier).		
Submit your completed analyses.	Session 10 – Nov. 16 th (Friday)	50 points
	Submit the report (in a single file) to me via the Project Drop Box in Blackboard.	
	Also, bring a hard copy to me in class.	
In-class formal group presentations	Session 10– Nov. 16 th (Friday)	20 points
	Submit the presentation to me via the Project Drop Box in Blackboard.	
Total		100 points

I grade the reports on the basis on content (analytic) and communication (did you get the message across?). Many reports will receive the same grade—they will have met my reasonably high expectations on these two dimensions (and receive between 36 and 38 out of the 50 points for the report). A small number of reports will exceed my expectations and stand out from the rest. They will receive a substantial increase in points (in the range of 45-50 points). Reports that fail to meet my expectations (and this should be rare given the opportunities for feedback and resources available) will receive under 30 points.

Examinations

There are two examinations for this course, a midterm examination and a final. Anyone missing an exam will automatically receive a grade of zero for that test. Exceptions for *documented* medical or family reasons may be permitted. Where possible, either the program office or I should be contacted prior to the time of the exam. At my discretion, either a make-up exam will be scheduled or a reallocation of the weight of remaining examinations will be made.

Both exams will consist of short written answers and problems. Each exam will be based in large part on the annual report of a particular company. Questions will rely both on the actual numbers in the report as well as 'made-up' numbers. I will provide you with either a copy or information on where to get a copy of each annual report early in the course. Prior to each exam, I will specify which portions of the annual report you will be responsible for. It is your responsibility to read and understand the material.

Both exams are closed book, closed notes, exams. You may not bring a 'crib sheet' to the exam. You may bring a calculator to the exams. The calculator cannot have wireless capabilities. Laptops are not permitted for either exam.

Preparation for the Examinations

Success on any examination depends largely on your preparation and the application of common sense. The exams in this course are very similar to the cases we cover in class. As such, mastering the cases is an important step in preparing for the exams. I post old exams that I've used in this course to the Blackboard site.

Don't feel that you have to wait until the day before the exam to look over the old ones. After we've covered accounts receivable, find the receivables questions on the old exams and try them. After we cover long-term debt, find the long-term debt questions and try those. If you feel you don't understand the material, don't wait until just before the exam to try to "get it." Contact me, ask questions in class, post a message to the class discussion group, or ask one of your group members.

Academic Dishonesty

I have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

The responsibilities for both students and faculty with regard to the Honor System are described on the final pages of this syllabus. As the instructor for this course, I agree to observe all the faculty responsibilities described therein. As a Texas MBA student, you agree to observe all of the student responsibilities of the Honor Code. If the application of the Honor System to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.

As specific guidance for this course, you should consider the *writing* of all examinations to be an individual effort. Group *preparation* for examinations is acceptable and encouraged. Homework assignments are to be turned in individually but I encourage you to work together in answering the questions. You should, however, develop your own answer and not cut and paste the work of others.

A Note to International Students

Many international students experience a degree of "culture shock" when they get to UT—Austin. They may be used to extremely formal relationships between students and professors and they may tend not to ask questions or speak unless called on. In our class, I prefer an informal atmosphere. Feel free to address me by my first name. Ask questions at any time. Don't worry about your accent or what others think. The classroom is a place to practice and learn, not a place to worry.

A Note to U.S. Students

Look around. You may notice that your class has a substantial number of international students enrolled. Take advantage of this resource. Learn about other countries and cultures. Learn how business is conducted elsewhere. Don't let this significant resource go untapped.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at http://deanofstudents.utexas.edu/ssd/index.php. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

Schedule

Session 1a Austin Intensive	Introduction – Financial Accounting and Its Economic Context; The Financial Statements; Value Creation (2 hours)	
Learning Objectives	Course overview Value creation The four major financial statements	
Book	Relationships among the financial statements Chapters 1 & 2	
Session 1b Austin Intensive	Financial Accounting and Its Economic Context; The Financial Statements (2 hours)	
Learning Objectives	The economic environment of financial reporting Major uses of financial statements The role of estimates in financial accounting	
Book	Chapters 1 & 2	
Cases	The Home Depot and Kingfisher (turn in)	
	Nike and Manchester United (review and be prepared to discuss) Prepare written answers to the Home Depot and Kingfisher case prior to class. (You should be familiar with the Nike and Man United case, but you do not need to turn it in.) Point form answers are fine. I am looking for effort and preparation for class, not necessarily 'correct' answers. You need to turn in your responses in hard copy for this assignment at the beginning of the class session. You can work with others on this case, but please write up your own answer (this will help you better understand the material).	
Session 2a Austin Intensive	The Concepts and Mechanics of Financial Accounting and Earnings Management (2 hours)	
Learning Objectives	Concepts underlying financial reporting Financial statement elements—definitions Alternate valuations of assets, liabilities, and the firm The accounting equation The accounting cycle Interpreting economic events, journal entries and closing entries Financial statement preparation	
Textbook	Chapters 3 (read carefully) and 6 (skim only)	

Session 2b Austin Intensive	The Mechanics of Financial Accounting (2 hours)
Learning Objectives	The accounting cycle
	Interpreting economic events, journal entries and closing entries
	Financial statement preparation
Textbook	Chapter 3 (read carefully focus on the mechanics sections)
Case	Weis Markets
	Prepare a written answer to this case prior to class. Point form answers are
	fine. I am looking for effort and preparation for class, not necessarily correct
	answers. You need to turn in your responses in hard copy for this
	assignment at the beginning of the class session. Note that you could
	spend a lot of time on this and not get it 'right' the first time. Make a decent
	effort but don't let this case consume you.
Session 3 Austin Intensive	Time Value of Money (2 hours)
Learning Objectives	The nature of the investment decision
	Time value of money
	Relative risk and the concept of an opportunity rate of return
	Future and present value of lump sums and annuities
Textbook	Appendix A
Cases	Shoprite
	E.on
	La Quinta
	Prepare written answers to these cases prior to class. Point form answers
	are fine. I am looking for effort and preparation for class, not necessarily
	correct answers. You need to turn in your responses in hard copy for
	this assignment at the beginning of the class session.
Session 4 Aug. 24-25	Financial Analysis and Valuation
Learning Objectives	Decomposing ROE
	The DuPont model
	Ratio analysis and the tie to value creation
	Valuation models
	The relationship between value creation and valuation
Textbook	Chapters 4 (careful reading) and 5 (skim for an overview only)
Case	Boston Beer—case available on Blackboard
	Weis Markets and Chicago Rivet & Machine (You do not need to turn in this
	case. Time permitting, we will discuss it in class. Usually, time does not
	permit!)

^{*}Project: Company choices and links to annual reports due August 24^{th.} Post to Discussion Board.

Session 5 September 7-8	Reporting Operating Performance and Managing Working Capital (1)
Learning Objectives	Relationship between income and cash flows
	Earnings persistence and prediction of future cash flows
	Revenue recognition concepts
	Allowance method of accounting for bad debts
	Accounts Receivable analysis
Textbook	Chapter 7
Cases	Freescale
	Alcatel
Session 6 September 21-22	Managing Working Capital (2) and Measuring and Managing Investments in
	Long-Term Assets (1) (two 2-hour sessions)
Learning Objectives	Inventory cost flows and alternate assumptions
	Inventory analysis and channel stuffing
	Cash conversion cycle
	Liability definitions and classification
	Contingent liabilities
	To capitalize or not to capitalize
	Depreciation—estimates required, patterns or methods
	Disposition and write-downs of depreciated assets
	Fixed asset turnover
	Research and development
	Goodwill and other intangible assets
Textbook	Chapters 7 and 8
Cases	ExxonMobil, Chevron, CNOOC—new case available on Blackboard
	Manchester United—Investment in players
	Italian Soccer and Juventus
*Project: Financial Statements	and Ratios due September 21 st . Post to Project Drop Box.

^{*}Project: Financial Statements and Ratios due September 21st. Post to Project Drop Box.

Session 7	October 5	Mid Term Exam—In Class; company TBA	
Session 8	October 19-20	Managing Investments in Long-Term Assets (2) and Measuring Financing	
		Activities—Debt (1) (two 2-hour sessions)	
Lear	Learning Objectives Marketable securities: trading, available for sale and held to maturity		
		Investments in affiliate or associate companies – equity method	
		Accounting for equity—treasury stock	
		Valuing noncurrent liabilities	
		Allocating interest costs—effective interest rate method	
Text	book	Chapters 8 and 9	
Case	es	Porsche and Volkswagen	
		Samsung	

Session 9 November 2-3	Measuring Financing Activities (2)—Leases, Pensions, Deferred Taxes,
	Options, and Wrap-up (two 2-hour sessions)
Learning Objectives	Leasing and Off-balance-sheet financing
	Understand basic types of post-employment benefit plans
	Deferred income taxes, including disclosure
	Share-Based Payments
Textbook	Chapter 9
Case	The Gap—case available on Blackboard
Session 10 November 16-17	Project Presentations
Learning Objectives	Financial Analysis using the DuPont Model
	Presentation skill development

^{*}Project: Reports and Presentations due November 16th 4PM. Post to Project Drop Box.

December 1	Final Examination	company TBA	
December 1	Final Examination	Company LDA	

Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the McCombs School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty's commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards

If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Management Office. Below are some of the specific examples of violations of the Honor System.

Lying

Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing

Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also

considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use.")

Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the McCombs School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the McCombs School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the McCombs School of Business."

The following pages provide specific guidance about the Standard of Academic Integrity at the University of Texas at Austin. Please read it carefully and feel free to ask me any questions you might have.

Excerpts from the University of Texas at Austin Office of the Dean of Students website (http://deanofstudents.utexas.edu/sjs/acint_student.php)

The Standard of Academic Integrity

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin, as emphasized in the standards of conduct. More specifically, you and other students are expected to "maintain absolute integrity and a high standard of individual honor in scholastic work" undertaken at the University (Sec. 11-801, Institutional Rules on Student Services and Activities). This is a very basic expectation that is further reinforced by the University's Honor Code. At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- · follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- · avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to Chapter 11 of the Institutional Rules on Student Services and Activities.

What is Scholastic Dishonesty?

In promoting a high standard of academic integrity, the University broadly defines scholastic dishonesty—basically, all conduct that violates this standard, including *any act designed to give an unfair or undeserved academic advantage*, such as:

- Cheating
- Plagiarism
- Unauthorized Collaboration
- Collusion
- · Falsifying Academic Records
- Misrepresenting Facts (e.g., providing false information to postpone an exam, obtain an extended deadline for an assignment, or even gain an unearned financial benefit)
- Any other acts (or attempted acts) that violate the basic standard of academic integrity (e.g., multiple submissions submitting essentially the same written assignment for two courses without authorization to do so)

Several types of scholastic dishonesty—<u>unauthorized collaboration</u>, <u>plagiarism</u>, and <u>multiple submissions</u>—are discussed in more detail on this Web site to correct common misperceptions about these particular offenses and suggest ways to avoid committing them.

For the University's official definition of scholastic dishonesty, see <u>Section 11-802</u>, *Institutional Rules on Student Services and Activities*.

Unauthorized Collaboration

If you work with another person on an assignment for credit without the instructor's permission to do so, you are engaging in unauthorized collaboration.

- This common form of academic dishonesty can occur with all types of scholastic work—papers, homework, tests
 (take-home or in-class), lab reports, computer programming projects, or any other assignments to be submitted for
 credit
- For the University's official definitions of unauthorized collaboration and the related offense of collusion, see Sections 11-802(e), Institutional Rules on Student Services and Activities.

Some students mistakenly assume that they can work together on an assignment as long as the instructor has not expressly prohibited collaborative efforts.

Actually, students are expected to complete assignments independently unless the course instructor indicates
otherwise. So working together on assignments is not permitted unless the instructor specifically approves of any
such collaboration.

Unfortunately, students who engage in unauthorized collaboration tend to justify doing so through various rationalizations. For example, some argue that they contributed to the work, and others maintain that working together on an assignment "helped them learn better."

- The instructor—not the student—determines the purpose of a particular assignment and the acceptable method for completing it. Unless working together on an assignment has been specifically authorized, always assume it is not allowed.
- Many educators do value group assignments and other collaborative efforts, recognizing their potential for developing
 and enhancing specific learning skills. And course requirements in some classes do consist primarily of group
 assignments. But the expectation of individual work is the prevailing norm in many classes, consistent with the
 presumption of original work that remains a fundamental tenet of scholarship in the American educational system.

Some students incorrectly assume that the degree of any permissible collaboration is basically the same for all classes.

- The extent of any permissible collaboration can vary widely from one class to the next, even from one project to the next within the same class.
- Be sure to distinguish between collaboration that is authorized for a particular assignment and unauthorized collaboration that is undertaken for the sake of expedience or convenience to benefit you and/or another student. By failing to make this key distinction, you are much more likely to engage in unauthorized collaboration. To avoid any such outcome, always seek clarification from the instructor.

Unauthorized collaboration can also occur in conjunction with group projects.

How so? If the degree or type of collaboration exceeds the parameters expressly approved by the instructor. An
instructor may allow (or even expect) students to work together on one stage of a group project but require
independent work on other phases. Any such distinctions should be strictly observed.

Providing another student unauthorized assistance on an assignment is also a violation, even without the prospect of benefiting yourself.

- If an instructor did not authorize students to work together on a particular assignment and you help a student
 complete that assignment, you are providing unauthorized assistance and, in effect, facilitating an act of academic
 dishonesty. Equally important, you can be held accountable for doing so.
- For similar reasons, you should not allow another student access to your drafted or completed assignments unless the instructor has permitted those materials to be shared in that manner.

Plagiarism

Plagiarism is another serious violation of academic integrity. In simplest terms, this occurs if you represent as your own work any material that was obtained from another source, regardless how or where you acquired it.

- Plagiarism can occur with all types of media—scholarly or non-academic, published or unpublished—written
 publications, Internet sources, oral presentations, illustrations, computer code, scientific data or analyses, music, art,
 and other forms of expression. (See Section 11-802(d) of the Institutional Rules on Student Services and Activities for
 the University's official definition of plagiarism.)
- Borrowed material from written works can include entire papers, one or more paragraphs, single phrases, or any
 other excerpts from a variety of sources such as books, journal articles, magazines, downloaded Internet documents,
 purchased papers from commercial writing services, papers obtained from other students (including homework
 assignments). etc.
- As a general rule, the use of any borrowed material results in plagiarism if the original source is not properly acknowledged. So you can be held accountable for plagiarizing material in either a final submission of an assignment *or* a draft that is being submitted to an instructor for review, comments, and/or approval.

Using *verbatim* material (e.g., exact words) without proper attribution (or credit) constitutes the most blatant form of plagiarism. However, other types of material can be plagiarized as well, such as *ideas* drawn from an original source or even its *structure* (e.g., sentence construction or line of argument).

 Improper or insufficient paraphrasing often accounts for this type of plagiarism. (See additional information on paraphrasing.)

Plagiarism can be committed intentionally or unintentionally.

- Strictly speaking, any use of material from another source without proper attribution constitutes plagiarism, regardless
 why that occurred, and any such conduct violates accepted standards of academic integrity.
- Some students deliberately plagiarize, often rationalizing this misconduct with a variety of excuses: falling behind and succumbing to the pressures of meeting deadlines; feeling overworked and wishing to reduce their workloads; compensating for actual (or perceived) academic or language deficiencies; and/or justifying plagiarism on other grounds.
- But some students commit plagiarism without intending to do so, often stumbling into negligent plagiarism as a result
 of sloppy notetaking, insufficient paraphrasing, and/or ineffective proofreading. Those problems, however, neither
 justify nor excuse this breach of academic standards. By misunderstanding the meaning of plagiarism and/or failing to
 cite sources accurately, you are much more likely to commit this violation. Avoiding that outcome requires, at a
 minimum, a clear understanding of plagiarism and the appropriate techniques for scholarly attribution. (See related
 information on paraphrasing; notetaking and proofreading; and acknowledging and citing sources.)

By merely changing a few words or rearranging several words or sentences, you are *not* paraphrasing. Making minor revisions to borrowed text amounts to plagiarism.

 Even if properly cited, a "paraphrase" that is too similar to the original source's wording and/or structure is, in fact, plagiarized. (See additional information on <u>paraphrasing</u>.)

Remember, your instructors should be able to clearly identify which materials (e.g., words and ideas) are your own and which originated with other sources.

• That cannot be accomplished without proper attribution. You must give credit where it is due, acknowledging the sources of any borrowed passages, ideas, or other types of materials, and enclosing any verbatim excerpts with quotation marks (using block indentation for longer passages).

Plagiarism & Unauthorized Collaboration

Plagiarism and unauthorized collaboration are often committed jointly.

By submitting as your own work any unattributed material that you obtained from other sources (including the contributions of another student who assisted you in preparing a homework assignment), you have committed plagiarism. And if the instructor did not authorize students to work together on the assignment, you have also engaged in unauthorized collaboration. Both violations contribute to the same fundamental deception—representing material obtained from another source as your own work.

Group efforts that extend beyond the limits approved by an instructor frequently involve plagiarism in addition to unauthorized collaboration. For example, an instructor may allow students to work together while researching a subject, but require each student to write a separate report. If the students collaborate while writing their reports *and* then submit the products of those joint efforts as individual works, they are guilty of unauthorized collaboration as well as plagiarism. In other words, the students collaborated on the written assignment without authorization to do so, and also failed to acknowledge the other students' contributions to their own individual reports.

Multiple Submissions

Submitting the same paper (or other type of assignment) for two courses without prior approval represents another form of academic dishonesty.

You may not submit a substantially similar paper or project for credit in two (or more) courses unless expressly authorized to do so by your instructor(s). (See Section 11-802(b) of the Institutional Rules on Student Services and Activities for the University's official definition of scholastic dishonesty.)

You may, however, re-work or supplement previous work on a topic with the instructor's approval.

Some students mistakenly assume that they are entitled to submit the same paper (or other assignment) for two (or more) classes simply because they authored the original work.

Unfortunately, students with this viewpoint tend to overlook the relevant ethical and academic issues, focusing instead on their own "authorship" of the original material and personal interest in receiving essentially double credit for a single effort.

Unauthorized multiple submissions are inherently deceptive. After all, an instructor reasonably assumes that any completed assignments being submitted for credit were actually prepared for that course. Mindful of that assumption, students who "recycle" their own papers from one course to another make an effort to convey that impression. For instance, a student may revise the original title page or imply through some other means that he or she wrote the paper for that particular course, sometimes to the extent of discussing a "proposed" paper topic with the instructor or presenting a "draft" of the paper before submitting the "recycled" work for credit.

The issue of plagiarism is also relevant. If, for example, you previously prepared a paper for one course and then submit it for credit in another course without citing the initial work, you are committing plagiarism—essentially "self-plagiarism"—the term used by some institutions. Recall the broad scope of <u>plagiarism</u>: all types of materials can be plagiarized, including unpublished works, even papers you previously wrote.

Another problem concerns the resulting "unfair academic advantage" that is specifically referenced in the University's definition of scholastic dishonesty. If you submit a paper for one course that you prepared and submitted for another class, you are simply better situated to devote more time and energy toward fulfilling other requirements for the subsequent course than would be available to classmates who are completing all course requirements during that semester. In effect, you would be gaining an unfair academic advantage, which constitutes academic dishonesty as it is defined on this campus.

Some students, of course, do recognize one or more of these ethical issues, but still refrain from citing their authorship of prior papers to avoid earning reduced (or zero) credit for the same works in other classes. That underlying motivation further illustrates the deceptive nature of unauthorized multiple submissions.

An additional issue concerns the problematic minimal efforts involved in "recycling" papers (or other prepared assignments). Exerting minimal effort basically undercuts the curricular objectives associated with a particular assignment and the course itself. Likewise, the practice of "recycling" papers subverts important learning goals for individual degree programs and higher education in general, such as the mastery of specific skills that students should acquire and develop in preparing written assignments. This demanding but necessary process is somewhat analogous to the required regimen of athletes, like the numerous laps and other repetitive training exercises that runners must successfully complete to prepare adequately for a marathon.