

e-Journal of Business Education & Scholarship of Teaching

Vol. 7, No. 2, 2013, pp: 1-16.

"<http://www.ejbest.org>"

The relevance of business law education for future accountants: A New Zealand Perspective

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ABSTRACT

The importance of business law education is emphasised by the fact that there is a compulsory commercial law topic in the academic requirements for a chartered accountants' programme of study. However, researchers over time have pointed out that there was a gap between the legal awareness and understanding expected of graduate accountants and the legal education offered at a tertiary level. This study attempts to determine whether the current business law curriculum offered at two New Zealand universities is adequate in terms of preparing accounting students for the wide variety of legal issues that they may be exposed to throughout their careers. A mixed methods approach was used. Specifically, quantitative data was obtained through an online questionnaire which was distributed to accounting students at two New Zealand universities. The purpose of these surveys was to gain information on students' perceptions of the adequacy of the business law curriculum at their universities. Overall, the findings indicate that gaps currently exist between what is currently taught and what students believe ought to be taught. Specifically, the results reflect accounting students' belief that each of the 11 business law topics identified in the survey should be explored in greater detail. In particular, taxation law, employment law and trust law have the largest disparities between the level of detail taught and the level of detail expected by students. The key change recommended by students is that of a shift from the traditional law approach (which focuses on the technical details of contracts and other traditional legal topics) to the legal environment approach (which places more emphasis on understanding how the legal system operates and the role of the law in business). This is a recommendation which many academics have advocated since the late 1960s but which business schools have only instituted piecemeal and what appears to be on an ad hoc and inadequate manner.

Keywords: Business law education, accounting students

JEL Classification: K10 ; M40
PsycINFO Classification: 3410
FoR Code: 1302; 1501

Introduction

In today's litigious environment, it is crucial that businesspersons have at least a basic legal education in order to help them to properly recognise and manage legal risks (Emiliani, 2006; Moore & Gillen, 1985; Morris, 2007; Prentice, 2001; Siedel, Hildebrandt & Miller, 1984; Tanner, Keaty & Major, 2004; Wolfe, 1974). For the accounting professional, however, this basic understanding may be insufficient given the legislation by which the profession is constrained and the potential liability he or she may face if these rules are not strictly adhered to (Prentice, 2001). Furthermore, in New Zealand, the New Zealand Institute of Chartered Accountants (CA) academic requirements include a compulsory Commercial Law topic. Consequently, there is pressure on business schools to provide business law courses to accounting students which go beyond basic legal principles and which should adequately prepare students for careers in the accounting field. Such pressure led to a number of important research studies were conducted in the 1960s, 1970s, 1980s and 1990s (Daughtry, 1977; Donnell, 1968; Elliott & Wolfe, 1981; Klayman & Nesser, 1984; Joyce, 1968; Kocakulah, Austill & Schibik, 1995; Ingulli, 1991; Moore & Gillen, 1985; Nicolson & Roebuck, 1965; Weissman, 1960; Wolfe, 1974), many of which sought to determine whether business law education in the United States of America (USA) was adequate given the expectations of students, businessmen, chairpersons, accountants, lawyers and other employers. In general, these studies concluded that there was a gap between the legal awareness and understanding expected of graduate accountants and the legal education offered at a tertiary level.

To address this gap and other flaws, a number of researchers made recommendations for changes in the business law curriculum (Donnell, 1968; Klayman & Nesser, 1984; Moore & Gillen, 1985; Siedel et al., 1984; Weissman, 1960). Suggestions were made that business schools continue to review their curriculums periodically to ensure that accounting students were properly educated in respect to the law even as technology advanced and the law changed. These suggestions were, however, largely ignored and consequently many of the same issues with business law education are likely to persist today as the curriculum has undergone only minimal adjustments despite significant changes to the business environment (Emiliani, 2006; Gale, 2007; Kocakulah, Austill & Long, 2008; Morris, 2007). Additionally, few research studies have been conducted around this issue within the last 20 years despite accounting scandals during this period which have called attention to the legal and ethical responsibilities of accountants (for example, the infamous Enron scandal of 2001 and the WorldCom scandal of 2002).

This study seeks to determine whether the business law courses currently offered to accountancy students are adequate for preparing these students for a career in the accounting profession. This study differs from the majority of those conducted prior to the 1980s, however, as it focuses only on undergraduate students and will focus on the New Zealand tertiary business law curriculum. Undergraduate students were chosen for this study as part of a larger research project as their perspectives appear to have not been explored in too much detail in prior studies. Students are a key stakeholder group (see Moore & Gillen, 1985) and their viewpoints are relevant and need to be explored. However this also poses a limitation on the findings of this study as one might argue that students' knowledge of what is needed in the workplace may not have been sufficiently developed. Specifically what is currently taught was compared to what should be taught, based on the perspectives of accounting students who had completed at least one business law course. The paper commences by discussing the nature of business law, the relevance of business law education to accounting students, the adequacy of business law education before discussing the results of this study.

Nature of Business Law

The term 'business law' can be traced back to 1881, when "Joseph Wharton gave funds to establish the first collegiate school of business... [and] specified that the curriculum should include five subjects, one of which was business law" (Siedel et al., 1984, p. 263). However, despite its long history within the business school curriculum and although business law education has been discussed at length in a number of academic journals over the last five decades, few researchers have attempted to define what is meant by 'business law'. This, in part, may be due to a lack of consensus by business school faculty members about what business law education should consist of (Ingulli, 1991; Truslow, 1977). A notable exception is Neil Gillam, who described business law in an editorial in the first issue of the American Business Law Association (ABLA) bulletin as "the non-vocational study of justice in personal, organisational and social relations, with emphasis on economic objectives and effective administration" (cited in Zelermyer, 1972, p. 181). It was also found that undergraduate courses in business law often cater to students of varying needs and from a range of disciplines (Beamish & Calof, 1989; Daughtry, 1977; Donnell, 1968; Klayman & Nesser, 1984; Lampe, 2006). This is because classes are not normally segregated based upon the future career paths, preferences or abilities of students (Daughtry, 1977). Consequently, any one business law class may contain a variety of majors, from those studying accounting and economics to those majoring in marketing and information systems.

In terms of what a business law course covers, there has been extensive debate over the content of business law courses and whether a traditional or environmental approach would best fulfil the needs of business students. The first approach, traditional, involves the teaching of legal topics such as contracts, agency and corporate law using a 'black letter' or rules-based approach (Frascona, 1977; Joyce, 1968; Kocakulah et al., 2008; Moore & Gillen, 1985; Siedel et al., 1984; Tanner et al., 2004). Early research studies emphasised the value of this approach, with such findings indicating that businesspersons should have a thorough grounding in substantive areas of law (Siedel et al., 1984) and an awareness of the rules of law (Donnell, 1968). However, as far back as late 1950s, a number of academics have opposed this traditional approach and have instead highlighted the usefulness of a more environmental approach to business law education. In 1959, for instance, the renowned Gordon-Howell and Pierson reports concluded that business schools need only emphasise law "as an environmental factor for business operations" (cited in Donnell, 1968, p. 452).

Furthermore, Pierson in 1959 claimed that business law courses should "deal with technical details of contract, agency, employment, etc., only to the extent necessary to show some of the ways the living law enters into specific business situations" (cited in Moore & Gillen, 1985, p. 352). The American Assembly of Collegiate Schools of Business (this body now known as Association to Advance Collegiate Schools of Business (AACSB)) even appeared to advocate this approach in 1969 by replacing the traditional business law course requirement with a course that "exposed students to a background of the economic and legal environment of business enterprise along with the effect of ethical considerations and social and political influences on business" (cited in Tanner et al., 2004, p. 206). Over time, it would appear whether due to imposed requirements set by external bodies or the perceived value of legal environment courses, a number of business schools have transitioned from a traditional 'black letter' approach to a legal environment approach (Burger, 1967; Elliott & Wolfe, 1981; Joyce, 1968; Klayman & Nesser, 1984; Miller & Crain, 2011; Moore & Gillen, 1985; Siedel et al., 1984; Tanner et al., 2004). Specifically, business law courses are increasingly focusing "on the general operation of the legal system"

(Siedel et al., 1984, p. 262) and on the “overall organisation of the legal environment in which business is conducted” (Tanner et al., 2004, p. 206). There are, however, some critics who claim that a legal environment approach is insufficient. Frasca (1977) concludes that traditional subjects which “give emphasis to the rules of business law” (p. 9) are more important than environmental subjects, given that society has imposed constructive notice of the law onto businesspeople.

Relevance of Business Law to Accounting Students

Business law education has been recognised as being of significant importance for undergraduate students majoring in accounting (Daughtry, 1977; Elliott & Wolfe, 1981; Emiliani, 2006; Ingulli, 1991; Klayman & Nesser, 1984; Kocakulah et al., 2008; Kocakulah et al., 1995; Moore & Gillen, 1985; Prentice, 2001; Siedel et al., 1984; Wolfe, 1974). For example, Moore and Gillen (1985) explain that “[a]ssuming that the object of [business schools] is to turn out graduates who are not only capable and successful but also socially aware and responsible, then a course or courses in law would seem to be an inescapable component of the undergraduate curriculum” (p. 356). Moreover, Prentice (2001) contends that “no accountant is thoroughly educated [without] substantial exposure to a wide range of substantive legal subjects, as well as to legal and ethical reasoning” (p. 599).

Business law education has been identified as crucial to future accountants for several reasons. First, as businesspersons, accountants should be familiar with the basic elements of law due to the critical role that such education plays in business (Elliott & Wolfe, 1981; Klayman & Nesser, 1984; Wolfe, 1974) by “creating social order, enforcing promises, punishing fraud, rewarding creativity, and deterring monopoly” (Prentice, 2001, p. 600). Business law education is therefore useful in teaching students how to prevent, recognise, manage and resolve the legal risks inherent in corporate decision-making (Daughtry, 1977; Emiliani, 2006; Ingulli, 1991; Lampe, 2006; Miller & Crain, 2011; Prentice, 2001; Siedel et al., 1984; Tanner et al., 2004). Second, the accounting profession is “shaped and constrained by legal rules” (Prentice, 2001, p. 604) and accountants face significant legal liability for breaching these rules. For example, accountants may face hefty civil fines and encounter criminal penalties for violations such as breach of contract, breach of fiduciary responsibilities, fraud and negligence (Prentice, 2001). Accounting students therefore need to be legally aware of their legal responsibilities and the potential legal ramifications should they err. Third, business law education is vital as it indirectly provides guidance to students as to what is ethical (Prentice, 2001).

Knowing what is ethical is particularly important for accounting students as accountants are expected – by their clients and by society in general – to demonstrate high ethical standards and practice ethical decision-making. Moreover, involvement in unethical activities, such as corporate fraud, reflects badly not only on the individual involved but on their firm and on the profession as a whole (Kocakulah et al., 2008; Tanner et al., 2004). Fourth, law is an important component of professional accountancy examinations throughout the world, including the Certified Public Accountants (CPA) examination in the United States of America (Elliott & Wolfe, 1981; Kocakulah et al., 2008; Kocakulah et al., 1995; Miller & Crain, 2011; Prentice, 2001). Obtaining a basic understanding of business law and the legal system may therefore help prepare students to sit and pass these examinations. Furthermore, in some states CPA candidates are still required to complete at least one business law course prior to taking the examination (Kocakulah et al., 2008; Kocakulah et al., 1995; Miller & Crain, 2011). This is also the case in New Zealand, where accounting students are required to complete at least two business law courses in order to be eligible to sit the New Zealand Institute Chartered Accountants (NZICA) professional examinations

(NZICA, 2012a). Finally, business law courses can play an instrumental role in the development of basic literacy and critical thinking skills, both of which are critical in any professional workplace (Mytton & Gale, 2012; Tanner et al., 2004).

Adequacy of Business Law Education

Many business schools have recognised the importance of business law education for students, particularly those majoring in accounting. Consequently, a significant number of business schools have made it mandatory for students to undertake at least one business law course during their studies (Gale, 2007; Miller & Crain, 2011). At New Zealand universities, for example, students are typically required to complete at least one law course in order to graduate with a major in accounting (see, for example, Lincoln University, 2012; Massey University, 2012; University of Auckland, 2012; University of Waikato, 2012; Victoria University of Wellington, 2012). However, despite its long history within the business school curriculum, many academics have criticised business law education as being somewhat inadequate (Beamish & Calof, 1989; Bennis & O'Toole, 2005; Elliott & Wolfe, 1981; Emiliani, 2006; Gale, 2007; Ingulli, 1991; Joyce, 1968; Kocakulah et al., 1995; Moore & Gillen, 1985; Morris, 2007; Nicolson & Roebuck, 1965; Ogawa & Kim, 2005; Weissman, 1960; Zelsermyer, 1972).

One of the common criticisms raised pertains to the faculty members responsible for teaching business law courses (see, for example, Emiliani, 2006; Gale, 2007; Ingulli, 1991; Joyce, 1968; Kocakulah et al., 1995; Lampe, 2006; Morris, 2007; Nicolson & Roebuck, 1965; Zelsermyer, 1972). Many academics point out that the majority of business law faculty members are lawyers (Gale, 2007; Joyce, 1968; Lampe, 2006; Nicolson & Roebuck, 1965; Zelsermyer, 1972), who have a "tendency... to teach law at the undergraduate level as a simplified version of what they were taught in professional school" (Joyce, 1968, p. 578). This poses a problem as business students do not necessarily require the breadth or depth of understanding that law students do, given that they are preparing to become businesspeople rather than lawyers (Burger, 1967; Lampe, 2006, Morris, 2010). Gale (2007) also stresses this point, emphasising the tendency of 'non-expert' business law lecturers to teach non-specialist students an inappropriate curriculum which "looks like the first few lectures in the LLB English Legal Systems class bolted on to an overview of the LLB Contract modules, attached to a bit of the Tort course and maybe some Company Law and Employment Law" (p. 11) and all these topics in as few as 12 weeks. Ingulli (1991) suggests that lawyers are likely to teach in a similar manner to how they were taught "within the narrow confines of law school" (p. 619). In contrast, she posits that business students should be taught using "not only economics and the business disciplines, but also sociology, psychology, anthropology, philosophy, literature, history, feminist theory and ethnic studies" (Ingulli, 1991, p. 619).

The methods employed in teaching business law have also been widely criticised (Bennis & O'Toole, 2005; Morris, 2007; Schlesinger & Spiro, 1982; Wolfe, 1974). For example, Morris (2007) comments on a lack of ground preparation work. Specifically, he notes that, unlike students educated within the law school, business law students are not typically required to undertake mandatory classes which offer an introduction to legal writing, reasoning and logic, legal research methodology and so on (Morris, 2007). Instead, "many non-law students are left to puzzle these matters out as best they can" (Morris, 2007, p. 287) despite the fact that many non-law courses are as demanding as those taught in the law school. Daughtry (1977), states that "an understanding of certain terminology associated with adversary proceedings" (p. 79) should be given to undergraduate business students at the beginning of their first course in law. Bennis and O'Toole (2005) and Wolfe (1974) argue that the

conventional method of business law instruction places too much emphasis on the development of intellectual and technical skills. Wolfe (1974) contends that instructors often attempt to “develop an appreciation of the law by requiring students to memorise numerous rules of law” (p. 11) when instruction and evaluation would be better accomplished through application of the principles learned. Similarly, Miller and Crain (2011) argue that “[i]t provides little lasting benefit if the student memorises definitions and rules without being able to apply legal concepts to business situations” (p. 203).

Another common area of criticism relates to the legal content of business law courses. Specifically, there is concern that the business law curriculum is not sufficient to prepare students for a future within the business environment (Bennis & O’Toole, 2005; Donnell, 1968; Klayman & Nesser, 1984; Kocakulah et al., 1995; Moore & Gillen, 1985; Morris, 2007). Consequently, a number of academics have conducted research on the legal topics required by future business professionals and those currently studied by business students (see, for example, Daughtry, 1977; Donnell, 1968; Elliott & Wolfe, 1981; Klayman & Nesser, 1984; Kocakulah et al., 1995; Moore & Gillen, 1985; Tanner et al., 2004). Such studies have had similar findings. For example, Donnell (1968) concluded that “the matters covered in a typical law course required of undergraduates in business are not those likely to be found most helpful by... students in their business careers” (p. 455-456). Meanwhile, Klayman and Nesser (1984) determined that “there exists a significant gap between legal studies education in the business school and the needs of the business person” (p. 65). In terms of the legal topics considered most important, the basic principles of contract law, regulatory law, company and partnership law and ‘how and when to consult with an attorney’ were repeatedly ranked highly (Daughtry, 1977; Donnell, 1968; Elliott & Wolfe, 1981; Klayman & Nesser, 1984; Moore & Gillen, 1985; Tanner et al., 2004).

In those studies that focused specifically on the needs of accounting students, topics that were likely to be tested in the CPA exam were also frequently perceived as being important (Daughtry, 1977; Kocakulah et al., 1995). Topics such as ‘the origins and history of law’ and ‘contractual incapacity of minors’ were generally ranked as being of low importance (Donnell, 1968). According to Klayman and Nesser (1984), many of these lowest ranking topics are in areas “which rarely arise in a business context..., do not confront the ordinary business..., or are generally perceived as complex legal specialities” (p. 51). In contrast, the legal topics most commonly included within business law curriculums are typically ‘traditional’ law topics. Thus, topics such as ‘how and when to consult with an attorney’ and business ethics are usually treated less extensively than demand might suggest is necessary, and, by consequence, some of the more traditional topics continue to be treated extensively “despite their slippage in value to the business person” (Klayman & Nesser, 1984, p. 62).

Improving Business Law Education

In recognition of the shortfalls of the current business law curriculum, a number of academics have recommended that changes be made (Beamish & Calof, 1989; Daughtry, 1977; Donnell, 1968; Elliott & Wolfe, 1981; Emiliani, 2006; Gale, 2007; Ingulli, 1991; Joyce, 1968; Klayman & Nesser, 1984; Morris, 2007; Mytton & Gale, 2012; Ogawa & Kim, 2005; Prentice, 2001; Siedel et al., 1984; Wolfe, 1974; Zelermyer, 1972). Recommendations have been made in regards to methods of instruction in business law courses. For instance, Daughtry (1977), Gale (2007) and Morris (2007) highlight the importance of establishing a solid foundation so that students commence their legal education on sure footing. In particular, this might mean providing an explanation of why the study of law is necessary for future businesspersons as well as an introduction to legal proceedings and legal terminology.

Without this groundwork, Morris (2007) posits, “[students’] learning about the underlying legal methods and research skills can only occur in a haphazard way” (p. 287). Similarly, Gale (2007) notes that disengagement; low pass rates and general ennui may follow should students not receive an adequate introduction to law. Academics have also emphasised the importance of teaching business law courses through practice as well as through theory (Emiliani, 2006; Gale, 2007; Hughes, 2010; Joyce, 1968; Morris, 2007; Mytton & Gale, 2012; Wolfe, 1974). Mytton and Gale (2012), for example, state that “[s]tudents needs more ‘live’ opportunities for learning; techniques which... reflect business practice to enable students to recognise what they will actually encounter” (p. 317). Specifically, this means going beyond the simple memorisation of facts to teach students how to recognise legal problems, apply legal reasoning and implement countermeasures to prevent the occurrence and recurrence of legal issues. Furthermore, Ingulli (1991) and Mytton and Gale (2012) recognise the value of class participation and assert that business law faculty should encourage student involvement and collective learning. This might be achieved by incorporating role-playing, small group projects, research assignments, presentations, live client briefs and class discussions into the learning experience. Gale (2007) is in agreement, positing that:

The relevance of contract law to business situations can be taught as much by problem based learning as ploughing through a litany of nineteenth century cases about the sale of horses: this may still be necessary to an extent to LLB students but those who do not seek to practise surely need to have an idea of practical application as well as one of when they are out of their depth and need to call in a legal professional. Modes of delivery appropriate for ‘black letter lawyers’ may not be appropriate or at all stimulating for the non-specialists. Do case citations really matter, for example, in this situation? (p. 11)

Several researchers have also advised that, instead of “try[ing] harder to sell what is currently offered” (Emiliani, 2006, p. 378), business schools should constantly review and adapt their business law courses in order to maintain a curriculum that is relevant to business students (Elliott & Wolfe, 1981; Emiliani, 2006; Klayman & Nesser, 1984; Morris, 2007; Mytton & Gale, 2012; Ogawa & Kim, 2005; Prentice, 2001; Zelermyer, 1972). Specifically they iterate how the legal skills and knowledge required of businesspersons’ changes as developments take place within the business and legal environments. Business schools, they therefore contend, should be responsive to such developments and ensure that their law courses are always reflective of the present needs of students, rather than those of the past. Beamish and Calof (1989) and Siedel et al. (1984) also stress the importance of understanding and meeting the future needs of businesspersons by “[t]eaching courses and skills beyond those currently required by corporations” (Beamish & Calof, 1989, p. 562). This will help to prepare students not only for their first job after graduation, but for the challenges that they will encounter throughout the remainder of their careers (Beamish & Calof, 1989; Siedel et al., 1984). Overall, then, the business law curriculum should be perceived as being “forever under construction, never reaching stasis or closure” (Morris, 2007, p. 288).

Further recommendations have been made in terms of how to introduce changes to the business law curriculum. In particular, several academics have stressed the need to make changes in consultation with different groups, including businessmen, business law professors, accounting faculty, students and corporations (Beamish & Calof, 1989; Bennis & O’Toole, 2005; Daughtry, 1977; Gale, 2007; Kocakulah et al., 2008; Kocakulah et al., 1995; Mytton & Gale, 2012). This is of particular importance as, by incorporating the views of these groups into decisions pertaining to course curriculum change, business schools can be better assured of the relevance of their

law courses and the appropriateness of their course content (Beamish & Calof, 1989). In turn, this may “[increase] the employability of [their] students... [and] enhance the business community’s perceptions of academe’s competence” (Beamish & Calof, 1989, p. 563). On a related note, Morris (2007) emphasises how any changes to the curriculum should also align with the business schools’ primary mission statements. Additionally, Emiliani (2006) and Morris (2007) stress that it is crucial for business law faculty to be accepting of, and committed to, course curriculum change if changes are to be introduced successfully and without resentment among faculty. Such acceptance and commitment may be difficult to obtain, however, as it is often hard for faculty members to accept that there could be improvements made to the design and delivery of the courses that they teach (Emiliani, 2006; Morris, 2007). To address this problem, Morris (2007) suggests that departments could “insist on the necessary changes as a precondition for faculty advancement and promotion” (p. 288). Alternatively, the business school could establish an editorial board “to oversee the curriculum to ensure thematic consistency and continuous improvement in all courses and programs” (Emiliani, 2006, p. 378).

Finally, recommendations have been made in relation to the number of business law courses offered to business students, particularly those studying accounting. Kocakulah et al. (1995) and Kocakulah et al. (2008), for example, contend that accounting students should be required to take at least two compulsory business law courses. This is consistent with Daughtry (1977) who determined that for many business students, one semester of business law is insufficient. Daughtry (1977), Klayman and Nesser (1984) and Kocakulah et al., (2008) suggest that business schools should offer a variety of elective courses to accommodate the needs of specific groups of students. For example, accounting students in need of more exposure to particular areas of law could take a targeted course designed specifically for their needs or future career plans (Daughtry, 1977; Klayman & Nesser, 1984; Kocakulah et al., 2008).

Despite the large number of criticisms and recommendations for change made by academics, there has been very little change to business law courses (Donnell, 1968; Emiliani, 2006; Gale, 2007; Joyce, 1968; Morris, 2007; Mytton & Gale, 2012; Nicolson & Roebuck, 1965; Wolfe, 1974). Emiliani (2006) acknowledges this, stating that “[w]hile the need to change may be recognised by some faculty and administrators..., the traditional process for improving curricula is slow and cumbersome” (p. 376). Such slow progress may be attributed to the fact that institutions and people are generally resistant to change, particularly if the change pertains to ingrained habits and routines (Ingulli, 1991; Lampe, 2006; Morris, 2007; Nicolson & Roebuck, 1965; Wolfe, 1974). And, as a result, “[t]his antipathy to change has entrenched in university business education an entirely inappropriate course” (Nicolson & Roebuck, 1965, p. 226). It is therefore beyond time for business schools to recognise the shortcomings of their business law curriculum and address these, perhaps by implementing the changes recommended by academics. Those that fail to change may encounter negative outcomes such as declines in enrolment, a reduction in the relevancy of their business degrees and the rise of new competitors (Emiliani, 2006; Mytton & Gale, 2012).

Research Methods

A mixed method research approach was used for this study, that is both quantitative and qualitative data were obtained. First, quantitative data was gathered using an online questionnaire to gain the perspectives of accounting students. This was a web-based survey questionnaire, accessible through a URL, which was set up using Qualtrics TM software. The questionnaire also contained some qualitative questions. For example students were asked to identify other areas of business law that they

perceived as being important for preparing individuals for the workplace. This questionnaire was distributed by business law lecturers to undergraduate students who were majoring in accounting and had completed at least one compulsory business law paper as of August, 2012 at their respective universities. For the purposes of this study, compulsory business law courses were defined as both those papers that must be completed in order to graduate with a major in accounting as well as those identified by the New Zealand Institute of Chartered Accountants (NZICA) as necessary for the purposes of sitting the NZICA Chartered Accountancy examinations.

The two universities selected for this study were because they both have business schools which currently hold the coveted triple-crown accreditation status and therefore perceived to be among the best business schools internationally. Consequently, it was assumed that the business law courses available at these institutions represent the best on offer in New Zealand. In general, the intention of these questionnaires was to determine whether accounting students perceive the current business law curriculum as adequate for preparing them for a career within the accounting profession and to identify any changes that might need to be made. The questionnaire consisted of seventeen questions which were organised into seven sections.

Overall, from the 207 students who responded, only 103 accounting students fitted the criteria and completed the full survey. It should be noted, however, that a response rate cannot be identified based on the number of responses obtained. This is because it was impossible to identify how many accounting students the survey link was sent to. For instance, not all students enrolled in business law papers were majoring in accounting and a number of students were enrolled in multiple business law courses for 2012 but could only complete the survey once. Additionally, some students were not eligible to complete the questionnaire as they were enrolled in, but had not yet finished, their first business law paper.

Results

The results from the online questionnaire were distributed to accounting students who were enrolled in a business law paper in 2012. Overall, of those students enrolled in business law courses at the two universities in 2012, 207 responded to the online questionnaire. Of this 207, however, only 125 described themselves as majoring in accounting. The focus of the study was to gather as many respondents as possible rather than a comparison of what was taught in business law education at the two universities. There were 74 accounting students from University 1 who responded compared to 51 from University 2. The majority (57.6 per cent) of the students indicated that they were enrolled in a Bachelor of Commerce (BCOM), followed by 29.6 per cent enrolled in a Bachelor of Management Studies (BMS), 11.2 per cent enrolled in a Bachelor of Business Analysis (BBA) and 1.6 per cent enrolled in a Bachelor of Business and Information Management (BBIM).

According to all respondents, at least one business law course was compulsory in order to graduate with a major in accounting and meet NZICA requirements. Specifically, 19.2 per cent indicated that only one business law paper was required, whereas 71.2 per cent identified three or more business law courses as mandatory for meeting the academic requirements. These results are, at least in part, incorrect as all accounting students at these universities are required to complete at least two or three business law papers simply to meet the Commercial Law topic for NZICA requirements. The responses may therefore indicate a lack of understanding by respondents in terms of what courses are business law papers and which of these

courses were compulsory for NZICA. Only 17.6 per cent of respondents then indicated that they had yet to complete one business law course, which would suggest that they were currently enrolled in, but not yet finished, a business law paper. A significant number, that is, 71.2 per cent of the accounting students who responded indicated that they had completed between one and three courses in business law at the time of the questionnaire, while 10.4 per cent had completed 4 or more. In terms of elective papers, 59.2 per cent indicated that they would not complete an elective business law course throughout the duration of their studies. Of the remaining 40.8 per cent, approximately 31.2 per cent indicated that they would take between one and three elective business law papers, while 8.8 per cent selected the 'five or more' option (this percentage might represent students who were specialising in commercial law or studying a conjoint law degree with their business degree).

The remaining questions were only asked of those accounting students who had indicated that they had already completed one or more compulsory business law papers. This further reduced the sample from 125 students to 103 students. The data collected on the adequacy of compulsory business law papers was then stratified according to the number of papers the student had already completed. A positive relationship was found between the number of compulsory business law papers the student has completed and the perceived adequacy of their business law education. An interesting finding was that students who had completed five or more compulsory papers in business law gave a lower average rating than those who had completed either three or four compulsory papers.

Table 1 displays the students' perceptions of what was taught and what should have been taught and the disparities of those perceptions. For example, contract law was given the highest average rating at 7.49 out of 10.00 (Scale was from 0 – 10 with 10 representing highest importance) for what was taught but students felt its relative importance and the level it should be taught at 8.09 with a disparity of -0.60. Overall the scores of what how much detail ought to be taught in each topic were higher. Specifically, students identified company law as most important in terms of detail required at 8.68 out of 10.00, followed by taxation law at 8.59. Contract law then received a rating of 8.09, followed by trust law with a significantly lower score of 6.83. Agency law, credit contracts law and employment law received the next highest scores, each with ratings between 6.20 and 6.23. The business law topic perceived to be of least importance was intellectual property law with a score of 5.10 out of 10.00.

Table 1:

Disparities between what was taught and what should be taught

	Level of detail that has been taught	Level of detail that should be taught	Disparity
Consumer protection law	5.77	5.84	-0.07
Tort law	5.29	5.43	-0.14
Contract law	7.49	8.09	-0.60
Property law	3.88	5.50	-1.62
Intellectual property law	3.41	5.10	-1.69
Agency law	4.45	6.23	-1.78
Company law	6.89	8.68	-1.79
Credit contracts law	3.65	6.23	-2.58
Trust law	3.75	6.83	-3.08
Employment law	3.46	6.20	-3.09
Taxation law	5.12	8.59	-3.47

The next question was targeted at students who had already had some experience working in the accounting profession, whether that experience was obtained through previous internships, part-time work or full-time employment. Overall, 62.1% of respondents identified themselves as having had previous experience. The remaining 37.9% of students, who had not had any practical accounting experience move forward through the questionnaire to answer another question. Specifically, respondents were asked to rate each business law topic based on its usefulness and relevance in the accounting workplace. Company law was, again, ranked the highest with a score of 6.76 out of 10.00 (scale of 0 to 10 where 0 equals no use at all and 10 is extremely useful) , thus suggesting students find it the most useful business law topic. Taxation law, contract law and employment law were ranked second to fourth most useful respectively with scores between 5.29 and 6.39. Out of the 11 topics listed, intellectual property law was identified as the least useful with a rating of 3.46, followed by property law at 3.67 out of 10.00 (see Table 2).

Table 2:

Students' perceptions of the usefulness of business law

	Average Rating
Company law	6.76
Taxation law	6.39
Contract law	5.66
Employment law	5.29
Consumer protection law	4.80
Trust law	4.75
Credit contracts law	4.04
Agency law	3.84
Tort law	3.81
Property law	3.67
Intellectual property law	3.46

The findings also show that there is a relationship between the perceived usefulness of business law topics in the accounting workplace and the extent to which each topic should be taught in tertiary-level business law courses. If the business law topics were ranked based on rating, for example, a correlation can be seen between the ranking given for level of detail and the ranking given for perceived usefulness (refer to Table 3). This suggests that accounting students want more detail in those areas which are going to be of practical relevance to them during their accounting careers.

Table 3:

Comparison of ranking by level of detail that ought to be taught and ranking by usefulness

	Ranking by level of detail that ought to be taught	Ranking by usefulness
Company law	1	1
Taxation law	2	2
Contract law	3	3
Trust law	4	6
Agency law	5	8
Credit contracts law	5	8
Employment law	7	4
Consumer protection law	8	5
Property law	9	10
Tort law	10	9
Intellectual property law	11	11

Discussion and Implications of Findings

Based on the results from the online questionnaire, it appears that accounting students perceive tertiary-level business law education to be useful in preparing them for a career as an accountant. In particular, the data suggests that, in general, accounting students feel better prepared to enter the accounting profession as they complete more of their compulsory business law papers. Furthermore, the results indicate that students would prefer that more detail would be given in all of the business law topics listed in the survey. This would suggest that accounting students are not only aware of the relevance of business law education to their future careers, but perhaps even consider the existing business law curriculum to be inadequately preparing them for their careers. This is, however, a generalised view; a number of students did in fact make comments to the contrary. One student, for example, wrote that "business law knowledge has more benefit for students in general rather than specifically for accountants. The topics covered are good to know but I don't think it will add much in terms of value to my accounting career". Another student conveyed that "Most of the law should be left to law students. There is already too much business law required and it should be reduced". Several students also argued that it should not be compulsory for accounting students to complete business law papers, thus indicating that they do not perceive business law to be relevant for accountants.

According to the 64 survey respondents with prior accounting work experience, company law, taxation law and contract law are of the greatest use in practice. The survey results also suggest that these three topics are taught in significantly greater detail than the other business law topics, with the exception of consumer protection law and tort law which were rated slightly higher than taxation law. This is particularly positive as it indicates some consistency between what students perceive to be important and what is taught. The perceived usefulness of contract law and company law to accounting students is also consistent with the findings from prior studies performed by Daughtry (1977), Donnell (1968), Elliott and Wolfe (1981), Klayman and Nesser (1984), Moore and Gillen (1985) and Tanner et al. (2004). Employment law was rated the fourth highest in terms of usefulness, however it received the second lowest score when rated on the level of detail taught in class. Similarly, trust law also received a high usefulness rating but was given a low score for the level of detail taught. Additionally, it was specifically mentioned by two students as an area in which more teaching is needed. Trust law, therefore, may also be an area that requires more attention.

Additionally, several business law topics that were not specifically listed in the online questionnaire were identified by students as being useful for accounting students. In particular, topics included current trends and events in the business environment, growing reliance on technology, increasing globalisation and the recent recession. Insolvency law was also identified by four students identified as being of increasing relevance to accounting professionals because of the current economic environment and the recent collapse of a number of finance companies in New Zealand. The law relating to e-commerce was also identified as an area of growing importance, with the increasing popularity of online trading and internet banking having led to a number of legal issues.

Several changes have been recommended by accounting students from the two universities surveyed. In particular, the most common recommendation is one that has been considered multiple times by prior studies and involves moving away from the black letter, rules-based, traditional approach, and towards a more practical, problem-based, legal environment approach (see, for example, Emiliani, 2006; Gale, 2007; Hughes, 2010; Joyce, 1968; Morris, 2007; Mytton & Gale, 2012; Wolfe, 1974). Specifically, many students commented that there should be less focus placed on memorising and reciting statutes and more focus on applying the principles to practical situations similar to those that they will actually encounter in the accounting profession. For example, one student suggested that:

Assessments should be open book and students should be able to refer to statutes and Acts during assessments. In the real world, even solicitors are not expected to know all acts and section numbers off hand; they can refer to Acts and resources to obtain such information. Having to parrot learn Acts and sections for the law papers we do is not a constructive learning tool.

Conclusion

The aim of this study was to determine whether the business law curriculum currently offered at New Zealand universities is adequate to prepare accounting students for a career as an accounting professional. To achieve this, a mixed methods approach was undertaken comprising of both quantitative and qualitative research methods. In particular, quantitative data and qualitative data was derived from an online questionnaire targeted specifically towards accounting students who had completed at least one business law paper at the 2 New Zealand universities in the 2012 calendar year.

The research findings are largely consistent with the literature concerning the adequacies of business law education. Specifically, all 11 business law topics named in the survey received ratings which indicate that greater detail is required in order to sufficiently prepare accounting students for a career within the accounting profession. There are, however, three topics that garnered considerably higher disparities than the remaining eight and these are taxation law, employment law and trust law. Finally, in respect to recommended changes, the most common theme identified was that students perceive a legal environment approach to be more useful for accounting students than the rules-based, traditional law approach, which is consistent with literature dating as far back as the late 1960s.

Overall, it appears that the current business law curriculum is perceived as being not entirely adequate in terms of preparing students for a career within the accounting profession. The universities could introduce different teaching methods to encourage students to learn the content in more depth outside of the classroom. Finally, and

perhaps most importantly, it appears that a change in teaching methodology may be needed. Currently students agree that the rules-based, traditional law approach is of limited use within the business school and that a more practical, problems-based, legal environment approach may be more effective. Yet, despite recognition of the usefulness of this latter approach, there is little evidence of such radical change taking place in the two universities studied.

A number of key limitations exist in relation to this study. First, not all responses to the online questionnaire were from students who had completed all of their compulsory papers. Consequently, the ratings given for the level of detail taught for each topic may be distorted, which could in turn mean that the disparities are not entirely accurate. Second, almost half of the survey respondents had not had any practical accounting experience at the time that the study was conducted, therefore it is possible that their perceptions are based on assumptions about the realities of accounting practice. Third, of those respondents who had had some experience working in accounting, it is unlikely that this experience extends beyond entry-level work and consequently the perceived usefulness indicated by these students may not reflect the long-term value of certain business law topics. Fourth, this study does not include the perspectives of accounting firms or accounting membership bodies, their views on business law education will be the basis of another study.

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