

Business Law in the Accounting Curriculum: An exploratory study

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Abstract

The purpose of this paper is to investigate whether the need for business law as a distinct subject matter within the accounting discipline should be taught in a more rigorous manner. This study involved semi structured interviews with eleven business law academics from two New Zealand Universities. The interviews were conducted to assess the perspectives of business law academics and how business law is taught. Perceptions were also sought on whether business law material coverage meets the needs of accounting students and if not what changes were considered necessary for the subject matter to remain relevant. Not surprisingly, all the interviewees considered business law was vital to accounting students as most of the interviewees had business and legal backgrounds. The interviews drew a variety of responses on what accounting students needed to know about the intricacies of business law. Responses were also varied over what business law topics needed to be incorporated into the curricula and the depth of detail they should be taught but it was found that almost half of the interviewees wanted business law to be taught using a problem-based learning approach. This study is a reflection of the current debate regarding the level of knowledge accounting students require of the law to be effective chartered accountants and financial managers.

Keywords: Accounting curriculum; business law; expectation gap.

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Introduction

In 1972 Zelermyer stated “Business Law is a hybrid created to cater to business students who will not practice law but need to understand the legal framework in which all business works within and all the compliance issues therein” (1972, p.180). Obviously, it is impossible to teach all the law that is relevant to business. So within a limited course capacity and the requirements laid out by Chartered Accountants Australia + New Zealand (CA ANZ) guidelines, business law academics are attempting to do just what Zelermyer stated. However, what is taught and how it is taught varies depending on what is deemed essential to some extent by the individual academics. Compliance and knowing the consequences of breaches of the law appears essential also. The Ministry of Business Innovation and Employment (MBIE) statistics show that there have been 57 convictions since 2010 in New Zealand for breaches of The Companies Act 1993, The Financial Reporting Act 1993 and the Securities Act 1978 (now repealed and contained in the Financial Markets Conducts Act 2013). Lowenstein (2013) provides further evidence when he states that “A recent study estimated that there are today more than 4000 offences that carry criminal penalties in the U.S Code, many of which apply to business, a growth of 30 percent since 1985” (p. 359). He also succinctly asks “if we all agree with the proposition that legal studies are essential for business students, then who ensures adequate subject coverage in the curriculum” (Lowenstein, 2013, p. 351). This study attempts to ascertain the perceptions of 11 academic staff from two New Zealand business schools who teach law or have an interest in the curriculum of the business law papers.

Business Law

The simplest way to define business law is ‘law pertaining to business’ which could be a broad or narrow perspective depending on what type business you are talking about. A principle of law that exists in every legal system is ‘ignorance of the law is no excuse’ and hence every business is on ‘constructive notice’ of the law (Franscona, 1977). From this principle it is obvious that any person carrying on business in New Zealand must have some knowledge of the law or some understanding of the country’s legal context to avoid legal liability pitfalls which they will encounter in their workplace.

‘Why is law taught in business schools? The answer seems obvious. Law is taught in business schools because the student will in time be substantially affected by the law in their work’ (Collins, 1999, p. 117).

The initial debates during the 1960’s and 1970’s grappled more with what topics should be included in a business law course. “Empirical studies of the business law curriculum have taken two general forms – the descriptive ‘what is being taught’ studies and the prescriptive “what should be taught” projects” (Moore and Gillen, 1985, p. 252). There is also a third area which has been researched and that is “what is being encountered” after graduation by people in the workforce (Tanner, Keaty and Major, 2004, p. 204). Furthermore, Seidel (2000) argues that the more traditional forces of government and litigation forces affecting law have now tripled to six forces and this consequently have also increased the importance of business law education. These additional forces relate to globalisation, entrepreneurship, technology, and compliance. Entrepreneurship has increased as more and more downsizing of large firms occurs and hence the growth of people working for themselves. Compliance refers to the increasing complexity and amounts of law regulation around businesses.

The difficulty then becomes in what and how should the law be taught. This was first highlighted in the 1950's when two reports were produced in the United States. These were the Gordon-Howell and Pierson reports. The Pierson report was financed by the Carnegie Corporation and the Gordon-Howell report was financed by the Ford Foundation. Both reports were critical of the way law was taught to business and accounting students saying there should be less emphasis on teaching traditional black letter law and more emphasis on the legal environment. This of course led to a debate as to what are the differences between the two approaches. Klayman and Nesser (1984) writes that "*Legal environment* (italics for emphasis) has become a popular term used to describe an approach to educating students in the law courses taught in business schools. In some ways it is a term that dichotomizes business law teachers into two camps: legal environmentalists and traditionalists. The environmentalists may be perceived as youthful David's out to slay Goliath, while the traditionalists as stalwarts bent on clinging to a decaying carcass; these depictions, however are unfair caricatures." (p. 42). They present that legal environmentalists generally opt for an emphasis on breadth of coverage; public law; managerial interaction with the legal system; and the characterization of law as a dynamic process influenced by historical, social, economic, and political forces whereas traditionalists opt for a rule-oriented approach and an emphasis on private law topics like contracts, sales, negotiable instruments, and business organisations. Further Elliot and Wolfe (1981) indicates that "We as business law professors, must continually test the validity and legitimacy of the law we teach in terms of both its applicability to and utility for the primary consumers of our service: the business graduate" (p. 175).

Klayman and Nesser argued that "the move to *environmentalize* (italics for emphasis) the basic law course is partly rooted in the desire to narrow the gap between legal studies as taught in the business school and the knowledge necessary to function properly in the reality of a business environment" (1984 pg. 42). The difference between the 'traditional' and 'environmental' approach to business law teaching is explained by Joyce (1968):

By 'traditional' approach I mean a review of leading principles of law in the field of commercial jurisprudence – contracts, corporations, sales etcetera and then applying these so-called "rules of law" to specific business fact situations... Such business law courses thwart the true understanding of law by making it appear that law consists of certain rules that can be applied by rather basic, simple deductive or inductive reasoning by merely recognizing the correct "rule" to be applied. The idea of law consisting of certain unalterable principles presents a rather simplistic view of commercial jurisprudence and of modern business itself (p. 576).

Joyce also pointed out that a majority of business law teachers at the time were lawyers and hence there was a tendency for them to teach a "simplified version of what they were taught in professional school" (p. 576). This is probably still the case, certainly in New Zealand as was observed in this exploratory study.

In response to the argument that the *only* (italics for emphasis) law a business manager needs to know is when to consult a lawyer, Franscona (1977) points out that by the time a lawyer is consulted it is often too late (similar to the analogy of an ambulance waiting at the bottom of a cliff). He goes on to indicate that "Business law ... is designed for a specific purpose: to teach the businessman to understand the legal significance of what he is doing while transacting business" (Franscona, 1977, p. 8). Zelermyer (1972) stated that he "became concerned about the enormous amount

of coverage that was being crammed into each course. And, aside from being condensed how did our offerings differ from law school courses” (p.180). However, there was the awareness that law courses in business school serve a wide variety of students with varying needs (Daughtrey, 1977).

Hess (1999) argues that legal education should be modelled on the seven principles of good practice in undergraduate education that encompasses the encouragement of student-faculty contact, cooperation among students, active learning, prompt feedback, emphasis time on task, high expectations communication and respect of diverse talents and ways of learning. He states that the “seven principles are student- and learning-centred” (Hess, 1999, p. 368) and that a simple and powerful reason for legal educators to apply these seven principles would be that “law teachers who understand and implement the seven principles ... can significantly improve the quality of teaching and learning in legal education...” (ibid). Importantly, the Academy of Legal Studies in Business (ALSB) formed a Task Force in 2012 to examine the role of legal [business law] studies within business curricula (Lowenstein, 2013). The Task Force sought to:

- (1) advance the discipline of legal studies by enhancing understanding of the importance of legal studies to the development of business leaders and to the teaching and practice of accounting, finance, marketing, management, and other business functions” and
- (2) To promote new opportunities for research and teaching by creating disseminating knowledge concerning the role of law and ethics in business making and practice (Lowenstein, 2013, p. 348).

Relevance of Business Law to Accounting Students

At all New Zealand universities, 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, 2016; Canterbury University, 2016; Massey University, 2016; University of Auckland, 2016; Auckland University of Technology, 2016; University of Waikato, 2016; Victoria University of Wellington, 2016; Otago University, 2016). The compulsory requirement of a business law (this term used throughout instead of Commercial Law although it is listed as the compulsory topic) course for accountants is due to the academic requirements laid out by New Zealand’s professional accounting body which is now known as CA ANZ and previously New Zealand Institute of Chartered Accountants (NZICA). These Professional Accreditation Guidelines (2015) set out the Chartered accountants (CA) academic requirements and states business law as a competence area. The guidelines state that this area covers general legal knowledge relating to the business environment, and an understanding of the responsibilities and risks. The guidelines outlines four learning outcomes with regards to business law and these are:

1. At a minimum, graduates are expected to be able to explain the national legal system and identify the sources of law, and
2. Discuss the commercial legal responsibilities and risks of doing business, and
3. Explain the legal regulation of companies including the significance of the concept of separate legal entity, and
4. Explain the key features and purpose of contract law
(CA ANZ Professional Accreditation Guidelines (2015)).

It is of interest to note that these guidelines are extremely broad and therefore within these guidelines, multiple areas of law could be covered. There is not much guidance as to the depth of knowledge expected beyond an understanding of responsibilities and risks. For most universities, the four learning outcomes are covered over two business law courses with course titles such as 'Commercial Law' for one paper and 'Law of Business Enterprises' for another.

McCourt, Low and Tappin (2013) found in their study that "business law 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" (p. 4). And that "in addition, accountants need specific legal knowledge to provide their services to the public" (ibid). Kocakulah, Austill and Long (2009) argue that "accountants practicing in public accounting identify and distinguish various types of assets, liabilities, debt, equity, and income in diverse and sometimes very complex transactions" (p. 138) and emphasises that "these accounting concepts require at least a basic understanding of the law of property, negotiable instruments, contracts, securities, secured transactions, sales, and business entities" (ibid).

Research Methods

This exploratory study employs a qualitative methodological approach. An interpretive paradigm was important for this study given that the focus of the data analysis was on understanding the interviewees' perspectives and teaching experiences of the business law curricula. The two universities were chosen because of their Triple Crown Accreditation (AMBA¹, AACSB² and EQUIS³) and their proximity to each other geographically. Of particular note is that the AACSB require in "the accounting learning experiences, that an accounting academic unit offers should address the following areas: ... The ethical and regulatory environment for accountants" (AACSB International, 2013) amongst other areas.

Overall, eleven interviews were conducted with university academics from the two universities, with the positions of these interviewees ranging from Lecturer to Head of Department. Specifically there were one Assistant lecturer, two Lecturers, one Senior Fellow, three Senior Lecturers, two Associate Professors and two Professors. Of those, eight had law degrees with Masters and four with current practicing certificates while one had a PhD but no practicing certificate. The rest were Chartered Accountants.

A key reason that the qualitative interview design was selected was so that all interviewees would answer the same set of core questions, while at the same time

¹ AMBA: This accreditation body is the Association of MBAs which has the commitment to developing standards in global postgraduate management education for MBA, DBA and MBM programmes at over 230 business schools in over 80 countries (<http://www.mba-world.com/>)

² AACSB: This accreditation body is the Association to Advance Collegiate Schools of Business. This global association is dedicated to advancing management education worldwide. AACSB accredits 746 of the world's best business schools across 51 countries and territories (<http://www.aacsb.edu/>)

³ EQUIS: This accreditation body is linked to EFMD, the Management Development Network. This accreditation body looks at quality in management education and has over 800 member organizations from academia, business, public service and consultancy in 81 countries (<https://www.efmd.org/accreditation-main/equis>)

allowing the interviewer to probe further and gather deeper insights when it was deemed necessary. Interviews were selected as a qualitative data collection method primarily because they allow the researcher to gather detailed information from interviewees based on their personal experiences and opinions. Collis and Hussey (2009) indicate that “interviews are a method for collecting data in which selected participants (the interviewees) are asked questions to find out what they do, think or feel” (p. 144) and that “under an interpretative paradigm, interviews are concerned with exploring data on understandings, opinions, what people remember doing, attitudes, feelings and the like, that people have in common” (Arksey and Knight, 1999, p. 2 cited in Collis and Hussey, 2009, p. 144). There were some face-to-face interviews conducted and some telephone interviews. These interviews were semi-structured and consisted of sixteen core questions.

In regards to the core questions, interviewees were asked to comment on the importance of business law education for future accountants and the extent to which business law should be taught at tertiary-level. They were also asked to discuss the topics that they perceive to be of the most and least use to accounting students and to identify any changes that would recommend being made to the business law curriculum. Each interview was audiotaped and later transcribed. As recommended by Creswell (2003), each transcript was then coded based on the key ideas that emerged from the data collected. These codes were then used to generate a small number of key themes.

Findings

The results have been organised into six themes: ‘The importance of business law education to accounting students’, ‘The business law needs of accounting students versus other business students’, ‘The extent to which accounting students need to understand business law’, ‘The usefulness of different business law topics’, ‘The perceived adequacy of the business law curriculum’, ‘Recommended changes’. Within these themed sections, figures have been drawn to summarise the key findings.

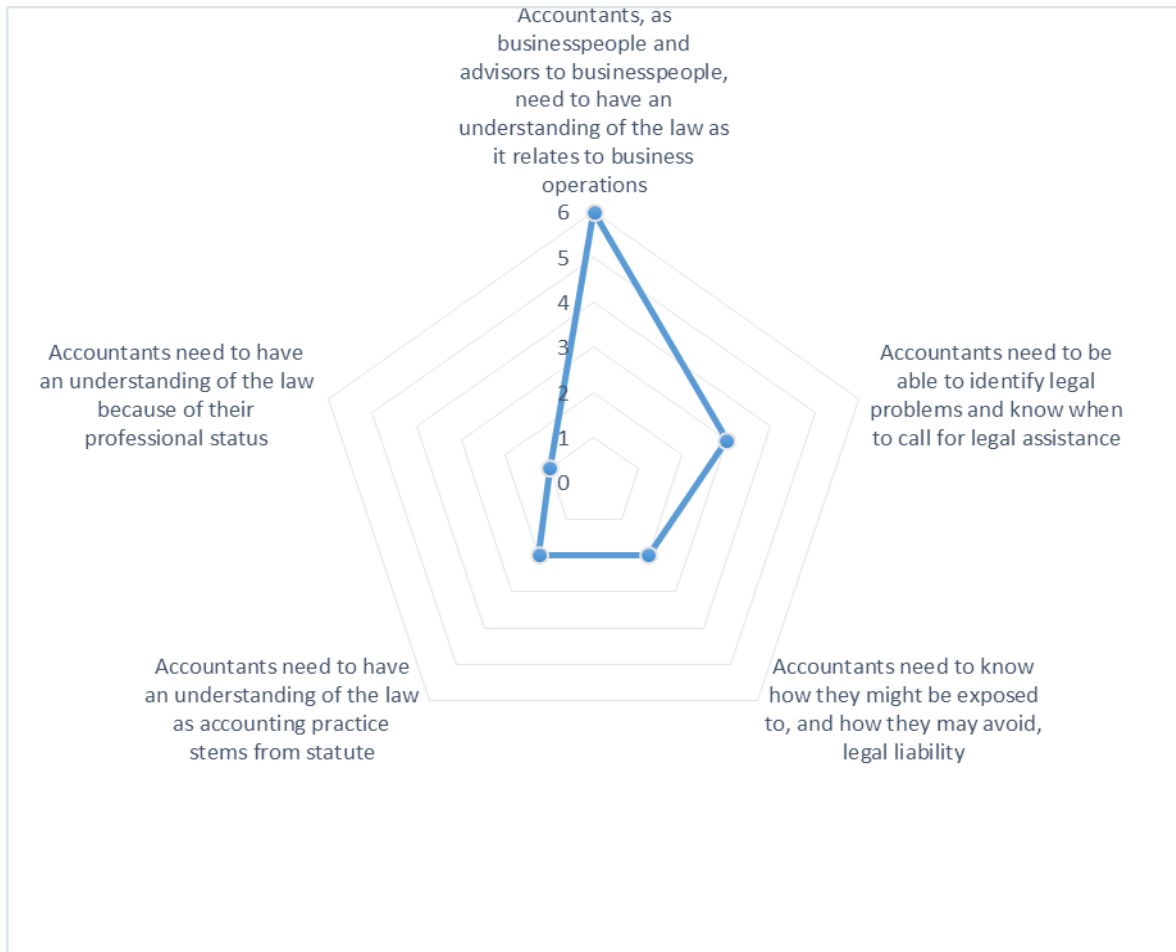
The importance of business law education to accounting students

All interviewees agreed that business law education is important for accounting students; however a number of different reasons were given when interviewees were asked why they held this opinion. Figure 1 provides a summary of these reasons.

More than half of the interviewees discussed the accountant’s role as a businessperson and advisor to businesspeople when asked why they perceived business law as being important for future accountants. Interviewee C remarked that “accountants need to know the rules that regulate businesses” and be able to assist their clients, “who don’t always have a good knowledge of the law”. Similarly, Interviewee G posited that there are “extreme benefits in accountants having a knowledge of the legislation that will impact on how they will carry on their jobs and that will impact on their clients and their clients’ businesses”. Interviewee E further discussed the advisory role that accountants play, noting that clients “usually ask the accountant first” when it comes to business decisions that have legal implications. Interviewee J made a similar remark, claiming that “accountants generally are the main advisors for business so before the client seeks legal advice, they’ll often first go to the accountant for tax advice or business structuring advice”. Furthermore, Interviewee J noted that accountants who do not have a sound understanding of business law will not be “fully able advise their clients because the law goes into just about every area of their practice”.

Three interviewees responded that accountants need to be educated in business law so that they are able to identify legal problems. For example, Interviewee E noted that accounting students should be taught “how to look out for red flags” and Interviewee B commented that they need to know “what not to do and when to call for help”. Interviewee I even suggested that “accountants don’t necessarily need to know how to solve the problems”; instead, “they need to be able to identify that there are problems and then seek specialist advice”.

Figure 1:
Reasons why business law education is important for accounting students



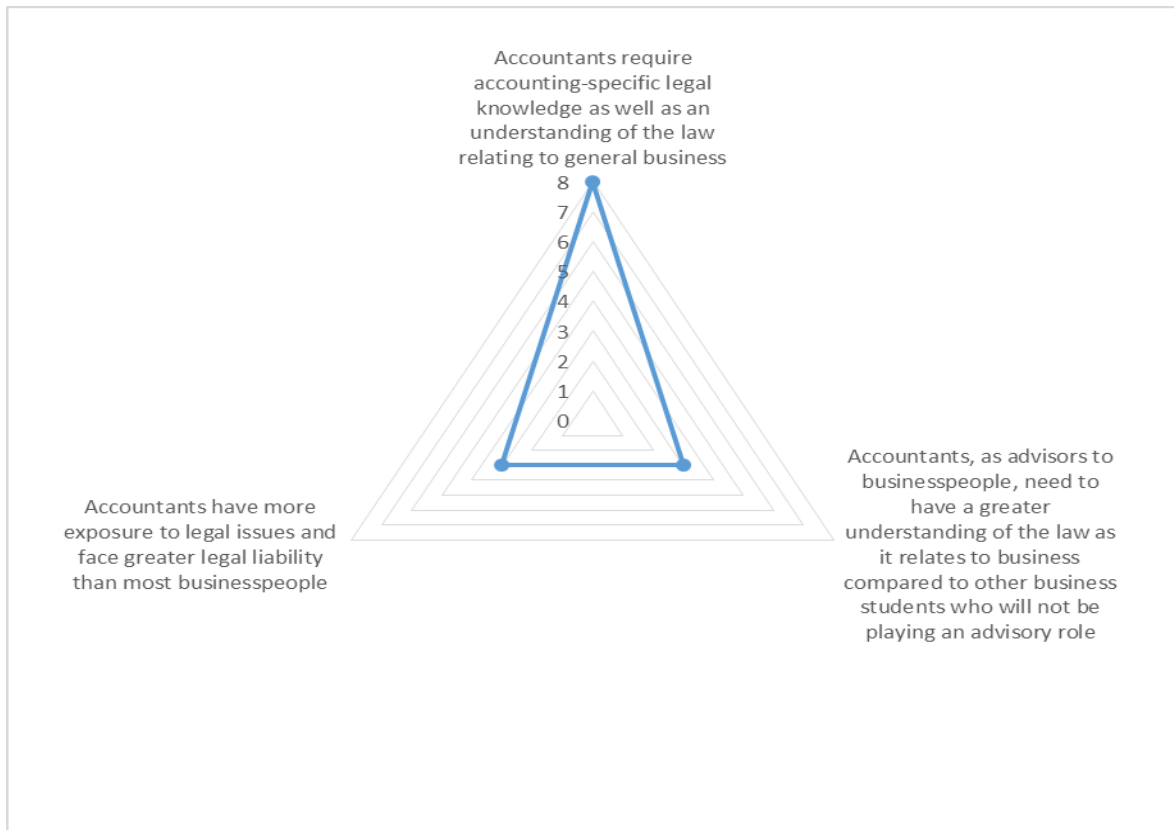
A further two interviewees indicated that the importance of business law stems from the significant impact that legislation has on accounting practice. Specifically, Interviewee F considered business law to be “absolutely fundamental because everything accountants do springs, in the main, from statute” and Interviewee G remarked that “a lot of what accounting students will do is shaped by the law”. Two interviewees also discussed business law as being relevant to accounting students because of the legal liability that they will be exposed to during their careers, while Interviewee D contended that it is important “because of the level at which they have to operate in the complex world”.

The business law needs of accounting students versus other business students

When asked whether they perceived the needs of accounting students to differ from those of other business students, interviewees agreed that accounting students generally require more business law knowledge than other business students. Figure 2 provides a summary of the responses received.

Figure 2:

Justifications for why the business law needs of accounting students are generally greater than the needs of other business students.



As illustrated in Figure 2, three reasons were given as justification for why accounting students have greater business law needs compared to other business students. Specifically, eight of the interviewees noted that accountants require accounting-specific legal knowledge as well as general business law knowledge. Interviewee D noted that accounting students “need additional specialized law papers” in areas such as company, taxation and insolvency. On a similar note, Interviewee G remarked that “accountancy students have a greater need professionally to know more law than other business students”, particularly in areas such as company law and taxation law. Furthermore, Interviewee E commented that “accounting students need to know some very important business-specific, accounting-specific and financial reporting-specific law which other business disciplines will have less to do with”. Meanwhile, Interviewee F posited that non-accounting students “might not need the other stuff that accountants have to cover”.

Three interviewees then referred to the advisory role that accountants play when explaining why the business law needs of accounting students are greater than those

of other business students. Interviewee C responded that accounting students need to understand how the law impacts on business decisions so as to be able to assist their clients, whereas “general business students probably just need to know an overview and the particular application in their area”. Furthermore, Interviewee E suggested that other business students have lesser needs because “they’re not advising others who are relying upon them for important decisions like investments and stuff like that”.

Finally, three interviewees remarked on the fact that accountants face greater exposure to legal issues and liability than most businesspeople. Interviewee A, for example, commented that a lot of what accountants do could make them legally liable and “could put their clients in a difficult situation too”. In addition, Interviewee H noted that accounting students “are definitely going to be interacting more with the law than other students will be”. Meanwhile, Interviewee J argued that “accounting students probably need to know more than just general business students, especially around things like their professional liability and how to avoid conflicts of interest”.

The extent to which accounting students need to understand business law

Having established that business law is of significant importance to accounting students, interviewees were asked to comment on the extent to which accounting students need to understand business law. Overall, the responses received suggested mixed perceptions of the purpose and role of tertiary-level business law education. Interviewee E, for example, believed that “it’s enough for accounting students to understand the basics and to know when to refer their client to a lawyer”. Similarly, Interviewee I remarked that accounting students should be taught when to contact a legal advisor who has specialist knowledge in the appropriate area. For example, “if you spot an employment law issue, you should call an employment law advisor” and “with intellectual property, you could contact a patent attorney”.

Several interviewees, however, indicated that simply being able to recognise when to contact a lawyer or a legal advisor was insufficient. Interviewee A commented that it was inadequate for accountants to go “running to lawyers every time they think there’s a red flag”, adding that this would effectively mean “passing the buck” on to lawyers. Interviewee H appeared to agree with this view, claiming that it is not acceptable for accountants to “keep on running off to a solicitor”, particularly when dealing with “everyday things, like tax”. Meanwhile, Interviewee D responded that “it’s not sufficient that they just know when to call a lawyer” and that “they have to know how to deal with actual legal issues”.

Interviewees H, J and K all discussed the accountant’s role as advisor to their clients. For instance, Interviewee K stated that accountants “need to be almost in the advisory stage, but not to the extent of lawyers”. Interviewee J also made the following comment:

“Obviously we want people to know when they need to go and see a lawyer or send their client to go and see a lawyer. But we also want people to be able to spot problems in advance, maybe be advisors to their clients so that they can avoid the problems”.

Meanwhile, Interviewee G offered the following insight:

“My personal view is that the starting point is that we’re not teaching people to be lawyers... But law is so pervasive in the business world that it would be crazy not to give business students some knowledge of the law. And I kind of like the idea expressed by Robert Morris, an author who writes about legal education for business students. He was saying it’s a bit like going to the doctor... If we can look after ourselves and know a bit about health, then it’s going to be cheaper and more efficient when we do actually go to the doctor and we can be more informed and use the doctor’s services more efficiently to solve our problems... And also the other concept that I see as really important, and again this is from another author called Marc Lampe, is the idea of empowerment. You want to empower businesspeople to understand and practice preventative law and not just see it as necessarily an obstacle but rather as a tool to solve business problems and also create wealth and move their clients’ businesses forward”.

The usefulness of different business law topics

Interviewees identified several business law topics that they perceived as being of most use or of increasing importance to accounting students, but were generally reluctant to describe topics as being of the ‘least importance’ or of decreasing importance. The findings are summarized in Figures 3, 4 and 5.

In total, fifteen business law topics were identified by at least one interviewee as being crucial for accounting students preparing for a career within the accounting profession. Only four topics, however, were named by five or more interviewees: company law, contract law, taxation law and trust law. In particular, Interviewee C regarded contract law as “absolutely essential” because “all business is about contracts”. Similarly, Interviewee F commented that “everything in business starts with a contract” and later noted that company law is important because “we have over 650,000 registered companies in New Zealand”. Interviewee J stated that company law, contract law and taxation law were obviously important, adding that NZICA (now CA ANZ) requires them to be taught “for good reason”.

Several interviewees were reluctant to identify any topic as being unimportant, such as Interviewee F who responded “there absolutely isn’t anything that is irrelevant in the law stuff that we teach”. Furthermore, Interviewee J commented “if it wasn’t important, then we wouldn’t be covering it”. Consequently, only four topics were identified as being of the least importance to accounting students, and only two of these (intellectual property law and employment law) were named by more than one interviewee.

In regards to intellectual property, Interviewee A questioned whether accounting students require more than a broad understanding, noting that “it’s important to understand what intellectual property is but accountants generally have a whole legal department to deal with that – they never deal with the intellectual property stuff themselves”. Interviewee I made a similar comment, stating that “people get specialist advice on intellectual property matters”. Interviewee I also commented on the relative unimportance of employment law, positing that accountants “shouldn’t really need to be advising their clients on specific technical employment law issues”.

One interviewee also suggested that the importance of a particular business law topic was dependent on the future career plans of the individual student. Specifically, Interviewee H noted that “receiverships and reconstructions could be incredibly

important for some accountants”, as could securities market and investment law, international trade law and property law.

Figure 3:
Business law topics perceived as being crucial or of most use

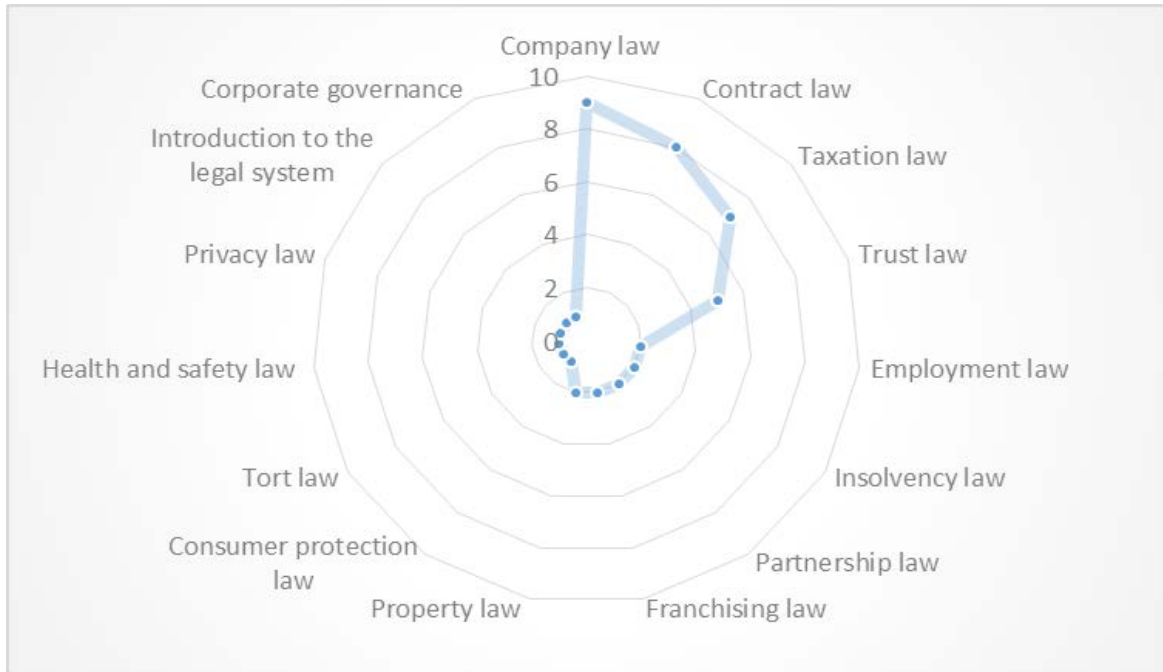


Figure 4:
Business law topics perceived as being of least importance

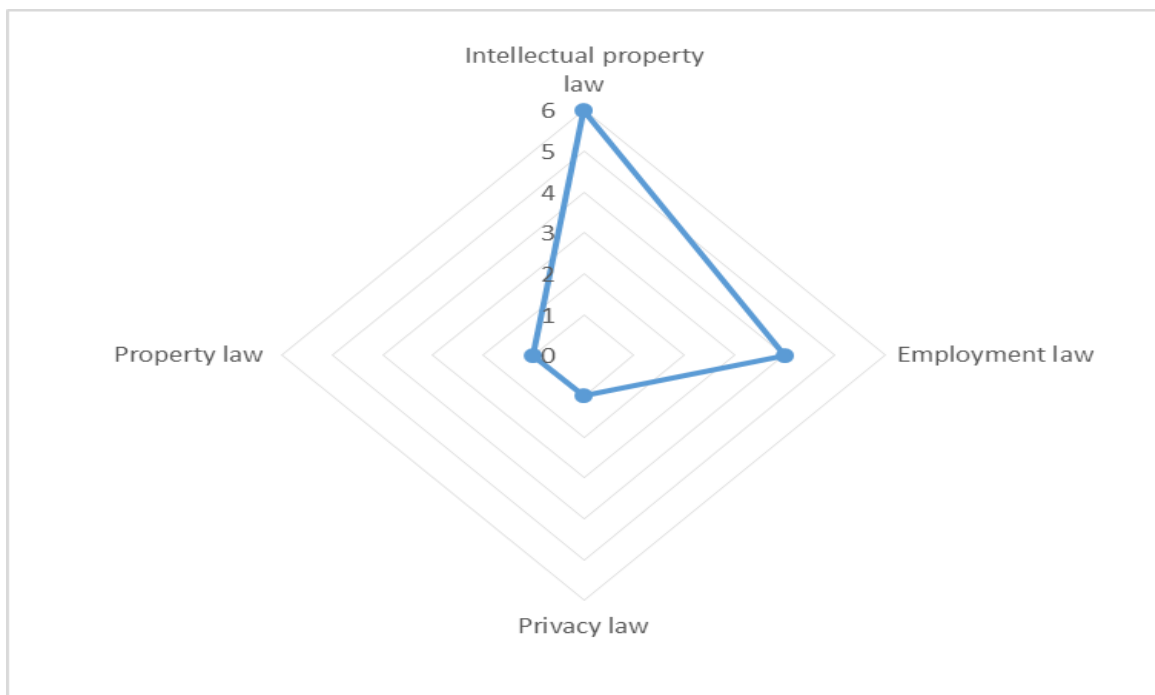


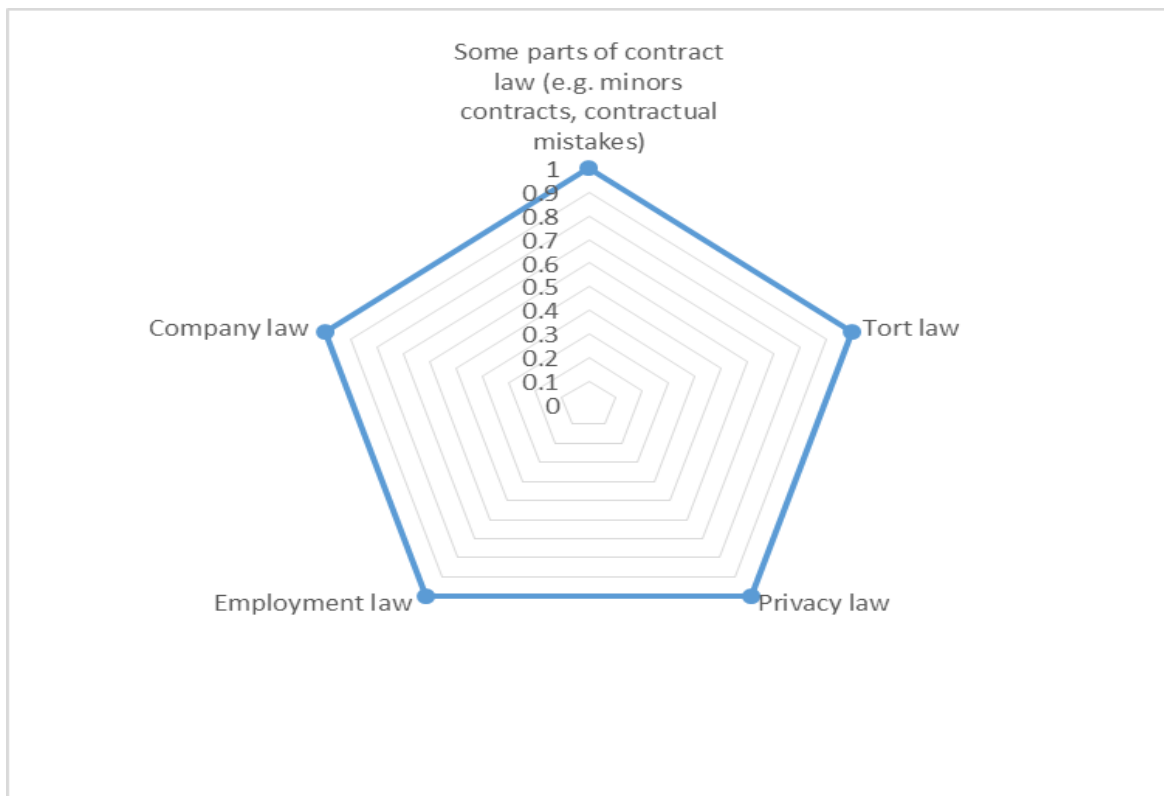
Figure 5:
Business law topics of increasing importance



Fourteen business law topics were described as being of increasing importance to accounting students, although only four of these topics were identified by three or more interviewees: E-commerce, privacy law, intellectual property law and insolvency law. Interviewee A described E-commerce as an area of growing significance, commenting that a number of businesses “are using Facebook pages without thinking of the consequences”. Interviewee C also considered the increasing importance of E-commerce, highlighting internet banking as a particular growth area. Interviewee E remarked that “E-commerce is becoming increasingly important, especially with New Zealand’s small business environment” and “accountants are having more clients coming to them who have an online presence, so they need to know the implications of that online presence and how it affects them as a business”. Interviewee H also related the importance of intellectual property back to New Zealand’s business environment, stating that “it’s becoming increasingly how, in New Zealand, businesses are going to make their money”.

In regards to privacy law, Interviewee J contended that its growing importance can be linked to the fact that “customers are increasingly demanding that organisations are looking after their personal information”. Meanwhile, Interviewee H commented that insolvency law was becoming more important in the current business environment “as more companies go under”. Furthermore, Interviewee I argued that “insolvency is a big area of increasing importance but the students themselves don’t seem to think so”.

Figure 6:
Business law topics of decreasing importance



Only five business law topics were identified as being of relatively lesser importance and each of these were named by only one interviewee (refer to Figure 6). Interviewee C remarked that “some of the areas in contract such as minor’s contracts and contractual mistakes are not as important as they used to be” and that too much time was spent on “the vitiating elements for contracts, such as undue influence and duress”. Meanwhile, Interviewee I considered company law to be of decreasing importance because “it has become so easy to register a company and become a director and it’s kind of become standardised”. Finally, Interviewee D responded that “tort law, privacy law and employment law are becoming relatively less important”.

The perceived adequacy of the business law curriculum

Interviewees had mixed perceptions of the business law curriculum in terms of whether it is currently adequate for preparing students for a career within the accounting profession. Interviewee B, for example, commented that accounting students do not seem to have an adequate awareness of the legal liabilities they will be exposing themselves to as accounting professionals. Meanwhile, Interviewee A contended that students do not appear to graduate with a holistic understanding of the law, meaning that “they don’t see how it all ties in together”. Interviewee F further argued that “the courses are so short and cover so much that there’s no way that they can know everything that they need to know”. He/she added that a large part of the responsibility falls on the firms that employ the students and that “once a student graduates and goes into a firm, it becomes the firm’s role then to make sure that they’re not crossing any boundaries and not providing incorrect advice”.

Several interviewees did, however, believe that the business law curriculum was sufficient to enable students to graduate with an adequate awareness of their legal obligations and the legal rules that constrain the accounting profession. Interviewee E, for instance, responded that the students at his/her university demonstrate a high understanding of business law in their tests and exams and that some students have “an exceptionally high understanding”. Interviewee J also remarked that “I’m confident that our business graduates all have a very good commercial law knowledge” but did add that he/she “can speak [only] for our graduates”. Interviewee D made a similar comment, stating that “there are some institutions that... manage to cover all of the material in two business law courses” and therefore “I’m very doubtful that they adequately cover it”.

Recommended changes

Interviewees were then asked to describe any changes that they would make to the business law curriculum at their university if they had the power. Figure 7 provides a summary of these results.

One of the two most common recommendations made was to introduce problem-based learning, an approach to teaching that was described by Interviewee G as follows:

“Problem-based learning... is really this idea where you start with a problem and people go out there and they actually engage in a problem and learn from doing... The way people are normally taught at law school and in commercial law is that you are given a lecture and then you have a problem-based assessment at the end. And really it’s ‘apply what you have learnt to the problem’. Problem-based learning [on the other hand] is actually starting with the problem instead of the lecture. People get self-directed learning”.

Interviewee J was of the same opinion, recommending a change which would see “students solving problems themselves rather than just traditionally being lectured”. He/she added that “students certainly engage more with the subject by going off and doing their own sort of exercises and problem solving”. Furthermore, Interviewee J noted that “there’s been research that shows that if students find out things themselves and also work together in teams to solve problems, then they build up a far better knowledge rather than just relying on the lecturer alone”. Interviewees B and C also suggested a more practical approach was needed, with Interviewee B claiming that “it should be practical. It’s mainly why they’re doing law. Accounting students aren’t doing law for the love of doing law; they are doing it for what they are going to be getting from it”.

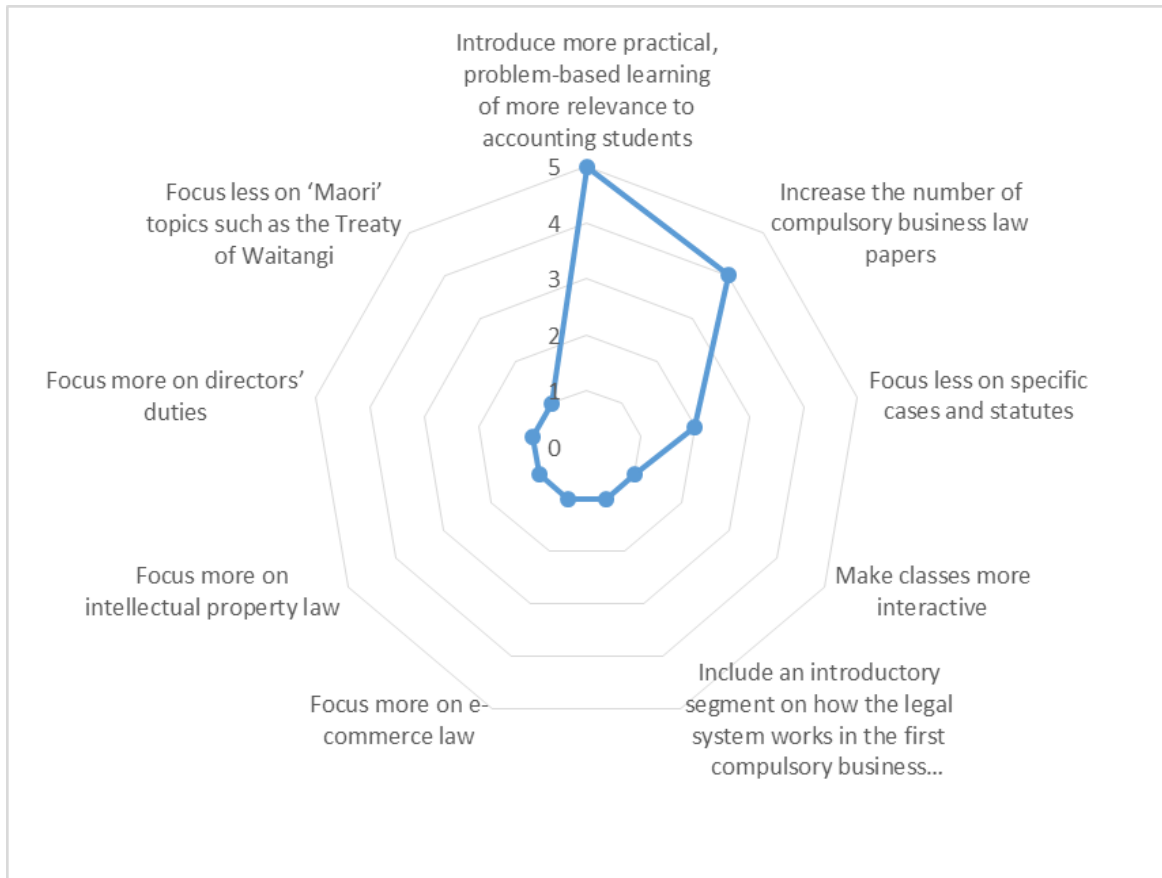
Additionally, Interviewee B argued that business law courses include “too much legal detail” and offered the following insight:

“The law tends to be taught by lawyers who are ex-law school type people and they still come with a quite heavy law-school approach. And I think at times the law approach type doctrine gets in the way of what’s important”.

Another common recommendation involved increasing the number of compulsory business law papers. Interviewee G, for example, claimed that there is not enough time to adequately educate accounting students in business law and that consequently “there’s a tendency, with a 12 week course, to cram it all in”. The implication of this is that it:

“sort of encourages students to take a surface learning approach to law. So instead of seeing it as a sort of real-life problem that will impact on their future activities and may even result in liability; it becomes a series of rules which they kind of learn”.

Figure 7:
Recommended changes to the business law curriculum



Discussion and Conclusion

The key findings from the interviews conducted with business law academics at two New Zealand Universities indicated that overall, the interviewees agreed that the study of business law is crucial to accounting students, with the majority identifying the role of accountants as businesspeople and advisors to businesspeople as key reasons for this importance. Furthermore, interviewees agreed that accounting students have greater business law needs than other business students, partially because of their role as advisors. In terms of the extent to which accounting students need to understand business law, interviewees had mixed perceptions. Specifically, while some noted that accounting students must learn how to recognise legal issues and know when to contact a legal advisor, others argued that simply calling for a lawyer when a legal matter arose was insufficient. Instead, it was argued that accountants should have an adequate understanding of business law so as to be able to fulfil an advisory role with their clients, though to a much lesser extent than a lawyer.

In terms of the usefulness of different business law topics, interviewees were reluctant to identify topics as being of the least importance or of decreasing importance to accounting students. The majority did, however, recognise intellectual property law as being of perhaps lesser use because of its specialist nature. Company law, contract law, taxation law and trust law were all identified by five or more interviewees as being crucial to accounting students, while e-commerce, privacy law and insolvency law were noted by three or more interviewees as being of increasing use. Interestingly, intellectual property law was also recognised as being of increasing use by three interviewees, reflecting the fact that although not currently important, it may be significant in the future.

It was found that interviewees held mixed views regarding the current adequacy of the business law curriculum. Some interviewees voiced their concerns over whether accounting students are gaining a holistic understanding of the law and whether they are obtaining a sufficient understanding of their legal obligations and the consequences they will face should they break these obligations. Furthermore, interviewees identified multiple changes that they would make to the business law curriculum if given the opportunity. In particular, almost half of the interviewees noted that they would introduce a more practical, problem-based learning approach. This ties in with Kurtz, Wylie and Gold (1990) who wrote that “student-centred problem-based learning offers opportunities to acquire intellectual skills and abilities through the process of acquiring knowledge and information” which “relies heavily on self-development, self-direction and personal growth, and, therefore, on the potential for independence, autonomy, and the ability to learn” (p. 816). Interestingly, four interviewees recommended increasing the number of compulsory business law papers required of accounting students.

This exploratory study provided useful insights to the views held by academics on the importance of business law education focussing in particular on the chartered accountancy academic requirements in New Zealand. As such this study has its limitations in that the sample is small with only 11 interviewees from 2 universities. A more extensive study canvassing all New Zealand universities and Australian universities given the merger of both countries’ chartered accountancy professional bodies would allow more conclusive findings to be made about the status and importance of business law education not just for careers in the accountancy field but also to the wider business areas. Nevertheless, this study does provide useful insights in that the interviewees do emphasise the importance of business law education and that this education is crucial to accounting students.

Furthermore, some interviewees were concerned about the adequacy of the business law curriculum as well as how this curriculum is being delivered to enhance students’ learning. This conclusion reinforces Lowenstein’s (2013) concluding comment that “Collegiate business programs cannot continue to promote themselves as providing exemplary high-quality education that meets the needs of future business leaders and at the same time perpetuate the status quo abdication of providing graduates essential knowledge tools in business law” (p. 376). Given the number of accounting scandals and corporate crisis that illustrate how individuals try and circumvent the law in their bid for wealth accumulation and material possessions, it appears that we are indeed missing the boat in preparing our graduates for the workplace that allows not just accounting but also “business graduates to successfully navigate today’s marketplace” (Lowenstein, 2013, p. 376) such that our education programme brings benefits to society rather than the wilful ‘so-called legal’ behaviour that destroys our credibility and ability to be responsible citizens.

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