

**THE CPA EXAMINATION AS OUTCOME ASSESSMENT:
THE CASE FOR STRONGER BUSINESS LAW IN THE
COLLEGE CURRICULUM**

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Abstract

The CPA Examination serves as a model assessment for outcome measurement of accounting and business skills and knowledge. The National Association of State Boards of Accountancy (NASBA) maintains candidate scores. This paper highlights recent trends in teaching and learning business law concepts along with measures of CPA exam performance results evidenced on the Regulation section.

This study found general uniformity across geographic areas and school size with exceptions for accountancy accreditation and large university flagship status. The research also found practical variation in one southeastern state for performance results obtained from those institutions requiring the

sophomore legal environment course rather than the junior business course.

INTRODUCTION

The Uniform Certified Public Accountants (CPA) examination is internationally known as a hallmark of an accounting professional. Certification may include specific accounting higher education and experience depending upon state jurisdiction, but the examination is a uniform assessment carefully controlled and monitored. The CPA exam is a recognized assessment of a professional accountant's strength, and a device that provides a formidable outcome measure for institutions of higher learning. For the purpose of this paper, exam results serve as validation of the quality of a college or university four or five-year program in the development of an accounting professional.

As some state jurisdictions have requirements for additional hours beyond the standard baccalaureate, typically 150 semester hours rather than 120 semester hours, overall comparisons can be confounded. This is not necessarily a limiting factor for the current study, as the investigators are primarily interested in the contribution of educational efforts toward one part of the CPA exam—the Regulation section, and then in particular, the Business Law subsection.

ROLE OF BUSINESS LAW IN THE ACCOUNTING MAJOR

Some early research suggested that accounting programs should parallel law school programs, such as a technical three-year program above some academic base (Flewellen, 1959). Authors in the 1960s began calling for methods of integration between accounting and other disciplines (Ferrara and Fess, 1962). The 1970s witnessed the importance of business law attributable to its application on professional certification examinations (Lakin, 1971). Faculty appreciation for business law became increasingly important as Franscona (1977) points out “Business Law is a

professional legal discipline, but it does not train a student to be a lawyer.” Parties to transactions should have sufficient knowledge about their legal rights and remedies that should be part of essential business management.

The findings of Hutchings and Brown (2009) included that university departments have not been successful in developing the necessary pedagogy to stimulate or motivate students. One approach to develop a focus on professional challenges is to bring forward academic-practitioner teaching collaborations, with accounting and business law being a possible successful reform. Accounting is perceived as being a quantitative discipline by many, but it is interesting to note that a study by Bealing and Baker (2011) found that the only courses in the B-School curriculum helpful in predicting success in the academic program for its non-quantitative courses were Principles of Management and the Business Law course. Accordingly, business law might be considered as a strong allied course. Tinkelman’s research (2011) concludes that business law is necessary to respond to the basic accounting question of what entity to measure.

CPA EXAMINATION AS ASSESSMENT

Colleges and universities are increasingly striving to improve methods for assurance of learning. With the intersection of teaching and learning frequently measured by some form of testing, the quest for the ideal assessment emerges. Assessment can fill multiple purposes beyond routine testing per general expectations of the academy. It can be justified as a course filler, use of publishers’ test banks, and other mechanisms designed by the instructor to “round-out” the course lectures and other delivery devices. Assessment can be documented in the professor’s curriculum vitae as evidence for merit raises, promotion and tenure, and related incentives. Most importantly, assessment can fulfill the purpose of gauging student progress in course, and perhaps the broader curriculum. Ideally, the best assessment is tied

to stated outcomes that are efficient, effective, hold long-run orientation and leads to student career success.

The uniform CPA Examination may be a vehicle that approaches this ideal assessment. The CPA exam is comprehensive in coverage, is continuously up-to-date, offered regularly on-line with extensive controls, sponsored globally and international benchmarking results are generated. The CPA exam further provides measures of true outcomes—not just short-term course goals. National Association of State Boards of Accountancy (NASBA) is an independent agency serving the state boards of accountancy in all 50 states plus the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and the Northern Mariana Islands. As state boards regulate the profession of accountancy in the United States, NASBA is the primary vehicle for the state boards, representing the certifying aspects of the profession, rather than acting as a fiduciary for individual CPAs.

While NASBA has various roles in its capacity, a major responsibility is obtaining CPA examination score data from the American Institute of CPAs (AICPA) on individual candidates and maintaining a database of all candidate entries. NASBA publishes these data annually in its Jurisdiction and University editions. This paper draws upon the 2015 and 2016 NASBA reports as a source of CPA examination success rates and other variables.

Worldwide there were recently 93,742 candidates, average age 29.3 years, sitting for the CPA exam in 2015, with 48.4% passing with total candidate average score of 71.5 (NASBA 2015 Jurisdiction Edition). A score of 75 is necessary to pass each section of the exam. The NASBA report also reveals that beyond the U.S., there were 8,646 candidates sitting from 101 countries, with 42.1% female, and 13.4% had earned a Master's degree. Figure 1 shows the top ten countries outside of the United States for candidate count, average score, and pass rates.

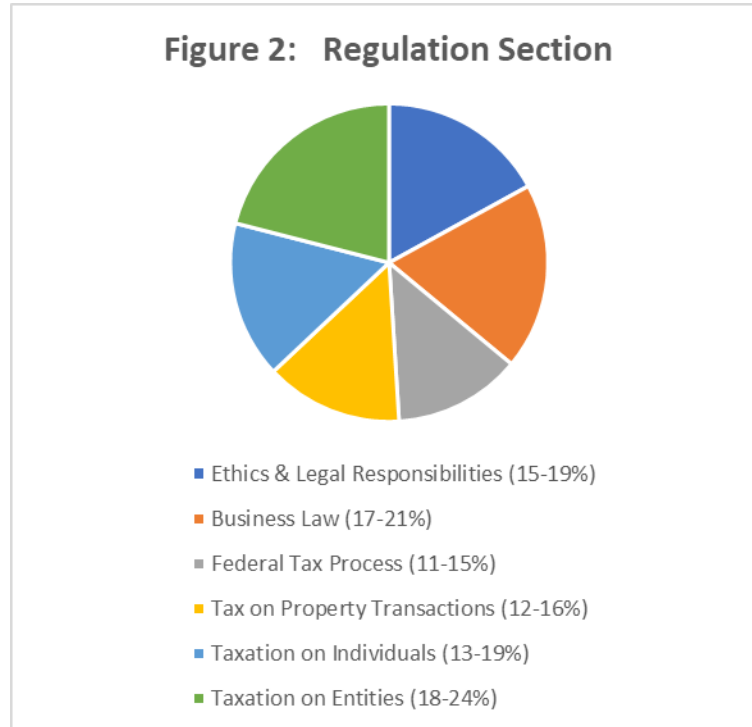
Figure 1: International Candidates

Rank	Country	Candidate Count	Average Score	Pass Rate
1	Japan	1,793	68.2	36.4%
2	Republic of Korea	1,259	69.2	45.0%
3	China	1,161	67.2	44.7%
4	India	796	66.5	39.7%
5	United Arab Emirates	510	68.3	42.0%
6	Canada	380	70.5	45.9%
7	Saudi Arabia	282	70.2	41.6%
8	Taiwan	260	68.2	42.0%
9	Egypt	234	71.9	49.5%
10	Jordan	190	69.8	43.2%

Source: Adapted from NASBA 2015 Jurisdiction Edition

Even with the heavy Asian interest, and those candidates' fairly successful results, the CPA exam continues to be predominantly a U.S. professional examination.

The examination contains four primary sections: Auditing & Attestation (AUD), Business Environment & Concepts (BEC), Financial Accounting & Reporting (FAR), and Regulation (REG). Each of these sections carry subsection content areas and skills. For 2015 reporting, NASBA shows skills only in composite results of a communications score in the BEC section, and a simulation score in the other three sections. The simulation score can be generalized to mean problem solving in a case environment. Successful completion with scores of 75 or higher in each section must be passed in order to receive certification. The Regulation section exam emphasis is broken down into subsections, or content areas, with the emphases as illustrated in the following graph (Figure 2).



Source: Constructed by the authors from information in NASBA 2015 Jurisdiction Edition

As the content area legends show, 17-21%, or approximately 1/5 of the Regulation section of the CPA exam is weighted toward Business Law. The importance of business law as a study input unit becomes more pronounced when considering that the Ethics & Legal Responsibilities subsection of 15-19% accounts for many related concepts. Accordingly, background in business law, acquired either through college and university study or other individual preparation, is needed to perform successfully on approximately 40% of a required section of the CPA exam.

With a general topic area worth as much as 40% of the Regulation section of the CPA exam, concerns emerge whether the undergraduate accounting curriculum is adequately covering the necessary material. Business law questions have been asked on

every CPA exam since its inception in 1896, as one pundit notes “...the accounting profession was not regulated, had no code of ethics, and was virtually never a target for litigation. How can law suddenly be less important to a profession that today is heavily regulated by government, operates under a detailed code of ethics, and faces the omnipresent threat of litigation?” (Prentice, 2001).

The trend in the average pass rate for the Regulation section for the past decade hovers at less than 50%. Would the undergraduate accounting curriculum help improve those scores?

ACADEMIC PREPARATION

The authors do not wish to discount the importance of individual exam preparation, nor ignore the value of organized proprietary review courses. However, the general underlying assumption of formal course work as a necessary component appears reasonable. The authors surveyed the state supported institutions within the Georgia System for business law and legal environment course requirements leading to the baccalaureate degree and summarized these in figure 3.

As illustrated in figure 3, most institutions use the sophomore level legal environment course rather a junior level business law course, and some schools with no course offering. The authors observed the trend over the recent decades for decreasing emphasis on business law and legal responsibilities in college and university curriculum.

Research on the accounting profession itself includes studies that show business law is minimal or absent in the development of joint degree programs (Clevenger, Clevenger, and McElroy, 2006). A formal academic study of determining successful accounting program outcomes selected SAT, GPA, race, and course performance in economics, management, finance, and accounting courses as independent variables, noticeably omitting business law (Doyle and Wood, 2005). Siegel, Sorensen, Klammer, and Richtermeyer (2010) omit entirely business law in their study of 408 accounting programs.

Figure 3: University System of Georgia B-Law Offerings

Institution	Class	(1)	(2)	(3)	B-Law Courses Required
Augusta State Univ	Research	✓	✗	✓	MGMT 2106
Georgia State Univ	Research	✓	✓	✓	BUSA 2106
Georgia Tech	Research	✓	✗	✓	MGT 2106
Univ of Georgia	Research	✓	✓	✓	LEGL 2700
Georgia Southern Univ	Comp	✓	✓	✓	LSTD 2106
Kennesaw State Univ	Comp	✓	✓	✓	BLAW 2200
Univ of West Georgia	Comp	✓	✓	✓	BUSA 2106
Valdosta State Univ	Comp	✓	✗	✓	BUSA 2106
Albany State Univ	State Univ	✗	✗	✓	MGMT 3105
Armstrong State Univ (Merging GA Southern)	State Univ	✗	✗	✗	✗
Clayton State Univ	State Univ	✓	✗	✓	BLAW 2106
Columbus State Univ	State Univ	✗	✗	✓	BUSA 2106
Fort Valley State Univ	State Univ	✗	✗	✓	BUSA 3313
Ga Coll & State Univ	State Univ	✓	✗	✓	LENB 3135
Ga Southwestern St Uni	State Univ	✓	✗	✓	BUSA 2106
Middle Georgia St Univ	State Univ	✗	✗	✓	LENB 3135
Savannah State Univ	State Univ	✓	✗	✓	BUSA 2106
Univ of North Georgia	State Univ	✓	✗	✓	BUSA 2810
Abraham Baldwin Agricultural College	State Coll	✗	✗	✗	✗
Atlanta Metro College	State Coll	✗	✗	✗	✗
Bainbridge State Coll	State Coll	✗	✗	✗	✗
Coll of Coastal Georgia	State Coll	✗	✗	✓	MGMT 3500
Dalton State College	State Coll	✓	✗	✓	BUSA 3060
East Georgia State Coll	State Coll	✗	✗	✗	✗
Georgia Gwinnett Coll	State Coll	✗	✗	✓	BUSA 2106
Georgia Highlands Coll	State Coll	✗	✗	✗	✗
Gordon State College	State Coll	✗	✗	✗	✗
South Ga State College	State Coll	✗	✗	✗	✗

Source: Constructed by the authors from review of 2015 and 2016 Catalogs

Wolfe (1993) found that many state boards do not carry a specific weight for business law, but rather lump any legal aspects

with economics, business management, or finance. Figure 3 further illustrates the variation in institutional classification and whether (1) the Business School is AACSB Accredited, or (2) separately Accounting AACSB Accredited, and (3) if an accounting major is offered. The general trend becomes evident that the greater the research-orientation an institution carries, the greater the offering of business law at the earlier sophomore level rather than junior level point.

The arguments for greater emphasis on business law in the accounting curriculum began to emerge in the 1960s and 1970s with views that excessive “liberal education” can distort the technical aspects of the degree work and be detrimental in the long run (Frumer, 1963; Daughtrey, 1977). The business law component to the B-school curriculum was especially important in the 1990s as many states were converting to a 150-hour semester education requirement for eventual CPA certification (Chandra and Hock, 1992).

Researchers in the 21st century continued the momentum for greater involvement of business law in the accounting curriculum drawing upon business law as essential in the theoretical framework (Colson, et al., 2002; Fuller and Hargadon, 2008). Specific delivery mechanisms also surfaced with Hargadon and Fuller (2010) indicating that business law should be mandatory and best scheduled along with tax and advanced financial courses during the second semester of the senior year. Krell (2007) reports that Baylor University has its students meet with members of an Accounting & Business Law Department Advisory Board to discuss career development. King, Cecil, and Andrews (2009) demonstrate the close connections business law carries with overall financial accounting, and study of business ethics, independence, attestation, and other regulatory issues of financial reporting is all intertwined with business law.

PROFESSIONAL ISSUES

Irrespective of compliance and academic requirements, knowledge of business law is essential from a practical point of

view as it is needed in the accountant's ongoing practice, whether in the field of taxation, attestation, or other accounting work. The need for business law coverage may be argued to go beyond training of accountants, as the overall business curriculum could become weak with its absence. Business school faculty clearly desire the best in outcomes for all the graduates. And further, within accounting programs, McCourt, Low, & Tappin (2017) found that business law academics believe business law should be taught in a more rigorous manner. Practical encounters by accountants in the work force with issues of business law are a common occurrence, as Prentice (2001) points out "only law students enter the business world with a greater chance of coming face to face with the legal system than accounting students."

Kocakulah and colleagues indicate that accountants in external service especially need to be on top of legal issues-- "Knowledge of the law is important to those who conduct business and especially to those professionals who conduct business in the form of a public accounting practice" (Kocakulah, Austill, & Long, 2008 & 2009). Legal issues become paramount with client representation. Accordingly, accountants must be prepared with an underlying knowledge of the rules and laws associated with various business transactions. Civic duty is endemic for the public accountant who must uphold ethical standards to protect the public trust. "The nature of an accountant's work necessarily brings him in touch with areas of law that he must comprehend in order to produce accurate computations and conclusions" (Schwab, 2000).

Lawrence and Wright (2015) make the further argument that "knowledge of the law has long been considered important to all business people but especially for accounting professionals as they must be able to identify significant legal issues and take steps to reduce their exposure and that of their employers and clients to legal liability." From scandals of major corporations down to illegal schemes of small entities and individuals, accountants must carry knowledge of and abide by laws of many state and federal agencies. Working knowledge of the requirements of the U.S.

Treasury, the Internal Revenue Service, and the Securities and Exchange Commission is an absolute necessity.

Furthermore, accountants must adhere to a strict Code of Professional Ethics following rules and guidelines for generally accepted accounting principles (GAAP) or other recognized frameworks, and operate within the compliance zones of the AICPA, the Public Company Accounting Oversight Board (PCAOB), state licensing boards, and various professional societies. "It is clear that accountants have a duty to clients. If any accountants fail in that duty, whether fraudulently (generally, intentionally) or negligently (generally, mistakenly), and clients are hurt as a result, the clients have a right to bring suit" (Mednick, 1987). It is crucial then for the developing accountant as student to be educated early and often in his or her academic career so that the long run professional career will proceed without burden and provide success.

INVESTIGATIVE APPROACH

The investigators for this study are interested in the contribution of higher education as preparation for the uniform CPA examination, an international instrument typically taken after the bulk of an undergraduate business curriculum. Additional considerations of interest are whether geographic and accreditation differences exist for successful scoring on the CPA examination. For the purposes of this paper, the authors are interested in a series of propositions (P), stated in the form of null (n), and alternative (a), with the latter being the case where differences exist. The propositions are separated into one process proposition and five outcome propositions.

Process Proposition (PP):

PPn: Georgia colleges and universities are similar in their emphasis on business law for baccalaureate degree.

PPa: Emphasis varies widely on business law emphasis for the Georgia schools.

From scanning the right-hand column of the above figure 3 on business course offerings, a sophomore legal environment course appears to be the dominant theme rather than a junior level business law course. Accordingly, PPn holds for similarity across Georgia System schools with early introduction of legal environment into the business curriculum. The authors are further interested in examining the relationships on the output side when correlating with performance results of the CPA exam.

Outcome Propositions (OP):

OP1n: Performance results are similar regardless of accreditation.

OP1a: Institutional accreditation does matter for the pool of the CPA candidates.

OP2n: Performance results are similar between large states outside the Southeast and the Southeastern states.

OP2a: Differences exist.

OP3n: Performance results are similar between Georgia and other Southeastern states.

OP3a: Differences exist.

OP4n: Performance results are similar between large and small Georgia programs.

OP4a: Differences exist.

OP5n: Performance results are similar for sophomore legal environment and junior business law course preparation.

OP5a: Differences exist.

The following sections of this paper discuss whether each of these propositions should be accepted.

PROFESSIONAL AND REGIONAL ACCREDITATION

Professional accreditation associations such as the Association to Advance Collegiate Schools of Business (AACSB), Accreditation Council for Business Schools and Programs (ACBSP), and International Assembly for Collegiate Business Education (IACBE) have been supportive of business law in the B-school's curriculum. The AACSB position is summarized by Bird and Hiller stating "Accreditation requirements as a driver for legal knowledge might come to mind first, as AACSB 2013 Standards identify common content to include the legal, regulatory, technological, and social context of business. The standards also identify ethics, sustainability, and social responsibility, which are found in many legal studies courses. But we find that managers themselves provide the strongest rationale for legal knowledge" (Bird and Hiller, 2016).

The results for candidates from schools with professional and regional accreditations are shown in figures 4 and 5.

Figure 4: Professional Accreditation Results

Accreditation	REG Pass %	BLAW Score	Ethics Legal Score	Simulation
Overall	48.4%	62.8	62.8	50.1
AACSB	48.1%	62.3	64.7	49.2
AACSB-Accounting*	53.5%	67.1	68.0	53.5
ACBSP	40.5%	55.8	57.0	41.5
IACBE	41.2%	54.8	59.4	41.8
Other International	45.5%	61.8	49.7	45.0

Source: Drawn from NASBA 2016 University Edition

* Some AACSB institutions elect to be covered by the separate rigorous requirement for accounting accreditation. Accordingly, the higher performance of candidates generated from those settings is not surprising.

Since the Regulation (REG) section contains not only the Business Law (BLAW) and the Ethics subsections, it is interesting to note that the section pass percentage is dragged down by lower pass rates in the other subsections that are primarily tax-related.

Accreditation by regions is broken down into geographic units:

- SACS—Southern Association of Colleges and Schools
- MSA—Middle States Association of Colleges and Schools
- NEASC—New England Association of Schools and Colleges
- NCA—North Central Association of Colleges and Schools
- NWCCU—Northwest Commission on Colleges and Universities
- WASC—Western Association of Schools and Colleges

Figure 5: Regional Accreditation Results

Accreditation	REG Pass %	BLAW Score	Ethics Legal Score	Simulation
SACS	50.4%	64.6	68.2	50.9
MSA	44.9%	62.3	62.5	44.8
NEASC	49.3%	63.1	66.4	50.6
NCA	50.6%	64.1	65.4	51.6
NWCCU	55.1%	64.3	66.9	57.3
WASC	46.5%	59.5	61.3	47.8

Source: Drawn from NASBA 2016 University Edition

Figure 4 shows pronounced differences existing for professional accreditation where AACSB-Accounting provides the strongest CPA test-takers, but that is the only outlier. Similarly, apart from a slight edge of strength in SACS, the regional accreditations displayed in figure 5 reveal similar results between geographic regions of the country. Accordingly, mixed conclusions, with a trend bias toward similarity, may be drawn for OP1.

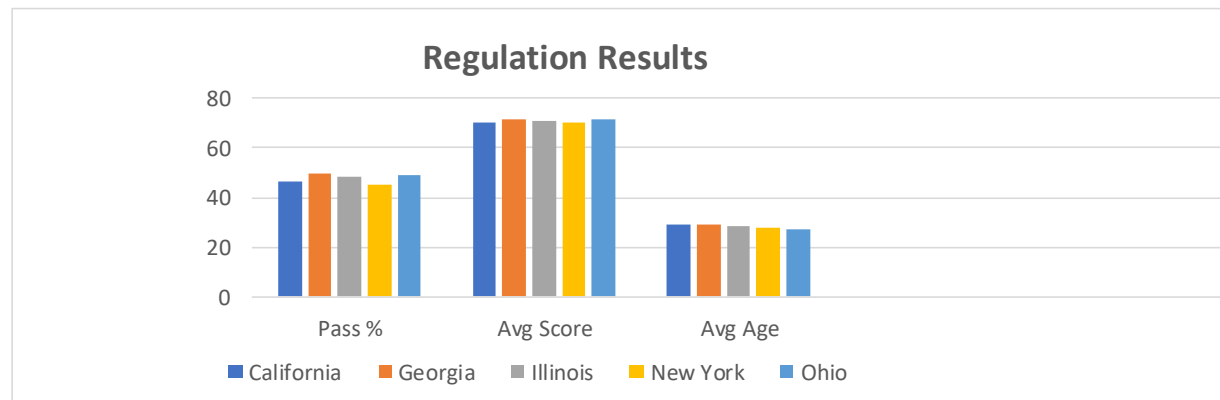
GEORGIA v. OTHER LARGE STATES

The authors are also interested in performance of Georgia schools as a group compared with states outside of the Southeast holding large accounting programs.

Figure 6: Regulation Section Large State Results of the CPA Examination – Composite Results for 2016 and Earlier Years

	California	Georgia	Illinois	New York	Ohio
Pass Percentage	46.6	50.0	48.6	45.2	49.3
Average Score	70.4	71.6	71.0	70.2	71.3
Average Age	28.9	28.9	28.1	27.9	27.1

Summarized graphically:



Source: Drawn from NASBA 2016 Jurisdiction Edition

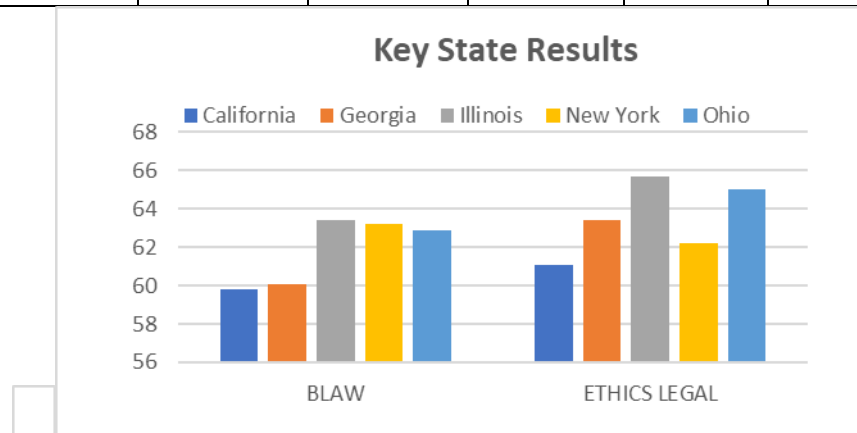
The similar results indicate that OP2 points to no significant differences between Georgia and the other four large

selected states. This is of favorable consequence for Georgia, as the other large states have strong schools and accordingly indicate that Georgia is holding its own for CPA exam business law preparation.

Since business law is only a content area, and not an entire section of the CPA exam, it is helpful to note that ethics content area may have some spillover effects from business law. Georgia competes well in this regard as shown by the following table.

Figure 7: Two Key Subsections of Regulation Section – BLAW & ETHICS LEGAL

	California	Georgia	Illinois	New York	Ohio
BLAW	59.8	60.1	63.4	63.2	62.9
ETHICS LEGAL	61.1	63.4	65.7	62.2	65.0



Source: Drawn from NASBA 2016 Jurisdiction Edition

If legal responsibility is minimized in the academic preparation, detrimental effects may follow, including unethical transactions with various stakeholders. Scholars attribute such deficiencies to a graduate’s lack of understanding of laws and professional pronouncements (Mastracchio, 2005; Stahl and

Dunning, 2015). As some institutions do not distinguish legal environment material from business law, evaluation becomes more difficult. Some schools choose to treat business law as a general education course, which in some eyes makes the rigor questionable (Stahl and Dunning, 2013). Some authorities recommend two strong business law courses in the undergraduate program to prepare accounting students for both professional examinations and more importantly for career life situations (Boyd and Rubenfield, 2000; Fuller and Hargadon, 2010).

GEORGIA v. OTHER SOUTHERN STATES

Performance by state on the CPA exam BLAW component is stable. Results of the Southern States for SACs Accredited schools are shown in Figure 8.

Figure 8: Southern States Results

State	REG Pass %	BLAW Score	Ethics Legal Score	Simulation
Alabama	53.4%	66.0	69.3	51.1
Florida	52.3%	69.9	72.4	49.9
Georgia	50.0%	60.1	63.4	51.4
South Carolina	56.1%	68.3	72.4	56.1
Tennessee	50.5%	63.3	64.4	50.5
Kentucky	47.9%	60.6	67.1	49.8
Louisiana	48.4%	66.3	71.0	46.8
Mississippi	42.1%	58.2	62.6	42.9
North Carolina	51.6%	65.4	69.5	54.1
Texas	49.6%	62.8	67.3	50.3
Virginia	49.3%	67.3	69.0	50.9

Source: NASBA 2016 University Edition

The preceding table shows Georgia performing substantially the same as other Southern states. Accordingly, OP3 is found for no significant differences for candidates from

neighboring states. Overall, candidates from Georgia have performed well as benchmarked against candidates from other large states across the country as well as SACS affiliated schools in the Southeast. The authors are specifically interested in the academic preparation of a Georgia candidate and what might be the effect of the business law or legal environment curriculum on the candidates' ultimate success. The investigators believe that relevant findings would contribute to the overall validation of the B-school's strength in providing outcome measurements and successful results.

GEORGIA INSTITUTIONAL RESULTS

Thirty-Six Schools in Georgia are reported by NASBA as having test candidates for 2016. This includes both institutions in the University System of Georgia as well as private institutions. Georgia Schools with the three largest number of candidates compared to all other Georgia schools for performance on the Regulation Section of the CPA exam for 2016 are shown in Figure 9.

Figure 9: Georgia Schools Regulation Section Results 2016

Institution	School A	School B	School C	Other Schools
Candidate Count	246	228	160	597
Pass Rate %	73.2%	47.8%	40.6%	45.6%
System School	Yes	Yes	Yes	Mixed
Level Covered	Sophomore	Sophomore	Sophomore	Various

Source: Constructed by the authors from review of College Catalogs and NASBA 2016 University Edition

It should be noted from the Georgia school illustration presented earlier, figure 3, that the three large schools are all

flagships within the state’s university system, serving as major research or comprehensive universities, and offering graduate programs in business and advanced accounting degrees. Of special interest to the investigators is the undergraduate exposure to business law covered at the sophomore rather than the junior year in the undergraduate program. Accordingly, the material typically covered in legal environment, rather than higher level business law, appears to be considered sufficient. Except for School A with the largest number of candidates, the other two large schools fared approximately the same on success rate as all other schools across the state.

A limiting factor on drawing strong conclusions here is that the Regulation section of the CPA exam includes ethics and taxation as well as business law. OP4 then concludes that school and program size is not generally a critical factor for CPA exam success. While the authors’ proposition of the contribution of greater academic study in the focus area of business law toward more successful CPA examination results cannot be definitively supported, it is comforting to see that institutions state-wide are producing successful candidates at a rate not much less than the largest schools.

Another way to approach the level of the legal environment/business law course contribution is to separate those institutions with the sophomore from the junior requirement and compare the respective success rates on the Regulation section of the CPA exam. Figure 10 shows this distinction.

Figure 10: Legal Environment v. Business Law—Regulation Success Rates

System Category	Sophomore Level	Junior Level	Not Determined
School Count	14	6	8
Candidate Count	917	62	N/A
Pass Rate %	47.1%	58.3%	N/A

Source: Constructed by the authors from review of Catalogs and NASBA 2016 University Edition

From the college preparation viewpoint, the junior level business law course (eventual pass rate of 58.3%) appears to be exceptionally dominant over the sophomore level legal environment course (eventual pass rate of 47.1%). However, the school count of six is effectively reduced to four for the junior level as two of the schools are not listed in the NASBA report. The four schools are each located in smaller metropolitan statistical areas, perhaps carrying a more independent curriculum, and with less influence from sister institutions to clone curriculum requirements. If satisfied with overall sample size, the conclusion favors the offering of the junior level business law course. Accordingly, OP5 is found in the alternative for the difference.

The focus on the business law course varies with the institution. Quantity and depth can vary not only with the B-school requirements, but also with that of accounting major requirements. There appears to be general agreement upon the need for at least a minimal exposure to business law, but does the minimum do justice to the overall needs of the accounting graduate? Kocakulah and others attempted to clarify this as they comment “when accounting students are required only to take a single course in legal environment, only a small number of topics included on the CPA examination can be satisfactorily covered” (Kocakulah, Austill, and Long, 2008 & 2009). Tanner, Keaty, and Major (2004) credit the AACSB 1969 mandate to eliminate the traditional business law course as a curriculum requirement for accreditation as the driver to shift content and emphasis. The AACSB replacement was to have at least one course exposing students to economic and legal environment and examine the ethical, social, and political influences.

As many business school undergraduate accounting curriculums now require only one business law course, and as the extent of the business law topics covered vary by program and university, would a candidate planning to sit for a professional

examination such as the CPA exam feel confident about receiving an adequate baseline exposure? Further difficulties arise as overall course offerings at various schools for business law courses are substantially fewer than most other business courses, and it may be difficult to attract business law faculty if their pay scale lags that of faculty in other disciplines at the school. When seeking the professional attainment of the CPA certificate, Tanner and colleagues (2004) may be correct in surmising that the debate should not be what is the content of a single course, but the need for more business law courses.

CONCLUSIONS

The importance of business law in the undergraduate business curriculum has been recognized for over a century as Robert E. Stone stated that the study of law in business is the most practical and beneficial education for the business student (Stone, 1930-1934). Calamities caused in the securities markets in the early 20th century served as antecedents for regulatory reform. As part of reform, academic institutions addressed this need through the inclusion of a business law component in their curriculums. Unfortunately, variation in the formal quantity and quality of teaching and learning varies among the institutions of higher learning.

With the turmoil of the 1960s the importance of business law emerged with statements such as “to remove law from the education of the businessman for the purpose of broadening that education is much like dumping a blimp's helium in order to lighten the load. Law provides one of the best means by which collegiate business training can be given increased scope and meaning beyond the professional business range” (Votaw, 1960). The 1980s continued the momentum: “. . . accounting education, considered both as a self-contained discipline and as a means of preparing practitioners, could benefit from a dose of the methodology that underlies legal education” (Subotnik, 1987). With the 21st century comes arguments supporting both more and

less business law in the accounting curriculum (Menter, Grant, & Kordecki, 2013).

This paper highlights recent trends in teaching and learning of business law concepts along with measures of CPA examination performance results. The CPA examination section of Regulation provides for significant coverage of business law and also related topics of legal ethics and related tax issues. The specific findings of this study, summarized in figure 11, found general uniformity across geographic areas and school size with exceptions for accountancy accreditation and large university flagship status. The research found practical variation in performance results obtained from those schools requiring the sophomore legal environment course rather than the junior business law course.

Figure 11. Investigation/Propositions--Findings

PROPOSITION	NULL DESCRIPTION	FINDING
Process (PP)	Georgia colleges and universities are similar in their emphasis on business law for baccalaureate degree	YES
Outcome 1 (OP1)	CPA examination performance results are similar regardless of accreditation	YES, with one exception
Outcome 2 (OP2)	Performance results are similar between large states outside the Southeast and the Southeastern states	YES
Outcome 3 (OP3)	Performance results are similar between Georgia and other Southeastern states	YES
Outcome 4 (OP4)	Performance results are similar between large and small Georgia programs	YES, with one exception
Outcome 5 (OP5)	Performance results are similar for sophomore legal environment and junior business law course preparation	NO

The process proposition (PP) was found for similarity in academic exposure. NASBA results show the outcome propositions (OP) involving accreditation, large states, and southeastern states to have no meaningful differences, except for more strength in pass rates when an institution holds the AACSB accountancy accreditation. Program size, except for one major Georgia university also was found not to be a significant factor. The final outcome proposition of input course was found to be meaningful and correlated with the junior level business course preparation prevailing over the sophomore level legal environment course for CPA exam success.

LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Professional accounting certification is widely recognized both inside and outside of the academy as highly desirable beyond the college degree. However, from the authors' experiences business law as a course is increasingly de-emphasized in the undergraduate accounting curriculum. From viewing information provided by the AICPA in its content specification outlines for the CPA exam, it appears the academy lags significantly behind the profession. The CPA examination major topic area specification calls for 17-21% business law with another 15-19% emphasis on legal responsibility. Future research could examine what colleges and universities across the U.S. and abroad are requiring.

This paper comments on individual schools limited to Georgia. A more comprehensive inspection might assess the curriculum in other states. The CPA examination results cover the period 2014 through 2016 and this limits the view of a longitudinal study. The authors of this study examined trends over a limited range. A more thorough analysis could employ statistical procedures over larger sets of data points.

The CPA exam is only one of several professional exams in the field of accounting. Other examination performance such as the Certificate in Management Accounting (CMA) could be studied. The CMA examination is more pervasive with its

specification for business law, ethics, and legal responsibility embedded in components of financial planning, performance, control, and decision making (Hargadon & Fuller, 2010). Roger CPA Review (2017) encourages candidates to take a broad approach as well in preparing for the CPA exam as legal duties and responsibilities and ethics questions are specified under a different category within the Regulation section of the exam, with many having original academic source in business law courses.

No judgments are made on the benefits of the rigor in the business law courses, nor the value of multiple courses, nor the distribution between legal environment course and formal business law course. Variances likely exist between institutions for the quality of the instructional personnel, the textbook content and resource materials used, and the overall rigor the student faces during the course-taking experience. The authors do note, however, that the importance of partnerships, securities laws, and contracts typically covered in courses beyond “legal environment” should not be overlooked.

Georgia, Southeastern states, and a few other large key states were selected for this study. A more thorough evaluation would consider results in other geographic areas. Gender and age could be studied. It is not known whether the success is attributable to the teaching and learning experience of the respective institutions, or whether there is a self-selection effect; i.e., the input quality of the students selecting the institution that happened to be accredited or in other ways is known for strength. Unfortunately, candidates from smaller schools with only the legal environment course appear to be generally less successful. Fortunately, there is good news in that candidates perform regardless of their institution, general uniformity exists across the United States, and candidates from private schools perform similar to those from state supported institutions.

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