

# Accounting Historians Journal

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Volume 8  
Issue 1 *Spring 1981*

Article 2

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1981

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### Recommended Citation

Gaffikin, M. J. R. (1981) "Development of university and professional accountancy education in New Zealand," *Accounting Historians Journal*: Vol. 8 : Iss. 1 , Article 2.

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*The Accounting Historians Journal*  
Vol. 8, No. 1  
Spring 1981

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## **THE DEVELOPMENT OF UNIVERSITY AND PROFESSIONAL ACCOUNTANCY EDUCATION IN NEW ZEALAND**

*Abstract:* University teaching of accountancy in New Zealand is probably unique in that it has developed hand in hand with the educational requirements of the profession. Although this close relationship did much to stimulate accounting education in the early years this is not so now. In attempting to meet the requirements of the profession and develop independent programmes the universities have been forced into an uneasy compromise. Those United States institutions which have recently created Professional Schools of Accounting may well find themselves similarly placed in the near future.

The history of university teaching of accountancy in New Zealand is well worth examining because of the close links it has had with the profession. The universities have been, for some time, the major educating body of the profession. Consequently, in seeking to protect its own interests, the profession has substantially influenced the development of university accountancy education programmes with respect to the level and variety of courses offered. With this sort of development it is quite likely that the development of university accountancy education in New Zealand is quite unique.

However, the universities have not always played such a prominent role in educating the accounting profession and some attempts to bring the two even closer have failed. An example is the unsuccessful attempt to align accountancy with professions such as law and medicine in requiring, as a prerequisite to entry, a university degree. It could be that a conservative profession is unwilling to accept any influence from institutions it imagines to be liberal or even radical.

This paper traces the development of accounting education in New Zealand universities. Because many readers will not be familiar with the structure of the university education system in that country the first sections briefly describe the existing structure, then trace

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The constructive comments of Professor Murray Wells, Frank L. Clarke, and John Whitta on an earlier draft are gratefully acknowledged.

its development. Also as background, some significant aspects of the history of the profession in New Zealand are detailed. Following this scene-setting the actual development of university accounting courses is examined. This forms the major element of the paper and having demonstrated that there have (at least until very recently) been close links with the profession it will be concluded that such links have inhibited progress towards flexible accounting programmes in the universities.

### *The Present University System*

The three and a half million people of New Zealand are serviced by seven universities: University of Auckland, University of Waikato, Massey University, Victoria University of Wellington, University of Canterbury, Lincoln University College and University of Otago (subsequently referred to by their distinguishing names). Only six offer full degree programmes with a major in accounting; Lincoln is the exception. Although postgraduate studies are offered and even encouraged by the universities, the demand is primarily for undergraduate courses leading to baccalaureates. Consequently, most resources are devoted to this area. The minimum time within which first degrees may be earned is three years. What may not be generally appreciated by people outside the country is that in order to earn a Bachelor's degree with Honours a student is invited to complete a fourth year of study. This honour's year is, in effect, the first year of a postgraduate programme.

Full postgraduate facilities exist in all six institutions for study towards masterate and doctorate degrees and postgraduate diplomas all with accountancy concentrations.

Separate departments of accounting exist in Auckland, Victoria, Canterbury and Otago. Sixteen established faculty positions in accounting exist within the Department of Business Studies at Massey and a similar situation exists within the Department of Management Studies at Waikato. Facilities for extramural study exist at Massey.

### *Historical Background of the University*

New Zealand consists of two major and several small islands. Although European settlement can be dated back to 1642 it was only in 1840 that it became a British Crown Colony. In 1852 it received a representative constitution which created a Central Parliament (or General Assembly) with two Chambers (Legislative Council and House of Representatives) and six Provincial (one Chamber)

Councils (three in each island). This Provincial system lasted until 1876 and it is in this period that the university system was established.

The most southern province (Otago) had been settled by people of predominantly Scottish origin. The wealth and population of this province had grown quickly, stimulated by the discovery of gold. With the claim that,

The Scottish educational system is probably a more intimate part of the national life than is the case in any other country in the world.<sup>1</sup>

it is little wonder that there were demands in Otago for the establishment of a university.

There was opposition to this from other parts of the country. An alternative course of action was suggested—the provision of scholarships for New Zealand students for overseas study.<sup>2</sup> Nevertheless the Scots were not going to be “put off” and in June 1869 the University of Otago was established under a statute which empowered it to confer degrees in arts, medicine, laws and music. This was followed by the New Zealand University Act of 1870 which was to establish a New Zealand university at Dunedin (the capital of Otago) so long as the University of Otago was dissolved. This was not to be and the result was the University of Otago continued in existence but later became affiliated to the University of New Zealand. In the meantime Canterbury University College was established (1873) as part of the University of New Zealand. This was followed by the establishment in 1883 of Auckland University College and in 1893, Victoria University College. Canterbury Agricultural College at Lincoln had existed since 1881, initially as part of Canterbury University College. Massey Agricultural College at Palmerston North came into being in 1927.

The initial teaching model adopted by the University of New Zealand was that of University of London: internal lectures with external examinations. It was a situation which increasing numbers of academics found barely tolerable. They taught the courses but examining was undertaken by people ignorant of conditions in New Zealand and with little contact with the actual teachers. It is no wonder the Colleges found difficulty in attracting highly qualified overseas staff.<sup>3</sup>

The granting of constituent status on the Colleges in 1926 did go some way to reforming this anomalous situation. However, it was not until the devolution of the University of New Zealand in 1962 that full independence was granted the institutions. With the devolu-

tion, four autonomous degree granting universities—Auckland, Victoria, Canterbury and Otago—were established. Massey evolved from agricultural college to full university status in 1963, a major reason for the addition of other faculties being the demand created by the existence of a large number of students enrolled in the neighbouring Teachers' Training College. Waikato was created in 1974.

### *The Accounting Profession in New Zealand*

The story of the development of the accounting profession in New Zealand up to 1960 has already been told.<sup>4</sup> Some features of the development are, however, worth noting. The first professional accountancy body, the Incorporated Institute of Accountants of New Zealand was incorporated in May 1894. There had been accountants practicing prior to this date but by August of that year the total membership of the Institute was 101.<sup>5</sup> Admission after 1896 was by examination which led to a breakaway society, The Accountants' & Auditors' Association, being established in 1898. The Association soon also conducted examinations. When two lady members qualified for admission in 1902 it became the first accountancy body in the British Commonwealth to have admitted lady members.

As with most new bodies seeking public approbation, maintaining membership and standards were the major concerns of the Institute. After attempts to unify the profession in one body for both Australia and New Zealand, it was decided to "go it alone" and in 1908 the New Zealand Society of Accountants Act gave birth to the New Zealand Society of Accountants (NZSA) (the Society) with 2,116 foundation members. It is worth noting that at the time the total population of the country was still not one million. Only 11% were qualified by examination but by 1912 nearly 300 members had forfeited membership on financial grounds. "It was 1924 before the number of examined members exceeded the non-examined, and the early 1930's before the membership again reached the total of 1909."<sup>6</sup>

The Society is the only official accounting body in New Zealand today. The Association was absorbed into the Society in the 1940s and the Institute amalgamated more recently. Admission is by examination and a period of approved practical experience (3-5 years). The examination subjects which must be passed are:

Accounting I  
Accounting II  
Economics

**Quantitative Methods  
Data Processing & Systems  
Commercial Law Parts I-IV  
Taxation, Trustee Law and Accounts  
Cost and Management Accounting  
Advanced Financial Accounting  
Internal Control Systems, Auditing and Investigations.**

Recent amendments to admission regulations require a candidate to not only pass the prescribed number of three-hour examinations—two for each subject listed except Law, Data Processing and Quantitative Methods—but to also follow a course of study, acceptable to the Society's Education Committee, in each subject for one teaching year. Furthermore, students must successfully complete all work required in that course before sitting the examinations. Self-preparation is not permitted as only courses offered by universities, technical institutes or community colleges will be approved. With a system of prerequisites for certain subjects, it is not possible to complete these examinations in less than three years' study. For example, a candidate cannot enroll in Advanced Financial Accounting without having obtained a pass in Accounting II which in turn requires a pass in Accounting I.

Without detailing the specific course prescriptions it is interesting to note the subjects of earlier examinations. The examinations of the Institute at the end of last century required a student to first pass papers in:

**Practical Bookkeeping  
Arithmetic  
Algebra  
English Composition  
Geography  
Dictation.**

Such a pass conferred upon the candidates "student" status enabling the next step to be taken, the examinations for Associate (so long as the candidate was not less than 21 years of age):

**English Composition  
Arithmetic, Algebra and Euclid  
Geography  
Theoretical Bookkeeping  
Practical Bookkeeping  
Auditing  
The Rights and Duties of Liquidators & Trustees.**

A candidate, being not less than 25 years of age could seek status as a Fellow in which case the subjects were:

Arithmetic, Algebra and Euclid  
The Theory of Bookkeeping  
The Practice of Bookkeeping  
Auditing  
The Administration of Trust Estates & Estates in Bankruptcy  
Trustee Law  
Company Law  
The Law Relating to Securities for Advances, Stamp & Legacy Duties, Property Rent & Income Taxes, Bills of Exchange, Promissory Notes and Cheques and Arbitration.<sup>7</sup>

The subjects for subsequent examinations required by the professional bodies are summarised in Table 1.

The 1906-09 examination required a candidate for Fellow (of the Institute) to pass at least five subjects with 75% and an aggregate of 475 out of 700. Candidates in the 1910 examination must have reached the age of 18 years before sitting the Intermediate sector and present the Final after 12 months of passing the Intermediate.

To be eligible to take the 1911-19 examinations a candidate must have passed certain prerequisites.<sup>8</sup> By this time it was the Society that was the major professional body.

Further major revisions took place in 1932 (Bookkeeping and Accounts was split into three stages), 1938, 1950, 1956, 1962 and 1978. Worth noting is the emphasis on legal subjects:

1906-09	4 subjects out of 6
1910-31	5 subjects out of 9.

This fact together with the late appearance of economics in the syllabuses leads one to speculate on the then perceived function of accountancy—at least the function of accounting training. That is, it appears to have been regarded as a purely functional-procedural task. Emphasis seems to have been placed on testing students' ability in matters of technical skill. One wonders about the extent to which economic-decision considerations were deemed worthy of concern. The subject, Economics, in fact disappeared from the requirements in 1938. It was 1957 before it reappeared.

### *Accounting Education at the Universities*

University education in accountancy in New Zealand owes its inception to the perception of the Council of the NZSA. In 1912

**Table 1**  
**Subjects for Subsequent Examinations Required by the Professional Bodies**

	1906-09	1910	1911-19	1919-31
		NZSA	NZSA	NZSA
NZSA Institute Association				
Bookkeeping & Accounts (2) Auditing Trustee Law Bankruptcy Law Company Law Mercantile Law	<b>Intermediate</b> Bookkeeping & Accounts (2) Auditing Trustee Law  <b>Final</b> Division 1: Rights/Duties Trustees Bankruptcy Law Company Law Mercantile Law Division 2: Bookkeeping (2) Auditing	<b>Professional</b> Bookkeeping & Accounts (Elem.) (2) Mercantile Law Auditing (Elem.) Trustee Law (Elem.) Bookkeeping & Accounts (Adv.) (2) Auditing (Adv.) Trustee Law (Adv.) Bankruptcy Law Company Law	<b>(a) Commercial Accounts</b> (1) Bookkeeping & Accounts, Business Organisation & Methods (2) (2) Mercantile Law Stage 1 (3) Economics  <b>(b) Professional Accounts</b> Mercantile Law Stage II Bookkeeping & Accounts (Adv.) (2) Auditing Trustee Law Bankruptcy Law Company Law	

Note: Number of papers shown in parentheses where there are more than 1.



the Society gave funds to the four colleges to establish lectureships in accountancy. Two lecturers in each college (three in Canterbury) were appointed on a part-time basis. Salaries were subsidised by the Government but between 1912 and 1927 the Society had paid £5925 which with the subsidy added totalled £11,850.<sup>9</sup> In 1927 the Society considered the lectureships sufficiently established within the university colleges and ceased contributing.

The degree of the University of New Zealand was Bachelor of Commerce (BCom) and the professional requirements were part of the degree requirements. With minor exceptions and variations this situation has persisted up to the present time.

To study at university it was necessary to:

- pass the Matriculation examination (now called University Entrance—UE), or
- be granted admission *ad eundum statum*, or
- be granted provisional admission due to being over 21 years of age.

These were also some of the alternative prerequisites for taking the professional examination as it was natural to assume certain reciprocal arrangements (such as students transferring from one set of examinations to the other) could be agreed upon.

The University of New Zealand Calendar first shows the BCom degree being offered in 1906. There were two examinations, the subjects for which were:

- |   |  |
|---|--|
| <p>(a) <i>First Examination</i></p> <p>French or German (2)</p> <p>History</p> <p>Physical Geography</p> <p>Commercial Geography</p> <p>Economics (2)</p> <p>Accountancy (2)</p> <p>One subject from</p> <p>—Mathematics,<br/>Physics,<br/>Chemistry, or<br/>Geology.</p> | <p>(b) <i>Second Examination</i></p> <p>Commercial Law</p> <p>Statistical Method</p> <p>Commercial French or German</p> <p>Accountancy (2) or one of the alternatives not taken in (a)</p> <p>Two subjects from</p> <p>—Actuarial Mathematics,<br/>Industrial Law,<br/>Economic History,<br/>Currency &amp; Banking.</p> |
|---|--|

There were restrictions on when the examinations could be taken. Essentially these were that part (a) could not be passed in total before two years and part (b) only after a further year.

With the creation of the NZSA in 1908 and their subsequent part-sponsorship of accounting education, the prescription for the degree was changed to enable the professional programme to be incorporated. Subjects were divided into four groups:

<u>Group 1</u>	<u>Group 2</u>	<u>Group 3</u>	<u>Group 4</u>
1. Modern History	7. Economic History	13. Bookkeeping & Accounts (Elem.)	15. Auditing
2. Economic Geography	8. Geology	14. Mercantile Law	16. Trustees & Receivers (Elem.)
3. Economics	9. Chemistry		17. Bookkeeping & Accounts (Adv.)
4. Statistical Methods	10. Physics		18. Auditing (Adv.)
5. Currency & Banking	11. Industrial Law		19. Trustees & Receivers (Adv.)
6. French or German or Spanish	12. Actuarial Mathematics		20. Law Bankruptcy
			21. Law Joint Stock Companies

Degree candidates were required to pass all subjects in groups 1 & 3 and at least five subjects from groups 2 & 4. The term "unit" has been used a lot in New Zealand university regulations; essentially it means a subject at a given level (or stage). Its contextual derivation is not certain but it appears in the University regulations and calendars in the 1920s.

In 1926 the degree was restructured so that from 1927 passes in fourteen units were required. The concept of a major was also introduced. There were three groups:

<u>Group 1</u> Compulsory Units	<u>Group 2</u> Two Units from	<u>Group 3</u> Five Units from One of Three (Major) Groups
Economics Economic History Economic Geography French/German/Spanish Bookkeeping Accounts, Business Organisations & Methods Mercantile Law Stage I Mercantile Law Stage II	Advanced Economics Modern History Statistical Method Currency & Banking Actuarial Science Psychology An additional foreign language	Accountancy or Banking or Industry & Trade

It is again interesting to speculate on reasons for some significant changes. The accountancy major subjects remained much the same—law and accountancy subjects. The fact that the degree was taught in departments with economists as heads may well account

for the increasing emphasis on economics in group 1. However, banking and statistical methods had been replaced by two units of law suggesting a definite pressure group. The de-emphasising of quantitative subjects was the start of a trend which was only reversed in the late 1960s. The foreign language component was undoubtedly a hang-over from the British origins of the Dominion and existed in all degree programmes. Bookkeeping and Accountancy, it appears, had become an established subject. The emergence of psychology as an option is a significant early recognition of the importance of behavioural aspects. However, that was a short-lived fancy, for a new structure in 1941 saw a retrenchment to specifically commercial subjects. Fourteen units were still required, 8 from group 1, 6 from group 2:

<u>Group 1</u>	<u>Group 2</u>
Economics (Stage I)	Economics III
Economics (Stage II)	Bookkeeping & Accounts III
Economic Geography	Auditing
Bookkeeping & Accounts I	Cost Accounting
Bookkeeping & Accounts II	Statistical Methods
Mercantile Law I	Company Law
Mercantile Law II	Public Finance
English (or a foreign language)	International Trade
	Economics of Agriculture
	Economics of Transportation

The last change to the degree came in 1959 when the number of required units decreased to twelve. The meaning of the word unit became more clearly identifiable. With few exceptions it now meant a full academic year's study with two or three (for most advanced stages) three-hour exams. A Stage I unit had to be passed before proceeding to a Stage II course although "stage" indicated the level of intellectual maturity assumed. Substantial changes have taken place since 1962 because of the autonomous development of the universities. With respect to accountancy however, as explained below, these are changes of form or of structure rather than changes in the content of the subjects offered.

### *The Directions of Independent University Programmes*

The most common changes to the individual programmes offered by the newly autonomous universities have been the inclusion of more courses in management information systems (and obviously

computing), finance and organisation and management. The devolution of the University of New Zealand left autonomous universities—Auckland, Victoria, Canterbury and Otago. (For some reason this order, which is a north to south listing, has become traditional.) Perhaps the most significant early development was the establishment of full-time university professorships in accountancy. This implies full academic acceptance of accountancy as an independent intellectual discipline. Not only have the years since then seen the establishment of two other university “departments” of accountancy, the original departments have grown substantially.

Canterbury has (until very recently) maintained a similar overall degree structure although the required number of units has been reduced to 11 (1962), to 10 (1964) then to 9 (1966).<sup>10</sup> Attempts have been made to reduce the rigidity of the degree thus allowing students a greater choice of subjects—accounting and non-accounting oriented.<sup>11</sup> Student numbers have grown substantially as has the faculty. There are now two chairs.

Otago has also chosen to maintain the basic overall structure. Student and staff numbers have grown. Although there are still only nine units required for a degree, substantial changes have taken place in course prescriptions to maintain its contemporary relevance. As Dixon says:

The 1960's saw considerable advances in the coverage and depth of courses in Accounting. Although the number of degree units was reduced, students are in fact faced with courses of increasing complexity.<sup>12</sup>

Much the same could be said of Auckland. But of the four original universities, it is Victoria which has made the most radical advances.

Unlike universities in many countries, in New Zealand the field of finance has been the prerogative of accounting departments—most are in fact departments of “accounting and finance.” One of Victoria’s four established chairs is held by a finance specialist. This is no doubt part of the reason for the department’s strength in this field. However, even more noteworthy is that degree candidates must take, to an advanced stage (stage III), a subject other than accountancy. In effect this means that all accounting majors have two majors one of which may be music, Ancient Greek Literature or any other subject which the student is qualified to pursue. In “traditional” universities where Hatfield’s houn’dog<sup>13</sup> is still being kicked around, a move such as this will surely encourage people to keep their feet together.

Without existing structures to constrain them, Massey and Waikato have been relatively free to develop innovative programmes. While Waikato has developed a four year management degree, Massey has opted for specialization built on a broad multi-disciplinary base. Twenty-one papers are needed to qualify for BBS (Bachelor of Business Studies). After completing a compulsory core of ten papers candidates select one of eleven different majors each with six further compulsory papers. Five elective papers complete the degree. To date about 60% of all BBS students have been accountancy majors.

### *The Universities and the Society*

Having spent some time detailing the development of both the universities and the Society some aspects of their interaction will be quite apparent. Nevertheless, it is important to examine the process of this interaction. However, before this can be done a slight problem of methodology must be pointed out.

In tracing the history of the interaction of two parties it would seem desirable to examine source material emanating from both sides. In this instance only material from the NZSA was available. However the subsequent analysis is not one-sided, for the attitude of the universities can be inferred from their actions. This is also a quite acceptable methodology; although the present analysis covers only eighty years, in situations extending back to hundreds of years this is often the *only* method. Over-reaction to a lack of source material from a particular viewpoint should be avoided. In this analysis the problem greatly reduces as the development becomes more recent.

The question, in assessing the relations between the accounting profession in New Zealand and the universities, is: to what extent have the university accounting programmes been predetermined by Society requirements? There can be little doubt that the Society's decision in 1912 to subsidise accounting education was the initial stimulus for university accounting programmes. However, did this imply that university programmes should have been determined by the requirements of one professional body? This begs the question of the purpose of university accounting education.

A superficial examination of the subject requirements of the Society since its inception (see above, especially Table 1), reveals that at least six basic subjects have existed as a core: bookkeeping and accountancy, auditing and the four law subjects, trustee law, bankruptcy law, company law, and mercantile law. Notable absences

from early syllabuses are courses on economics, cost and management accounting and any quantitative discipline.

Cost (and Management) accounting courses were developed late. A possible reason is that the Society had a strong public practice bias and other bodies, such as the New Zealand Institute of Cost Accountants, catered more for commercial specialists. Graham states that the Society felt they should take a more active role but the subject was "beyond their administrative and educational control."<sup>14</sup> The dropping of arithmetic, algebra and euclid from the 1906 revision left the syllabus without a quantitative subject until the late 1960s with the introduction of the subject mathematics and statistics (later to become quantitative methods).

However, considering that accounting education in the universities came, for some time, within the province of economics departments, the omission of economics from Society requirements would seem to be anomalous. That, of course, is not the only reason for questioning its omission, for as Harry Valentine, opposing its omission from the 1931 course revision, argued "no accountant could hope to discharge his duties satisfactorily without a knowledge of the economic background to his work."<sup>15</sup>

On the basis that following certain subjects would qualify candidates for both degree (BCom) and professional admission, it appears that from 1908-1927 the necessary subjects would have been:

Modern History	Economics
Economic Geography	Statistical Methods
Currency & Banking	French (or Substitute)
Bookkeeping & Accounts (Elem.)	Mercantile Law
Bookkeeping & Accounts (Adv.)	Trustee Law
Bankruptcy Law	Trustee Law (Adv.)
Company Law	Auditing
	Auditing (Adv.)

The 1926 syllabus change by the university introduced more compulsory economics. Two units had to be chosen from Group 2 (see above) which did not contain any of the subjects compulsory for the Society requirements. It did, however, contain Modern History, and Currency & Banking which previously formed part of the degree core.

The significant change, however, is the greater emphasis on economics by the university. When considered in light of the drop-

ping of that subject by the Society in 1938 the change represents a first difference of opinion over the necessary prerequisite for a professional working in the commerce field. Nevertheless in the period to 1950 relationships were fairly harmonious. For the colleges, "the emphasis was largely on preparing candidates for the professional examinations while encouraging the better candidates to consider completing the degree too."<sup>16</sup>

The Society's Presidential Report for 1950 states:

For nearly 40 years the Society's exams have been conducted by the University and the close co-operation between the Society and the University is highly valued by the Council, partly because it goes far to encourage members and students to take the BCom degree.

This link is interesting with respect to similar developments in other countries. In Britain, from which most New Zealand institutions were inherited, by 1961 there were few (if any) university accounting programmes.<sup>17</sup> Braddock says that,

Australian universities have been slow to recognize accountancy courses as fit and proper subjects for inclusion in a university, and, as a result, accountancy has suffered by comparison with other professions from a lack of "academic respectability."<sup>18</sup>

It is also interesting to note that "between 1935 and 1944 93% of Commerce graduates were qualified accountants." The degree was "to all intents and purposes" an accountancy degree.<sup>19</sup> Consequently, moves were made to establish a degree in accountancy—a Bachelor of Accountancy.

Discussions were protracted and the topic continued to be debated. The correspondence section of the *Accountants' Journal* contained many "strong opinions." Not only was the change of name opposed by the University but also the "restrictive" syllabus: universities were for a more liberal rather than technical education. The proposal, after six years of discussion, was rejected by the university. However the efforts of the Society were not without reward for, although the specific degree proposal was rejected, the BCom degree was "considerably modified in harmony with the Society's submissions."<sup>20</sup>

Several events took place in the 1950s which were to disturb the calm between the two bodies. In 1957 the Society recognized internal examining by the Colleges for Accounting I & II and Com-

mercial Law I & II. Accounting III and Auditing continued to be examined as a uniform national examination.

Until this time university classes in accounting subjects were, as Cowan<sup>21</sup> states, held before 9 A.M. and after 5 P.M. This was obviously intended to enable students to study part-time. When the Report of the Committee on New Zealand Universities (1960) (the Parry Report) opposed this practice there was a strong reaction from practitioners, as evidenced by comments in the correspondence to the editor of the *Accountants' Journal*.

Although two academics<sup>22</sup> supported the notion of full-time study advocated by the Parry Committee, the opposing view was voiced strongly. Anyone who studied part-time would find it difficult to think of any reasons for supporting it. One is only forced to, rather cynically, conclude that a source of "cheap labour" was to be protected.

The devolution of the University of New Zealand was seen by the Society as one of the biggest problems in maintaining adequate examination standards. While some of the diehards were all for breaking ties with the universities and "going it alone,"<sup>23</sup> fortunately common sense prevailed. The universities were professional educators. To develop an education programme quite separate from them would have meant the duplication of resources the economy could have ill afforded. In addition, it could well have resulted in a loss of intellectual prestige for the profession within the country and internationally. Devolution, rather than weakening the accounting education, in fact, strengthened it. The new universities created full-time professorial chairs, departments and full-time specialist faculty. The President of the Society in his 1961 Annual General Meeting address was quick to realise the possibilities and argued that the loss of uniform control was a small price to pay for the attainment of full academic status for accountancy in New Zealand universities.<sup>24</sup>

The solution to the problem of examination of candidates was twofold. The University Grants Committee, as a national organisation, examines for the Society's own examinations. Secondly, a system of cross-credits from university subjects to the Society's was developed. Cross-credit meant that a student who successfully completed a university course could apply to be exempted (credited with a pass in) a substantially similar course required by the Society. Based on some untestable notion that students still came to a university to qualify (solely or concurrently) for admission to the NZSA rather than to attain a degree, the universities were keen to retain these cross-credit arrangements.



In retrospect this only demonstrated the immaturity of the new university departments: their inability to take independent action. Various other reasons could be conjectured, such as the faculty themselves had been trained under the "old" system. Even the two new universities were very conscious of retaining the cross-credits. The Bachelor of Business Studies degree of Massey, as indicated, was designed to have 10 core papers, six papers in the major and five electives. By completing 18 set papers within their degree, students, after graduating, can get full cross-credit to the Society. Most accounting majors in fact do just that, thereby defeating any principle of broad-based education (which with only 5 electives is narrow enough anyway). *Ex post* evaluation of Massey's development clearly indicates its desire to obtain these cross-credit arrangements in the planning stages of its degree. With its extensive extramural programme Massey is now the second in size of the universities.

The intention of developing Massey extramural university accounting education was to facilitate the degree prerequisite for entry to the profession. Massey would have designed, examined and monitored the programme with other non-university institutions providing close contact classroom tuition. A large number of smaller cities and towns have institutions such as technical institutes and community colleges which provide accountancy education. This would have overcome a major objection to the degree prerequisite resolution—that many students were unable to attend university because they resided (for whatever reasons) outside a university centre.

The reaction of universities to recent syllabus changes by the Society however has suggested that some accounting departments are coming of age. Whereas Otago, under strong leadership, had already reacted to the restrictions imposed on any degree programme of attempting to retain the full Society cross-credit, other universities were also asserting their professional independence. Auditing, taxation and subjects such as trustee accounting are seen by Otago as purely "professional" requirements and are taught by part-time staff as a separate "professional studies" unit.<sup>25</sup>

Cross-credit arrangements at Victoria had changed regularly but under the present degree structure (see above) full cross-credit entails study of papers outside that required for degree status. Canterbury, which had conservatively savoured the relationship with the NZSA, has also shrugged off the yoke of restrictive subject prescriptions set by those who would rather see prepackaged economically viable units than widely educated graduates need-

ing training in specific technical details. In fact, Canterbury had disagreed with the Society over its (university's) auditing programme in 1972. They had even been prepared to let the Society take the action it threatened—to withdraw cross-crediting arrangements for that subject. While this did not eventuate then it is in fact the present situation. It is difficult for any academic who has not been subjected to this process of cross-credit assessment to appreciate what is involved. It is, no matter from which perspective it is viewed, a slight on the independence of an academic to have his prescription vetted, his examination questions doctored and his actual marking-assessment scrutinised. This is despite the fact that it is an assumed condition of the employment contract. Who can imagine any practitioner relishing the thought of his work being checked by someone, not trained or working in the same field, to make sure it is of sufficient quality. Academics should all be sufficiently qualified before appointment—therefore why cannot their professional judgement be relied upon?

At the same time most (if not all) academics surely want to cooperate with members of the profession for which they are preparing students to enter. This preparation must be more than merely making students competent in carrying out a series of technical procedures. It must include making students aware of the wider commercial and social environment in which professional activities will be executed. Rigid course prescriptions to suit cross-credit arrangements prohibit this sort of preparation. One can only infer that the present dichotomous situation is more suited to the slightly schizoid. It is easy to agree with Sinclair when he says:

. . . the pursuit of original work is usually due to the enthusiasm of individuals rather than to any encouragement provided by conditions in the university itself. That there have been distinguished scholars in the university, and some of them have stayed, are almost matters for surprise.<sup>26</sup>

### *Graduate Opportunities*

Despite the platitudes about the intimacy and respect between university and profession<sup>27</sup> the values of the “great silent majority” were soon to be aired. In June 1971 members were required to vote on an amendment to the Rules which would require, for membership of the Society:

- (i) An approved university degree with a major in Accounting or a degree, other than one with a major in

- Accounting, supplemented by such other studies in Accounting as may be approved by Council, *and*
- (ii) A Uniform Final Examination controlled by the Society, taken after the degree, *and*
  - (iii) Three years' approved practical experience. (taken from Postal Ballot information sent to every member, para. 1)

This was a second referendum. Four years earlier, in June 1967, the matter had arisen. In that instance the requirement was for an accounting major in the degree. The voting actually *passed* this resolution 2,573 for; 2,464 against. Because of the smallness of the majority Council, in their wisdom, had decided to hold the second referendum.<sup>28</sup> Voting in the second referendum reversed the earlier result: 2,272 in favour, 3,444 opposed.

Therefore, despite the fact that many professions in New Zealand have a degree prerequisite, as do many overseas accounting bodies, the NZSA still does not. This has important ramifications. For the profession there is the question of membership reciprocity with other national accounting bodies. For the universities it has meant the burden of maintaining restrictive prescriptions to continue the cross-credit arrangement described above. Postgraduate university study in accountancy has been slow to develop. In Otago postgraduate accounting courses were not offered until 1967,<sup>29</sup> at Canterbury in 1965,<sup>30</sup> at Victoria 1956 (only one paper, full programme in 1963)<sup>31</sup> and at Massey in 1973. At present, from courses offered, the largest programmes exist at Massey and Auckland.

Growth in the number of postgraduate studies has been slow. While there have been several masterates and doctorates awarded in commerce the majority of these has been in economics. Once again Sinclair's comments are apposite:

The university provides a good undergraduate training; its best students help feed the great post-graduate schools abroad.<sup>32</sup>

The NZSA also has a "postgraduate" division—its Cost and Management division. Full cross-credit from university courses to these requirements exists at Massey and other universities. These courses are, however, not university postgraduate courses.

### Conclusion

The development of university education in accounting in New Zealand is interesting as it has developed closely with the profes-

sion. Its early development exemplifies the benefits of a profession's pressure on the university system providing the motivation for such development. Because of traditional barriers to new subjects, the profession's pressure in the early years of this century was, in fact, largely responsible for accountancy's academic acceptance.

With the subject being taught by staff in economics departments the Society provided a very necessary watchdog. On the other hand, this was very much in the interests of the profession. Therefore, so long as the profession remained actively engaged in improving the standard of accounting education its influence was beneficial. This was in fact the situation until the 1950s. On the other hand, the lack of maturity of the discipline of accounting until then may not have significantly affected this relationship.

When the Society felt threatened by change in the system with the devolution of the University of New Zealand the influence worsened. The insistence on certain aspects of the prescriptions has severely restricted innovation in those prescriptions. Unfortunately, a great many of the developments in accounting that have taken place have taken some time to be incorporated into course prescriptions. Only now are the universities realising that it is to their advantage to develop academically sound programmes based on understanding of their own requirements rather than the insistence of outside bodies.

History often provides a basis for future decision making. The recurrence of identical situations is not possible. However, very often there are events which are closely parallel to past occasions. Analysis of the former can result in the problems and errors of past actions being avoided. In 1974, the American Institute of Certified Public Accountants (AICPA) appointed the Board on Standards for Programs and Schools of Professional Accounting. This Board was charged to "identify those standards that, when satisfied by a school, would justify its recognition by the accounting profession."<sup>33</sup> The motives of the AICPA are clear. Schools are required to meet standards of education set by the AICPA. The standards for Professional Accounting Education contained in the Final Report of the Board are admirable. They are designed to set out the need for broadly-based, well-educated accounting graduates. However, it is likely that in satisfying the profession's needs the schools are going to lose a degree of independence.

In a situation where professional "needs" are restricted to fulfilling short-run requirements, the schools will become severely constricted. The analysis of the New Zealand accounting education system above has demonstrated that this sort of situation may very

well occur. It suggests a possible outcome of an overly strong influence of the profession in the education of accountants. As such it can provide an example of pitfalls to be avoided.

#### FOOTNOTES

- <sup>1</sup>Thompson, p. 12.
- <sup>2</sup>See Beaglehole, p. 20.
- <sup>3</sup>See Burdon, pp. 87-89.
- <sup>4</sup>See Graham, *The First Fifty Years*.
- <sup>5</sup>Graham, *The First Fifty Years*, p. 14.
- <sup>6</sup>Graham, *The First Fifty Years*, pp. 26, 28.
- <sup>7</sup>Rodger, "Education and Examination," pp. 257-258.
- <sup>8</sup>See Rodger, "Education and Examination," pp. 258-259.
- <sup>9</sup>Reid, p. 273.
- <sup>10</sup>Davenport, p. 13.
- <sup>11</sup>Davenport, pp. 14, 15.
- <sup>12</sup>Dixon, p. 11.
- <sup>13</sup>Hatfield, p. 10.
- <sup>14</sup>Graham, *The First Fifty Years*, pp. 124-125.
- <sup>15</sup>Graham, *The First Fifty Years*, p. 78.
- <sup>16</sup>Rodger, "Education for Accountancy," p. 21.
- <sup>17</sup>Sidebotham, "The Development of Accounting Studies," p. 7.
- <sup>18</sup>Braddock, p. 150.
- <sup>19</sup>Graham, *The First Fifty Years*, p. 78.
- <sup>20</sup>Graham, *The First Fifty Years*, p. 79.
- <sup>21</sup>See Cowan, p. 395.
- <sup>22</sup>See Sidebotham, "Education for Accountancy," pp. 324-325 and Cowan, p. 398.
- <sup>23</sup>e.g., Stark, pp. 289-290.
- <sup>24</sup>Pickles, p. 279.
- <sup>25</sup>See Dixon, p. 95.
- <sup>26</sup>Sinclair, p. 286.
- <sup>27</sup>e.g., Graham, *The First Fifty Years* and Fippard.
- <sup>28</sup>Anonymous Comment, *Accountants' Journal*, Vol. 46 (December 1967), p. 182.
- <sup>29</sup>Dixon, p. 93.
- <sup>30</sup>Davenport, p. 13.
- <sup>31</sup>Rodger, "Education for Accountancy at Victoria University," p. 23.
- <sup>32</sup>Sinclair, p. 286.
- <sup>33</sup>American Institute of Certified Public Accountants, p. 1.

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- 4, 1926, pp. 297-298
- 6, 1927, pp. 66-82
- 8, 1929, pp. 75-89
- 10, 1932, pp. 264-274
- 14, 1936, pp. 283-284
- 19, 1940, pp. 11-14
- 21, 1942, pp. 179-180; 228-229
- 22, 1943, pp. 135-138
- 24, 1945, pp. 139-140
- 25, 1946, p. 23
- 28, 1949, pp. 135-136; 199; 253-254
- 38, 1959, pp. 241; 389; 399-404
- 40, 1961, pp. 172; 246-253; 354-361
- 43, 1964, p. 201
- 45, 1966, pp. 1; 361-362
- 46, 1967, pp. 182-183; 244-245
- 47, 1968, p. 349
- 49, 1970, pp. 309; 310-311
- 50, 1971, p. 1
- 56, 1977, pp. 61-70
- 57, 1978, p. 366.

Many of the above are editorial comments. Volumes initially dated from August of one year to July of the next; the earlier year is shown above. The correspondence column to the *Journal* also provided a valuable source of opinions or attitudes at various times.

Calendars of the Universities provided details on prescriptions.