

# *Ready for business*

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Bridging the employability gap  
The CIMA story

## ABOUT CIMA

### *Chartered Institute of Management Accountants (CIMA)*

*The Chartered Institute of Management Accountants, founded in 1919, is the world's leading and largest professional body of Management Accountants, with more than 218,000 members and students operating in 177 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations.*

### *Chartered Global Management Accountant (CGMA)*

*Two of the world's most prestigious accounting bodies, AICPA and CIMA, have formed a joint-venture to establish the Chartered Global Management Accountant (CGMA) designation to elevate the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.*

### *American Institute of CPAs (AICPA)*

*The American Institute of Certified Public Accountants (AICPA) is the world's largest association representing the accounting profession, with more than 394,000 members in 128 countries and a 125-year heritage of serving the public interest. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.*

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# 1. EXECUTIVE SUMMARY

*The world is experiencing an employability crisis. Employers have vacancies but many young people do not have the appropriate skills to gain employment. There can be a gap between what education provides and what employers require.*

Young people without employment skills risk further social exclusion as technology and the workplace change.

The consequences of high youth unemployment are interconnected with other global risks. They include:

- a narrower tax base to support an increasing welfare burden
- a risk to economic growth
- for economies under other stress, the potential to contribute to instability.

Education improves employability but there can be a disconnect between the priorities of educators and the skills needed by students for employment.

Employability is a priority for the Chartered Institute of Management Accountants (CIMA). Our value proposition includes the promise that the reputation of our qualification will enhance career prospects. We strive to ensure that our qualification continues to fulfil employers' changing demands, so that our members will always be highly employable.

CIMA has recently launched an updated syllabus and assessment process. To ensure this will deliver on our promise, we conducted comprehensive research into the roles of management accountants, the skills employers expect of them and how these are changing. This has allowed us to develop a competency framework for the future. We have developed our syllabus and commissioned a new assessment process to address the skills and competencies that employers will need.

The first examinations on the updated CIMA syllabus will be held in 2015. Employers will be assured that those who pass to become members and Chartered Global Management Accountant (CGMA) designation holders will have the

competencies employers expect of professional management accountants. In turn, CGMA designation holders will enjoy enhanced employability and career prospects.

We have taken this direct approach to addressing employers' competency requirements in partnership with other stakeholders. It may have wider application to improve employability as it ensures that theory and practice are learned in combination. Many of the skills that employers expect of management accountants are also needed by others in business. In many disciplines, the combination of core technical skills and an understanding of how businesses operate is valuable throughout one's career.

CIMA's approach may therefore be of interest to employers, educators and regulators. We are pleased to share it and look forward to working with others to help close the employability gap in the interests of employers, society and – not least – young people.

## 2. INTRODUCTION

*Within the field of accounting education, the AICPA and CIMA have been successful in addressing employers' needs for many years. CIMA's recent experience in updating its syllabus and its assessment provides a practical case study in how stakeholders in a sector can work together to address employability.*

The World Economic Forum report *Global Risks 2014*<sup>i</sup> identifies the levels of unemployment / underemployment and income inequality as major risks which are interconnected with the number one risk facing the world today; fiscal crises in key economies.

McKinsey & Company report<sup>ii</sup> that, while 75 million young people across the world cannot find work, many businesses have vacancies they cannot fill. Employers often find that young people lack the skills they need. Educators' priorities and objectives are not aligned with their students' employability.

Only 42% of employers responding to a McKinsey survey<sup>iii</sup> recorded that, overall, their employees hired over the past year had been adequately prepared for work by their education. Only 45% of youth respondents thought their education had adequately prepared them for work. Yet a majority (72%) of educators thought that graduates of their institutions were ready for entry level positions in their chosen field of study.

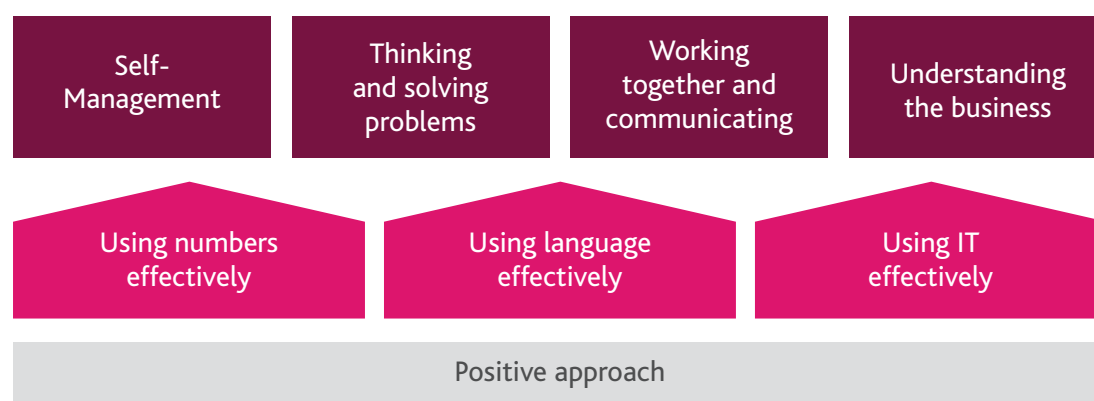
Although education enhances employment prospects, there is often not a clear connection between the priorities in education and the provision of employment skills. The *Global Risks 2014* report notes that "Many current graduates are discovering that despite their academic qualifications – often gained at significant expense – they lack the specific technical and professional skills demanded by the ever changing jobs market."

The UK Commission for Employment and Skills (UKCES) uses figure 1<sup>iv</sup> to illustrate a definition of employability skills. They found that, while there is no universally accepted definition of employability skills, the more widely accepted ones are broadly the same as depicted here.

The UKCES model shows a positive approach as the foundation level. This supports three functional skills relating to the effective use of numbers, language and technology. These skills are performed in the context of four personal skills: self-management, problem solving, team-working and business understanding. UKCES point out that developing employability skills is broadly agreed to be achieved by:

- experiential action-learning, using skills rather than simply acquiring knowledge, with an emphasis on trial and error and a focus on the pay-off for the learner in employment and progression
- work experience, preferably work placements, but otherwise classroom experiences that simulate the complexity, ambiguity, unpredictability and consequences of success or failure present in the workplace
- opportunities for reflection and integration: learners, with feedback from staff, peers and employers, look at learning experiences and prepare to put them into action in other situations.

FIGURE 1: EMPLOYABILITY SKILLS



Source: UKCES 2009

As UKCES notes, these are not controversial conclusions. These practices are already well known to many professionals in education across a range of disciplines; unfortunately they are just not practised widely enough.

Until this matter is addressed, the employability crisis will have implications and present challenges for a) young people, b) employers, c) society and, of course, d) educators including CIMA. McKinsey recommend that these stakeholders should work together in partnership to help resolve this crisis.

CIMA is an educator too but with a difference. We are a professional membership body. We set out to qualify management accountants who meet the needs of employers. Therefore, the employability and career prospects of our members are the basis of our not-for-profit business model.

We recruit a wide range of candidates as students with the promise that gaining our qualification will enhance their employability and career prospects. We are ethically bound to work hard to ensure that we deliver on this commitment.

CIMA strives to ensure that completion of the CIMA qualification and entitlement to use the CGMA designation provide a firm assurance to employers that potential employees have been rigorously assessed and found to possess the competencies relevant to their roles as management accountants. So we are educators focused on employability.

In keeping with an obligation under our Royal Charter to act in the public interest, we are pleased to share our learning. In this report we take our own domain, the management accounting profession, as a case study. We show how we partnered with other stakeholders to identify the skills and competencies that employers will expect of their management accountants. We also share how we developed a syllabus and assessment process to address those competencies.

### 3. THE CIMA CASE STUDY – A WAY FORWARD?

*The rate of unemployment among CIMA management accountants may be less than half that for the economy in general<sup>v</sup> but we are not complacent. It has required creative anxiety and continuous development to remain relevant to employers' changing needs for almost a century.*

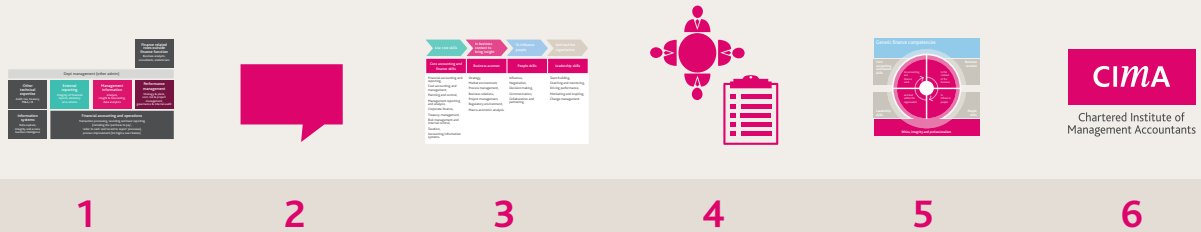
For example, advances in technology could threaten members' roles in the production of accounting information. We need to ensure that they will have the competencies employers will need in the future.

McKinsey noted that "the most transformative solutions are those that involve multiple providers and employers working within a particular industry or function. These collaborations solve the skills gap at a sector level; by splitting costs among

multiple stakeholders (educators, employers, and trainees), investment is reduced for everyone – an incentive for increased participation. Agreements such as non-poaching deals can also boost employers' willingness to collaborate, even in a competitive environment."<sup>vi</sup>

CIMA's approach to developing the latest version of its syllabus, which will be first examined in 2015, provides a practical example of a collaborative approach.

FIGURE 2: THE CIMA CASE STUDY



### 1. Competency frameworks

We analysed competency frameworks provided by 60 employers.

### 2. Employers' views on role of finance

We met face-to-face with the representatives of 67 employers in Malaysia, South Africa, the United Kingdom and the United States to explore their expectations of finance professionals and how their roles are changing.

### 3. Technical and complementary competencies

We identified the technical accounting and analysis skills and the complementary business, inter- personal and leadership skills which management accountants might need, from setting out as entry level professionals to reaching more senior or more specialised roles through career progression.

### 4. Validation round tables and survey

We held a series of round tables in 13 countries in Asia, Africa, Europe and the USA where over 200 organisations were represented and we conducted an online survey which was answered by more than 3,000 respondents (members, students and tuition providers) to validate our approach.

### 5. Competency framework

We developed a competency framework to cover a wide range of accounting and finance roles from competent professional to senior management and subject matter expert roles.

### 6. The CIMA solution

This enabled us to develop the CIMA solution: the CIMA Syllabus and a new assessment process.

### CIMA Syllabus and assessment

We commissioned academics to write a syllabus that addresses the competencies that an employer might expect of a professionally qualified management accountant.

We engaged Pearson VUE to develop a new assessment process which tests those competencies with rigour so that we can say with confidence that holders of the CGMA designation have a good knowledge of the subject matter and they can apply their knowledge in a business context to influence others.

We have launched our updated syllabus more than a year before it will be first examined. Having consulted with tuition providers during its development, we will continue to work with them to ensure they have a clear understanding of the learning outcomes and how these will be examined so that they can prepare candidates fully.

We maintain relationships with employers and work with them to ensure that our qualification continually meets their requirements and that their trainees are supported through their studies.

When our qualification meets employers needs it in turn meets the needs of our other customers; our members and students. By equipping them with the competencies required for management accounting and a firm assurance to employers that they hold those competencies, we enhance their employability and career prospects.

Our starting point is an understanding of our customers' needs. CIMA works with employers, academics and subject matter experts to maintain a clear understanding of the roles played by finance professionals in business, the competencies employers expect and how these are changing.

## 4. COMPETENCIES FOR MANAGEMENT ACCOUNTING

### a) Roles of management accountants

Often, a business' accounting and finance professionals will be segregated into reporting and control (accounting) roles or planning and analysis (finance) roles. Figure 3 presents an overview of the services they provide. In a very large organisation, these service areas might describe specialised 'job families'. Each service area can require particular technical skills or expert competencies.

The foundation level is where, using accounting information systems, transactions are processed, records kept and reports including financial accounts are produced. In a larger company, these processes may be managed in a shared service centre.

At the next level, the integrity of financial reporting is ensured and reports, returns and financial statements are prepared to comply with external reporting requirements. Accounting information is combined with other relevant data to generate management information. This informs strategy formulation, investment appraisal and asset allocation decisions as well as ongoing performance management and incremental innovation.

Accountants may also provide technical support to the business in other specialist areas of expertise, such as advanced tax planning or mergers and acquisitions. The management of the finance department requires another set of skills too.

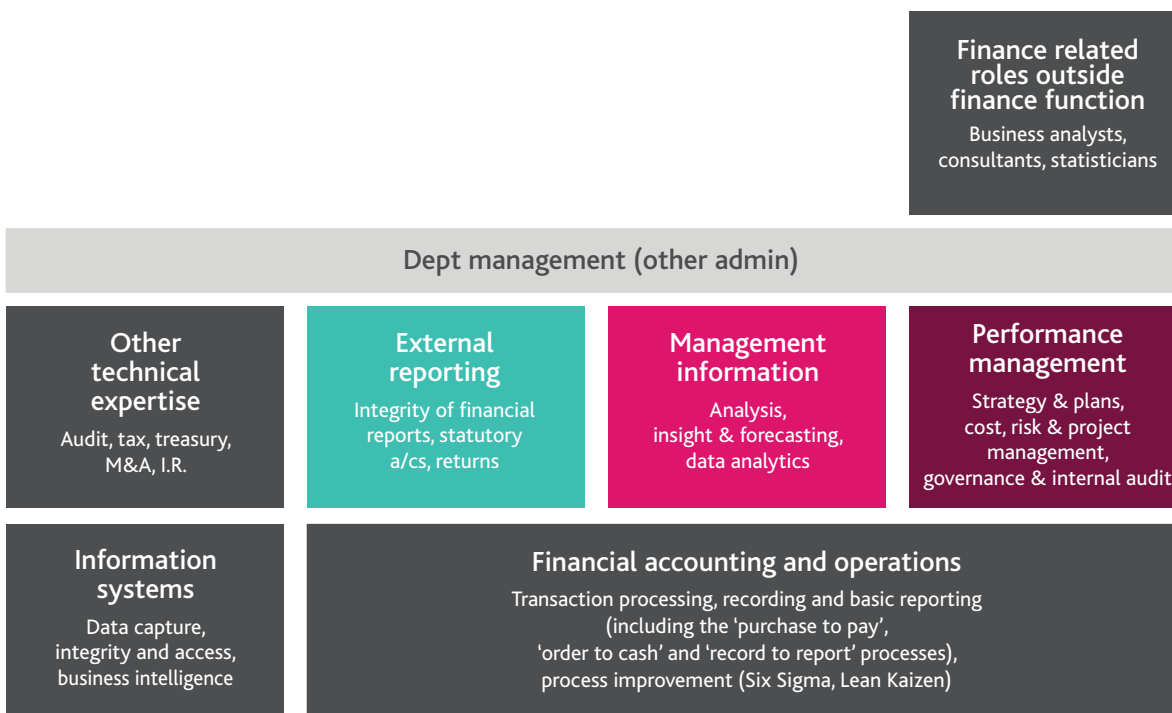
Some management accounting services may not be provided by members of the accounting and finance function but by management accountants or other finance or quantitative professionals who work alongside business managers. These are finance-related roles outside the finance function.

Accountants are usually the most trusted providers of financial information because they have the disciplines to ensure that the numbers they provide have integrity and can be reconciled with the statutory accounts. But, whether these services are provided by accountants, engineers, MBAs or other analysts, we consider them to be in the domain of management accounting. We are therefore keen to ensure that we equip our members with the competencies required to perform these roles.

*"The CIMA qualification was hugely helpful because of the breadth of technical and commercial elements. I have always considered myself to be part of a multi-dimensional team, rather than just an accountant."*

Kenny Murdoch, ACMA, CGMA, Chief Financial Officer, Bumi Armada, Malaysia

FIGURE 3: THE SERVICES WHICH MANAGEMENT ACCOUNTANTS CAN PROVIDE





### b) Competencies and skills expected by employers

The technical skills required by individuals will depend on the management accounting services which they provide and their level of seniority. Most progressive employers have competency frameworks which describe the technical skills needed in each job family by level of seniority.

For specialist technical areas, the level of expertise may be more significant but seniority is usually described in terms of the level of managerial responsibility. So, in addition to core technical accounting skills, employers also expect management skills.

FIGURE 4: LEVELS OF COMPETENCE

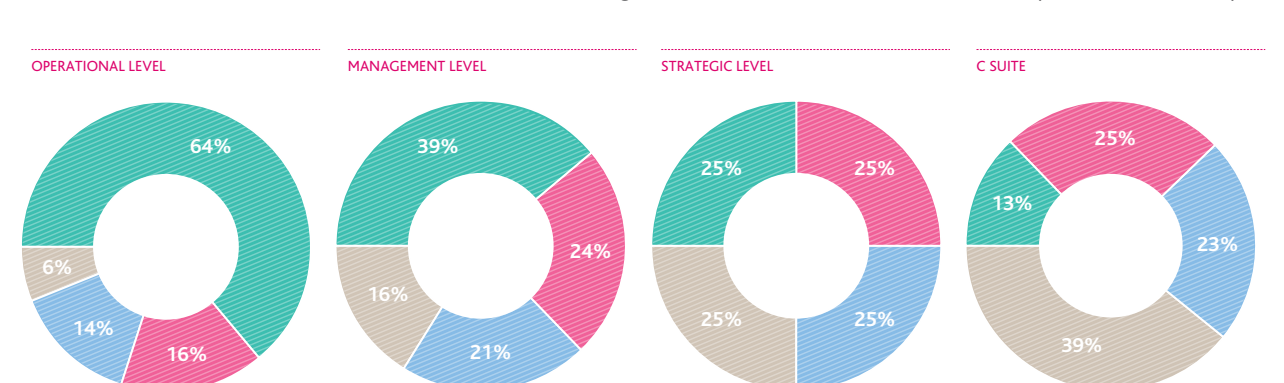
Levels of competence	Description - expertise	Description - seniority
Senior executive (C suite) or expert	Expertise in subject matter is acknowledged by peers in industry or area of specialism; can handle very complex matters and supervise others' work on complex matters.	Strategic decision making with formal responsibility for business areas. Actions and decisions have a high level strategic impact. Scope is very wide and focus is long term.
Senior manager or advanced	Has the experience and expertise to handle complex matters with confidence and can supervise others' work on difficult matters.	Management decision making with formal responsibility for colleagues and/or actions and decisions have a wider impact. Scope is wide and focus is medium to long term.
Manager or intermediate	Has acquired specialist knowledge through CPD (e.g. further study or practical experience); can handle difficult matters with confidence and supervise others' work on routine matters.	Limited or informal responsibility for colleagues and/or where broader approaches or consequences need to be considered. Scope is mid-range and focus is medium term.
Entry level or foundational	Performs a generalist role with confidence and has sufficient knowledge of subject matter to work independently on routine matters but will engage an expert when necessary.	Responsible for achieving results through own actions rather than through others. Scope is narrow and focus is on short term objectives.

Some managerial capability is expected at all levels. The emphasis on managerial competencies increases at the expense of core technical skills for more senior roles.

These complementary managerial competencies can be classified as business acumen, people skills and leadership skills. Even in specialist areas, where more technical expertise is required at higher levels, these competencies become more important too with seniority.

As shown in figure 5, in addition to technical accounting and analysis skills, finance professionals are expected to have, as appropriate to their level, an understanding of the organisation's strategic context, its competitive position, its business model and its key processes. And, again as appropriate to their level, they need the people skills necessary to influence others and to contribute to leadership so as to ensure that the accounts, information, analysis and insights which they provide are applied effectively to improve the organisation's performance.

FIGURE 5: COMPLEMENTARY SKILLS

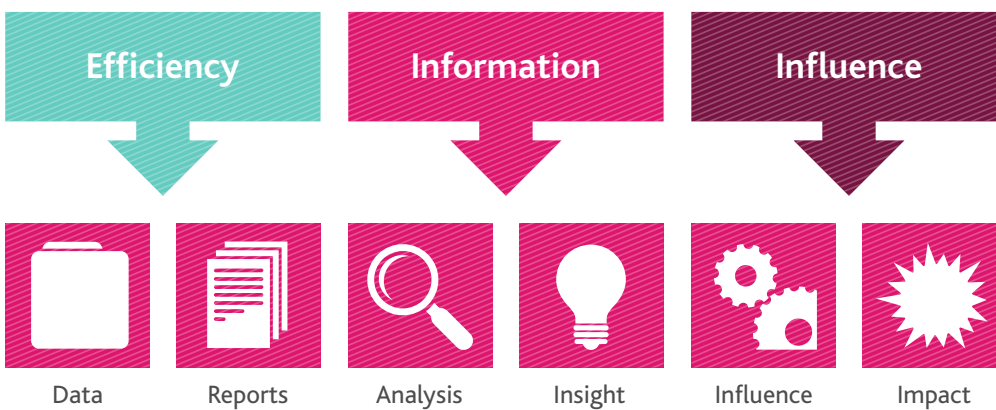


### c) Finance transformation – how the role of finance is changing

Employers are keen that management accountants should be alert to how the roles of finance professionals in business are changing. Management accountants should be prepared to lead the transformation of the finance function. They should also acquire the new skills they might need to future proof their own careers, as advances in technology will lead to more automation in the production of information and more self-service in its access and analysis.

The role of the management accountant has become so broad that it can be described as being about improving decision making<sup>vii</sup>. Financial accounting skills remain essential. However, management accountants who can combine financial expertise with an understanding of business and performance analysis skills have the potential to support decision making from the planning to implementation stage.

FIGURE 6: HOW THE ROLE OF FINANCE IS CHANGING



Providing evidence in the form of financial reports, management information and analysis has long been the basis for accountants' roles in decision making. Salient data should be analysed and insights communicated in a compelling manner so that they are considered before the actual decision is made. But this is not the end of the accountant's role in decision making. Effective decisions achieve impact.

The decision has to be articulated in terms that will allow it to be implemented. Progress has to be measured and performance managed through to the intended outcome.

'Finance transformation', or how the role of accounting and finance is changing, can be considered under the headings of efficiency, information and influence:

#### Efficiency:

The demand for greater efficiency applies to all the activities of the finance function but is most relevant for the service area of financial accounting and operations. This is where shared service centres are industrialising accounting processes. These service centres may be in-house or out-sourced, onshore or offshore. Their role is expanding from transactional processing to include the provision of some management information and analysis.

Advances in globalisation and information technology continue to provide opportunities to make changes that increase efficiency. Implementing these changes requires some understanding of the enabling technology but change management and project management skills are needed too.

#### Information:

Businesses face a world where volatility, uncertainty, complexity and ambiguity are the norm: they face a VUCA world. Disruptive technology can provide new opportunities but threaten current business models. In order to respond to threats or exploit new opportunities, a business needs agility in how it analyses, forecasts and plans. This requires a keen understanding of the drivers of financial outcomes to inform budgeting, forecasting, risk management and performance management.

The organisations that have emerged successfully from past recessions are those which balanced cutting costs to improve the efficiency of their operations with continuing to invest to develop their competitive position<sup>viii</sup> or business model so as to ensure its sustainability.

Sustainability is primarily about survival. It is about taking a long term view on revenues and costs, risks and opportunities. These may include stakeholders' concerns about environmental or social matters. It can be enlightened self interest to address these concerns. Businesses need reliable data to assess their competitive environment and the environmental and social impact.

To increase profitability in slower growing markets, businesses need a better handle on the costs and economics of their operations. This includes, for example, contribution by business unit, by customer segment, by product or by channel so that more value can be created through better allocation of resources and more focused management. This requires the commercial curiosity to continually question and analyse, looking for evidence to support assumptions and opportunities to cut costs, reduce risk, increase revenues or improve cash flow.

For these reasons, employers look to management accountants to provide better management information. This means management accountants need to be alert to the potential in business intelligence applications and developments in Big Data and its analysis.

There is a recognition that some information can be perishable. For example, tax regulations often change and they vary by jurisdiction. Accountants can readily source the current information but they must also know how to apply it; for example, how to take tax rules into account in investment appraisal.

Better information is also needed to provide more transparency to investors and stakeholders, including in the form of integrated reporting. Transparency can enable better governance and assure stakeholders that a business is a responsible corporate citizen. This will require more management accounting and information to be included in external reporting.

*“Completing the CIMA qualification has given me the ability to understand what’s going on behind the numbers. The majority of our time is not spent on traditional accounting; that’s just a small part of the job. Our main focus is looking at past and future financial performance, and how this fits into the broader business objectives.”*

Peter Lamb, ACMA, CGMA, Financial Controller,  
BAE Systems

### Influence:

The demand for better information is a demand for practical information that can be put into effect. New analytical insights are interesting but they have to be translated into commercial insights and applied in the business to be of value. Putting information to effect requires influence.

Employers often mention the expectation that management accountants should be able to contribute cost leadership, meaning in this context the ability to identify opportunities and implement process changes so as to drive down cost. They should be the business’ ‘cost busters’.

The roles played by accountants in business provide them with opportunities to work closely with all aspects of the organisation. They can develop a keen understanding of the drivers of cost, risk and value across its value chain. The term ‘Finance Business Partnering’ describes how management accountants who combine accounting disciplines with business understanding are able to contribute insights to decision making and influence colleagues to help improve performance management.

Finance Business Partnering captures the essence of management accounting. It requires what CIMA members call “the CIMA brain”<sup>ix</sup>. This is about being globally and strategically aware but grounded in commercial realities. It combines the core financial accounting and analysis skill set with a good understanding of business; the commercial curiosity to explore how things really work; and the confidence and ability to question assumptions and to engage with others to make things happen.

In the context of influence, employers also value management accountants’ professional objectivity. As members of an international body they would expect management accountants to be alert to global developments and to be able to contribute external ideas. Finally, the fact that they are guided by a code of ethics as members of a professional body is valued by employers.

### Competencies for the future:

CIMA’s understanding of the roles that management accountants play, the competencies they need today and how their roles are changing, positions us well to develop a solution that increases the employability of our members.

## 5. THE CIMA SOLUTION

*The CIMA solution is based on firm foundations:*

- a) Research into employers' needs
- b) Relevance of the CIMA syllabus
- c) Rigour of assessment
- d) Reputation

### *a) Research into employers' needs*

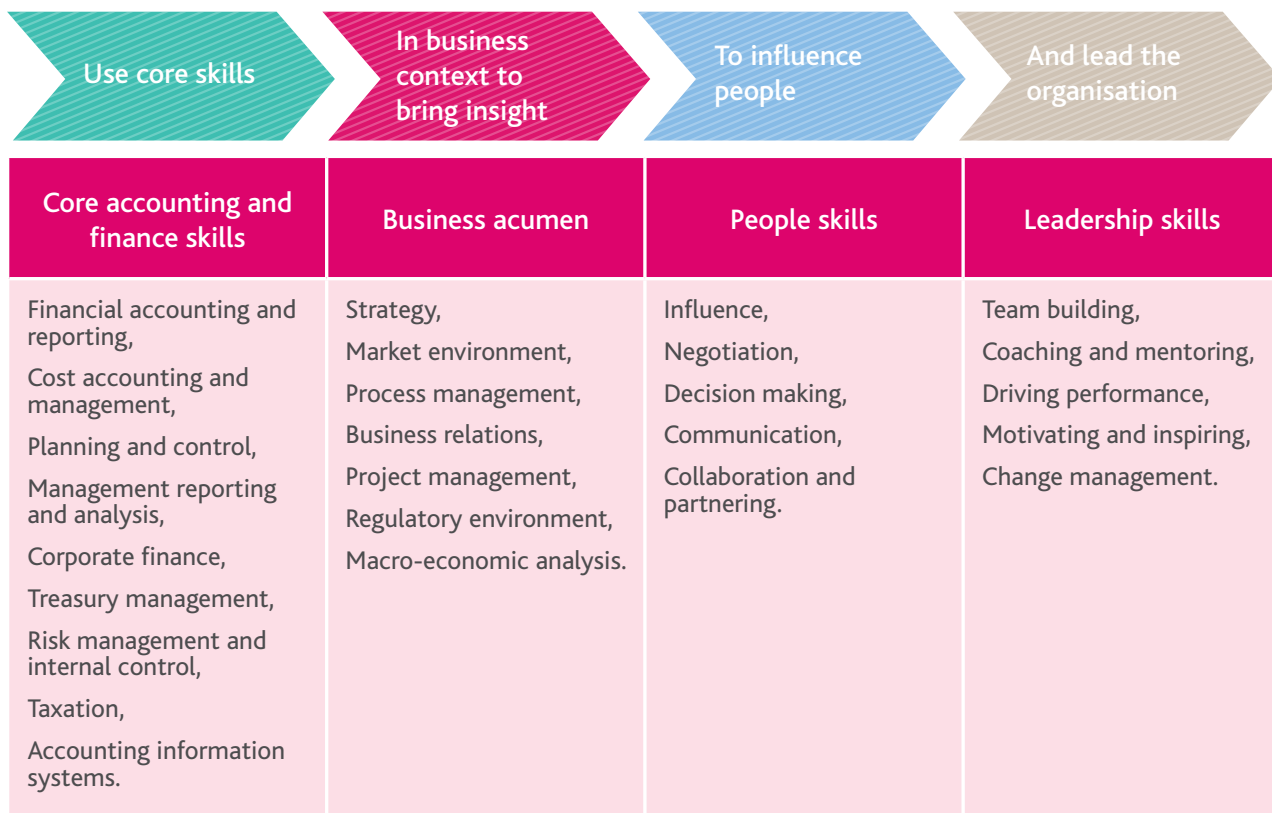
CIMA has long been sponsoring academic research and conducting its own research into the future of the management accounting profession. Over recent years, many employers have shared their competency frameworks with us and we have been mapping these against our syllabus.

In order to ensure that the 2015 syllabus will meet employers' needs into the future, we have held meetings with 67 organisations in Europe, Malaysia, South Africa, the UK and the

USA. Based on discussions with these employers about how the role of finance is changing and analysis of the competency frameworks which many of them provided, we have developed a competency framework for management accountants up to 2020.

Our approach was validated in a series of round table meetings across the world where more than 200 organisations were represented and by an online survey answered by over 3,000 respondents (members, students and tuition providers).

FIGURE 7: COMPETENCIES REQUIRED



The framework of finance competencies that we developed based on our research sets out the skills required today and into the future for a wide range of finance roles at different levels of seniority in management or subject matter expertise.

The competencies to be addressed by our syllabus and its assessment are a substantial subset of these. A qualified management accountant should have all the capabilities that an employer might reasonably expect of a finance professional. This competency framework includes current 'hot topics' and developments in the role of the finance function:

- Risk management
- Finance transformation
- Big Data and analytics
- Sustainability
- Integrated reporting
- Cost leadership
- Tax in decision making
- Global awareness
- Ethics

In discussions with employers on how the role of finance is being transformed in response to business needs, it was widely recognised that the emphasis is shifting from technical skills and the production of good accounting information, which remains essential, to the application of financial disciplines in the management of a business.

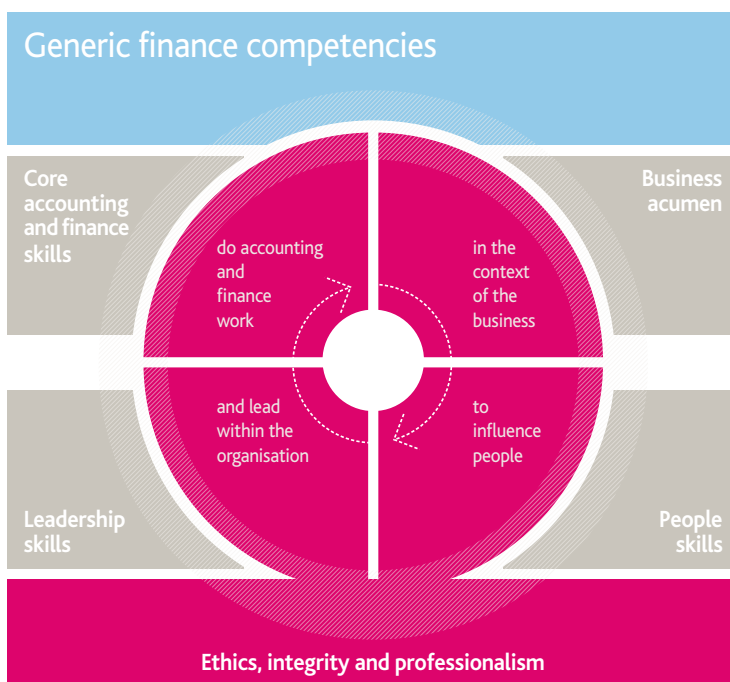
Having the technical skills relevant to each service area will not suffice. A management accountant has to be competent to do accounting and finance work in the context of the business to influence people and lead within the organisation. Therefore, the competencies employers expect include core accounting and finance skills, business acumen, people skills and leadership skills, all underpinned by ethics, integrity and professionalism.

### *Demands for 'wider skills'*

*“Development of wider skills in accountancy is not only important for the profession, but for the wider UK economy. Accountants are an important source for future leaders in business and therefore need a wider range of skills outside the technical competence required by the profession. Since the global financial recession began in 2008, this has been emphasised by the need for improving the transparency and accountability of business and public services, meeting the needs of compliance whilst remaining competitive, embedding financial risk management into wider business decisions and adopting responsible growth strategies. These skills needs have been identified as priority for the economy.”*

Source: Building Future Skills in Accountancy, UKCES, November 2011

FIGURE 8: THE CIMA COMPETENCY FRAMEWORK



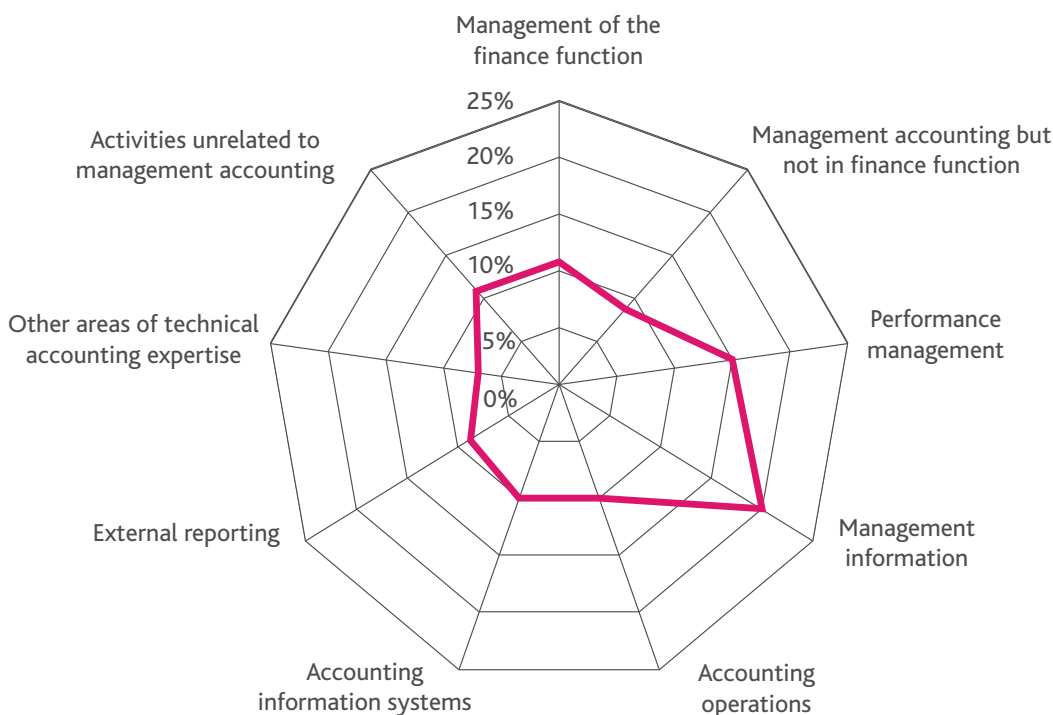
## b) Relevance of the CIMA syllabus

The emphasis in the role of the management accountant differs from that of an accountant qualified for professional practice. As accountants in business, management accountants need to understand how businesses operate, how they are managed, how people work together and how strategy is formulated. They also need to be able to provide the analysis which managers need to understand the economics of a business' operations,

to manage its performance and to manage risk. These business and analysis skills are in addition to the core technical financial accounting skills expected of any accountant.

The weighting we applied in the syllabus was validated by the employer meetings and members' responses to the global online survey referred to above (as shown in figure 9).

FIGURE 9: EMPHASIS IN ROLES OF MANAGEMENT ACCOUNTANTS



In the survey we asked members how they would be allocating their time five years from now across a wide range of service areas. Their responses confirmed a weighting towards the areas of management information and performance management as shown in figure 9.

We also asked members a) how important it was that a selected range of topics should be covered by the CIMA syllabus and b) to what extent they thought their employers would expect a qualified management accountant to be competent in these topics.

Analytics and data mining scored the highest in terms of both its importance and the extent to which the syllabus should cover this topic: 65% of members said it was very important or quite important that analytics and data mining should be addressed by the syllabus and 83% responded that employers would expect this topic to be covered to an intermediate or advanced level as shown in figure 10.

External audit registered relatively low scores both in terms of its importance and the extent to which it should be covered by the syllabus: 44% of members said it was very important or quite important that audit should be addressed by the syllabus and 40% responded that employers would expect this topic to be covered to an intermediate or advanced level.

This confirmed that, without making the CIMA syllabus too broad, we could afford to put more weight on business and analysis skills and less emphasis on the tax and audit skills, which must form a significant part of the syllabus for a qualification for accountants in professional practice.

Core accounting knowledge is the basis of our members' credibility as professionally qualified accountants. Although we put more weight on areas that are more important for management accounting, we took care to ensure that the CIMA syllabus covers core areas of accounting and financial analysis to a high standard.

Our guiding principle in this regard was that we should aim to cover areas of management accountants' focus to a higher level than other accounting qualifications. For core accounting areas we should be as good as the best but, for areas such as audit or the tax regulation in any one state or jurisdiction, our objective should be to create awareness and allow pathways to other qualifications. Further expertise in specialist areas could be acquired by members later in their careers through continuing professional development.

FIGURE 10: EMPHASIS IN THE CIMA SYLLABUS

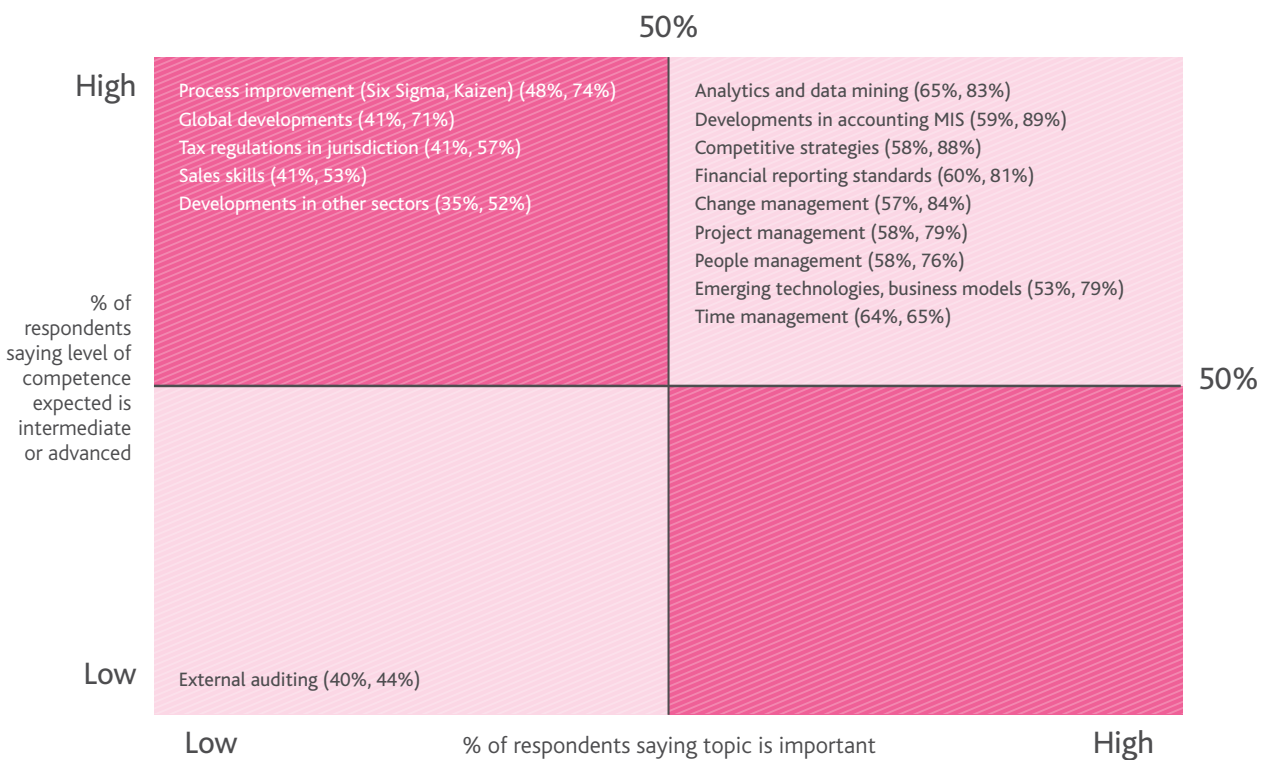




FIGURE 11: COMPETENCY LEVELS IN THE CIMA SYLLABUS

Competency levels	CIMA syllabus levels
Senior executive	Post qualification CPD
Senior manager	Strategic level
Manager	Management level
Entry level	Operational level

We had to determine to what level the CIMA syllabus should address the framework of finance competencies for the wide range of services which finance professionals provide in a business. Our guiding principle was that we must ensure we address competencies to the level that employers would expect of professionally qualified management accountants.

We also had to consider to what level we should cover skills so that professionally qualified management accountants would be both competent and confident in their role. To satisfy employers' expectations, we determined that qualified management accountants at entry level should already have a firm foundation in the broad range of the competencies they might need as their careers develop through levels of seniority of management or subject matter expertise.

We determined that the CIMA syllabus should address requirements up to the level of a senior manager. This could be achieved by arranging the content in the syllabus in line with corresponding levels of management.

The three levels of the CIMA professional syllabus have been developed to match this. The operational level of the CIMA syllabus corresponds to entry level; management level to manager level; and strategic level to the early stages of senior manager level. The CIMA syllabus ends at this point, but support provided by continuing professional development (CPD) allows members to develop their skills further via a commitment to lifelong learning.

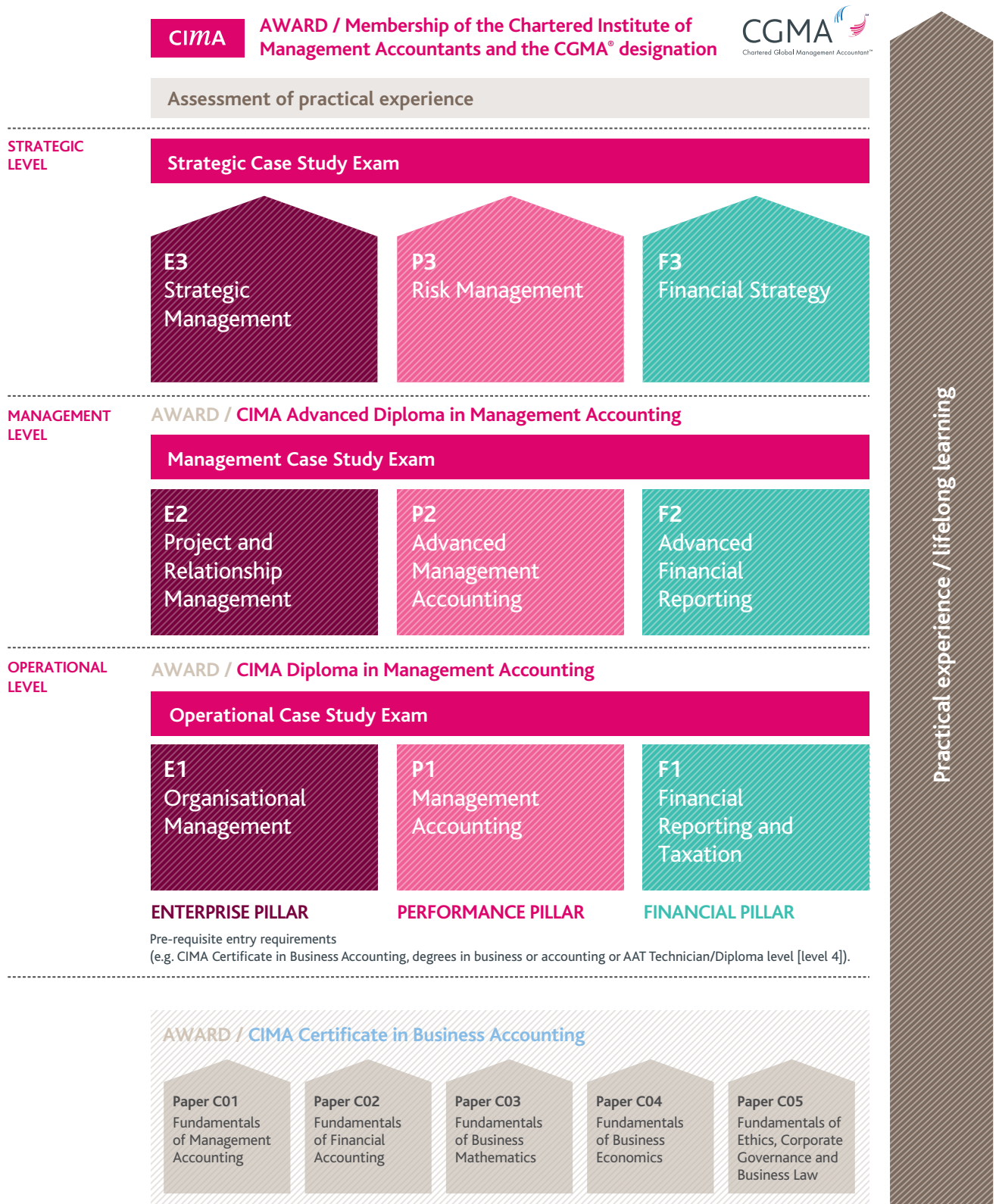
After this process, we were able to brief academics to write the syllabus content, translating the competencies into learning outcomes. As the 2010 CIMA syllabus already addressed employers' needs, relatively little change to the topics to be covered was required.

Business management, performance analysis and financial accounting competencies are addressed in the CIMA syllabus under the three headings of Enterprise, Performance and Financial - the three pillars of the CIMA syllabus. These pillars have been developed to address the competencies which employers' expect management accountants to have: in addition to core technical accounting skills (Financial pillar), they should have a good understanding of business (Enterprise pillar) and the analysis skills to be able to contribute insights and help improve performance (Performance pillar).

Business understanding is addressed by the CIMA syllabus over three levels of the Enterprise pillar ranging from (E1) Organisational management, (E2) Project and relationship management and (E3) Strategic management as shown in figure 12. Performance analysis skills range from (P1) Management accounting, to (P2) Advanced management accounting and (P3) Risk management. And Financial competencies are addressed over three levels of the Financial pillar from (F1) Financial reporting and taxation to (F2) Advanced financial reporting and (F3) Financial strategy.



FIGURE 12: THE CIMA QUALIFICATION FRAMEWORK (CBA AND PROFESSIONAL)



### *c) Rigour of assessment*

In addition to accounting and analysis competencies, employers expect that finance professionals should have an understanding of the organisation, its business model, its strategic context and its competitive position. And they need the people and leadership skills necessary to ensure that the accounts, information, analysis and insights which they can supply to management are applied effectively. This means that we need to be able to assess learning of both theory and practice.

We not only have to assess knowledge of the subject matter relating to competencies but also candidates' ability to integrate subject matter across the Enterprise, Performance and Financial pillars of the syllabus and answer questions in a way which demonstrates the expected ability to communicate with others so as to get work done.

Traditional three-hour written exams may not be the best test of the competencies required in tomorrow's working environment. When candidates write essays in response to a few questions on a subject, they may not demonstrate their knowledge of the wider syllabus matter. Passing discrete exams in each subject may not demonstrate the candidate's ability to integrate the topic's subject matter with other syllabus content and apply this knowledge in a business context. Nor can the ability to work with others, which is also important, be tested by a traditional written exam.

For these reasons, we have invested in the development of a new assessment process with market leaders, Pearson VUE. There will be 90-minute computer based objective tests of each subject and a three-hour integrated case study at each level.

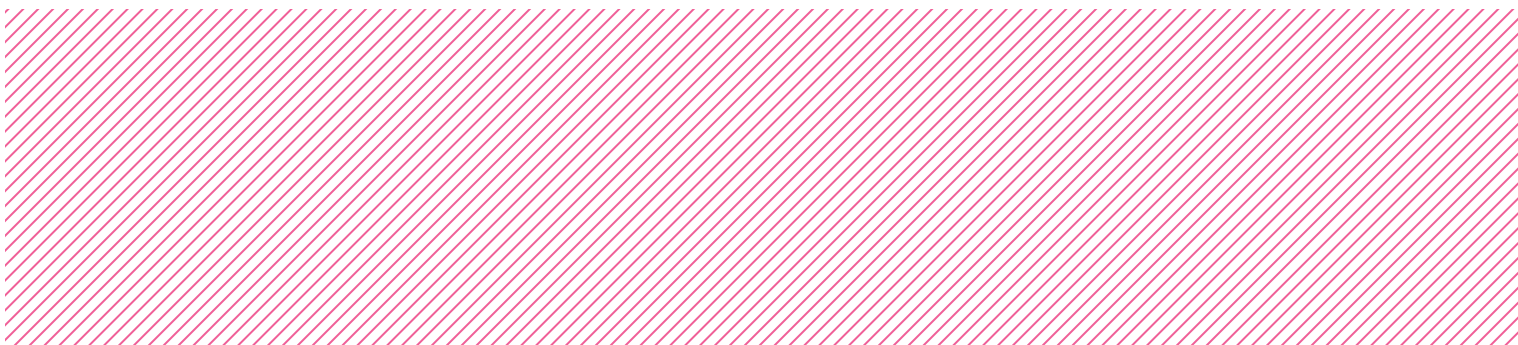
Just as in business what gets measured gets managed, so too in education, what gets examined gets learned. Preparation for objective tests will ensure that candidates will become familiar with the breadth of the subject matter. Preparation for case study exams at each level will focus the learning experience not only on the subject matter but also on how to integrate it, communicate it to others and apply it.

This new assessment process will test competencies with more rigour but the format will be more user-friendly for today's candidates. As the objective tests are computer based, detailed personalised feedback can be provided promptly to students. Data gathered digitally about students' ease or difficulty can be used in aggregate to refine how subject matter is taught or tested.

The objective tests will demonstrate competence in a broad range of each subject's content. These use random samples of questions drawn from vast question sets. By asking numerous questions about learning outcomes, we can ensure candidates have acquired the knowledge and skills expected. As these objective tests may be taken on-demand, students will be able to take them at their convenience.

New case study exams to be taken at each level of the syllabus will test candidates' ability to integrate content across subjects. They will have advance material to study before these exams and an opportunity to conduct some relevant research. These exams will be taken on computer too in a work-like scenario. They will be offered four times a year and will be marked by experienced examiners to ensure rigour. Our new assessment process will not just test knowledge and understanding but also application and communication of the students' learning.

The full details of the CIMA syllabus and its assessment are publicly available for free from the CIMA website.



## d) Reputation

The AICPA and CIMA are working together to promote the CGMA designation and elevate the profession of management accounting across the world. CGMA designation holders are part of a CGMA community with access to a wide range of resources including many tools to support them in their careers as professional management accountants.

The CIMA syllabus and its assessment will ensure that CIMA qualified finance professionals have been rigorously assessed and found to be competent in the range of skills which employers expect of a professionally qualified management accountant. Therefore, the CIMA qualification and CGMA designation provide employers with a firm assurance that CIMA members are business-ready.

Employers have the further assurance that management accountants are obliged, as members of a professional institute, to maintain the knowledge and skills relevant to their role so as to keep up to date and to continually develop the further skills they may need to future proof their career or to achieve career progression in their chosen direction.

As members of a professional body, management accountants are bound by a code of ethics and a commitment to lifelong learning; their continuing professional development. Their membership confirms that they are in good standing with the institute and that they meet these obligations.

The CIMA code of ethics precludes members from claiming expertise or taking on an assignment which is beyond their level of competence; they must ensure that they have the necessary resources or supervision needed to complete the task with confidence.

### Route to CIMA membership and the CGMA designation

To complete the CIMA qualification, and be entitled to use the CGMA designation, students need to:

- meet the entry requirements of the professional level qualification
- study for and complete the relevant professional level assessments, culminating in the Strategic Case Study Exam
- complete three years of relevant practical experience, which can be gained before, during and/or after studies.

CIMA has an open entry policy which means that students may start to study towards the CIMA qualification without any prior relevant qualification. This policy allows candidates from other disciplines to develop a career in finance. It also allows candidates who have not had an opportunity to go to university to develop a professional career. In order to increase their prospects of success in the professional exams, candidates without a prior relevant qualification are required to take the CIMA Certificate in Business Accounting before starting on the professional syllabus.

Most candidates applying to study towards the CIMA professional qualification are graduates. Many have non-relevant degrees. Those with relevant degrees may apply for exemptions if the subject matter of an exam in the CIMA syllabus has been fully covered and tested as part of their degree course.

Graduates with a relevant Masters degree may apply to study towards the CIMA qualification starting with the Management Level Case Study Exam.

Most CIMA students are in employment, often as trainee management accountants or as graduate management trainees sponsored by their employer. Many are mature students, some looking to add finance to their portfolio of skills.

CIMA and its education partners provide learning materials and student support to facilitate student learning. Courses are provided by many colleges and tuition providers and may be offered on a full-time, part-time, evening, weekend or distance learning basis.

Studying while working is not easy but it provides CIMA candidates with the opportunity to reflect and integrate their learning in a business context. In preparing to take case study exams under CIMA's new assessment process, all candidates will have the opportunity to learn in this way too.

As students progress through the CIMA qualification, their achievements are recognised. Upon completion of the operational level of the CIMA syllabus they are awarded the CIMA Diploma in Management Accounting; and, upon completion of the management level of the CIMA syllabus, they are awarded the CIMA Advanced Diploma in Management Accounting.

On completing the professional qualification and obtaining CIMA membership, candidates become Associate members of CIMA and may use the letters ACMA. They are also entitled to the CGMA designation and use of the designatory letters, CGMA alongside ACMA.

When they have senior level, strategic experience, members may apply for fellowship. In addition to recognising seniority, fellowship carries voting rights and fellows may participate in the governance of the institute.

## 6. CONCLUSION

*The direct relevance of the CIMA syllabus and its rigorous assessment address employers' expectations of professionally qualified management accountants.*

As well as assuring employers that a candidate possesses the competencies they expect, this also provides candidates with a firm foundation for lifelong learning and career progression to a broad range of roles in finance or in management. A financial management qualification provides a transferable skill set and widens career opportunities beyond finance.

Although it is their expertise in accounting that gives management accountants their credibility as professionals, they must also have a keen understanding of the business so that they can apply their financial and analytical skills in a commercial context to contribute insight; and they should be able to work with others to improve the business' performance.

It is recognised that these skills are best learned through providing opportunities to apply the knowledge gained, acquire relevant work experience and reflect and interact with peers.

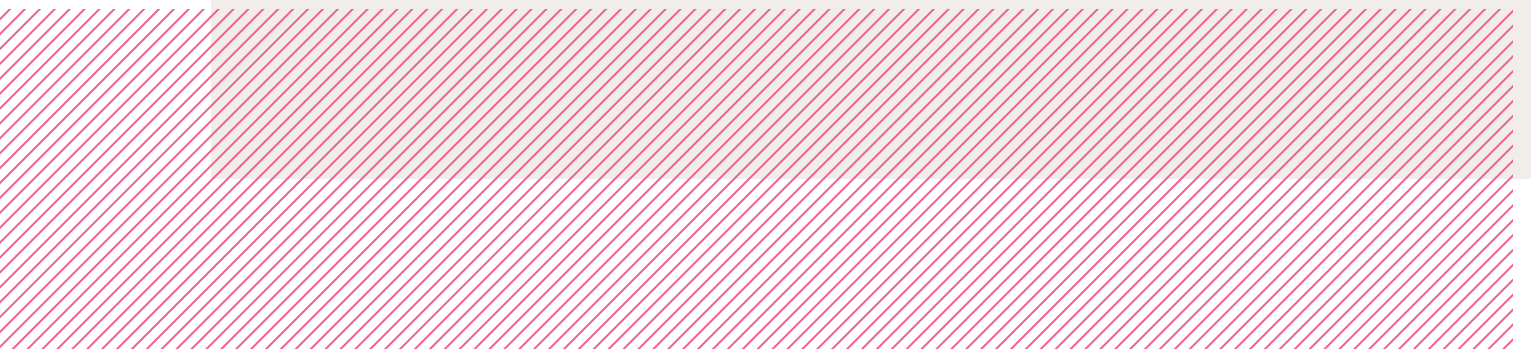
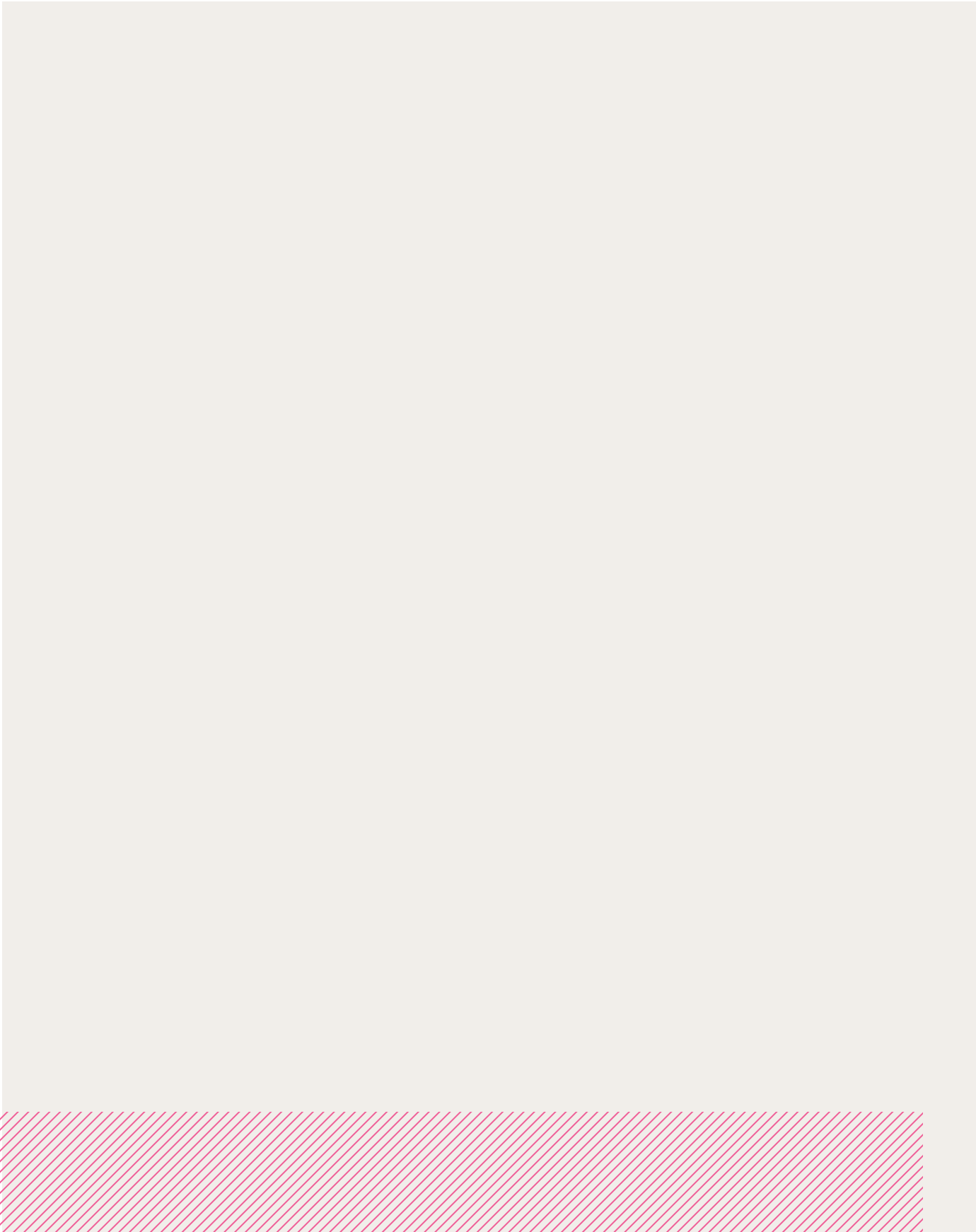
Developments in software systems for assessment provide a further opportunity to test that candidates have acquired these skills and can apply their learning. By assessing both theory and practice, the learning experience can be enhanced and competencies developed.

As the CIMA approach involved working in partnership with others to address competencies and employability skills directly, it may have wider application. For example, we have consulted widely in the development of our syllabus. We have sponsored research by academics. We have worked closely with employers to identify the competencies they need. We commissioned academics to write our syllabus, translating competencies into learning objectives. We have worked with Pearson VUE to develop a world class assessment process and we are working with tuition providers to ensure students are prepared to sit exams from 2015.

We are happy to share our approach as we hope it is of interest to others tackling this problem.

*"Looking at this syllabus and assessment, it makes me wish I'd studied CIMA. It's like a 'finance MBA'. But unlike an MBA, CIMA has a Code of Ethics, which has to be followed. And you need to maintain Continuous Professional Development on an ongoing basis."*

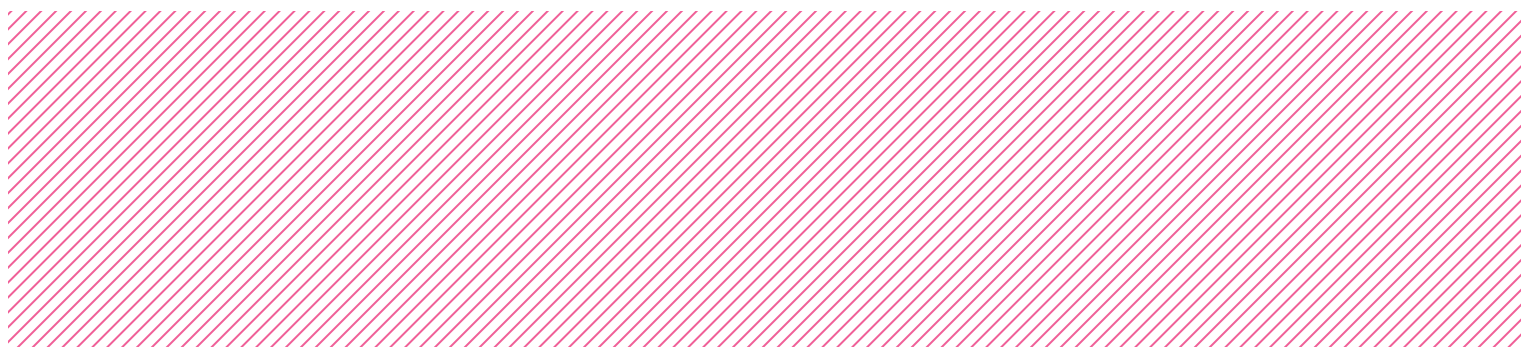
Jim Robertson CA, CTA, Shell, VP, Tax, Americas

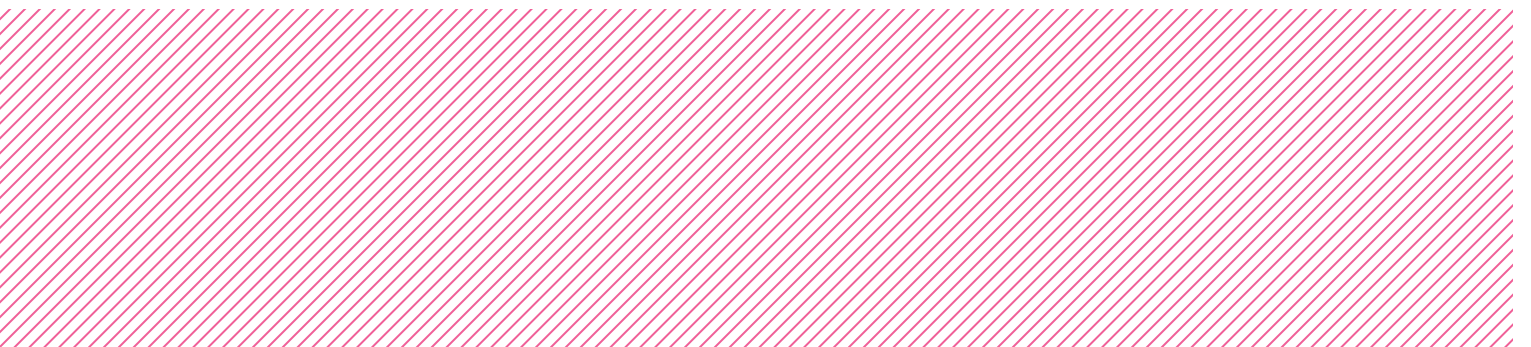


# FOOTNOTES

- <sup>i</sup> Global Risks 2014, World Economic Forum, January 2014
- <sup>ii</sup> Education to Employment: Designing a System that Works, M Moorshed, D Farrell and D Barton, McKinsey Center for Government, 2013
- <sup>iii</sup> Ibid
- <sup>iv</sup> The Employability Challenge, UK Commission for Employment and Skills (UKCES), February 2009
- <sup>v</sup> CIMA Member Satisfaction Survey, 2013
- <sup>vi</sup> Education to Employment: Designing a System that Works, M Moorshed, D Farrell and D Barton, McKinsey Center for Government, 2013
- <sup>vii</sup> Improving Decision Making in Organisations, the opportunity to transform finance, CIMA, 2007
- <sup>viii</sup> Roaring out of Recession, Ranjay Gulati, Nitin Nohria and Franz Wohlgezogen, Harvard Business Review, March 2010
- <sup>ix</sup> Focus group research into member value commissioned by CIMA, 2013

*To access further resources visit:*  
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