

TRANSFORMING THE PROFESSION MANAGEMENT ACCOUNTING IS CHANGING

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Synopsis

1. Historical Background of the Chartered Institute of Management Accountants (CIMA)
 - A Profession Emerges
 - A Success Story
 - How has CIMA Become so Successful?
2. Underlying Factors Causing CIMA to Shift Focus Towards a Managerial Orientation
 - A Fundamental Tension
 - Management Accounting Progress
3. The Changing Process – How CIMA Changed Focus
 - Employer Focus
 - Research
 - Market Awareness
 - Support for the Qualification
 - Reaching Out
4. Future Aspirations
 - A Qualification for the Market
 - Management Accounting in 2000 and Beyond
 - Management Accounting for the Future
5. The Institute's Future

Annex 1 : Articles relating to the development of the profession

Annex 2 : Beyond 2000 – The Revised CIMA Qualification

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1. HISTORICAL BACKGROUND OF THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)

A Profession Emerges

In the late eighteenth century, the trade directories of Britain's major cities listed little more than a handful of accountants. Today, the major professional accounting bodies between them boast approximately a quarter of a million qualified members. The origins of this explosive growth lie in Britain's industrial history.

By the middle of the nineteenth century, the Industrial Revolution meant prosperous times for England. She was the financial centre of the world, as well as the leading producer of coal, iron and cotton textiles. Accompanying this surge of prosperity and productivity, was a burgeoning demand for accountants, stimulated further by those companies declaring bankruptcy in the midst of this fierce competition.

During the second half of the nineteenth century British accountants showed a determination to acquire professional status. A key feature in this process was the establishment of professional organizations, starting with the Edinburgh Society and the Glasgow Institute in 1853, (which, a century later, came together to become the Institute of Chartered Accountants of Scotland).

The development of companies and of how these should be accountable to shareholders who were separate from the management, and also because of the periods of large scale company failure, led to a series of developments in public reporting and to a need for audit to provide assurance to the shareholders. Consequently, the professional bodies constructed on the model of those Scottish precursors met this market demand for audit by being orientated towards public practice.

In spite of the impetus of the industrial revolution and the needs of businesses, these bodies tended to look down on 'cost accounting'. They were not concerned with the subject, except, perhaps, as a means of evaluating stocks for financial accounting, and did not regard cost accountants as professional accountants. Indeed, it was well into the 20th century before Chartered Accountants stopped referring to leaving public practice to go into business as 'leaving the profession'.

So, in business, outside the profession, the pre-World War 1 years were marked in the UK by an emphasis on controlling waste and improving efficiency.

In wartime, the government discovered cost accounting, and that it could be used as a basis for agreeing prices for war material.

The immediate post WW1 years were turbulent. Large numbers of demobilized soldiers swelled the labor force, there were shortages, a need for reconstruction and to transform manufacturing for peacetime output and, at the same time, heavily increasing prices. Building on their wartime experience, business people saw cost accounting a means of introducing order and control to this situation (Loft 1986).

The Chartered Institute of Management Accountants (CIMA) was founded, in 1919, as the Institute of Cost and Works Accountants (ICWA), to meet this market demand for accountants in business, to focus primarily on cost accounting rather than stewardship and public reporting. Additionally, many

of its early members were already employed in business and seeking a source of identity not provided by the bodies promoting public practice.

This was a time when similar bodies were founded in other countries. As these developed, they moved closer to the public accounting bodies. In some countries, Australia and New Zealand for instance, they merged with the public accountants. In others, like the USA, they remained separate, but had a tendency to take on the trappings of external financial reporting. ICWA in the UK was in this latter category.

During the inter-war period, ICWA members were joined in industry by large numbers of accountants moving from public practice. As early as 1926, the *Daily Express* argued that there were too many accountants in business (*Accountant* 1926). The trend continued after the Second World War, with accountants more prominent in general management positions, including that of the chief executive. Today, accountants outnumber other professional groupings in British top management.

A success story

In the UK today, only about 15% of the labor force are in manufacturing; this will go down to about 10% by the year 2010. Twice as many people now work in Indian restaurants than in coal mining, ship building and steel production put together.

What does this mean? The decline of manufacturing has been changing the skills and competencies that management accountants need. CIMA has anticipated this, and adapted the qualification to enhance the range of knowledge, ability and qualities of Chartered Management Accountants for the 21st century.

During the last decade, the CIMA qualification has gained wide recognition as the leading management accounting award. It is renowned for the exhaustive breadth and depth of knowledge coverage and the rigor of an assessment process designed to thoroughly test the professional competence of candidates.

But the most significant indicator of the pedigree of any qualification is the value placed upon it by employer organizations. In the Robert Half Salary and Benefits Survey for 2000, CIMA is the professional qualification preferred by 68% of employers in the UK; this was the fourth year running that this top position has been confirmed.

Growth has not been restricted to the UK. Members (over 50,000) and registered students (almost 70,000) now provide a total population of more than 120,000, and almost a third of these are outside the UK, located in almost every country in the world.

CIMA has long allowed student registration outside the UK and there are examination centres in almost every country in the world. Strong concentrations of members and students exist in countries long associated with the UK. Examples are Ireland, Hong Kong Malaysia, South Africa and Sri Lanka, where there are Divisional offices and local Councils.

The spread of the qualification originated in some markets with expatriates who were CIMA members deciding to train students in their businesses. In others, it started as an alternative to university where university places were limited either generally or for particular segments of the population.

Everywhere, CIMA works with local bodies wherever possible, to raise the profile of management accountancy and increase the service to business accountants. It maintains particularly close links with CMA Canada, ICA of Australia, and HKSA, ICAI, MIA and SAICA, in Hong Kong, Ireland, Malaysia and South Africa.

Recently, overseas growth for CIMA has been in new markets, in the former communist world and other non-English speaking countries elsewhere, in partnership with employers. These are multinational businesses that have training programs in the UK, in CIMA's TTP quality assurance system, and choose to use the CIMA qualification outside the UK. The relationship with employers is a significant feature for the future.

The tangible outcome of this employer endorsement is demonstrated by the demand within the employment market for CIMA members and part-qualified students. The demand for Chartered Management Accountants has never been higher than in the 1990s. The Institute has gone from strength to strength, with record student recruitment and conversions to membership. Since 1990, student growth was in excess of 40% and membership increased by almost 70%.

Irrespective of the success achieved so far, settling for what CIMA already had was never an option. It has always been progressive and forward-looking, with a culture that demands the best. This has meant building on the quality of the existing qualification and taking it forward into the new millennium.

How has CIMA become so successful?

The answer will be found by answering the following questions:

- What are the underlying factors?
- How has the organisation managed these factors to achieve success?
- What is its vision on the future?

The following sections address these questions. The thread holding it all together is how CIMA is taking itself and its members into a phase where management accounting is already mutating into management.

2. UNDERLYING FACTORS CAUSING CIMA TO SHIFT FOCUS TOWARDS A MANAGERIAL ORIENTATION

A fundamental tension

Professional bodies are always subject to two often opposing forces.

On the one hand, the market place for services creates pressure for change. It demands new services, techniques and products. These require the people in a profession to learn new skills, take new approaches and refocus their priorities.

On the other hand, there is a kind of inertia. This is often due to the fact that a large proportion of existing members inhabits a particular existing territory. This may be in traditional areas of accountancy or the use of particular established skills. This may be seen, negatively, as people getting used to particular ways of doing things and, as a result, failing to keep up with change. It is just as likely to be a function of success: obtaining recognition and status by applying current approaches

that have long satisfied business needs and are perceived as continuing to do so, and therefore failing to see the need for change.

Throughout its history CIMA has been subject to this tension.

Management Accounting progress

Management Accounting is continuously evolving. In the middle years of the 20th century. CIMA specialized in management accountancy but also included increasing amounts of financial reporting in its syllabus.

In general, the post war era was characterized by rational expectations about human behavior and beliefs in linear progress, upward mobility, and equal opportunity. The over and under absorption of cost in traditional cost accounting systems gave way to standard costing. This had roots in the control cycle with its mechanistic application in so many fields, for instance, in science and engineering, and it therefore fitted into this paradigm. It was viewed as the key accounting tool in cost control and few questioned its ability to provide effective managerial control.

Throughout the first two-thirds of the century, variance accounting, in the shape of standard costing and then budgetary control, was strongly promoted by both academics and professional organizations. Along with net profit and return on investment, cost variance became a primary financial measure for evaluating managerial performance.

The 1970s brought about a re-examination of most assumptions underpinning management accountancy. The effectiveness of large organizations that stressed individual accountability, measured through standard costs, was widely questioned. Standard costing's relevance was challenged. Its focus on efficiency rather than effectiveness was exposed. Management accounting was about to change again.

A constant theme in management accounting is that its role is to provide what the business requires, what managers need and want. This contrasts strongly with the way in which financial accounting is governed by external laws and standards.

This business centred approach has meant that management accounting has been willing to adopt techniques and approaches developed by other disciplines and to move into any area that offers the means of satisfying management priorities. As a result, a series of developments have led to an emphasis on management itself. For example:

- information management has succeeded information technology management, which developed out of computing, which itself originated in data processing;
- decision support models of all kinds started with investment appraisal, that included discounting, probability, and forecasting tools, after beginnings in general management mathematics with an emphasis on techniques like batch and order quantity;
- performance management builds on performance measurement techniques, enhanced by incorporating non-financial measures from early beginnings in financial ratio analysis and variance accounting for control;
- financial strategy has built on financial management, which started in treasury management, itself preceded by cash forecasting and working capital control;
- organizational and people management topics were taken on;

- business strategy, covering all aspects of the business, grew out of largely process based corporate planning.

Definitions of 'management accounting' started to reflect this migration into management.

The 1990s saw various factors, both internal and external to organizations motivating change. Externally:

- globalization of markets;
- increased competition;
- significant technological breakthroughs; and
- changes in methods of production.

Most organizations reacted during this decade by:

- downsizing;
- outsourcing;
- de-layering; and
- team-building.

More importantly, globalization of markets has been met by globalization of businesses. This led, on the one hand, to concentration of businesses within each industry into a small number of global players. On the other hand, these de-merged large parts of their businesses that did not fit a definition of the focus they wish to achieve, either to other global businesses seeking to consolidate their positions or through management buyouts.

Shaping global businesses required strategic management, organisation skills, communications as well as information infrastructures.

Information and information management were now key issues for the management accountant, with technology encouraging faster and widely dispersed information flows around the organisation. This gave rise to a 'de-centring' of accounting knowledge, with managers performing tasks previously in the accountant's domain; such as preparing budgets, analyzing performance and calculating variances (Scapens 1996). This might have been a threat to management accountants. However it became an opportunity and accountants began to play a broader role within the organisation.

This was largely due to the fact that management accounting education and training had broadened. It expanded from its base in financial and cost accounting into a wide range of business subjects. Additionally, in every subject in the CIMA syllabus there has been a trend towards 'trading up'. Subjects are treated technically at first, later they take on managerial aspects and, in turn, become strategic in emphasis.

There may also be an element of opportunism. Professionals trained to be flexible in their approach are those most likely to be the ones that move into new territories or who are asked to take on new remits. Additionally, the CIMA education and training programs have emphasized flexibility and, for their part, employers have recruited the kind of trainee who will be comfortable in a dynamic, changing environment.

In conclusion, Management Accounting is continuously evolving, with the emphasis shifting from a cost determination and financial control focus, to the provision of advice that results in addition or creation of value, to taking part in decision making and strategy formation.

3. THE CHANGE PROCESS – HOW CIMA CHANGED FOCUS

All these factors enhanced the emergence of the ‘new’ management accounting with its emphasis on management rather than accounting.

The last two decades of the century were marked by a number of threads that have substantially changed the nature of CIMA and its qualification. These included:

- employer focus;
- research;
- market awareness;
- support for the qualification; and
- reaching out.

Employer focus

The primary ‘customer’ for any professional body is the organisation that employs its members.

The 1980s saw CIMA moving away from a policy of almost ignoring employers, except as the people who validated the practical experience that supported applications for membership and the very few who ran recognized training schemes for students.

Instead, CIMA recognized the importance of its ‘customers’, creating quality assurance schemes training and CPD for them, involving them in consultations, creating an employers steering committee to work with the Institute to define priorities and implement policies and, generally, drawing employers into its operations and activities.

All the threads of research, market awareness and support for the qualification comes together in this focus on employers. Through each of these, CIMA has been able to progressively reduce the inertia of past approaches and take on the present and future needs of the market place.

Research

Management accounting research came of age in the early 1980s. It became a separate study and, with CIMA’s encouragement, expanded its scope. CIMA’s own research activity grew in size and stature. Major projects were commissioned and became the background for developments in CIMA’s technical output, its publishing and seminar programs and its educational presence.

When Johnson and Kaplan (1987) wrote about the crisis in management accounting, an initial reaction was to be dismissive and defensive. They were not saying anything new. They were describing a US phenomenon; it had no relevance to the UK or elsewhere. The solutions, like Activity Based Costing were not new; it was used here in the UK long ago. Traditional methods were still appropriate; it was the way they were used, or misused, that was the problem.

That gave way to a realization that it was necessary at least to test those statements. The research program started with work by Bromwich and Bhimani (1989), which established a view of the new management environment. From this platform, there followed a series of research projects that placed CIMA firmly as the authority on the ‘new’ management accounting.

Market Awareness

Research told CIMA much about what its members were doing and where they were working.

For instance, in the late 1980s, CIMA commissioned three studies, under the title, Management Accounting – the Challenge of Technological Innovation. These looked at the way in which new technology businesses were using their accountants. The results were mixed.

In small, fast growing businesses, Littler and Sweeting (1989) found that there appeared a mismatch between what managers wanted – fast, cash flow orientated information for rapid decisions as against the accountants emphasis on longer term budgets for control.

In more mature businesses, studied by Coates and Longden (1989), the accountants were averse to importing modern methods, citing the hard won acceptance by managers of the more traditional reports.

The exciting results came from the Innes and Mitchell (1989) study of electronics firms in southern Scotland, which described management accountants as working outside the traditional accounts department. They were often full members of project and product teams, not just responsible for the financial aspects but taking an equal part with people from other disciplines in taking decisions and driving operations forward.

Beyond this, a regular listing of new admissions to CIMA, a product of the qualification system, showed that, increasingly, these were in posts that could not be described as traditional accounting. Financial Analysts, Business Analysts and systems managers were joined by more general management roles like Logistics Manager and Operations Manager. This was not just the Finance Director (or CFO) moving over into the Managing Director's (or CEO's) seat in mid or late career. It is people trained as management accountants populating all levels, in management rather than accounting roles.

This illustrates the way in which management accountants, instead of being threatened by the factors driving change, such as downsizing, out-sourcing, de-skilling and 'de-centring' of accounting knowledge, are, in fact, taking the opportunities they offer by moving into broader roles.

The information gained from the CIMA admissions lists suggests that there has been rather more movement to work outside the traditional finance function than the academic research identified.

It is arguable that accounting academics, carrying out research sponsored by accountancy bodies, and studying accountants and what they do, tend to end up looking at the finance function in a business. They talk to the people in finance and the managers these interact with. Even when they approach a Chief Executive Officer (CEO), they are likely to be directed to the Chief Finance Officer (CFO) and his function.

It is natural that everyone's perceptions result in research findings about the people belonging to the finance function, rather than about accountants employed elsewhere in the business. These do not necessarily see themselves as doing accounting work and their colleagues do not perceive them as accountants and, frequently, do not even know that they are qualified accountants.

It may be said that a professional body is defined by its syllabus. Successive CIMA syllabuses have been developed in close collaboration with the market. The 1985 syllabus sprang from a competency

study that heavily involved employers; subject groups again brought in employers, together with a wider spectrum of academics than those who taught CIMA students or set its examinations. The 1995 syllabus development followed a similar pattern.

Each of these progressively increased the management content and created assessments that tested application rather than knowledge and skill.

For the 2001 syllabus (Beyond 2000) the Institute engaged the Industrial Society to conduct research, and gather the views of employers, members, students and educators. Their findings supported the vision: 'Management Accountants must play a wider role in business than ever before, making it necessary to acquire a broader range of management and technical skills.' (See the section headed Management Accounting for the Future, below)

It is significant that the tension between conservatism and the need to change is not resolved behind closed doors. CIMA's obsession with going out to the various 'customer' groups, and particularly the employers of its members and future members is the key factor in carrying it forward.

Support for the Qualification

The last two decades of the 20th Century were marked by CIMA's abandonment of 'hands-off' policies in relation to the qualification process. Quality assurance schemes for the training given by employers (Training through Partnership – TTP) and the education in colleges (Quality Through Partnership – QTP) raised the quality of the student experience. Staff representatives promoted and managed these schemes, bringing the personal touch to the relationships between students, employers, educators and the Institute. At the same time, these representatives, through their continuous contact with employers, were able to enhance CIMA's market awareness.

The increase in quality had an effect on prospective students' and employers perceptions of the qualification. A virtuous cycle was created, where higher quality students were recruited by prestigious employers, who provided a higher quality experience that attracted even higher quality students. A product of this cycle has been the way in which the roles of both students and members have developed.

Reaching out

While CIMA has been one of the few bodies that specialize in management accountancy, many accountants who are members of other bodies work in similar roles to those of CIMA members.

A significant consequence of CIMA establishment as an authority on the 'new' management accounting has been the way in which it has been able to reach out to those other accountants. Its publications, seminars and conferences on key topics attract people from a far wider population than the membership.

This has had the effect of enhancing the perceptions of employers and those who work for them. For CIMA, it has played an important part in positioning it as a preferred supplier of management accountants.

Another aspect of outreach was CIMA's willingness in the early 1990s to take part in discussions of a potential merger with the Institute of Chartered Accountants in England and Wales. There were many reasons why this did not occur.

Significant is the fact that when surveyed (Claret 1999), of 22% of CIMA members who responded, 87% said they were in favor, in principle – a similarly high percentage to previous surveys. 65% favored the new members' description of Chartered Accountant (subsequently CIMA members obtained the right to call themselves Chartered Management Accountants).

However, when it came to the specific structural and qualification arrangements that were outlined to them, only a minority was in favor: 16% favored the structure that was proposed, the best response was 46% for the education and training arrangements, and other aspects got even lower approval.

Equally significant, when, later in the decade, the Association of Chartered Certified Accountants proposed similar arrangements, 85% of the largest ever response to a survey (more than 35% of the membership) rejected the proposals.

The message is clear. The membership does not perceive it as desirable for the specialisation of management accountancy to be submerged in more generalized bodies for which the priorities of public practice and reserved functions will always threaten to take priority.

See Annex 1 for a selection of articles relating to the development of the profession.

4. **FUTURE ASPIRATIONS**

A qualification for the market

Across the world there are increasing pressures for institutions of every kind - governments, public bodies, professions and commercial organizations — to continue to flourish in a changing environment. They need to become more transparent in their activities, more relevant and responsive to those they serve. The internet is changing how business is done.

CIMA has anticipated this, and is making substantial investment to ensure that the qualification continues to be the premier international qualification for business. It is committed to maintaining its position as the world's leading authority on management accounting and progressive, innovative business management.

Management Accounting in 2000 and Beyond

At the start of a new century, a revolution in business practice is in progress. The revolution is the Internet, E-business, the WWW. The world business climate of the 21st Century will be more complex, demanding and rapidly changing than ever before. As the business climate changes, therefore, the rules of the competitiveness race are also changing. The management accountant's role is changing.

The pace of technology is challenging the very core of the finance function. Accountants must now fulfil diverse expectations, and possess a broad cross section of skills. They must understand the business if they are to thrive. Finance managers, more than any other, know that change is essential for survival.

As IFAC/FMAC's International Accounting Practice 1 (IMAP) established, the directions in which management accounting practices are developing involve a broad spectrum of cross-functional disciplines. Specific directions include:

- performance management
- asset management
- business control management
- environmental management
- financial management
- intellectual capital management
- information management
- quality management, and
- strategic management.

All of these reflect the way management accounting is becoming management. All the directions noted are in terms of management rather than accounting.

Flexibility and adaptability of management approach to business will be driven by the organizational context. There will be an increasing need to develop new business models to address the changing environment. Everyone is confronted with the power of E-commerce – businesses must adapt to interface with the Internet world.

The contextual features of the business, particularly the size and nature of the industry, and individual business needs, would be critical in determining the level of emphasis placed on each of these directions.

For example, in the public sector, there is increasing pressure for accountability, to be run on business-like lines and to achieve value for money. And, throughout organizations there is increasing attention given to corporate governance issues.

Today, a company's 'license to operate' and its competitiveness are closely linked. The process of maintaining confidence can be as positive for company performance as the loss of confidence can be detrimental. A company which undermines its 'license to operate' by the wrong behavior exposes itself to a range of sanctions. Whatever the issue – from animal rights to top executives' pay - companies seen to be insensitive to changing standards find themselves at the centre of media and public outcry.

The environment provides a compelling example. Companies which fail to accept responsibility for the environmental impact of their operations – production, consumption and disposal of their products, or the activities involved in providing their services - risk punitive regulation and taxation, as well as public hostility.

Some have predicted that there will be fewer accountants in the future but they will be able to take more senior positions (Anastas, Messmer and May 1997). Moreover, they will participate in cross-functional teams with different executives and they will give to them their strategies and recommendations. Management Accountants will function as internal strategists and consultants.

The predictions have to be accepted cautiously. There may well be fewer accountants in each organisation, but the increase in economic activity initiated by out-sourcing, globalization, privatization and deregulation in former controlled economies is demanding more business accountants, as is the growth of global consultancies. It is not so much the number that is required that may change but the role they will be required to play.

It is expected that the use of information technology and intellectual capital will increase in the future. In most companies even today, intellectual capital forms the greater part of their market value.

And this applies to manufacturing companies as well as high-tech and service businesses. In brand leaders like Coca-Cola, for example, intellectual capital forms an incredible 96% of market capitalization (Hope and Fraser 1997)! Intangible assets are fast become the most crucial elements of an organization's success. People, knowledge, brand and reputation are hard to value, they don't appear in the balance sheet, and are yet essential to the continued success of a company.

The financial accountant will continue to be concerned as to how such assets are valued and included in the balance sheet, and whether and how they are to be depreciated.

The key issue is how business cherishes these assets. The management accountant will be far more concerned with ensuring that there are strategies to create and maintain them and then managing the processes of so doing, monitoring progress against plan. Where the management accountant is concerned with evaluation, it will be on the basis of future earnings potential rather than cost.

Management Accounting for the future

In 1997, CIMA identified that significant changes in business were inevitable. Major development in information and communication technologies offered faster and more effective ways to manage and conduct business. The Industrial Society's extensive research and consultations with senior directors and managers in businesses of all sizes – from the huge multinationals to small and medium-sized enterprises operating in various locations around the globe were translated into a vision of what the future might hold for CIMA members.

This was a business world in which traditional trading boundaries would no longer exist, where international markets would be opened up and true globalization of business became a reality. In this new, fast-changing business environment, greater reliance would be placed on the quality of the strategic decision-making processes within organizations. Also, the speed at which organizational restructuring could be implemented in response to global market opportunities would be critical. The flexibility, creativity and innovative skill of senior managers would be paramount, offering the key to business success.

The research showed that the range of knowledge, ability and qualities required by Chartered Management Accountants in the 21st century is extensive. They need:

- a knowledge base that is comprehensive and wide-ranging, which is built upon a sound understanding of the principles of financial management and management accounting;
- first-class communication skills;
- a consultative approach, coupled with an ethos of team-building and teamwork;
- well-developed people management and leadership skills to maximize the contribution and performance of staff;
- an ability to manage information and apply technology tools to analyze complex scenarios, identify viable business options and recommend solutions;
- the skill to consistently formulate sound business strategy with ever-increasing regularity in a fast-moving economy;

- an ability to manage financial risk and maintain financial control;
- good commercial acumen; and
- the attributes necessary to deliver increased value to stakeholders, in keeping with expectations to secure long-term business success.

All these will move the management accountant far beyond the basic technical knowledge and skills, well into the realm of management.

Members will continue to be engaged in a diverse range of roles across all business sectors of the world economy. This versatility is essential as organizational structures become more flexible and adaptable, while business relationships become more complex, with the growth of international business networks forming key strategic alliances, more joint ventures with partner organizations and increased use of outsourcing and shared service centres.

The armory that members have at their disposal to meet these challenges will be formidable. They will possess the knowledge and skills to operate across a business as professional multi-disciplined managers, devising business strategy and controlling implementation and performance, to generate sustainable growth with increased value.

The CIMA qualification is designed to give Chartered Management Accountants a more holistic knowledge of their business's overall activity in order to work with other managers in running the business and, more importantly, in driving its strategy. The year 2000 saw the introduction of a revised CIMA syllabus to take management accountants into the 21st century, along with fresh practical experience requirements to complement it (see Annex 2).

Keeping members and the Institute at the cutting edge of the profession is likely to mean that both have to continue to expect constant change to be the norm. For the Institute, this means it expects to:

- maintain constant contact with employers, academics, members and students to understand and respond to their changing needs;
- enhance the qualification on the basis of research, updating the syllabus continuously;
- develop and encourage new methods of delivering education globally;
- enhance quality assurance processes in education and training;
- gear up the research program, through working with partners, to address global issues;
- emphasize to members their duty in continuing professional development (CPD) and help them to define their individual needs;
- extend provision of CPD from the current excellent seminar programs and publications, to enhanced local provision at branches (the CIMA equivalent of chapters) and periodicals;
- extend internet based access to services, information, communications and discussion opportunities;
- maintain as a first priority the business centred emphasis, enhancing the move of members into strategic management, while participating in the moves towards global approaches to corporate governance, with its increased regulation and standards;

- promote the new emphases in management accounting and the enhanced role of management accountants to existing and new markets;

The larger question for a professional institute is how it should develop as an organisation.

The Institute's future

Institutes are still largely run in ways with which their founding fathers would be familiar. Other organizations of all kinds have undergone continuous change and, throughout the new century, are likely to change even more under the impact of globalization, the internet dimension, other technological advances and social and political developments.

It is important to create new models of how a professional institute is governed and managed and continuously remodels itself.

CIMA has streamlined its governance, with fewer committees and a careful distinction of the roles of volunteer members on these and the role of the Chief Executive and employee managers and specialists.

The challenge is to maintain member involvement, commitment and energy while continuing to develop speedy decision processes that can be proactive in the fast changing environment.

Annex 1

ARTICLES RELATING TO THE DEVELOPMENT OF THE PROFESSION

Available from CIMA Technical Advisory Services (TAS) Tel: (+44) 020 7917 9259. E-mail: tas@cimaglobal.com

Available from CIMA Publishing Tel: (+44) 020 7917 9229. Email: Publishing-sales@cimaglobal.com

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Annex 2

BEYOND 2000 - THE REVISED CIMA QUALIFICATION

The syllabus

The most obvious change to the revised syllabus structure is the shift to three levels - Foundation, Intermediate and Final - instead of the current four stage structure.

There will be 17 examination papers with a total examining time of 48 hours.

	Foundation <i>3-hour papers</i>	Intermediate <i>All 3-hour papers</i>	Final <i>All 3-hour papers</i>
What is the revised structure?	<ul style="list-style-type: none"> -Management Accounting Fundamentals -Financial Accounting Fundamentals <p><i>2-hour papers</i></p> <ul style="list-style-type: none"> -Economics for Business -Business Mathematics -Business Law 	<ul style="list-style-type: none"> -Financial Accounting -Financial Reporting -MA Decision Making -MA Performance Management -Systems and Project Management -Business Taxation -Finance -Organizational Management 	<ul style="list-style-type: none"> -MA Financial Strategy -MA Business Strategy -MA Information Strategy -MA Case Study
What does it provide?	Basic fundamentals of accounting and business knowledge	The technical and managerial core of the syllabus	Strategic management accounting techniques
What are the Key Changes?	<ol style="list-style-type: none"> 1. Now consists of 5 examinations although the study and examination time will be no more than that required for the current Stage 1 2. The subjects are considered to provide a more comprehensive underpinning to later subjects 	<ol style="list-style-type: none"> 1. There are now eight subjects at one level equivalent to the current Stages 2 and 3. The eight subjects should all be recognized as being of equal status 2. The Management Accounting syllabuses mirror the key functions of performance management and decision making found in many organizations 3. There are two new subjects- Finance and Systems & Project Management – which reflect the increasing role played by CIMA members in these areas 	<ol style="list-style-type: none"> 1. An integrative Case Study has been introduced

The Case Study

One of the most important and new aspects of the revised syllabus is the introduction of a three-hour case study examination at the Final level.

The case study is designed to assess the higher level skills of analysis and synthesis of material, integration of knowledge from across the syllabus and the ability to communicate and present recommendations and proposed solutions.

Case study candidates will be sent some background material prior to the examination. This is to ensure that in the exam the emphasis will be on problem identification, analysis of options and recommending solutions rather than reading of material. Additional information will be provided at the start of the exam preventing anyone from gaining an advantage by being able to analyze all the material in advance.

Assessment

Each syllabus will now have learning outcomes attached, for clarification of what students should be able to do upon completion of their studies

The assessment objectives for each examination paper are also outlined in each syllabus. In summary the assessment structure will be as follows:

Foundation	Intermediate	Final
Objective testing for at least 50% of each paper	Objective testing in four papers (between 20% and 40%)	Scenario based questions
<i>Plus</i> Written questions	<i>Plus</i> Problem solving questions	<i>Plus</i> Case Study
	<i>Plus</i> Scenario-based questions	

Plans for a move towards computer based assessment are currently being explored. Initially this will be available only for Foundation level examinations. Paper based examinations will still be available for students without access to computer based assessment.

Credit Accumulation and Progression Rules

■ *Foundation and Intermediate:*

Credit accumulation will apply, as at present. At Foundation and Intermediate level, students will be able to retain credits for individual papers passed. The pass mark for each paper will remain at 50%.

The only progression rules that apply are for the Financial Accounting papers and the Management Accounting papers at Foundation and Intermediate level.

All exams at Foundation and Intermediate level must be completed before sitting the Final level exams.

■ ***Final Level:***

At final level, the three syllabus papers must be sat together at the first sitting and an aggregate of 150 marks reached. The following aggregate rulings will apply:

- provided that the aggregate of 150 is reached, it is possible for a
- mark in the range of 42 to 49 in a paper, to be compensated by a higher mark in another paper(s).
- students are able to retain as a credit any subjects for which
- they achieve 50% or more, provided that they sat and were
- awarded a minimum of 30% in all of the other papers.

The case study examination can either be sat alongside the three syllabus papers or afterwards and will be marked separately. The pass mark for the case study will be 50%.

■ ***Practical Experience Requirements***

The revised 'Practical Experience Requirements' (PER) were introduced for students registering from January 2000.

The current 'Record of Practical Experience' (RPE) will also be accepted during a transition period from January 2000.

The revised requirements have been re-grouped making it easier for students and their employers to plan training. Under each heading are examples of the activities in which students will be expected to gain experience.

BASIC	CORE	SUPPLEMENTARY
1a Preparing and maintaining accounting records	2a Preparation of management accounts	3a Financial strategy
1b Statutory and regulatory reporting	2b Planning, budgeting and forecasting	3b Corporate finance
1c IT desktop skills	2c Management reporting for decision making	3c Treasury management
1d Systems and procedure development	2d Product and service costing	3d Taxation
	2e Information management	3e Business evaluation and appraisal
	2f Project appraisal	3f Business strategy
	2g Project management	3g External relationships
	2h Working capital control	

These revised practical experience requirements have been developed in recognition of the fact that students are unlikely to be able to gain experience in every area. Instead, they will be expected to gain a broad balance of experience across the three different areas.

A minimum of three years relevant experience must be gained before applying for membership.

The current 'Record of Practical Experience' (RPE) is being replaced by a 'Career Profile' (a structured form of curriculum vitae), that will provide a more flexible method for recording experience.

■ *Interactive Learning For Students*

CIMA's analysis and design for the revised qualification did not stop at structure and content, but extended to consider the methodologies for learning and assessment. The desire to apply the new information and communication technologies to support interactive learning for students has been realized, with the publication in June of the CIMA Study Systems. Access to high-quality interactive learning materials will be dramatically improved for students, particularly those in the more remote locations around the world.

Similarly, 'assessment on demand' will be offered for Foundation level subjects - a wholly computer-based assessment system that will be available to students through both 'CIMA Approved Assessment Centres' within colleges, and in the work place at employer organizations around the globe. As the technology becomes more sophisticated, the application of flexible computer-based assessment will extend and migrate upwards to all levels of the syllabus.