

1-1981

Financial Executive Reaction To The CMA: A Four-tiered Survey

Larry Keiser

John C. Talbott

Follow this and additional works at: <https://egrove.olemiss.edu/wcpa>



Part of the [Accounting Commons](#), and the [Women's Studies Commons](#)

Recommended Citation

Keiser, Larry and Talbott, John C. (1981) "Financial Executive Reaction To The CMA: A Four-tiered Survey," *Woman C.P.A.*: Vol. 43 : Iss. 1 , Article 6.

Available at: <https://egrove.olemiss.edu/wcpa/vol43/iss1/6>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Woman C.P.A. by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Financial Executive Reaction To The CMA

A Four-tiered Survey

by Larry Kreiser and John C. Talbott

The Certificate in Management Accounting (CMA) was instituted in 1972 by the National Association of Accountants. The objectives of the CMA program are "to establish management accounting as a recognized profession, to foster high educational standards in the field of management accounting, and to assist employers, educators, and students by establishing an objective measure of an individual's knowledge and competence in the field of management accounting." (CMA Brochure)

In order to be awarded a CMA, a person must pass a five-part, seventeen and one-half hour examination and have at least two years of professional experience in management accounting; financial analysis; budget preparation; management accounting and auditing in government, finance, or industry; management consulting; in-charge audit work in public accounting; and full-time teaching in management accounting are among the employment activities which will satisfy the professional experience requirement. As of October 1980, 2,130 persons have been awarded the CMA since the inception of the program.

The CMA program has been gathering momentum over the past few years. Each year, a growing number of professionals in government, education, and industry are taking the CMA examination and are being awarded the CMA. Positions available ads are also starting to list the CMA as a desirable designation.

Based on the increasing recognition of the CMA, this study was designed to determine the importance of the CMA as perceived by financial executives. In addition, the study was designed to determine if there has been any change in financial executive reaction to the CMA over the period 1976-1980.

Research Methodology

Empirical evidence needed for this study was collected by means of three mailed questionnaires. Identical questionnaire surveys were conducted in 1976, 1978, and 1980. Copies of the three questionnaires were sent to the chief financial officer in each of the top 500 industrial corporations in America as listed in *Fortune Magazine*. The 1976 survey had a 47 percent response rate while the 1978 and 1980 surveys each had a 40 percent response rate.

All responses were examined for statistically significant differences in the distribution of responses within each survey and between the three surveys. Two statistical tests were applied. A chi-square test for the fit of a uniform distribution at the 0.05 percent level of significance was used to determine if responses to each question on each survey were uniformly distributed over the possible answers to each question; or, whether the distribution of answers was skewed in one direction thereby indicating significant agreement among the respondents. For purposes of this study, the term significant agreement as used here is defined as a distribution of responses differing significantly from a uniform distribution of responses. In applying this test, undecided responses were not considered. The test indicated that for the nine 1976 survey questions, there was significant agreement among the respondents on seven questions and a lack of consensus on two questions. For the 1978 survey, there was significant agreement on eight questions and a lack of consensus on one question. On the 1980 survey, there was significant agreement on seven questions and a lack of consensus on two questions. The lack of consensus on some questions is discussed in later sections of the study.

A chi-square test of homogeneity at the 0.05 percent level of significance in the frequency of expressed opinions between the respondents to the three surveys. In applying this test, undecided responses were not considered. The test indicated that for the nine survey questions, there were homogeneous responses between surveys on eight questions and a significant difference in expressed opinion between surveys on one question. The significant difference is discussed in a later section of the study.

Results of Survey

Responses to the nine questions on the survey questionnaire are analyzed in the following four groupings: present importance of CMA certificate, future importance of CMA certificate, importance of CMA certificate for college curriculum development, and the value of a grandfather clause in improving the recognition of the CMA certificate.

LEWIS & CLARK COLLEGE

Status: Full-time, tenure-track position; to begin 9/1/81.

Responsibilities: To teach the Intermediate Financial Accounting sequence, some participation in the Introductory Accounting course, and other courses in the accounting curriculum compatible with background and interests. Other responsibilities include student advising, participation in departmental and college governance, and continuing professional development. Normal teaching load is two courses per quarter.

Qualifications: Doctorate required; CPA or CMA desirable.

Rank & Salary: Open and commensurate with qualifications and experience.

General: Located in the suburbs of Portland, Oregon, Lewis & Clark College is a privately-endowed institution offering courses in the liberal arts and sciences along with curriculums in business, education, law and music. With a very selective admissions policy, there are approximately 1,800 undergraduates, 400 of whom are majors in the Department of Business & Administrative Studies. Within the department, concentrations are offered in accounting, finance, information systems, management and marketing.

Applications: Send vita, 3 letters of reference and copies of reprints of published work to:

Dr. Douglas M. Egan, Chairman
Accounting Search Committee
Lewis & Clark College
Portland, Oregon 97219

Deadline: February 1, 1981

Lewis & Clark is an equal opportunity employer and invites the candidacy of qualified minority persons and women.

TABLE 1. — Financial executive responses to two questions on the present importance of CMA certificate

1. In regard to internal advancement, the CMA is currently of substantial importance.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	15%	20%	22%
b. Disagree	70	57	67
c. Undecided	15	23	11
Total	100%	100%	100%

2. In regard to external mobility, the CMA is currently of substantial importance.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	20%	29%	25%
b. Disagree	60	49	59
c. Undecided	20	22	16
Total	100%	100%	100%

TABLE 2. — Financial executive responses to three questions on the future importance of CMA certificate

1. In regard to internal advancement and external mobility, the CMA will be of substantial importance in the future.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	42%	47%	38%
b. Disagree	31	26	35
c. Undecided	27	27	27
Total	100%	100%	100%

2. The CMA will eventually become as important for management accountants as the CPA is currently for public accountants.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	23%	24%	26%
b. Disagree	63	62	64
c. Undecided	14	14	10
Total	100%	100%	100%

3. The CMA will eventually become a requirement for higher ranking financial positions within industry.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	11%	16%	15%
b. Disagree	71	68	69
c. Undecided	18	16	16
Total	100%	100%	100%

Present importance of CMA certificate. Table 1 presents financial executive responses to two questions on the present importance of the CMA certificate. For both questions, the responses to all three surveys were homogeneous. The majority of financial executive respondents did not consider the CMA to be of substantial current importance in regard to internal advancement or external mobility.

Future importance of CMA certificate. Table 2 presents financial ex-

ecutive responses to three questions on the future importance of the CMA certificate. For all three questions, the 1976, 1978, and 1980 survey responses were not significantly different. The majority of financial executives disagreed with two of the three questions regarding the future importance of the CMA certificate. Financial executive responses to the 1980 survey lacked a consensus as to whether the CMA will be of substantial importance in the future in regard to internal advancement and external mobility.

TABLE 3. — Financial executive responses to two questions on the importance of the CMA certificate for curriculum development

1. College accounting departments should consider the CMA in designing curricula and advising students on career goals.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	54%	66%	57%
b. Disagree	22	17	19
c. Undecided	24	17	24
Total	100%	100%	100%

2. In regard to recruiting, industrial companies would prefer to hire students who have completed a CMA oriented accounting curriculum.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	40%	52%	41%
b. Disagree	36	24	31
c. Undecided	24	24	28
Total	100%	100%	100%

Importance of CMA certificate for college curriculum development. Table 3 lists financial executive responses to two questions on the CMA certificate and college curriculum development. A majority of financial executives thought that college accounting departments should consider the CMA in designing curricula and advising students on career goals. Responses to all three surveys were homogeneous in this respect. Financial executive responses to the 1976 survey and 1980 survey lacked a consensus in regard to whether companies would prefer to hire students who have completed a CMA oriented accounting curriculum. There was also a significant difference in expressed opinions between the three surveys on this question.

TABLE 4. — Financial executive responses to two questions on a CMA grandfather clause

1. Current corporate controllers and chief financial officers for New York and American Stock Exchange companies should be awarded CMAs based on position and experience as opposed to being required to pass an examination.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	18%	26%	18%
b. Disagree	55	50	59
c. Undecided	27	24	23
Total	100%	100%	100%

2. A "Grandfather Clause" similar to the one mentioned in the preceding question would increase the recognition of the CMA.

Answer	1976 Survey	1978 Survey	1980 Survey
a. Agree	39%	44%	33%
b. Disagree	40	41	49
c. Undecided	21	15	18
Total	100%	100%	100%

Value of a grandfather clause in improving the recognition of CMA certificate. Table 4 presents financial executive responses to two questions on a CMA grandfather clause. A majority of financial executives did not support a CMA grandfather clause. All three surveys were homogeneous in this regard. Financial executive responses to both the 1976 survey and the 1978 survey lacked a consensus as to whether a grandfather clause would increase the recognition of the CMA certificate.

Summary and Conclusions

Based on the empirical evidence gathered in this study, the following general observations can be noted.

1. *Current importance of CMA.* A majority of financial executives did not consider the CMA to be of substantial current importance in regard to internal advancement or external mobility. All three surveys were homogeneous in this respect. The relative newness of the CMA program and the fact that, at present, there are less than 2,500 CMA holders may all contribute to this lack of current importance.

2. *Future importance of CMA.* The

financial executives disagreed with two of the three questions regarding the future importance of the CMA certificate. A large majority of financial executives did not believe that the CMA will eventually become a requirement for higher ranking financial positions within industry. One can surmise that there is no compelling reason (i.e. CPA—Public Interest) why it should be mandatory for a person to have a CMA in order to be promoted to a higher ranking financial position in industry.

3. *The CMA and college curriculum development.* A large majority of financial executives thought

that college accounting departments should consider the CMA in designing curricula and advising students on career goals. In 1977, a nationally distributed newspaper article discussed the preferences of some financial executives for CMA oriented career training. (Fowler) Accounting departments might want to consider the CMA program as a guide to the types of training expected of a management accountant and, where possible, modify their curriculum accordingly.

4. *CMA grandfather clause.* CMA program directors decided against using a grandfather clause when the

Financial Professional

PLANS AND BUDGET ANALYST

Mountain States Energy, Inc., a prime governmental contractor, has an immediate opening for a Plans and Budget Analyst. Activities include development, maintenance and control of a multimillion dollar annual budget, preparation of financial operating plans and reports, and other associated special studies. Will be directly involved in the development of multi-range corporate and project planning.

Candidates should have a graduate degree in an appropriate field plus 3-5 years directly related experience. Track record important and must be detailed in depth.

We offer a liberal relocation allowance, competitive salary and excellent fringe benefit package. For prompt consideration please forward curriculum vitae or resume to:

**Industrial Relations
Mountain States Energy, Inc.
P.O. Box 3767
Butte, Montana 59701**

An affirmative Action/Equal Opportunity Employer



program was initiated in 1972. A majority of financial executives did not favor the awarding of CMAs based on position and experience as opposed to being required to pass an examination. Financial executive responses to both the 1976 and 1978 surveys also lacked a consensus as to whether a grandfather clause would increase the recognition of the CMA certificate. This would tend to indicate that there is no widespread support among financial executives for a grandfather clause.

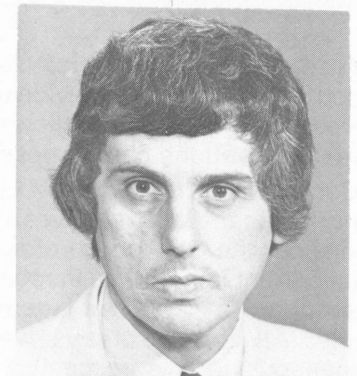
REFERENCES

CMA Certificate in Management Accounting, 1979-1980 ANNOUNCEMENT, Brochure published by Institute of Management Accounting, 1979.

Fowler, Elizabeth M., "Management Skills are the Difference Between Accountants," NEW YORK TIMES, June 1, 1977.



Larry Kreiser, CPA, Ph.D., is Associate Professor of Accounting at Cleveland State University. He holds membership in the Ohio Society of CPAs, AICPA, Academy of Accounting Historians, American Tax Association, and AAA.



John C. Talbott, CMA, D.B.A., is Professor of Accountancy at Wright State University in Dayton, Ohio. He has previously published in *The Woman CPA* and various accounting and financial journals.