

Offering the CMA Exam in Chinese

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English has long been considered the international language of business, and English-language business programs have been popular in Western countries for years. In most places, having a working knowledge of English was vital for a successful career in business.

This is no longer the case in certain parts of the world, such as China. Accounting organizations such as the Association of Chartered Certified Accountants, Certified General Accountants, and Chartered Institute of Management Accountants have offered their English-based certifications in China for years, but they've experienced mixed success. Because exams and review materials for management accounting certifications such as the Certified Management Accountant (CMA®) are offered exclusively in English, it has been argued that obtaining the certification not only signifies expertise in management accounting and financial management, but it also represents a working knowledge of English. While still valuable, this is no longer needed to have a successful accounting career in China.

The Institute of Management Ac-

countants (IMA®) is making a concerted effort to expand its international presence, positioning itself as “The world’s leading association for management accounting and finance professionals.” IMA has more than 9,000 international members in 128 countries, has established 10 international chapters, and is holding its second annual Global Conference in May in Dubai, UAE. In the October 2005 *Strategic Finance*, Carl Smith wrote about the importance of providing additional services to international members, which “could include offering translations of our products, such as the CMA exam and *Strategic Finance*.” To help the CMA grow in China, it might be time to consider translating the exam into Chinese. We suggest a system that could help the CMA become a well-recognized and well-respected accounting certification within China.

Accounting in China

Before getting into the certification process, we offer some background on Chinese business to help everyone understand how the country’s economic and social environment impacts accounting certifications. Almost 70% of Chinese companies—approximately three million—are still owned by the state. Around 170 of the largest are supervised by the central government’s State Asset Council (SAC) in Beijing. Eight companies are listed as *Fortune* 500 firms. There are also 1.35 million privately owned enterprises, with 45 listed on the capital market. The Chinese Association of Chief Financial Officers (CACFO) reports that total capital market listings include 1,378 firms in local markets and 111 listed on the Hong Kong Exchange.

Certain accounting positions in state-owned firms require a diploma and successful completion of a qualifying exam. There are three levels of accounting examinations: (1) a basic test on bookkeeping and financial principles required for accounting clerks and assistant qualified accountants, (2) the Qualified Accountant (QA) exam for accounting/finance department heads, and (3) the Senior

Qualified Accountant (SQA) exam for the CFO of large and medium-size state enterprises. Successful QA candidates earn the social status of “expert” accountant, or *kuai-ji-shi*, even if they don’t get appointed to a department head position. Successful SQA candidates earn the title *kao-ji* (senior) and are called *kao-ji kuai-ji-shi*. The first-time overall pass rates are 20% for the QA exam and 11% for the SQA exam.

There are 12 million accountants and clerks in China. Eight million work under the administration of the central government. Approximately 1.6 million have passed the exams at the elementary level, 800,000 are QAs, and 22,000 are SQAs. Passing the QA and SQA is essential for in-house accountants, and passing the SQA exam is the ultimate goal for most Chinese accountants.

CFOs in China

China’s Accounting Law allows large and medium-size companies to appoint a Chief Accountant, the equivalent of a CFO. The appointment is officially made by the government agency that supervises the company. If a firm doesn’t have a CFO, its financial affairs are handled by the CEO.

In 2003, the CACFO surveyed 1,450 CFOs of large, mostly state-owned companies. Eighty-seven percent of the survey respondents called for an improved certification system and a “better” qualifying exam than the QA or SQA. The same proportion wanted a different system of selecting CFOs instead of by government appointment.

Employment

The government target for employment after graduation from four-year programs is 73%. Foreign In-

vestment Enterprises (FIE) pay much better than local firms. At first, FIEs wanted people with English skills, but they gradually realized this wasn’t necessary—most FIE owners are from Taiwan or Hong Kong and know Chinese. The Chinese branches of U.S. companies (such as IBM, Bank of America, GM, GE, etc.) are generally headed by bilingual managers usually trained in the U.S.

The Role of IMA

In the U.S. and other Western countries, IMA has been marketing the CMA to individual candidates. In China, it’s necessary to think wholesale, not retail. China’s rapid development is due to inexpensive labor, low-priced commodities, and movement toward a market-based economy, but a significant amount of the economy is still under the central government planning process. In our opinion, for the CMA certification to succeed in China, the key is to target the government-controlled employers, not private individuals. IMA must target graduates and students of the Masters of Public Accountancy (MPAcc) program sponsored by 21 universities, the State Asset Council (SAC) Training Center (TC), and the CACFO. These groups need to be IMA supporters in order for the CMA to flourish.

The QA and SQA exams are very similar to the CMA exam. Since passing the QA/SQA exams is required for Chinese “management accountants,” the Chinese government believes the best way to proliferate management/cost accounting knowledge is to incorporate the knowledge of the CMA system into the existing QA and SQA exams. It is important, therefore, for IMA to show respect and acknowledge the value of those exams.

Integrating the CMA Exam

The Chinese government is quite anxious to improve the knowledge and expertise of management accountants in their country. There is room for integrating the CMA program into the Chinese system.

In our educated opinion, it’s necessary to implement a two-tier CMA system: (1) a streamlined and translated CMA/C (Chinese) linked or merged with the SQA exam and part of the required CFO credentials, and (2) the regular, English-based CMA program marketed as an advanced international credential. Of course, IMA must continue the current efforts to improve the perceived value of the CMA credential. By leaving the regular CMA intact, the certification remains an international, expert-level credential. A translated version would supplement this by making a portion of the benefits of certification available to Chinese candidates who don’t speak English.

A Foothold in China

IMA can continue to promote its certification in the Chinese market in the same way most of the Western accounting institutes/associations do, but it will probably experience similar ongoing frustrations. While candidates who pass these exams enjoy the respect of their potential employers for having accounting knowledge and being proficient in English, the certifications aren’t necessary for a successful career. If IMA isn’t aiming at the QA or SQA market, Chinese accountants won’t think the CMA designation is relevant to their career. ■

NOTE: *IMA will keep members posted on any plans to proceed with a Chinese language version of the CMA examination.*

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