

PREPARING STUDENTS FOR THE CMA EXAM: **What Schools Are Best?**

By Dennis Caplan, CMA, CPA, and Raef Lawson, CMA, CPA, CFA, AICWA

This issue's cover article, "The Future of Accounting Education: Addressing the Competency Crisis," discusses the crisis in accounting education and the need for accounting educators to develop competency-based curricula. Though several frameworks exist, one that's especially appropriate for 80% of accountants—those in management accounting—is implicit in the learning outcome statements for the CMA® (Certified Management Accountant) exam. Developed and updated periodically by the ICMA® (Institute of Certified Management Accountants), these learning outcomes reflect what accounting and financial professionals need to know in business today.

Established in 1972, the CMA has become a global designation that attests to the certification holder’s management accounting knowledge and skills. The exam covers external financial reporting decisions; cost and performance management; internal controls; planning, budgeting, and forecasting; decision analysis; corporate finance; financial statement analysis; risk management; investment decisions; and professional ethics. A good global measure of accounting competencies, the CMA exam is broad in scope and tests concepts as well as tools that aren’t tied to a particular jurisdiction or financial reporting framework.

Using data from the ICMA, here we examine the CMA pass rates to determine which schools best prepare their students with essential management accounting competencies. We also discuss which countries and schools generate the most interest in the exam.

Regional Summaries

Figure 1 shows the location of individuals sitting for the CMA exam by region during the 14 months ended February 28, 2014. (All data in this article is for the English version of the exam only; Asia/Pacific would be larger in Figure 1 if we included the Chinese version of the exam.)

Figure 2 shows pass rates by region. We calculated pass rates for each part as the total number of candidates passing that part of the exam during the 14 months of our study and then divided that number by the total number of times candidates sat for that part during the same time period. The overall pass rate is the weighted average of the pass rates on each part of the exam.

We can attribute the considerable variation in pass rates by region partially to the challenge that confronts non-native English speakers when they are sitting for an exam written in English. Take China, for example. The pass rate in China on the English version is 46%, but the pass rate in China on the Chinese version climbs to 59%, which is seven points higher than the pass rate on the English version in the United States. The figure also shows that the pass rate for Part 2 is higher than for Part 1, possibly reflecting a stronger pool of candidates who take the second exam as weaker candidates fail to move on.

Figure 3 identifies the top seven countries by the number of individuals sitting for the exam during this same time period. It also shows the significance that the CMA designation has achieved outside the U.S., particularly in the Middle East. (China would be a larger slice of the pie if we included the Chinese version of the exam.) The CMA has clearly become a global credential as the major-

Figure 1: Candidates Sitting for the CMA Exam by Region

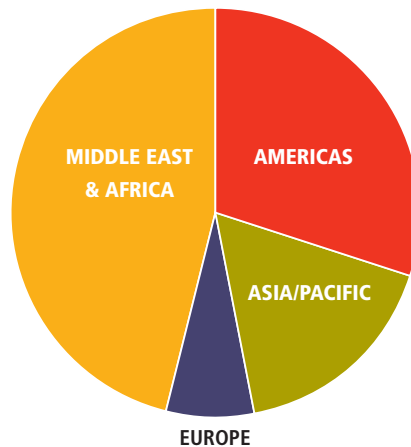


Figure 2: CMA Exam Overall Pass Rates

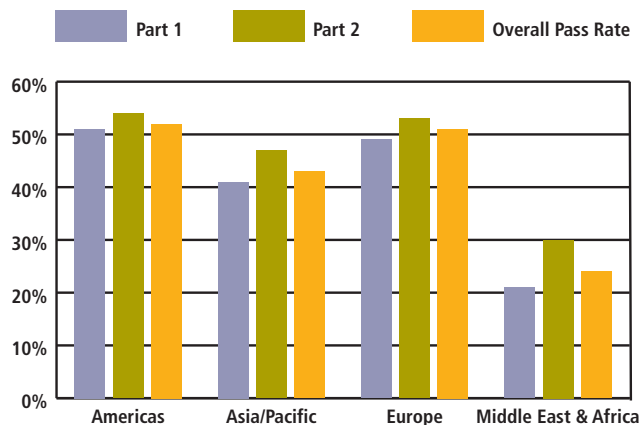


Figure 3: Candidates Sitting for the CMA Exam by Country

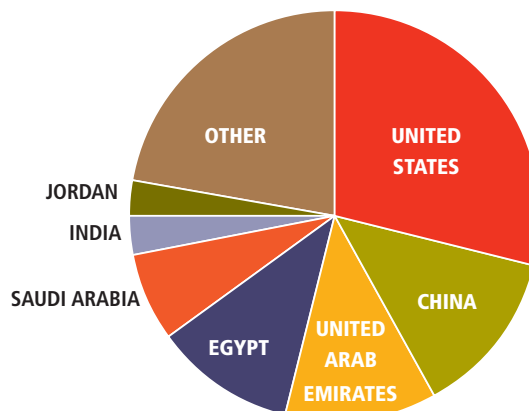


Table 1: Highest CMA Exam Pass Rates by School and Region

UNIVERSITY AND COUNTRY	PASS RATE PART 1	PASS RATE PART 2	OVERALL PASS RATE
Americas			
Villanova University (U.S.)	100%	89%	94%
University of Virginia (U.S.)	100%	80%	91%
Northwestern University (U.S.)	88%	90%	89%
University of Wisconsin—Madison (U.S.)	100%	78%	89%
Baylor University (U.S.)	78%	100%	87%
University of Florida (U.S.)	71%	93%	83%
Asia/Pacific			
Shanghai University of International Business and Economics (China)	91%	100%	93%
Zhejiang University of Finance and Economics (China)	88%	86%	87%
Nankai University (China)	78%	100%	86%
University of International Business and Economics (China)	86%	82%	84%
Shanghai University (China)	75%	92%	83%
Jinan University (China)	79%	78%	78%
Europe			
University of St. Gallen (Switzerland)	83%	76%	80%
Erasmus University Rotterdam (the Netherlands)	77%	73%	75%
Bogazici University (Turkey)	79%	71%	75%
Middle East Technical University (Turkey)	67%	64%	65%
University of Groningen (the Netherlands)	71%	60%	64%
Vrije Universiteit Amsterdam	60%	63%	62%
Middle East and Africa			
Lebanese University (Lebanon)	67%	57%	64%
Birzeit University (Palestine Territories)	64%	60%	62%
Lebanese American University (Lebanon)	46%	69%	58%
American University of Beirut (Lebanon)	64%	44%	55%
American University of Dubai (United Arab Emirates)	38%	100%	55%
University of Jordan (Jordan)	44%	66%	52%

Table 2: Highest CMA Exam Pass Rates for First-time Test Takers

UNIVERSITY AND COUNTRY	OVERALL PASS RATE
Michigan State University (U.S.)	87%
Illinois State University (U.S.)	83%
Bentley University (U.S.)	79%
DePaul University (U.S.)	79%
University of Southern California (U.S.)	79%
University of St. Thomas (U.S.)	77%
Erasmus University Rotterdam (the Netherlands)	76%
University of St. Gallen (Switzerland)	76%
Tongji University (China)	75%
University of Minnesota (U.S.)	75%

ity of candidates who sit for the exam are outside the U.S.

There's considerable variation in pass rates by university. Table 1, which shows schools with the highest pass rates by region, includes those with at least eight individuals sitting for the exam during the 14 months ended February 28, 2014. School affiliation came from ICMA records and, in the case of candidates with advanced degrees, might reflect either the candidate's undergraduate or graduate affiliation. Pass rates appear separately for Parts 1 and 2 of the exam as well as the overall pass rate.

We don't base the pass rates in Table 1 and throughout this article on the number of candidates—we base them on the number of sittings for exam parts because some candidates sit for the exam multiple times and pass it on the second or third sitting. On average, however, candidates sat 1.16 times for Part 1 and 1.22 times for Part 2. Pass rates by candidate are slightly higher than Table 1 shows. For example, the overall pass rates worldwide based on number of sittings are 41% and

49% for Parts 1 and 2, respectively, whereas the pass rates based on number of candidates are 48% for Part 1 and 60% for Part 2.

Table 2 shows the schools with the highest pass rates for first-time test takers. Passing the exam on the first try is perhaps the strongest measure of a candidate's management accounting competencies obtained from education and work experience. (For this table, we only considered schools with at least eight first-time test takers during the study's time period.) It's interesting to note that schools from four countries appear in Table 2, which reflects the CMA's global nature. Also consider that some U.S. schools are very large public institutions while others are relatively small but highly reputable schools.

Table 3: Overall Pass Rates of Students with an Advanced Degree Compared to Students with Only an Undergraduate Degree for Selected Universities

UNIVERSITY AND COUNTRY	OVERALL PASS RATE	
	ADVANCED DEGREE	NO ADVANCED DEGREE
Cairo University (Egypt)	30%	32%
University of Illinois at Urbana-Champaign (U.S.)	70%	82%
Mahatma Gandhi University (India)	35%	17%
University of Phoenix (U.S.)	34%	33%
University of the Punjab (Pakistan)	31%	19%
Shanghai University of Finance & Economics (China)	64%	71%
University of Madras (India)	38%	15%
University of Karachi (Pakistan)	14%	23%
Indiana University Bloomington (U.S.)	71%	65%
Michigan State University (U.S.)	87%	79%
Osmania University (India)	33%	27%
Kerala University (India)	31%	18%
Northern Illinois University (U.S.)	33%	73%
University of Khartoum (Sudan)	22%	13%

Table 4: U.S. Schools with the Highest Number of Candidates

UNIVERSITY	CANDIDATES SITTING FOR THE EXAM	OVERALL PASS RATE
University of Illinois at Urbana-Champaign	79	71%
University of Phoenix	54	37%
Pennsylvania State University	44	65%
Michigan State University	31	76%
Brigham Young University	30	78%
Indiana University Bloomington	28	63%
Arizona State University	25	49%
Ohio State University	23	76%
University of Texas at Dallas	23	66%
Purdue University	23	66%
Northern Illinois University	23	54%
Academy College (Bloomington, Minn.)	23	13%

Table 3 compares by institution the pass rates of students with an advanced degree to those with only an undergraduate degree. To be included, schools needed at least eight candidates from each group. We ranked schools according to the total number of candidates.

For the total population during the time period of our study, the pass rate for students with advanced degrees was 51%, and the pass rate for students with undergraduate degrees only was 42%. Though a graduate degree appears to help students pass, some institutions have impressive pass rates for students who sit for the exam with only an undergraduate degree: the University of Illinois, Northern Illinois University, Michigan State University, and Shanghai University of Finance & Economics. When looking at Table 3, keep in mind that students with advanced degrees might have reported their undergraduate institution, so they might not have earned their advanced degree at the school indicated.

Data for U.S. Schools

Now let's focus on U.S. data. Table 4 lists the U.S. schools with the largest number of candidates sitting for the exam during the 14 months ended February 28, 2014. These numbers include candidates sitting for one or both parts of the exam. Most are large state schools with well-known accounting programs except for the University of Phoenix and Academy College. The University of Phoenix's relatively low pass rate is typical of for-profit universities for the time period of our study. Collectively, the following five for-profit universities had 92 CMA candidates: the University of Phoenix, Strayer University, DeVry University, Grand Canyon University, and Kaplan University. This group averaged a 38% overall pass rate, with 50% being the highest pass rate.

Table 5 gives overall pass rates based on number of sittings for various groupings of schools. The results show why the schools should be proud of their exam takers. Again, we only considered schools with at least eight individuals sitting for the exam.

Here are more reasons for some other schools to show their CMA spirit: In the State University of New York (SUNY) system, the University at Buffalo had the most candidates at 20 and achieved an overall pass rate of 52%. In the Ivy League, Cornell University had the most candidates at nine and achieved a pass rate of 75%, and, collectively, Harvard, Yale, Columbia, and

Princeton had eight candidates who achieved a 100% pass rate.

Skills for Careers, Not Just First Jobs

There have been recent calls for schools to provide their students with the skills they need for lifelong careers in a global economy, not just for their first job after graduation. Educational accrediting bodies have increased their focus on assurance of learning and measures that schools develop and use that provide objective evidence of their programs' effectiveness. CMA pass rates are a useful metric for these purposes. As we discussed, the exam tests a broad skill set of management accounting and finance concepts as well as tools that transcend any specific financial reporting framework. Most likely, the management accounting framework won't become obsolete anytime soon. Also, accountants for many different types of employers worldwide routinely use many of these concepts and skills, and all practicing accountants use them at least occasionally.

Remember several caveats. You may not be able to draw a general conclusion from pass rates based on a relatively small number of candidates, and pass rates for the period we examine might not be generalized to other time periods. Many candidates graduated years before they sat for the exam. Despite these caveats, we believe the data identifies certain schools that make their students aware of the CMA exam and provide them with the skills to perform well. We congratulate these schools on a job well done and hope to see them and other schools in updates of this report. **SF**

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Table 5: U.S. Schools with Highest Number of Candidates and Pass Rates for Selected Groupings

CANDIDATES SITTING FOR THE EXAM		OVERALL PASS RATE	
SCHOOL	CANDIDATES	SCHOOL	PASS RATE
2015 U.S. News & World Report: Top 20 Business Schools			
Univ. of Michigan	20	Univ. of Virginia	91%
UCLA	17	Northwestern University	89%
New York University	14	Cornell University	75%
Univ. of Calif., Berkeley	12	Univ. of Texas, Austin	75%
Northwestern University	12	Univ. of Michigan	74%
Univ. of Texas, Austin	12		
The Big Ten			
Univ. of Illinois	79	Northwestern	89%
Penn State	44	Univ. of Wisconsin	89%
Michigan State	31	Univ. of Iowa	81%
The Pac 12			
Arizona State	25	Univ. of Washington	73%
Univ. of Utah	21	Univ. of Calif., Berkeley	70%
Univ. of Washington	20	Univ. of Utah	66%
The Southeastern Conference			
Univ. of Florida	19	Univ. of Florida	83%
Univ. of Georgia	17	Univ. of Georgia	81%
Univ. of South Carolina	15	Univ. of Tennessee	77%
The Atlantic Coast Conference			
Univ. of Pittsburgh	15	Univ. of Virginia	91%
Univ. of Notre Dame	13	Virginia Tech	86%
Clemson University	10	Boston College	82%
The Mountain West Conference			
Boise State University	15	Utah State	80%
Utah State	11	Boise State University	61%
San Diego State	11	Univ. of Nevada, Las Vegas	50%
The Big 12			
Univ. of Texas	12	Baylor University	87%
Baylor University	8	Univ. of Texas	75%
Univ. of Kansas	8	Univ. of Oklahoma	64%
The California State System			
Cal State, Fullerton	12	Cal State, East Bay	54%
Cal State, Long Beach	10	Cal State, Fullerton	53%

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