Two of the world’s most prestigious accounting bodies, the 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.
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The Development of the CGMA Competency Framework

The CGMA Competency Framework was developed through three phases of research: face-to-face interviews, roundtables and an online survey. The participants ranged from finance and non-finance staff in mid- to senior-levels, covering diverse industries from both the private and public sectors. A total of 67 organisations from Malaysia, South Africa, the United Kingdom and the United States participated in the face-to-face interviews. The roundtables were held in 13 countries from Asia, Europe, Africa and the Americas. The online survey was taken by nearly 3,400 CIMA members, student participants and academics. The findings of the first and second phases were validated and extended in subsequent phases. This approach was used to ensure the rigour of the research and thus enhance its credibility and relevance. Lastly, the online survey
was an example of qualitative research that is appropriate where a significant body of knowledge exists. It aimed to confirm the initial findings by using larger samples and suitable techniques.

The framework is the underpinning of the CIMA syllabus, which will be covered in the mandatory CGMA strategic case study exam for CPAs that will be implemented in 2015. While the framework highlights the range of skill sets of CGMA professionals, it also will allow employers to define what is expected in various functions and roles as well as educators to better prepare students to become well-grounded management accountants. Competencies are the bridge between education and employment. Moreover, the framework supports the concept of lifelong professional learning and experience.

The framework is composed of four knowledge areas: technical, business, people and leadership skills. Each knowledge area includes a series of competencies that are defined at four proficiency levels: foundational, intermediate, advanced and expert. Each competency prescribes a series of skill sets to assist in the CGMA professional development. The relative weight of each knowledge area relates to the importance of the defined skill sets at each proficiency level.

The global roundtable participants used in the research phase of the framework stressed the need for the competencies to be seen as integrated. The integrated perspective of the competencies has major implications for the development of the syllabus and assessment. Participants in all three phases of the research also affirmed the need for all the competencies to be underpinned by ethics, integrity and professionalism.
Knowledge areas

Technical skills enable finance professionals to collect, store, process and analyse information to be shared with various stakeholders. These include the preparation and dissemination of external and internal reports per the professional accounting standards.

Business skills enable finance professionals to use their knowledge of the business and its environment to transform data into insight that enables organisations to evaluate their strategic positioning, the alignment of their business models to their strategies, their performance and opportunities for the future.

People skills, particularly in communication, are used to influence the decisions, actions and behaviours of decision-makers and others throughout the organisation and its stakeholders.

Leadership skills take place at various levels. Three types of leadership can be identified as peer, functional and strategic. Peer leadership involves leading peers in and out of the finance function on issues that require an understanding of the financial implications of events and issues in the organisation’s internal and external operating environments. Functional leadership refers to the leadership that ensures that the finance function delivers its objectives to the organisation. It takes place from the intermediate level onward, but mostly at the advanced level. Strategic leadership is exercised at the strategic level. Experts join with leaders in other functional areas to define, formulate and oversee the implementation of the organisation’s strategy.

Competencies

The competencies are functions that are relevant to each knowledge area. For example, financial accounting and reporting is a pillar under technical skills. Project management is an important function under business skills.

Proficiency levels

Each competency can be performed at four levels of proficiency. In some cases the proficiency levels are linked to levels of the organisation’s hierarchy.

Foundational (Staff/Entry level) — This is responsible for achieving results through own actions rather than through others.

Intermediate (Supervisor/manager) — This has limited or informal responsibility for colleagues and/or needs to consider broader approaches or consequences.

Advanced (Senior manager) — This has formal responsibility for colleagues and their actions; and that their decisions have a wider impact.

Expert (Executive/C-Suite) — This has formal responsibility for business areas and his/her actions and decisions have a high-level strategic impact.

Skill sets weights

The skill sets’ weights indicate the relative importance of each knowledge area for a given level. The research included the rating and analysis of the competencies at any given level using a 100-points based system. The more important competencies are rated with higher number of points. The results indicated that the importance of the technical skills is very high at the foundational level but reduces as finance professionals move up their career. The importance of the other skills increases up to the advanced level and stays the same with business skills and people skills but increases with leadership skills.
Competencies for finance professionals

Role of the Finance Function
Finance professionals are expected to: (a) apply accounting and finance skills; (b) do it in the context of the business; (c) to influence the decisions, actions and behaviours of others; and (d) lead the organisation at different levels.

Finance and accounting work is the foundation of entry-level management accounting. Figure 1 shows the types of finance and accounting work. Two basic types of accounting work exist: systems of record and systems of engagement. Using systems of record to process and record transactions and to provide basic reporting requires accounting and finance, IT and process management skills. Using systems of engagement planning and control — preparing and communicating management information, external reporting and other services such as internal audit, treasury, corporate finance and tax management — to interact with and influence key stakeholders inside and outside the organisation. This requires technical accounting and finance, IT application, process improvement and people skills. Additionally, CFOs and other senior finance professionals require leadership skills to manage the finance function to enable it to contribute to the success of the organisation.

Figure 1: Types of finance and accounting work

In some organisations, a percentage of the finance work is outsourced to other teams, requiring finance professionals to hone their people skills, including working with diverse teams, managing conflict and communication.
In some organisations, finance professionals have become business partners. They are embedded in different areas of the organisation, engage with those outside of finance more frequently and seek to influence decisions and actions more directly. This requires a deeper understanding of the organisation, its context, the remit of its various parts and the ability to communicate beyond the numbers.

The structure of the finance function

The predominant structure of the finance function is one in which all finance work is done in-house under one department/directorate. However, an emerging structure used increasingly by large organisations splits the finance function into shared services centres (SSCs) and retained finance. SSCs are mainly responsible for accounting operations. They can be in-house, outsourced, off-shore or on-shore. Retained finance is responsible for aspects of finance relating to the systems of engagement. Irrespective of structure, there is an increasing use of technology by the finance function.