

Business school rival doesn't quite add up

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A professional accountancy qualification and an MBA are increasingly seen as competitors. Both lay claim to providing a business education, and the future of many ambitious business people depends on the right choice. It's worth asking which is better.

Comparing them only devalues both. An MBA is a degree; an accountancy qualification is just that. Graduates of the best MBA programmes will have discussed business problems with leading academic researchers. But "academic" and "research" imply a fundamental disconnect with reality, which all MBA-awarding institutions fight hard to redress. To accord a professional accountancy qualification the status of a degree is to give it something it doesn't really deserve. But to have earned a qualification means you will have spent years doing real work in the offices of an accountancy firm and its clients, sat at the feet of the hard-nosed and the experienced, which certifies your facility in some fairly tricky practical skills.

Anyone who seriously thinks an MBA is a better qualification for finance director than an accounting qualification might try inviting an MBA class to ponder a set of financial statements and wrestle with creditor-days calculations or break-even analysis. I bet you would conclude that a finance director qualified only with an MBA would thrive only in a business where financial statements don't matter.

At best, when it comes to matters of accounting record, an MBA equips you to ask some of the right questions; an accountancy qualification enables you to provide the answers. But, although boards looking to find a decent finance director are rightly wary of recruiting "just an accountant", and finance directors must be able to look beyond the disciplines of accountancy if they want to add real value - an MBA syllabus is undoubtedly broader than accounting - the safest choice when seeking a finance director is to look for an accountancy qualification first.

The truth is that most MBAs and most qualified accountants won't end up as finance directors. Many qualified accountants won't even end up as accountants - although that's what they'll tell passport officials and traffic police they are. People look to an MBA and an accounting qualification for a top-class business education. In the UK, for the past 30 years, an ACA qualification has been the finishing school of choice for university graduates with business intentions. It has given them a thorough general education in the nuts and bolts of business.

Until the 18th century, the education of an ambitious gentleman in England was not complete without a spell at the Inns of Court. The last thing on his mind was a long-term law career. The same is now true for accountancy.

Will accountancy go the way of the Inns of Court, and will the MBA replace accountancy qualifications? Maybe. Round the world, accountancy is being forced back into a set of specialisms. But the MBA presents obstacles. First, there are issues of definition. Everyone knows what an accountant is and what the qualifications mean. MBAs are far more heterogeneous. They differ in length, cost and, in spite of protestations to the contrary, in quality. They also differ in substance. The breadth of an MBA is also its weakness - as is best illustrated by the plethora of specialist MBAs. You can now do MBAs with specialist focuses on marketing or HR. Leicester University offers an MBA in "education management". More than one US school offers a combined MBA and theology course.

A few institutions even offer an "accounting MBA". Such variety does not help preserve value.

There is also the matter of cost. Nowadays, student accountants will often be paid by their firms. A posher MBA in the UK will cost you in excess of £40,000 for tuition fees alone. That's a lot more than Eton per term if you add in accommodation. The truth, of course, is that a bright individual will get a lot from either an MBA or an accounting qualification. And, picked well, the two are cheese and pickle rather than chalk and cheese.

But those who are precious about relative superiorities might like to reflect on the boards of leading German and Japanese companies, which seem to get by quite well with far fewer of either than the UK or US.

Even in the US, where MBAs supposedly rule, a trusted business adviser is often a lawyer by training rather than an accountant.

Fonte: Financial Times, USA, March. 29 2007. Business Life, p. 7.