

The Economic Times Online

Printed from [economictimes.indiatimes.com](http://economictimes.indiatimes.com) > News By Industry > Services > Education

---

# Does your MBA degree suit market demand?

ARCHANA RAHEJA

[ MONDAY, FEBRUARY 20, 2006 12:32:43 AM ]

## **The grand \$0 offer! NRIs invest now!**

The corporate world is highly competitive. As an ordinary employee with nothing new or exceptional to offer, you can easily get lost in the crowd. However, an MBA tucked under your sleeve could open new doors of opportunity, giving you an edge as it arms you with additional knowledge and expertise.

But your MBA has to be with the right specialisation suited to market demands as well as your own aptitude. Various specialisation options are available to MBA students: marketing, finance, human resources, systems, international business and so on.

Each option carries its own weight. In this article we will explore finance as an MBA specialisation option.

## **Finance as a Specialisation**

Careers in financial management generally require a Master's degree or an MBA (Master's of Business Administration). Some firms hiring financial analysts demand an MBA.

Obtaining a Master's degree in finance is commonly done while working full time as a way to advance your professional credentials. Many serious would-be finance professionals do the Masters in conjunction with certifications like the Certified Public Accountant (CPA), Certified Management Accountant (CMA), or Chartered Financial Analyst (CFA).

You can obtain your MBA by attending a business school either full-time or part-time. MBA programmes with a Finance specialisation consistently update the curriculum to retain current market relevance.

## **What Is Finance All About?**

Finance is about financial decisions. Basically, there are three major financial decisions that companies and investors have to take. These are:

**How to invest:** This requires an understanding of investment objectives, risk-return characteristics of various assets (eg, stocks, bonds, annuities and hybrid securities), asset valuation (eg, capital budgeting and various asset pricing models), and portfolio construction.

**How to finance and manage investments:** This Requires an understanding of how the capital markets work, the benefits and costs of various sources of funds (eg, debt vs equity), dividend policy, and what financial tools (ie, derivative securities and insurance) can be used to control risks.

**How to manage day-to-day working capital:** Requires an understanding of the benefits and costs of holding liquid assets such as cash, inventories and receivables.

### **Finance Curriculum In A Business School**

A B-School's offerings in finance are intended to help students make informed financial decisions. The objectives of a finance curriculum are two fold:

Equip students with the knowledge of various finance topics and how they are linked together.  
n Encourage students to develop their thinking and analytical skills.

With finance education a student will be equipped with the tools to understand the function and applications of financial markets, the acquisition and allocation of funds for public and private sectors in domestic and international organisations, and also learn to access and utilise financial information.

The teaching approach in any B-school is a mix of theory and application. Theory is an important foundation on which you can build coherent thinking and analytical skills. These can then be applied to real-life problems.

### **Do You Have The Financial Aptitude?**

Finance calls for a unique set of skills. It is ideally suited for you if you are outgoing and inquisitive by nature. You will use your mathematical aptitude and ability to take your organisation's or individual client's goals, resources and options into consideration while making suggestions for their continued financial growth.

This is one area where employment opportunities are influenced by your academic performance and previous professional environment success.

### **Careers Options For Finance Professionals**

With an MBA and a specialisation in finance, opportunities in the corporate world are greatly enhanced. Employment prospects are very good and forecasts remain encouraging. Job prospects in finance are expected to grow faster than average for the next 10 years.

The opportunities with a finance degree span many areas including corporate and international financial management, personal financial planning and investment services.

Brokerage firms, commercial and investment banks, insurance companies, and other financial intermediary companies employ finance graduates. Graduates are typically found in five types of employment:

- Large and small sized industrial firms (which may be manufacturers of automobiles, steel, household appliances and electronic equipment)
- Service-oriented firms (electric power, real estate and retail firms)
- Financial institutions (banks, state and federally chartered savings and loan associations, and insurance companies)
- Non-profit enterprises (universities, labor unions and foundations) and private businesses.

The diversity of entry-level positions obtained by finance majors makes it difficult to describe a typical position. A major in finance does not limit his or her career potential to banking or to any single area of business.

A large number of individuals go to work for industrial companies in a variety of entry-level positions that allow them to transition into top decision-making profiles with those companies.

A significant number of chief executive officers and other top officers of corporations have followed the 'finance path' to the top.

### **Positions For Finance Professionals**

**Financial Analyst:** Financial analysts play an integral role in competitive, world-wide, high-tech modern business. Since the 1970s, the crossover in finance and banking has flourished due to the increasing complexity of investment options.

A financial analyst will research a client's or organisation's financial status including their history, risk tolerance, current expenditures and investments. They make recommendations based on financial goals and the business environment.

Specialisations within the financial analyst trade include budget analyst, credit analyst, investment analyst, merger and acquisition analyst, money market analyst, ratings analyst, risk analyst, tax analyst, treasury analyst and personal financial advisors.

**Financial Consultant:** If you work in financial consulting, your main role will be to provide advice on securities pricing, strategies for creating shareholder value, business valuation, economic forecasts and analysis, and input into treasury management.

**Finance Manager:** As a finance manager, you will direct financial reporting, investment activities and cash management strategies at any number of professional or government organisations. Financial management calls on your creative thinking and your ability to see the broad business picture and then direct your team accordingly.

### **Other Opportunities**

**Commercial Banking:** You'll find a tremendous range of opportunities in commercial banking. While the banking sector continues to consolidate, more people are employed in commercial banking than any other part of the financial services industry.

**Corporate Finance:** A career in corporate finance means you work for a company to find the money to run the business, grow the business, make acquisitions, plan for its financial future and manage any cash on hand. You might work for a large multinational company or a smaller firm with high growth prospects.

The key to performing well is to work with long-term goals and some would argue that corporate finance jobs are the most desirable in the field of finance. As a financial officer you concentrate on areas such as liquidity, flexibility, compliance with laws and regulatory support.

**Investment Banking:** Finance professionals may work within companies and governments to issue securities, help investors trade securities, manage financial assets and provide financial advice. Smaller firms may be oriented toward bond-trading, technical analysis or programme trading.

The key to being successful is discipline, be broad-minded and able to accept the successes and losses of investment decisions. Money managers must be proficient in the latest quantitative methodology.

Many people cross over into money management after years of experience in selling positions in investment banks. A background in portfolio theory and fixed income investments is required.

**Financial Planning:** Financial planners concentrate on helping individuals with their financial futures. This work requires excellent interpersonal skills. A good financial planner understands investments, taxes and knows how to listen.

**Insurance:** The demand within the insurance industry for finance degree graduates is also strong as our population gets older and wealthier. Jobs in insurance involve helping individuals and businesses manage risk to protect themselves from catastrophic losses and to anticipate potential risk areas. You help clients understand their insurance needs, explain their options to them and assist with the selection of appropriate policies.

*The author is head, academics, Indian Retail School, New Delhi*



Write to the Editor

©Bennett, Coleman and Co., Ltd. All rights reserved.

---