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IN THIS TIMELY AND INSIGHTFUL ESSAY, Dean Dan R. Dalton of Indiana University explores the practice of business school rankings by the media.

Business School Rankings—A Peek Under the Tent?

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As all of us associated with business schools are aware, there has been a proliferation of rankings by which various schools, programs, and disciplines can be compared. *Business Week* publishes a ranking of MBA programs every other year. It also provides rankings by discipline (e.g., Finance, Marketing, Management, Entrepreneurship). There is also an associated book, *Business Week Guide to the Best Business Schools* (8th ed., McGraw-Hill), that provides more detailed information. In addition to the recurring part-time and executive MBA program rankings, the editors have recently introduced a new survey for alumni.

The Wall Street Journal produces an annual ranking for MBA programs. These ratings include categorization by region, size, and whether the school is public or private. Schools are also ranked by academic discipline (e.g., accounting, entrepreneurship, finance, management, information technology, international business, marketing, operations management, quantitative analysis, strategy) and by industry (e.g., financial services, technology, management-consulting, consumer-products). In addition to a special section of *WSJ*, this information is contained in an associated book, *The Wall Street Journal Guide to the Top Business Schools* (Simon & Schuster).

U.S. News & World Report provides rankings for both undergraduate and

MBA programs. In addition to overall rankings for schools, there are ratings by discipline for undergraduate programs (e.g., accounting, entrepreneurship, finance, insurance/risk management, management, management information systems, marketing, production/operations management, quantitative analysis, real estate, supply chain management/logistics) and graduate programs (e.g., accounting, entrepreneurship, executive MBA, finance, information systems, international, management, marketing, nonprofit, part-time MBA, production/operations, supply chain/logistics). Both the graduate and undergraduate rankings are also available in an expanded version, *U.S. News & World Report Best Graduate Schools* and *U.S. News & World Report America's Best Colleges*.

While there are other rankings (*Forbes*, *Financial Times*, *The Economist*, *Public Accounting Report*) as well, the point is that there is very little at the program or academic discipline level in business schools that is not subject to public review. It is essentially de rigeur today for many folks with some responsibility for business schools to dismiss these rankings as uninformed, misinformed, misdirected, misleading, misspecified, or otherwise defective. That is not a perspective with which I am altogether comfortable.

While I am not an apologist for these rankings and do recognize their limitations, I believe these rankings have had a positive impact on the quality of busi-



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ness schools by making the better business schools even better. Because of the influence exerted by these rankings, the highest echelon of business schools have made many changes in their programs that either would not have been made at all or certainly not as quickly.

That said, however, there has been an interesting development in the ratings landscape that may compromise their efficacy. Moreover, this shot across the bow will almost certainly lead to a revisiting of the processes whereby the information necessary for these rankings is collected.

Count Us Out?

The Harvard Business School and the Wharton School of the University of Pennsylvania, two celebrated business schools in the top echelon of any rankings poll, have recently announced that they will no longer cooperate with the ranking services. Specifically, they are no longer comfortable with providing e-mail addresses or other contact information of their current students and alumni to rankings services. Obviously, without this contact information, it becomes very difficult for the services to distribute their surveys to graduating students and obtain the data on which they rely to construct the rankings.

Both Harvard and Wharton, neither of which would be included as advocates for rankings in general, explained that there were fundamental privacy concerns in any decision to make student contact information available to others. This is a reasonable concern; presumably, a request by virtually anyone or any institution would not be granted if contact information for students and graduates were sought. An article that recently appeared in *Business Week* (April 19, 2004, p. 140), however, takes a rather different view:

In 1988, we launched the first MBA rankings that actually asked the consumers of B-school education—the students and corporate recruiters—to evaluate their schools. The startling results produced major changes in the curriculum and teaching practices in

many business schools.... Citing spurious privacy concerns and cost, their deans [Harvard and Wharton] say they will no longer provide the e-mail addresses of students and alumni for the magazine's 2004 MBA ranking.... This is a bad decision that should be reversed.... If there is one lesson to be learned in school, it is that the free flow of information is a social, political, and economic good.

Middle Ground and Moral Hazards

There would appear to be some opportunity for compromise on the “full participation” and “privacy” positions. The University of Chicago business school has, sensibly in my view, announced that it will henceforth seek the permission of its graduates prior to providing the information sought by the various rankings outlets. Presumably, some of those students will decline to participate, but others will be comfortable with the process. It should be noted that students’ “permission” to distribute information does not guarantee participation. Obviously, not all students elect to participate when they receive the relevant materials from *Business Week* or any other group.

There is, however, some potential for mischief in the “permission” approach. Is it possible that some subsets of students (e.g., international students, women, finance majors) are more or less likely to provide permission? Is it possible that some subsets of students are more or less likely to ignore altogether the e-mails that seek their permission? More critically, is it possible that some subsets are more or less likely to respond favorably to the surveys?

For the ranking services to determine the size of an MBA graduating class for a given institution is trivial. So, it is not a challenge to compare the list of graduates and contact information from some institution with the number of graduates. If those numbers are not the same, one might wonder why. But, under the “permission” approach, that cross-check is compromised. The ranking services have no

means to determine the number of students who declined to be included in the contact information.

Therein lies a moral hazard. If one believes that some subgroup of students is unlikely, for whatever reasons, to respond favorably to the survey, then perhaps it could be arranged that more of these students would not extend permission. There is yet another issue about the “permission” approach that will almost certainly be problematic.

Does Lack of Permission Mean Lack of Inclusion?

Consider a simple example. Suppose that there are ten schools that a rating service would like to compare on some criteria and provide a 1-10 ranking. Until recently, the service would receive materials from the schools, process the relevant information, and go to press. But suppose that two of these ten schools have declined to participate.

Given that, it would seem that the ranking service now has three options. One, it could publish a ranking including only the eight schools that are comfortable participating. In this case, the two schools that have declined simply do not appear at all in the ranking. Two, the ranking service could invite two additional schools to participate, thus restoring the total number to ten and publish those rankings. In this case, as well, the two schools that declined do not appear in the rankings. Three, the rankings service, ignoring the will of the two schools, seeks the relevant information by some other means. In this case, the declining schools remain in the rankings.

It would be fascinating to see how the ranking services would choose among these options—particularly in the case of the last option, a metaphorical minefield. Pressing the example, the quandary is easily stated. Here we have eight schools comfortable with full participation and two with no interest whatsoever. If the rating service independently obtains information and includes the two recalcitrant schools,

there are a variety of awkward, but by no means exhaustive, outcomes:

- Clearly, two schools that would otherwise have moved up in the rankings (e.g., top 5 or 10) will not do so.
- Schools that have declined to participate find themselves in some position other than the top two or three and continue to be disappointed with their respective ratings.
- Participating schools are concerned because there seems to be little advantage in being cooperative.
- Whatever means the rating services relies on to generate data for the declining schools results in some real or alleged bias.

Perhaps most notably, however, is an interesting threat to the entire process. Once other schools have determined that the rating services will independently collect data, and that there appears to be no penalty (i.e., one is not denied a rating), why would anyone provide data? There may actually be a proverbial silver cloud in this outcome. To the extent to which ranking services independently derive their own data—presumably in a consistent manner—schools will not be accused of managing these data to inflate their rankings.

It will be very interesting to see if Harvard and Wharton and others (e.g., the Sloan School of Management at the Massachusetts Institute of Technology has also been mentioned as another school that will not participate) appear in the next series of rankings. Many observers will be something beyond curious about the nature of the data on which the services relied to accomplish the inclusion of these schools.

Compared to What?

There is another troubling issue with regard to student rankings. If persons are going to be restaurant critics, most of us would be more comfortable with their evaluations if the critics have dined in more than one restaurant. Movie critics, too, might have a bit more credibility if they have seen more than one film.

But, this is not the case with MBA students. They are asked to evaluate a program for which they have absolutely no comparison. There are more unicorns than there are people who have two MBAs earned over the same period. Why are folks so seemingly comfortable with the MBA case when they would find the previous examples to be amusing? Somewhere in the deep recesses of my research methods/statistical memory there is a caution about “*n* of one.” Hum?

Not All Rankings Are Equally Affected

There are many ranking services (e.g., *Wall Street Journal*, *U.S. News & World Report*, *Financial Times*, *Public Accounting Report*) that do not rely on student input. Instead, some are reputational and, for example, may ask for the evaluations of business schools deans and department heads. Others rely on an extensive series of data associated with student quality (e.g., acceptance rates, GMAT scores, GPAs). And, another source of data is the opinion of industry recruiters who are responsible for providing internship and employment opportunities.

Let’s all return to our Production/Operations Management course. Much was said then about “input,” “throughput,” and “output.” In that spirit, suppose that someone asked us to evaluate a new pizzeria. There are several ways we might do that, some of which, at least in my view, are preferable to others. First, we might rely on the “input” portion—the quality of ingredients (e.g., flour, cheese, tomato sauce, various toppings). Also, we might review the “throughput” section. This might include the nature of the oven, the portfolio of the pizza chef, and the presentation. Finally, and what may have been obvious from the onset, is an examination of the “output” section: how the product tastes. However, an argument might have been made that this tasting subsumes the other aspects.

There is (bear with me, please) an analog to this in program rankings.

Reliance on indicators such as GMATs, GPAs, and admission selectivity are input metrics. They may or may not affect the “taste” of the product. Students’ evaluations of an MBA curriculum and the quality of individual courses and instructors, for example, are throughput measures. The evaluations of recruiters are output measures. And, importantly, recruiters do not suffer from the “*n* of one” problem. They have experienced many students from many institutions.

In the interests of fair reporting, however, I should note that my preference for output measures and those rankings that rely on them is not universally shared. There is a view, for example, for the quality of students admitted to the very highest echelon of business students is all one actually needs to know. The issue is not what their GMATs or GPAs were, or any other such indicators; the issue is simply that they were admitted to a business school of enduring reputation. Also, the throughput does not matter—these young women and men will succeed . . . period.

There is another perspective suggesting a “size” bias in any ranking that relies on recruiter input. The argument is that most B-school recruiters are themselves B-school graduates. And it follows that most of these recruiters will have graduated from the largest programs—the biggest B-Schools. Moreover, these recruiters may have a tendency to rate job candidates from their alma mater more favorably.

Perhaps. Even so, I prefer output measures. The National Football League is comprised of many players who did not attend universities with the most prestigious football programs. In addition, whether these players were highly recruited, had great promise, or were thought to be “can’t miss” candidates is lost in the mists of time. If you really want to know who can play, one approach, perhaps the best approach, is to ask the end-user—the folks who choose the starting team.

Rankings—Whither Art Thou Goest?

Nowhere. Rankings are woven into the fabric of our culture. We rank cars, football teams, refrigerators, toasters, cities, movies, and people. We rank beaches, dogs, law schools, fugitives, Web sites, and newspapers. We rank computers, television networks, libraries, hospitals, beer, and songs. And we rank, for example (no, I am not making this up), the top ten nanotech products, conservative idiots, worst album covers, colleges pranks, and house plants for cleaner air.

To my knowledge, it was not necessary for anyone, or any institution, to grant permission to have been included in these rankings. And I doubt that any remonstrance by those included in the lists would have affected the enthusiasm of those who created the rankings (or their ardor to do it again). Obviously, not all of these examples are to be taken seriously, nor do they all have the same potential consequences. Even so, rankings are not an endangered species,

not for these examples or for business schools.

As a business school dean, I have met very few of our constituencies who were not sensitive to school rankings. Our proud alumni clearly want our school to be among the very best, and rankings provide some confirmation that their commitment is well placed. These rankings are also fundamental when we recruit students, faculty, and staff. And you can be certain that these rankings matter when our corporate friends make their decisions about the schools where they will recruit for internships and full-time employment. Similarly, we believe that our rankings affect our development efforts with alumni, corporate friends, University administrators, state legislature, and foundations.

For me, better ranking processes would have some characteristics in common. They would rely on data that is collected consistently for those who are subject to the rankings. I suspect that

many of those who are affected by those rankings would be uncomfortable if the sources of these data, or the process by which they are collected, varied by subset of schools. I would also hope that these rankings rely more on outcome measures rather than those of input and throughput. Lastly, all of us, the schools and the ranking services, must redouble our efforts to provide timely and accurate data.

Prospective students and those who recruit them will continue to use school rankings to help them evaluate the quality of business schools. That said, let's all do it on the high ground. ■

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Placement Services Coordinator Vacancy Announced

The Decision Sciences Institute is seeking a new Placement Services Coordinator for a three-year term beginning after the 2005 Annual Meeting in November.

The Institute operates a placement services Web site at <http://www.decisionsciences.org>, which includes a database that provides listings of academic positions and applicants. The coordinator is responsible for the content and smooth operation of this site. This includes working with DSI staff to refine the design and layout of the site, updating instructions for its use, and responding to questions from users. Although the coordinator is not directly concerned with the technical aspects of the Web site or the database, it would be helpful for him or her to have some

knowledge of databases and Web-based information systems.

In addition to overseeing the Web site, the Placement Services Coordinator also plays a critical role in planning and running placement activities at annual meetings. Therefore, the coordinator's presence at November annual meetings is absolutely essential.

Questions about the position may be directed to the current coordinator, Gerard Campbell of Fairfield University, at (203) 254-4000, x-3118 or gcampbell@mail.fairfield.edu. All interested parties should submit the following to Carol Latta at the Decision Sciences Institute, College of Business, Georgia State University, 35 Broad Street, Atlanta, GA 30303, by no later than April 1, 2005:

1. Curriculum vita
2. Statement of activities and service provided to the institute
3. Statement of interest and availability to serve a three-year term
4. Statement of qualifications and experience related to the position
5. Description of institutional commitment for the support of the coordinator's job functions for a three-year period. ■