

■ KRISHNA S. DHIR, Feature Editor, Campbell School of Business, Berry College

The phenomenon of business school ranking remains highly controversial. Generally, the public shows a great amount of interest in the periodically published reports of ranks. Almost every major news publication ranks business schools. They rank programs by geographical regions, disciplines they emphasize, markets they address, and student-cohorts they serve. However, they cause considerable concern among business schools' deans. Different rankings use different methodologies, and report on opinions of different constituent groups, ranging from students to recruiters. Media reports claim to capture all aspects of quality in a single number, the rank, overlooking the variety of missions pursued by different schools. In this essay, Dean Markland takes a fresh look at the issues and suggests some new ideas for action. [Krishna Dhir, Feature Editor]

Business School Rankings: Love Them or Hate Them?

by Robert E. Markland, Associate Dean,
Moore School of Business, University of South Carolina

The year 1988 was a most significant year for business schools. That year, *Business Week* (BW) published its initial rankings of full-time MBA programs, and has since conducted its surveys of recent MBA graduates and recruiters every two years. Incidentally, or perhaps ironically, this was their best selling issue ever (Gioia and Corley, 2002, p. 114). Today, almost every major business news publication, including *Business Week*, *U.S. News & World Report*, *Forbes*, *The Wall Street Journal*, *Financial Times*, and *The Economist*, ranks full-time MBA programs. Other publications rank programs by special interests (e.g., top entrepreneurship programs) or by regions (e.g., best in Latin America or Mexico). Still other rankings focus on non-degree executive education programs, executive MBA programs, or research quality. Finally, *U.S. News & World Report* has ranked undergraduate business programs for several years and in March, 2006, *Business Week* published its first ever ranking of undergraduate business programs.

Today, business school deans are increasingly concerned about the impact that rankings have on their pro-

grams. Considerable resources are devoted to these rankings. Many students, alumni, university administrators and donors are knowledgeable about the rankings, and some are even rankings obsessed. Deans also face continual pressure to show that change is occurring in order to successfully compete in the rankings game (Corley and Gioia, 2000, p. 328).

In this article we look at the business school rankings from the perspective of having provided data for these rankings for some thirteen years. Initially, we present a comparison of the major full-time MBA rankings. Next, we discuss some of the pros and cons of the rankings. The methodologies employed in the rankings are then examined from a decision sciences perspective. We conclude with some suggestions of how deans, other administrators, and faculty members can deal more effectively with these rankings.

Comparison of the Six Major Full-Time MBA Rankings

A comparison of six of the major full-time MBA program rankings is presented in Table 1. As the information



Robert E. Markland

is associate dean for administration and professor of management science at the Moore School of Business, University of South Carolina. He has published extensively with four books

and 125 articles and proceedings papers in operations management and management science. He has also received several teaching awards. Professor Markland has been a very active DSI member, serving as editor of *Decision Sciences*, president, and national and international meeting program chairs. At the Moore School, he has been responsible for providing information for the various rankings for the past 13 years.

bobbym@moore.sc.edu

Publication	First Survey	Survey Frequency	Weight & Ranking Criteria
<i>Business Week</i>	1998	Every 2 years	45% - students' survey, one-half weight to graduating students, one-quarter weight to each of the two prior student survey groups 45% - current recruiters' survey 10% - faculty publications (20 selected journals)
<i>U.S. News & World Report</i>	1990	Annual	40% - surveys of business school deans and recruiters, (quality assessment) 35% - starting salaries, employment rates, etc. (placement success) 25% - undergraduate GPA, student GMAT score, acceptance rate to program (student selectivity)
<i>Financial Times</i>	1999	Annual	20% - recent salary level-alumni survey 20% - 3-year growth in salary post MBA-alumni survey 10% - faculty publications (40 selected journals) 8% - international faculty & students 6% - international mobility-alumni survey 5% - doctoral student rating 5% - faculty with doctorate 4% - women faculty & students 22% - ten other criteria
<i>Forbes</i>	2000	Every 2 yrs	Comparison of the additional salary earned over five years after receiving the MBA to the cost of tuition and foregone salaries based on a survey of alumni
<i>The Wall Street Journal</i>	2001	Annual	One-third weighting to each of: Recruiter perception of school and its students based on 20 attributes (current year perception) Total number of recruiters coming to the school (mass appeal) Recruiter likelihood of recruiting (and of making an offer) at the school in the next two years (supportive behavior)
<i>Economist Intelligence Unit (Which MBA?)</i>	2002	Annual	20% - student and alumni ratings 80% - data provided by schools

Table 1. Comparison of the six major full-time MBA rankings. [Sources: www.businessweek.com, www.usnews.com, <http://rankings.ft.com>, www.forbes.com, <http://online.wsj.com>, <http://mba.eiu.com>, (DeAngelo, DeAngelo and Zimmerman, 2005, p. 23), (Policano, 2005, p. 28).]

presented in Table 1 indicates, there are a variety of rating criteria used by the various media. In essence, each of the rankings attempts to use different weighting and ranking criteria, thus hoping to create a media niche.

Pro and Cons of the Rankings

Some deans suggest that these rankings have had a positive influence on business education (Dalton, 2004, pp. 14-15; Policano, 2005, p. 26). They endorse the claim made by the various media that rank full-time MBA programs that such rankings help students make wise school choice decisions. They also assert that the rankings do provide an external perspective for business school administrators, faculty, and staff. Some deans further argue that the media rankings taken collectively have provided increased visibility for MBA programs and business schools in general. Finally, some deans confess that students and recruiters will often respond more candidly to the rankings media than they will to faculty members or deans. Consequently, the rankings may provide very valuable insights that business schools could not obtain otherwise.

Unfortunately, many other deans feel that the impact of media rankings on business schools has had a number of negative consequences. First, they contend that the data collection efforts required for the various rankings can be very time consuming and expensive. There is little consistency between the data required for the various rankings, as evidenced in Table 1. Consequently, many business schools devote an inordinate amount of time to these rankings. Often they have several staff members, or an associate dean, whose chief function is "playing the rankings game."

Second, the rankings have tended to focus rather narrowly on full-time MBA programs. Rankings of full-time MBA programs are typically presented as a list of the "best b-schools," thus leading to a very restricted definition of business education. Many deans argue that these rankings do not even adequately measure the overall quality of full-time MBA programs. Moreover,

they certainly do not measure overall business school quality because most business schools also operate part-time MBA, executive MBA, doctoral and undergraduate degree programs, and other masters (e.g., master of accounting, master of human resources) programs. Most importantly, the various rankings do not adequately capture the production of new knowledge, with its attendant social benefits, that is inherent to the mission of quality business schools. In summary, many deans feel that among various rankings the underlying measurement criteria are far too narrow and specialized to measure real quality differences among business schools.

Third, the emphasis placed on the importance of these rankings has had numerous unintended, and undesirable, consequences. Many business schools have reallocated resources to activities that they feel can improve the rankings. Among these activities are elaborate marketing campaigns, separate, luxurious facilities for MBA students, elaborate services for recruiters, plush student lounges, and even upscale dining and fitness centers (Policano, 2005, p. 29). Because of the importance of high GMAT scores, high GPAs, and extensive work experience, many schools have begun admitting only, or mostly, students with a "high" admittance profile. This has led to smaller cohorts, particularly in second-tier and third-tier schools, in which high-potential students who do not possess the high admittance profile are excluded, even though they probably would add considerable value to the overall learning environment. The rankings also tend to place an inordinate emphasis on starting salaries. Indeed, the top ten schools in many rankings are the schools whose graduates earned the highest starting salaries. This myopic focus on the starting salary as the major indicator is unfortunate, as it neglects what the student has learned, how the student has developed and perhaps reoriented his or her career, and how a lifetime network of friends and colleagues has been created.

A Decision Sciences' Perspective on the Rankings

The methodologies employed for the various rankings can also be analyzed and critiqued from a decision sciences perspective. First, all of the rankings rely on survey data. The *Business Week*, *Forbes*, and *U.S. News & World Report* rankings rely heavily on survey of students, recruiters, and business school deans. The *Financial Times*, *The Wall Street Journal*, and *Economist Intelligence Unit (Which MBA?)* rankings also utilize surveys as a part of their methodology. The various surveys are mostly conducted electronically, generally from e-mail lists provided by participating schools (note: the *U.S. News & World Report* survey of business school deans is still done using a paper survey instrument). The surveys are e-mailed to the prospective survey groups (students, alumni, and recruiters) who then complete and transmit the surveys back electronically. Most of the surveys have a minimum required response rate, but do not control for non-response bias. For example, is it possible that some subsets of students (e.g., international students, women students, operations majors) are more or less likely to be survey respondents? This type of survey methodology is clearly not very scientific. Indeed, in the case of conducting surveys of recruiters from lists provided by participating schools, it can be somewhat of a survey of "friends."

Interestingly, the surveying of current students and recent alumni perhaps poses ethical questions to some business schools. Two elite business schools, the Harvard Business School and the Wharton School of the University of Pennsylvania, no longer provide the e-mail addresses of students and alumni (*The Wall Street Journal*, 2004, D1, D4). Privacy concerns were cited as one of the main reasons for making this decision.

A second problem with these rankings from a decision sciences perspective is that changes in the rankings largely reflect the sampling error inherent in the methodologies used to determine the rankings. Andy Policano, dean

of the Paul Merage School of Business at the University of California-Irvine, has done extensive research about the rankings. He notes that the rankings published between 2002 and 2004 in *Business Week*, *Financial Times*, and *U.S. News & World Report* all agree on 17 of the top 20 business schools, the same 17 schools that most business educators would identify as top tier. He further notes that in 1987, a short-lived and obscure publication called *MBA* placed the same 17 schools in its own top 20. Consequently, these 17 schools have such invulnerable reputations that their status in the marketplace is unlikely to be diminished by the rankings (Policano, 2005, p. 26). When a change in the rankings does occur, it is often reported as major "news" about the rankings (e.g., "The ABC Business School vaults 8 places in the latest XYZ ranking"). If the media rankings actually capture major changes in overall program quality, one would expect a statistically detectable correlation among the ranking changes. However, two academic studies have found no such correlation between the ranking changes of *Business Week* and *U.S. News & World Report* (Dichev, 1999, p. 206; Fee et. al., 2005, p. 147). In summary, changes in the rankings observed from one period to the next are likely due to statistical noise.

A third problem with these rankings from a decision sciences perspective is the problem of lack of transparency of input data. The input data supplied by business schools for the various rankings is basically self reported. This is not to suggest that this input data is erroneous or false. But, there certainly is a lack of comparability among the data reported by various schools. The *Financial Times* has recognized this problem and has systematically conducted an audit of the data supplied by its participating schools. (We here at the Moore School of Business, University of South Carolina, were audited by *Financial Times* in 2004. It was a thorough and rigorous audit, done to high standards by KPMG—we passed!) The Graduate Management

Admissions Council (GMAC) has also recognized this problem, and has developed a data collection and database system called "Pathfinder." Path-finder's objective is to create a centralized, standardized database for business schools and rankings media to use to access audited information. The Association to Advance Collegiate Schools of Business (AACSB) and the MBA Career Services Council (MBACSC) are engaged in similar, or complementary activities. So, there is hope that the transparency of data problem can be solved.

Conclusion

Business school rankings: love them or hate them? Regardless of the choice, it's pretty clear that they are here to stay. So, how can deans, other administrators, and faculty members deal more effectively with these rankings? First, it is imperative to gain a firm understanding of the methodologies employed in the different rankings, and to perhaps focus resources on the rankings which best suit a particular school's strengths. We who teach and do research in the decision sciences can perhaps be of some assistance in their focusing effort. Second, we all need to develop a better perspective on these rankings. Whether we love them, or hate them, they have brought a great deal of attention to MBA programs in general. But this improved visibility must also include resisting pressures to make major curriculum and/or resource allocations decisions based heavily on improving one's rankings. Third, as suggested by several authors (Policano, 2005, p. 32), (DeAngelo, DeAngelo and Zimmerman, 2005, p. 20), we probably should be prodding the rankings media to adopt a rating system rather than the current ranking system. Business schools would then be graded on a scale of "A," "B," or "C," or on a scale of one to five stars. A rating system would be subject to much less random statistical noise. Additionally, schools would not have to commit additional resources in trying to move up in the rankings. This last suggestion may be hard to accom-

plish because the rankings sell the media's products. But such an approach would move us towards measuring quality rather than obsessing on a numerical ranking.

In the final analysis, it is pretty clear that the rankings will be a permanent part of the business school environment. All of the stakeholders in the process will gain if we can move away from an obsession on a numerical ranking to a more balanced approach which stresses overall quality.

References

- AACSB International. (2005). The business school ranking's dilemma. Task Force of AACSB's International's Committee on Issues in Management Education Report. Tampa, Fla.
- Corley, K. G., & Gioia, D. A. (2000). The ranking's game: Managing business school reputation. *Corporate Reputation Review*, 3, 319-333.
- Dalton, D. R. (2004). Business school rankings—A peek under the tent? *Decision Line*, July, 14-17.
- DeAngelo, H., DeAngelo, L., & Zimmerman, J. L. (2005). What's really wrong with U.S. business schools? Working Paper: University of Southern California.
- Dichev, I. D. (1999). How good are business schools rankings? *Journal of Business*, 72(2), 201-213.
- Fee, C. E., Hadlock, C. J., & Pierce, J. R. (2005). Business school rankings and business school deans: A study of nonprofit governance. *Financial Management*, Spring, 143-166.
- Gioia, D. A., & Corley, K.G. (2002). Being good versus looking good: Business school rankings and the Circean transformation from substance to image. *Academy of Management Learning & Education*, 1(1), 107-120.
- Policano, A. J. (2005). What price rankings? *Biz Ed*, September/October, 26-32.
- Tomsho, R., & Golden, D. (April 7, 2004). Elite schools move against rankings. *The Wall Street Journal*, D1 & D4. ■