The Business School Rankings Dilemma

A Report from a Task Force of AACSB International’s Committee on Issues in Management Education
The Business School Rankings Dilemma

A Report from a Task Force of AACSB International’s Committee on Issues in Management Education

AACSB International—
The Association to Advance Collegiate Schools of Business

777 South Harbour Island Boulevard
Suite 750
Tampa, Florida 33602-5730 USA
Tel: 1+ 813-769-6500
Fax: 1+ 813-769-6559
www.aacsb.edu

© 2005 AACSB International
Business school rankings have been around since the late 1980s, when a couple of general business publications realized that “best of” lists were a powerful sales tool. Since then, they have mushroomed. The rankings have consistently caused concern among AACSB International accredited schools and members. For instance, across various rankings different methodologies and data collection produce wide variations in results. Students and others often do not realize that usually only MBA programs are being evaluated. Nonetheless, most business schools continue to participate even though the cost in manpower and resources is high because the rankings garner so much attention from prospective students, alumni, and major donors.

A rankings task force of AACSB International’s Committee on Issues in Management Education (CIME) has created the following report to the Board of Directors that marks the beginning of a long-term initiative to place rankings in perspective and to expand access to students and employers to additional, relevant data they need to make decisions. The report contains four critical recommendations.

Most important among the recommendations, we must communicate with all of our stakeholders as often and as effectively as possible about the limitations of rankings. Consumers of this information need to know that the variables are constantly changing and are not proven as a measure of quality. There’s no doubt it’s gratifying to a school when it receives a high ranking or climbs significantly from one year to the next. But the public must be educated about rankings and the availability of additional information. At the same time, AACSB must assist schools in influencing the media to improve the methodologies and measures used.
I urge you to read the report and pass it along to your constituents. Add your voice so that we may work together to foster awareness about the rankings. With appropriate action, we can impact the rankings process and provide the public with more balanced, accurate information about business schools and their programs.

Richard E. Sorensen  
Chair, Board of Directors, AACSB International  
Dean, Pamplin College of Business  
Virginia Polytechnic Institute and State University  

August 2005
Concerned by the proliferation of media rankings and their potential for negative impact, The Committee on Issues in Management Education appointed a task force to explore the effects on business schools as well as AACSB International’s role in defining quality in MBA programs and assisting prospective students to decide among program alternatives. This report articulates the task force findings and offers several recommendations.

Submitted by the Media Rankings Task Force:

Chair

Robert B. Duncan, The Eli & Edythe L. Broad Dean, The Eli Broad College of Business & Eli Broad Graduate School of Management, Michigan State University

Members

Dan R. LeClair, vice president and chief knowledge officer, AACSB International

Sung Joo Park, dean, KAIST Graduate School of Management

Andrew J. Policano, dean, Graduate School of Management, University of California, Irvine

Sharon J. Smoski, assistant vice president, Learning and Development Department, State Farm Insurance Companies
Since arriving on the scene in the late 1980s, media rankings of business school activities have grown in number and importance. Almost every major business news publication, including *BusinessWeek, Financial Times, The Wall Street Journal, The Economist*, and *U.S. News & World Report*, ranks full-time MBA programs. Other publications rank programs by special interest (e.g., top techno-MBAs) or by region (e.g., best in Asia). There also are a limited number of rankings that focus on areas beyond the MBA, such as undergraduate programs, executive education, and research quality in some countries or regions.

Each ranking has its own methodology and collects its own data, sometimes with assistance from contract or partner organizations. Some rankings are based on surveys of constituent groups, such as graduating students (e.g., *BusinessWeek*) or corporate recruiters (e.g., *The Wall Street Journal*). Others apply at least some weight to data reported directly by schools (e.g., *U.S. News & World Report, Financial Times*). Despite these methodological differences, all rankings share a number of characteristics. By definition, rankings collapse quality into a single dimension—a number. They also limit the number of ranked programs, and apply the same formula regardless of a program’s mission or orientation.

Publications that rank MBA programs claim to assist decision makers in selecting programs and making schools more responsive to the expectations of students and corporations. Although it is not clear that any single ranking has achieved these objectives, as a whole, media rankings have raised the overall visibility of MBA programs and business schools. Unfortunately, the impact of media rankings on business schools haven’t been completely positive.
Deans have always believed that rankings measures do not accurately reflect the quality of business education. Measures used in media rankings are often arbitrary, selected based on convenience, and definitely controversial. Characteristics that are of little importance are often included, while important characteristics are excluded because they are more difficult to measure. Even when the measures do correlate with quality, media attempts to draw significant differences among similar programs are inappropriate. Indeed, weights that are applied to different characteristics to determine ranks are subjective and generally not justified.

Two additional problems plague the rankings data. First, the data itself can be expensive for schools to provide. Schools can’t afford not to participate, and many have had to hire additional staff to respond to the increasing number of media requests for data. Although there is substantial overlap in the types of MBA data collected, each media survey requests some unique data and applies different definitions. The end result is that schools spend an extraordinary amount of time preparing data for media surveys.

Second, the data reported to and published by the media are inconsistent. The lack of formal definitions and verification processes, combined with the highly visible and influential role of data in rankings, has been a recipe for highly implausible data.

This task force believes that media rankings have had other more serious negative impacts on business education. Because rankings of full-time MBA programs are commonly presented under the label of “best b-schools,” the public has developed a narrow definition about the breadth and value of business education. This diminishes the importance of faculty research, undergraduate
programs, and doctoral education and compels schools to invest more heavily in highly-visible MBA programs. Many schools have reallocated resources to activities that can enhance its ranking, such as marketing campaigns, luxurious facilities for a small number of MBA students, and concierge services for recruiters; but these gestures have little to do with quality. The result is an increase in the cost of delivering an MBA program, which generally translates to higher tuition for students. Rankings that rely on student or recruiter satisfaction can favor surface-level changes over substantive improvements. Similarly, rankings based on formulas that include student “selectivity” motivate schools to shrink entering classes and reduce diversity to “pump-up” statistics, such as average GMAT scores.
In the past, AACSB International has not taken an active position regarding the media rankings of business schools. However, recent changes in the business school environment and mission of AACSB have converged to force and enable action. Intensifying competition for students has caused accredited schools and schools seeking accreditation to insist that the association take steps to increase the external recognition of its accreditation brand. Historically, the value of AACSB accreditation has been mostly internal—relying on schools’ innate desire to excel and improve. As market power in education has shifted from providers to consumers, however, the external focus of rankings has increased in importance over accreditation. Without intervention, ranked schools may begin to question the need for AACSB accreditation.

AACSB’s investment in a business school database has created new opportunities to address problems associated with media rankings. With its new infrastructure, the association’s Knowledge Services department can efficiently capture and disseminate data and information, including data normally collected by the media rankings. This investment also has enabled AACSB to publish searchable profiles of member business schools on its Web site. It is the only source of information about the whole business school and, with data on more than 600 institutions, it already is the largest business school data resource available. As the database expands and deepens, AACSB can eventually offer a better alternative to the media rankings as a source of information about business schools and programs.

The AACSB International Board of Directors recently introduced thought leadership and advocacy as priorities in the association’s immediate future. Successfully achieving these ends will require AACSB to develop clear messages about important issues facing business schools, including media rankings.
Summary and Recommendations

This task force concludes that the media rankings of MBA programs have had serious negative impacts on business education. Moreover, AACSB now has the opportunity, ability, and mandate to assist schools in addressing these impacts. Several recommendations to address the current issues are offered below. The recommendations are neither exhaustive nor mutually exclusive.

Recommendation 1: Communicate to engage and influence

Consistent with its emerging thought leadership and advocacy roles, AACSB should develop and implement a comprehensive global communication program to engage and influence the media, educate the public about the limitations of rankings, and assist business school leaders in dealing with issues and concerns related to rankings. AACSB should directly engage the media in a dialogue about the negative impacts of the rankings and serve as a channel for accredited schools to influence the media to: (a) label MBA rankings accurately, (b) convert from rankings to ratings, which assign programs of similar quality to the same level, and (c) improve the methodologies and measures used in the rankings.

A key objective of the communication initiative would be to educate the public (e.g., prospective students and employers) about the limitations and risks of MBA program rankings, while simultaneously promoting the value of accreditation. The initiative also should provide tools for deans and other business school leaders to communicate effectively about rankings to program stakeholders, especially alumni, advisory board members, and central administration.
Recommendation 2: Expand AACSB’s role in defining and collecting MBA data

AACSB should define and collect better indicators of program quality, such as academic qualifications of faculty and research. It should continue to clarify definitions of MBA admissions and post-graduate employment data, improve the consistency and accuracy of publicly available data, and reduce the data reporting burden to business schools. With involvement from AACSB, the MBA Career Services Council (MBA CSC) and Graduate Management Admission Council (GMAC) have already developed workable definitions for a large portion of the admissions and post-graduate employment data requested in media surveys. AACSB has agreed to apply the definitions to its own data collection and should work closely with GMAC and MBA CSC to encourage the media to do the same.

A central repository or warehouse of data has the potential to improve data consistency and accuracy, as well as reduce data collection costs to the media and schools. GMAC already has taken initial steps to develop a central warehouse of data. More than 100 schools have signed on to provide MBA admissions data and agreed to a random check of data using a set of agreed-upon procedures. One goal of the project is for schools to submit data to the warehouse once each year and refer any external data requests to GMAC. AACSB Knowledge Services also has plans to expand its data collection to include more detailed information about MBA admissions and post-graduate employment. While these data are too important for AACSB to rely on other organizations to collect on its behalf, AACSB should seek collaborative opportunities to improve data accuracy, ensure global applicability, and reduce the reporting burden to schools.
Recommendation 3: Strengthen the external value of accreditation

AACSB must enhance the external value of its accreditation brand. Accredited schools must be motivated to consistently and continuously promote accreditation as an important differentiator of quality. A soon-to-be-launched “value of accreditation” campaign will take major steps in this direction.

The Accreditation Quality Committee also recently approved a set of “Responsibilities of Institutions with AACSB International Accreditation.” In addition to representing accreditation and reporting accurately, institutions are expected to “promote AACSB International accreditation in catalogs, Web sites, and promotional materials.” If successfully implemented along with recommendations 1 and 2, the value of accreditation campaign can establish AACSB and its accredited schools as the most credible source of information about MBA programs.

The current strength of media rankings also presents an opportunity to promote the value of accreditation. AACSB could advertise the fact that nearly 100% of the institutions whose programs are ranked are AACSB accredited. The value of accreditation could also be enhanced if the rankings included measures of quality that are consistent with the standards.
Recommendation 4: Conduct research on rankings and quality

A dearth of meaningful research has hampered AACSB’s ability to influence the media and public. AACSB should commission studies about (a) the methods, validity, and impacts of media rankings, (b) the link between research, teaching, and practice, and (c) clusters of schools that are similar in quality. This research may assist AACSB to convince the media to “rate” rather than “rank” programs, revise measures to include research productivity, and educate the public about the limitations of rankings. Results could be published in BizEd, (the association’s bimonthly magazine), education-oriented journals, or major media publications, such as magazines and newspapers.

This research will have additional benefits to AACSB. In addition to enhancing other thought leadership initiatives (e.g., doctoral faculty shortage, value of management education), the research may lead to new services or changes in current services. For example, what we learn might cause AACSB to reconsider a tiered form of accreditation or to provide benchmarking services related to research.

In summary, AACSB International has the mandate and ability to provide leadership to overcome problems associated with the media rankings of MBA programs. To be sure, improvements probably won’t happen overnight. Implementing the recommendations presented in this report will provide a solid foundation for change and for the future of AACSB International.
Committee on Issues in Management Education

Chair
Richard E. Sorensen
Dean, Pamplin College of Business
Virginia Polytechnic Institute and State University

Members
Amelia Maurizio
Director, Education Alliances, Global Communications
SAP America, Inc.

Angel Cabrera
President, Thunderbird
The Garvin School of International Management

Robert B. Duncan
The Eli and Edyth L. Broad Dean
The Eli Broad College of Business
The Eli Broad Graduate School of Management
Michigan State University

Fred Evans
Dean, College of Business and Economics
California State University, Northridge

John Fernandes
President and Chief Executive Officer
AACSB International

Anne Graham
Executive Vice President and Chief Operating Officer
AACSB International

Stuart I. Greenbaum
Dean, Olin School of Business
Washington University in St. Louis
Yash P. Gupta  
Dean, Marshall School of Business  
University of Southern California

Daniel R. LeClair  
Vice President and Chief Knowledge Officer  
AACSB International

Patrick R. Liverpool  
Dean, School of Management  
Delaware State University

Patricia W. Meyers  
Dean, School of Business Administration  
University of Dayton

Sung Joo Park  
Dean, KAIST Graduate School of Management  
Korea Advanced Institute of Science and Technology

Andrew J. Policano  
Dean, Graduate School of Management  
University of California-Irvine

Sharon J. Smoski  
Assistant Vice President, Management Planning and Information  
State Farm Insurance Companies

Jerry Trapnell  
Executive Vice President and Chief Accreditation Officer  
AACSB International

Stephen R. Watson  
Principal, Henley Management College

Doyle Z. Williams  
Dean, Sam M. Walton College of Business  
University of Arkansas
Mission Statement

AACSB International advances management education worldwide through accreditation and thought leadership.

For more information about this report, contact:
Roxanna Strawn, Assistant Vice President, Communications: 1+ 813-769-6509.
E-mail: roxanna@aacsb.edu or,
John Polis, Manager, Public Relations: 1+ 813-769-6516.
E-mail: johnp@aacsb.edu.