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The Ranking Game

MBA Rankings. It Seems Like Everybody's Got One. But How Do They Measure Up -- And Who Do They Really Serve?

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By any measure there were some startling admissions during the U.S. Financial Crisis Inquiry Commission. JPMorgan Chase chairman James Dimon had a whopper. "We just missed that housing prices don't go up forever," Dimon told senators. Hopefully, he didn't learn that at the Harvard School of Business where Dimon earned his MBA. Harvard is also where another great mind, George Bush Jr., got his MBA. No wonder then that MBA programs have come under increasing criticism since the

financial industry suffered its catastrophic brain cramp. And yet the total number of students and applications at Harvard continues to rise. One reason? It's still considered one of the best schools worldwide, a fact borne out by its top five position in the Financial Times annual international MBA rankings as well as those published by the Economist and Business Week -- widely considered to be three of the most important arbiters of these things -- and it's America's No. 1 according to the U.S. News & World Report.

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So while any observers and even some professors are rightfully questioning the value of an MBA from anywhere, a similar question has long been asked of MBA rankings. There's no doubt they sell magazines and newspapers, and hence, advertising. For proof, just take a look at how fat MBA issues are compared to the ones that sandwich them. That's certainly value for cash-strapped publishers, but less certain is whether there's any value for the people who read them.

It's certainly true that most students at least look at MBA rankings, but their influence may be shrinking. They're still considered more important than advertising -- which isn't saying very much -- but school web sites are the most influential information source these days, according to the 2009 mba.com Registrants Survey by The Graduate Management Admission Council, an association of graduate business schools around the world. Perhaps students are suffering rankings fatigue. There are just so many general rankings, all with their own methodologies and little curiosities, that making sense of them requires a fair amount of digging through the footnotes. On top of that, a top school in one ranking may not even appear in another one because it refuses to participate. There are rankings for EMBA's, part-time MBAs, even one by Miami-based publisher Page One Media that ranks the best schools worldwide for Spanish-speaking students. Then there are a bunch of newer rankings specific to

one category or another, such as those by Toronto-based Corporate Knights magazine and the Aspen Institute's Beyond Grey Pinstripes survey, both of which rank social and environmental responsibility. And on it goes.

But it's not just students and schools that are disillusioned by the annual glut of surveys and questionnaires. "There are too many separate rankings so employers suffer fatigue," says Mike Dover, managing director at Socialstruct Advisory Group, a technology consulting firm in Toronto, and an MBA grad from the Richard Ivey School of Business at the University of Western Ontario in London. "It ends up being like professional boxing: There are too many belts for any one of them to mean anything."

Yet another new ranking seems to pop up every year. Ask the deans at currently ranked business schools what they would like to see in a ranking and many would merely tweak an existing one. The last thing they want is a new group pestering them for information. "There's just a lot of crap out there and you can waste a lot of time doing them," says David Saunders, dean of Queen's University's School of Business in Kingston, Ont. "The reason we don't participate in every ranking is because of data integrity issues, methodology issues and some are just not worth the paper they're written on."

Saunders' ranking of choice is the one by Business Week, which comes out every two years, and not because Queen's does well on it. He says it's because the ranking measures student satisfaction, something near and dear to his heart. Over at the University of Toronto's Rotman School of Management, dean Roger Martin prefers the Financial Times because it has 2,000 data points, reveals its weighting system and tries to improve on it every year.

Best of luck, however, to any student who wants a definitive answer to which b-school is Canada's best. For the record, Rotman is the top Canadian school in the Financial Times ranking, Queen's is No. 1 in Business Week, and York University's Schulich School of Business is the best in Forbes. There are no Canada-only rankings.

If blame were to be handed out for the mess of published rankings today, Business Week would be a good place to start. Although the first MBA rankings appeared in 1977 -- by The Carter Report, the Ladd & Lipset Survey and the now-defunct MBA Magazine -- Business Week in 1988 published the first one in the popular press.

By all accounts the ranking infuriated the traditional business school leaders. After all, no self-respecting industry would allow the media to subjectively rank their members. But it was popular with readers and what school wouldn't want to be mentioned in the same breath as the Wharton School, the London School of Economics and, yes, Harvard. Since then just about every major business publication -- including the Financial Times, the Economist, Forbes and the Wall Street Journal -- has followed suit.

And some school officials, though they will deny it, take the rankings all too seriously. Take Martin Geisel, the former dean of Vanderbilt University's Owen Graduate School of Management. Worried over Vanderbilt's declining prestige and ranking in 1999, he called a meeting with students and faculty

to discuss how to return the school to prominence. Later that day he suffered a heart attack at home and died two days later.

"In the real world, the rankings certainly matter so the point is: Ignore them at your peril," says Dale Griffin, associate dean and a marketing professor at the Sauder School of Business at the University of British Columbia in Vancouver. "They are undoubtedly of public relations value. They are certainly used as a signal of quality, the question is: Are they a signal of quality?"

The short answer is probably not. Rankings that heavily weight graduates' salaries tend to favour larger schools in the major cities where people naturally get paid more, and international ones are also subject to currency fluctuations and the local economies. But rankings that rely on students to rate their experiences are also unreliable. Many deans suspect some schools -- never their own, of course -- coach students how to respond to improve the numbers. And those that rely on employers or, shudder, the deans themselves to rank the relative reputations of business schools largely end up reinforcing existing stereotypes.

"There is a subjectivity in almost every ranking," says Saunders. "It's in the measures you choose and how you weight them." That subjectivity gives schools plenty of ways to climb the rankings by playing to the most important categories. For example, a school could bring in a lot of international students who don't make a lot of money and then help them find jobs on London's Square Mile or New York's Wall Street, giving them a large starting salary and a huge pay difference from their pre-MBA days. A school could also hire more professors from around the world or start teaching in two languages. Arguably, none of those strategies improve the quality of students' education.

Perhaps that's why a survey -- admittedly, a very unscientific one -- of 10 MBA grads indicates that not one relied on the rankings to choose a school. Dismissive phrases such as "marginally" and "not really" routinely popped up. One used a book, *Guide to MBA Schools in Canada*, to find a one-year program, which was rare at the time, to select Wilfrid Laurier University in Waterloo, Ont.

Mike Dover chose Ivey because he did his undergrad at Western and could complete the course in eight months. While he wouldn't have gone anywhere else in Canada, he did consider Kellogg School of Management in Evanston, Ill., but the cost was too high. Others chose schools that were close to home. A ranking just can't capture all the many reasons people have for choosing a school.

But that doesn't stop the media from trying, nor others who would like to see different ways of measuring the relative merits of business schools. Robert Prentice, a professor of business law at the McCombs School of Business at the University of Texas at Austin, proposes that short-term measures of starting salaries and salary differentials be replaced by student happiness levels five, 10 and 20 years after graduation.

Measuring happiness would encourage business schools to focus less on training students for the highest-paying jobs and more on preparing them for careers they will find satisfying in the long term," writes Prentice. "Students must be given the skills to follow their passions and not just to chase the almighty dollar."

Ginny Dybenko, who heads Wilfrid Laurier's School of Business and Economics, would like to see the rankings focus on employer's happiness with graduates. At the moment, Laurier isn't ranked on any of the big lists, but it has been on Beyond Grey Pinstripes. "The major rankings have very little to do with the quality of education at the university, nor the acceptability of the candidate for hiring, with a few exceptions," she says.

Nevertheless, when she took over in 2006, her first impulse was to get Laurier on the rankings map. Dybenko soon had a change of heart because they didn't mesh with what she thought was important: what students actually learn so they can thrive in their careers. That's why she figures asking employers about their hiring experiences makes sense: Where do they hire their MBAs from and why. What's their comfort level? Has anything changed over the years and why? And what is their take on graduate's skills in innovation, entrepreneurship, international commerce and social responsibility as well as attitude. "A graduate's attitude has a huge implication in the hiring process," says Dybenko. "The sense of entitlement that students from some of the bigger schools have irritates employers."

Measuring happiness, whether from the student or employer point of view, is an idea that certainly has merits. Unfortunately, some schools might coach their students on what to say and many companies are unwilling to divulge their opinions, probably because they don't want to reveal anything that might be a competitive advantage. In some cases, companies hire from certain schools because one of their top executives went there. That's a very individual ranking and, again, perhaps not indicative of a school's quality or a graduate's suitability.

"When you're in the hiring process, you're going to look at the candidate and where they got their education, where they got their experience, but also just their ability to translate that in an interview," says Marie Muldowney, senior vice-president of Learning Strategies and Development at CSI Global Education Inc. -- better known as the Canadian Securities Institute. "They might have got great marks, but can't handle themselves at all in an interview or speak to anybody."

Muldowney suspects most CEOs aren't looking for employees with an MBA from certain schools, although they may narrow the field depending on their industry. For example, a bank would likely prefer someone with an MBA from a school that has a financial services program. CSI has a partnership with Dalhousie University in Halifax that offers one such specialized MBA that gives its students advanced standing.

Dalhousie does not pop up in the major rankings, nor do the vast majority of Canadian business schools, which tend to be small on a global scale. "There are very small schools that are very good with wonderful professors and a wonderful atmosphere of learning and richness that just don't get ranked because they're not as big and they just don't have the brand," says Muldowney, who earned a joint MBA from Schulich and Universite Laval. "There's this whole A school and B school thing in Canada, which may be a little unfair."

But let's not forget the rankings have their fans. International students in particular seem to love them. Half the students at Sauder come directly from overseas and Griffin's perception is that the rankings are very important to them. A GMAT survey in 2006 supports his view, pointing out that Asians and

Europeans are more likely than North Americans to consider rankings to be either extremely or very influential in making their decisions.

And not all deans find the rankings distasteful. "I strongly believe a school's progress can most accurately be measured against a broad range of rankings and over an extended period of time," writes Dezso Horvath, dean of the Schulich School of Business in Toronto. "Surveys are by no means the final word on the quality or performance of a business school, but they do offer prospective students and corporate recruiters the only independent and objective assessment of a particular school."

Schulich participates in all the major rankings it can and giddily boasts about its Canadian No. 1 position in many of them. Rotman's Martin certainly agrees with the idea of being ranked in principle. "I do believe in scrutiny. Scrutiny is good for you," Martin says. "The only way an organization can improve is by getting feedback from its constituents and this is a method for providing feedback that is sometimes harsh."

But Martin says Rotman is not going to become a "ratings slave or whore" like those schools that take full advantage of the opportunity to promote their programs. "I mind the specialized ratings less than a single school going into 12 general ratings hoping beyond hope that they'll be able to say they're No. 1 in Canada or the United States or Spain and then spend all their time trumpeting that and disguising the results in the other ratings."

One thing that won't change is that the criteria the rankings are based on will continue to change and schools will continue to participate no matter how much they gripe about them. It's simple economics. "Rankings are significant drivers of a school's reputation. Good performance can double inquiries and applications and allow schools to charge prestige premiums," according to Kai Peters, the CEO of Ashridge Business School in the U.K., in a widely cited 2007 paper called Business school rankings: content and context. "Research indicates that it is better to 'play the game' than to boycott the rankings as bad publicity is better than no publicity." Sauder's Griffin agrees that schools have to participate, but he hopes they play as fairly as possible. That means honestly interpreting the results for students, which is admittedly a challenge when you're branding, but also telling the school's own story. While a mention in one of the major rankings is like having a stamp from the Better Business Bureau, it should only be one piece of a school's marketing efforts, and relying on someone else's judgment about what's important is a disservice to students. "It's more important for schools to focus on what they do rather than how they can influence the rankings," says Griffin.

The one group of stakeholders who seem to take the rankings most seriously is alumni. "If schools that are used to being No. 1 like Harvard and Stanford move to No. 5, they hear about it," says Griffin. "In any world that is a trivial change, especially because the rankings are an amalgam of so many variables."

Ultimately, new MBA students should be doing their own unique research. As Martin says: "Outsourcing your decision to a rating is a foolish decision." And if you really want Harvard on your resume, why not take one of the august institution's week-long management seminars and call yourself

a graduate of the Harvard Business School. Of course, these days you might want to be careful about what you wish for.

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