Same as It Ever Was: Recognizing Stability in the *BusinessWeek* Rankings

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Since their arrival in 1988, the BusinessWeek rankings of full-time MBA programs have had an increasingly greater influence on business school education. Implicit in attempts to improve in the rankings is the assumption that it is possible to improve. We empirically examine the BusinessWeek rankings and find that they are highly stable over time, and that some of the best predictors of rankings are characteristics that cannot be changed. In addition, we find that the most recent rankings are driven largely by student perceptions of placement outcomes, suggesting that a focus on the rankings may cause business schools to shift their focus away from their primary mission of educating students. Implications for business school education are discussed.

Management education has become an increasingly successful and visible enterprise over the last 30 years. For example, in 1971 business degrees accounted for 14% of all undergraduate degrees. By 2002, they accounted for 22% of all undergraduate degrees. A similar growth in master's degrees in business has occurred, growing from 11% of all master's degrees in 1971 to 25% of all master's degrees in 2002, making it the second most popular master's degree (Statistical Abstract of the United States, 2004–2005). This growth is reflected in the increased number of MBA degrees awarded in the United States: 5,000 in 1961, 61,000 in 1981, 75,000 in 1992, and over 100,000 in 2000 (Friga, Bettis, & Sullivan, 2003). Despite recent criticisms (Bennis & O'Toole, 2005; Mintzberg, 2004; Pfeffer & Fong, 2002), MBA programs remain a highly visible and important part of a business school's portfolio of programs.

With the rise in interest of business programs in the late 1980s and 1990s, efforts have been undertaken to quantify the quality of different MBA programs. As noted by Friga, Bettis, and Sullivan (2003: 234), "MBA programs have attracted considerable societal interest over the last couple of decades and have become, right or wrongly, the focus of numerous rating systems and huge investment." At the forefront of this effort has been *BusinessWeek*. In 1986 *BusinessWeek* interviewed senior executives and offered a list of 20 top full-time MBA programs (only the top 5 were ranked). In 1988 *BusinessWeek* published its first ranking of the top-20 business schools, later expanding to the top 25 and the current list of the top-30 business schools.

There is considerable evidence that business schools are highly interested in how they do in the rankings and that the rankings have a meaningful impact on the decisions and actions they take. In fact, some have suggested that the rankings "now dominate business schools' thought and action" (Gioia & Corley, 2002: 108), with some going so far as to suggest that any business school dean will indicate that the "rankings have more of an effect on admissions, placement, hiring, and giving than any other single variable" (Argenti, 2000: 171). As Corley and Gioia (2000) discovered after talking with the top management of numerous top-ranked business schools, the first and most prominent "rule of the rankings game" is that *you must play the game* if you wish to be ranked. This suggests that ignoring or otherwise not responding to the rankings is simply not an option open to most schools.

In addition, moving down in the rankings has

been shown to be a threat to institutional identity (Elsbach & Kramer, 1996) and has affected institutional resources (Rindova, Williamson, Petkova, & Sever, 2005). For example, when the University of Chicago fell in the rankings, it "held a school-wide meeting to talk about what went wrong, and decided that in the next *BusinessWeek* poll its business school would be back where it belonged" (Argenti, 2000: 173). Drops in the rankings have prompted numerous business school leaders to institute wide-ranging changes at considerable financial cost. As Gioia and Corley (2002: 112) note, typical responses to a fall in the rankings include: "Improved student placement services (especially catering—sometimes literally—to recruiters); more concentration on internship and co-op programs; more cookbook business (vocational?) skills, more information technology support, curriculum changes to emphasize currently hot topics, hiring of image consultants, intensified public relations campaigns, and additions to MBA support staff."

Moving up in the rankings, on the other hand, has been associated with a variety of positive outcomes, including enhanced alumni donations, increased number of quality applicants, and increased number of quality companies recruiting graduates (Argenti, 2000; Corley & Gioia, 2000; Gioia & Corley, 2002). Moves up in the rankings are also celebrated, with considerable attention given to documenting the reasons a school has advanced. For example, in 1998, when Cornell moved up 10 places, the reasons offered included a new curriculum and an administration more inclusive of students (Reingold, 1998). The entrepreneurial environment and small size at Massachusetts Institute of Technology's Sloan School of Management was credited for the school's jump from number 15 in 1998 to number 4 in 2000 (Merritt, 2000b). As these examples demonstrate, a great deal of effort and resources are typically devoted to enhancing rankings, often at the expense of other educational programs, student learning, and knowledge creation (DeAngelo, DeAngelo, & Zimmerman, 2005; Policano, 2005). Given the considerable expense and effort associated with business school initiatives aimed at enhancing ranking position, it becomes important for the advancement of business school education to critically examine the rankings. Our purpose here is to empirically examine the *BusinessWeek* rankings in order to understand the level of stability in the rankings over time and examine the factors (both inside and outside the control of business schools) that predict them.

UNDERSTANDING STABILITY IN *BUSINESSWEEK* RANKINGS

To conduct our investigation, we collected the *BusinessWeek* business school rankings going back to 1988. We chose to focus on *BusinessWeek* because it was the first ranking system of business schools published in the popular press and is by far the most influential ranking list, a point acknowledged by numerous scholars (Corley & Gioia, 2000; DeAngelo, DeAngelo, & Zimmerman, 2005; Elsbach & Kramer, 1996; Rindova et al., 2005; Zimmerman, 2001). In addition, research has found that dean turnover increases following drops in the *BusinessWeek* rankings, but not the *U.S. News & World Report* rankings, leading to the conclusion that schools care more about their *BusinessWeek* ranking (Fee, Hadlock, & Pierce, 2005). Its influence is further evidenced by the amount of attention given to these rankings, as well as the changes business schools initiate as a result of drops in the rankings and the attention they receive when moving up (Argenti, 2000; Elsbach & Kramer, 1996; Gioia & Corley, 2002; Merritt, 2000b; Reingold, 1998; Rindova et al., 2005).

Our first goal was to examine the extent to which *BusinessWeek* rankings are stable over time. If the rankings are highly stable, this suggests that it is prohibitively difficult for schools to move up or down the rankings. In 1986, *BusinessWeek* and Louis Harris & Associates, Inc. polled top executives drawn from the *BusinessWeek* Corporate Scoreboard in an attempt to identify the top business schools. The poll asked the executives to rate business school education and then asked for the best business school in the nation. Despite the fact that only five schools received a response of more than 1% (Nussbaum & Beam, 1986; Byrne, 1986), *BusinessWeek* used this polling data to identify and list the top-20 schools.

In 1988, *BusinessWeek* began ranking the top business schools every 2 years. The ranking in 1988 began by polling approximately 3,000 graduates of 23 schools (of which at least 19 were identified in the 1986 article) that are considered to be top business schools. Corporate recruiters from companies that recently recruited at a third or more of the leading 23 schools were also polled. Note that no attempt was made to expand beyond these 23, thus restricting the initial list of potentially ranked schools to a very small number. For the ranking, the graduates assessed the quality of teaching, curriculum, environment, and placement offices of their institutions. The recruiters gave their listing of their top preferences for business schools. The final ranking of a school was a composite of the

school's relative rating against each other in both surveys ("How the schools stack up," Byrne, 1988; Byrne, 1990).

Table 1 details the *BusinessWeek* rankings criteria for each year since 1986. The table provides information on the source of the data, on who the sample includes, the number surveyed by *BusinessWeek*, and how the data are measured. As seen in the table, the composite ranking of graduate and recruiter polls has been the consistent methodology utilized by *BusinessWeek* for their rankings, with two primary changes. In 1992, the graduate poll became longitudinal by using 3 years of grad-

uate rankings, with the greatest weight assigned to the latest survey ("Rating B-Schools, 1992"; Byrne, 1993). In 2000, the composite ranking also expanded to include an intellectual capital ranking. The intellectual capital ranking is based on a restricted set of faculty publications adjusted for school size (Merritt, 2000a). *BusinessWeek* ranked the top-20 business schools from 1988–1994, the top 25 from 1996–1998 and the top 30 from 2000–2004.

Other important characteristics of *Business-Week*'s methodology include the escalating and changing number of schools and corporations surveyed each year. The number of schools surveyed

TABLE 1
BusinessWeek Ranking Criteria (1986–2004; $N = 18$–29)

Year	Source of Data	Sample Includes	Number Surveyed	How Measured
1986	Executives	488 senior executives		Poll
1988	Graduates	1988 Graduates	23	10-point scale
	Recruiters	Companies recruiting at 1/3 of 23 schools	265	Rank of Top 5
1990	Graduates	1990 Graduates	32	10 point scale
	Recruiters	Organizations with established histories of recruiting MBAs	322	Rank of Top 10
1992	Graduates	1992, 1990, 1988 Graduates	36	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	352	Rank of Top 10
1994	Graduates	1994, 1992, 1990 Graduates	44	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	354	Rank of Top 10
1996	Graduates	1996, 1994, 1992 Graduates	51	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	326	Rank of Top 10
1998	Graduates	1998, 1996, 1994 Graduates	61	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	350	Rank of Top 20
2000	Graduates	2000, 1998, 1996 Graduates	82	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	417	Rank of Top 20
	Intellectual capital	Faculty publications in 12 journals and books		Length of Article
2002	Graduates	2002, 2000, 1998 Graduates	88	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	420	Rank of Top 20
	Intellectual capital	Faculty publications in 18 journals and books		Length of Article
2004	Graduates	2004, 2002, 2000 Graduates	94	10-point scale
	Recruiters	Organizations with established histories of recruiting MBAs	456	Rank of Top 20
	Intellectual capital	Faculty publications in 18 journals and books		Length of Article

TABLE 2
Correlations Between *BusinessWeek* Rankings Across All Years (*N* = 18–29)

Variables	1	2	3	4	5	6	7	8
1. 1988								
2. 1990	.66							
3. 1992	.72	.80						
4. 1994	.43	.83	.80					
5. 1996	.62	.78	.74	.79				
6. 1998	.64	.75	.71	.77	.82			
7. 2000	.60	.66	.61	.69	.80	.88		
8. 2002	.58	.80	.80	.78	.83	.85	.87	
9. 2004	.70	.84	.81	.81	.84	.93	.89	.92

Correlations are Spearman Rho Rank Order Correlations.
All values are statistically significant, $p < .01$ except the correlation between 1988 and 1994 ranks.

has increased from 23 schools in 1988 to 94 in 2004. Likewise, the number of corporations surveyed has also increased form 265 corporations in 1988 to 456 corporations in 2004. It should also be noted that the composite-ranking procedure remained consistent from 1988 to 1998 when the raw scores from both the graduate and recruiter surveys were combined using a "standard statistical approach" ("Rating B-Schools, 1992"). However, beginning in 2000, when the intellectual capital ranking was included, *BusinessWeek* weighted the graduate and recruiter surveys 45% and the intellectual capital ranking 10% in the final composite ranking ("It's a whole new b-game," 2000).

There are at least three different ways to quantify the stability in these rankings. The first involves examining the magnitude of the rank order correlation across the years. These analyses are presented in Table 2. In examining these correlations one is struck by their sheer magnitude. The

correlations between ranking years (e.g., 1992 and 1994; 1996 and 1998; 2002 and 2004) range in magnitude from .66 to .92, with an average correlation of .82. Thus, on average, 67% of the variance in the current year ranking is shared with the previous year's ranking. In the organizational sciences, this is an extremely large amount of shared variance.

Given that these rankings are unlikely to be perfectly reliable (see Dichev, 1999, for an extended discussion of measurement error in *BusinessWeek* rankings), these correlations are underestimates of the true correlations between ranking years. If one were to assume there was only a small amount of unreliability in the rankings, the correlations between ranking years after correcting for unreliability approaches unity. In Table 3, we have taken the correlations between ranking years and corrected them for various levels of reliability. As can be seen, even assuming only small amounts of unreliability,

TABLE 3
Correlations Between Ranking Years for *BusinessWeek* Rankings Corrected for Various Levels of Ranking Reliability (*N* = 18–29)

Ranking Years	Uncorrected Correlation	Corrected Correlations Ranking Reliability Estimates			
		.80	.85	.90	.95
1988–1990	.66	.82	.77	.73	.69
1990–1992	.80	1.00	.94	.89	.84
1992–1994	.80	1.00	.94	.89	.84
1994–1996	.79	.99	.93	.88	.83
1996–1998	.82	1.00	.96	.91	.86
1998–2000	.88	1.00	1.00	.98	.93
2000–2002	.87	1.00	1.00	.96	.91
2002–2004	.92	1.00	1.00	1.00	.97

Correlations are Spearman Rho Rank Order Correlations.
All values are statistically significant, $p < .01$.

the corrected correlations between ranking years are routinely above .90.

A second way of examining the stability of the rankings is to examine how many schools that were ranked in a particular year were unranked in the following year (recall that the number of ranked schools escalated over time from 20 to the current list of 30). Examining the number of schools that fall off the list in any particular year speaks directly to the turnover rate of the rankings. Table 4 illustrates this phenomenon. Across the years, an average of 1.63 schools drop off the list in any given year. In fact, never have more than four schools dropped off the list in any particular year. Thus, across years, the rankings contain 84% to 97% of the same schools.

A third way to examine the stability of the rankings is to determine the number of schools that have always been ranked. Of the 20 schools on the original 1988 list, 18 schools have always been ranked. In addition, for the 2004 rankings (the most current available), all 20 schools on the original list are ranked. Given the considerable stability in the rankings, the original 20 schools appear likely to remain on the list. Thus, schools hoping to become ranked are competing against each other for only 10 places, not 30 places. Interestingly, only 35 schools have ever been ranked, further attesting to the stability of the rankings.

In total, these results suggest that there is considerable stability in the *BusinessWeek* rankings of top business schools. Although silent with respect to reasons for this stability, these analyses do illustrate how difficult it would be for any particular school to enter the list given the historical pattern.

PREDICTING *BUSINESSWEEK* RANKINGS

Given the considerable stability in the *Business-Week* rankings outlined above, it is important to understand what factors are driving the rankings. There are at least four factors that might be impor-

TABLE 4
Number of Schools Falling Off the Following Year's *BusinessWeek* Rankings

Year	Number Falling Off	%
1990	1 of 20	5
1992	2 of 20	10
1994	2 of 20	10
1996	1 of 25	4
1998	4 of 25	16
2000	1 of 30	3
2002	1 of 30	3
2004	1 of 30	3

tant for a school's ultimate ranking. First, two characteristics of the school itself are likely to be important. The first is reputation, which is likely to be reflected in the perception leading figures in the business school field have about the school. We used the 1988 *BusinessWeek* ranking as a proxy for school reputation because in 1986, *BusinessWeek* published a top-20 list based on a survey of executives where they were simply asked, "What's the best business school in the nation" ("Twenty leading business schools," 1986). This survey did not appear to be comprehensive or exhaustive, and a highly restricted set of schools were highlighted in the resulting *BusinessWeek* article that was published. In essence, these 20 schools had the strongest reputation among executives. This list of 20 schools then formed the foundation for the 1988 rankings (only three additional schools were added when the survey was conducted to create the 1988 rankings). As such, the survey used to create the 1988 rankings was constructed in such a way that only schools with a strong reputation among executives were even eligible to be ranked. Other researchers note that *BusinessWeek*'s editors confine themselves to rating a set of schools defined as the best by the publication itself, which raises questions about the basis for this selection (Pfeffer & Fong, 2004; Schatz, 1993).

Another important school characteristic is the length of time the business school has been in existence. Schools with a longer history are likely to enjoy some first-mover advantages (Lieberman & Montgomery, 1988) as well as greater awareness in the academic and managerial communities. In addition, they will have larger alumni communities compared to business schools that are relatively younger, further enhancing their visibility. One of the interesting aspects of these school characteristics is that they are "fixed," in that schools can do nothing today to alter the age of their business school or the rank of their business school in 1988.

Second, the quality of students is likely to be important for MBA program success. Just as the success of an organization is dependent on the quality of the workers (Schneider, 1987), the success of an MBA program is dependent on the quality of the individuals who are enrolled. Recognizing this, MBA programs typically engage in intensive recruiting and offer impressive scholarships and other financial inducements for top prospective students. In particular, MBA programs tend to focus on the ability and previous experience of top students. In terms of ability, disproportionate attention is given to student standardized test scores (typically the Graduate Management

Admission Test; GMAT) when admitting students, with many schools establishing minimum scores needed for entry (Gioia & Corley, 2002).

Average class GMAT scores are often promoted as an indicator of the quality of the MBA program. Such a reliance on a cognitive ability test rests on a good foundation, as considerable research has demonstrated that cognitive ability is highly predictive of a host of important job performance outcomes (Hunter, 1986). In fact, research on the GMAT itself shows that it predicts first-year graduate GPA (Sireci & Talento-Miller, 2006). Students with higher abilities will likely learn more during the course of their MBA, have higher quality interactions with other students, and have more success on the job market, particularly if recruiting companies rely on cognitive measures when making hiring decisions.

In terms of experience, MBA programs are typically highly interested in the past work experience of students. In fact, most programs have established minimum levels of experience needed to even be considered for admission. Work-related experience is likely to help students learn academic material by providing them a wider range of experiences with which to link the more abstract concepts. Students will also be able to contribute their experiences in classroom and other contexts, enriching the educational experience for themselves and others. Finally, research also demonstrates that work experience is positively related to job performance (McDaniel, Schmidt, & Hunter, 1988). Thus, students with greater experience will be more attractive to recruiters upon graduation.

Third, a critical aspect of any MBA program (from the student's perspective) is placement success. Because *BusinessWeek* rankings rely so heavily on student ratings of the program, MBA programs that have higher levels of placement success are likely to fare better in the eyes of students. One critical placement characteristic is the average starting salary received by graduates.

The fourth and final factor that might be important is faculty research productivity. Highly productive faculty are likely to benefit MBA programs in two ways. First, faculty research is one of the primary ways in which schools enhance their reputation (Cole & Cole, 1967; Hagstrom, 1971). As evidence of this, it has been commonplace for schools to "raid" top name faculty at other schools and offer unprecedented salaries to new academics (Byrne, 1986, 1988; Leonhardt, 1996). Second, actively publishing faculty are likely to be on the cutting edge of knowledge in their respective fields and are able to use this knowledge in two distinct ways that benefit MBA programs. First,

faculty research has played a critical role in knowledge creation and the transformation of business schools from vocational schools to research-based professional institutions (DeAngelo et al., 2005; Gioia & Corley, 2002; Zimmerman, 2001). Given the links between academic research and business school prominence (Rindova et al., 2005), a productive faculty provides a general benefit to MBA programs. Second, meta-analytic evidence has shown that the largest correlations between research productivity and teaching effectiveness are found "between research productivity and knowledge of the subject" (Feldman, 1987: 276; see also Hattie & Marsh, 1996), suggesting that there are some linkages between research and teaching. Thus, actively publishing faculty can take their cutting-edge knowledge to the classroom to enhance the learning of their students, giving students a competitive advantage compared to students in programs where there is not as much new knowledge.

To investigate the influence of these factors on *BusinessWeek* rankings, we gathered data on all the schools on the following measures: 1988 *BusinessWeek* ranking, the year the school was founded, the average GMAT score and work experience of the entering class in a particular year, the average starting salary of the graduating class, and the research productivity of a school's faculty as indexed by Trieschmann and colleagues (Dennis, 2005; Trieschmann, Dennis, Northcraft, & Niemi, 2000). Data entered into the regression were matched based on year as best as possible (i.e., reported average GMAT for 1990 and research productivity for 1986–1998 was used for predicting 1990 rankings).

Table 5 provides the results of the regression analyses using these measures to predict the 1990–2004 *BusinessWeek* rankings. The school characteristics were always entered in the first step of the regression because they are fixed variables (i.e., they cannot be changed). Thus, the specific rank received in the 1988 rankings and year the school was founded were included as predictors in the regression equation. As a set, the six variables accounted for between 64% and 100% of the variance in the *BusinessWeek* rankings. Of interest is that two school characteristics variables, 1988 rankings and the year the school was founded, accounted for between 37% and 81% of the variance in the ratings in any particular year. This is all the more noteworthy given the fact that these two factors cannot be changed, thus posing a unique challenge for schools with relatively new programs that have never been ranked.

To test the relative importance of the rest of the

TABLE 5
Summary of Changes in R^2 for Hierarchical Regression Analysis of School Characteristics, Student Characteristics, Placement Characteristics, and Research Characteristics on *BusinessWeek* Rankings Entered as a Block in Each Sequence of Entry ($N = 20–30$)

	1990 ΔR^2	1992 ΔR^2	1994 ΔR^2	1996 ΔR^2	1998 ΔR^2	2000 ΔR^2	2002 ΔR^2	2004 ΔR^2
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Student Characteristics	.11	.18	.63	.05	.02	.13	.24	.07
Step 3: Placement Characteristics	.01	.01	—	.03	.06	.09	.01	.07
Step 4: Research Characteristics	.01	—	—	.00	.03	.08	.03	.04
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Student Characteristics	.11	.18	.63	.05	.02	.13	.24	.07
Step 3: Research Characteristics	.00	.01	—	.01	.03	.08	.02	.09
Step 4: Placement Characteristics	.03	—	—	.02	.06	.09	.03	.02
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Placement Characteristics	.03	.18	.25	.05	.08	.22	.15	.13
Step 3: Student Characteristics	.10	.01	.38	.02	.00	.00	.11	.00
Step 4: Research Characteristics	.01	—	—	.00	.03	.08	.03	.04
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Placement Characteristics	.03	.18	.25	.05	.08	.22	.15	.13
Step 3: Research Characteristics	.08	.01	.38	.00	.03	.09	.05	.04
Step 4: Student Characteristics	.02	.00	—	.02	.00	.00	.09	.01
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Research Characteristics	.09	.04	.08	.00	.03	.11	.02	.07
Step 3: Placement Characteristics	.02	.15	.54	.05	.07	.19	.18	.10
Step 4: Student Characteristics	.02	.00	—	.02	.00	.00	.09	.01
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89
Step 1: School Characteristics	.57	.81	.37	.57	.53	.43	.58	.71
Step 2: Research Characteristics	.09	.04	.08	.00	.03	.11	.02	.07
Step 3: Student Characteristics	.02	.15	.54	.05	.02	.10	.24	.09
Step 4: Placement Characteristics	.03	—	—	.02	.06	.09	.03	.02
Total R^2	.71	1.00	1.00	.64	.64	.73	.87	.89

School Characteristics include 1988 BW Ranking and Year School Founded. Research Characteristics include Trieschmann et al., 2000 rankings. Student Characteristics include GMAT Average and Work Experience. Placement Characteristics include Starting Salary.

program characteristics, we conducted a series of hierarchical regression analyses, with the program characteristics entered in all possible orders. This provides an estimate of the incremental gain for each program characteristic beyond the school characteristics. It is necessary to enter the program characteristics in all possible orders because the amount of variance accounted for depends on the order in which variables are entered into the regression equation. With no strong theory to guide our order of entry, we have chosen a standard procedure that reflects all possible entry orders for the predictors (see Cohen, Cohen, West, & Aiken, 2003).

As shown in Table 5, depending on order entry, student characteristics account for between 0% and 63% of unique variance in the rankings; placement characteristics account for between 1% and 54%; and research characteristics account for between 0% and 38%. Based on this analysis, one can conclude that student characteristics are the most important set of (alterable) predictors in accounting for variance in the rankings, followed closely by the placement characteristics. In contrast, the research characteristics are relatively unimportant in accounting for variance in the rankings.

Another way to examine which set of predictors have the greatest explanatory power is to conduct a dominance analysis. Dominance analysis was developed to aid in determining the relative contribution of multiple variables in predicting a single criterion and was explicitly designed to "furnish meaningful estimates of relative importance in the presence of correlated predictors" (LeBreton, Binning, Adorno, & Melcher, 2004: 303). The strength of dominance analysis lies in its ability to provide an index of importance based on "a variable's direct effect (i.e., when considered by itself); total effect (i.e., conditional on all other predictors); and partial effect (i.e., conditional on subsets of predictors)" (Budescu, 1993: 544).

Dominance analysis involves computing the mean squared semipartial correlation across all possible subset regressions. Each involved running all possible subset regression analyses and then averaging the squared semipartial correlations produced from each subset regression. Relative importance is defined as "the proportionate contribution each predictor makes to R^2, considering both its direct effect (i.e., its correlation with the criterion) and its effect when combined with other variables in the regression equation" (Johnson & LeBreton, 2004: 240). Results of the dominance analysis we performed find the following dominance coefficients (average of squared semipartial correlations): student characteristics, .13, research char-

acteristics, .06, and placement characteristics, .12. Based on this analysis, we conclude that the relative importance of the student and placement characteristics in the prediction of *BusinessWeek* rankings is twice that of the research characteristics. Thus, this analysis supports our previous conclusion that the student and placement characteristics have more explanatory power than the research characteristics.

Thus, the regression results indicate the school characteristics explain a large amount of the variance in the rankings, even though these characteristics are fixed. This emphasizes the reputational effect inherent in the rankings. The regression results also indicate that although student and placement characteristics have some explanatory power, the research characteristics have very little explanatory power. Finally, it is interesting to note that although the six characteristics combine to explain between 64% and 100% of the variance, in 1992 and 1994, not all of the characteristics are even needed in order to explain 100% of the variance.

UNDERSTANDING WHAT STUDENTS VALUE

In order to further explore the *BusinessWeek* rankings, we conducted another analysis aimed at understanding what aspects of their business school experience students consider particularly important. In 2004, *BusinessWeek* published 15 of the 45 questions used in the graduate survey ("A grad's-eye view," 2004), which contained student responses on numerous aspects of their educational experience. Table 6 shows the bivariate correlations of the items (grouped logically) with the 2004 rankings. Examining these correlations provides insight into what students found particularly valuable.

An overall judgment concerning the students' ratings of whether their MBA was worth it given the cost, time, and lost wages was significantly related to the rankings. In terms of teaching aspects, however, only the students' ratings of teaching quality in elective courses was significantly related to the rankings. Of interest is that the quality of teaching in core courses, faculty availability outside of class, and the involvement of prominent faculty in teaching were essentially unrelated to the rankings. Efforts aimed at enhancing leadership skills and efforts in the area of international business were both significantly related to rankings; whereas, efforts in the area of ethics were not significantly related.

Schools that were able to provide students different ways to approach problems were ranked higher than schools that could not provide this, yet

TABLE 6
Correlations Between Student Ratings and 2004
***BusinessWeek* Rankings (*N* = 30)**

Question	Correlation
Worth of MBA	.76**
Teaching	
Core course teaching	.02
Elective course teaching	.45*
Faculty availability	.02
Faculty involvement	.13
Specialized topics	
Leadership	.45*
International business	.41*
Ethics	.28
Responsiveness/Innovativeness	
Approaching problems	.59**
Responsiveness to students	.23
Placement	
Network and connections	.64**
Summer placement	.75**
Placement before graduation	.74**
Quality of recruiting firms	.87**
Independent job search	.60**

* p < .05, two-tailed. ** p < .01, two-tailed.

the responsiveness of the faculty and administration to students' concerns and opinions were not significantly related. Finally, all the placement items were significantly related with the rankings. These items included student perceptions of the school's network and connections and the quality of firms recruiting at the school. In addition, the school's assistance with summer internships, placement at graduation, and independent job searches also significantly correlated with the rankings. These findings provide support for concerns that student opinions of program quality is not directly related to what students learn or accomplish, but only to the salary they earn after graduation (Policano, 2005).

WHERE DO WE GO FROM HERE?

There have been a number of recent criticisms about the quality and purpose of MBA education. For example, some have criticized business schools for the lack of practical value of the education (Bennis & O'Toole, 2005); whereas others have warned of pressures that might cause business schools to move from a research focus back to a vocational training focus (Gioia & Corley, 2002; Zimmerman, 2001). Other criticisms include the business school's focus on image management, the pursuit of financial resources, and the observation that fewer than a third of top corporate executives have an MBA degree (Argenti, 2000;

Gioia & Corley, 2002; Lavelle, 2006; Pfeffer & Fong, 2004). In addition, MBA programs are now facing challenges with respect to declining enrollments. For example, since 1998, applications to top MBA programs have declined by almost 30% (Merritt, 2005).

Yet despite these criticisms and challenges, it is likely that MBA programs will remain an important part of a business school's portfolio for at least three reasons. First, the MBA program market is still a large one, with some estimates placing revenues near $6 billion a year with a growth rate close to 10% (Argenti, 2000). This suggests that there are significant financial reasons to maintain and expand MBA programs. Second, as noted earlier, in 2002, business degrees accounted for 22% of all undergraduate degrees and 25% of all master's degrees (Statistical Abstract of the United States, 2004–2005). Thus, despite recent enrollment challenges, business degrees are still highly sought after and represent a large proportion of a university's total student enrollment. Third, MBA programs have a disproportionate influence on a business school's reputation (Rindova et al., 2005; Corley & Gioia, 2000), suggesting that other business school programs can "bask in the reflected glory" of prominent MBA programs.

To date, the quality of the programs has been quantified by ranking systems such as that in *BusinessWeek*. Unfortunately, the explanations for changes in the rankings have relied heavily on anecdotal evidence, rather than empirical data. For example, *BusinessWeek* has attributed changes in rankings and student satisfaction to decreases in the quality of faculty and faculty availability (Policano, 2005). The data we presented clearly does not support *BusinessWeek's* explanation for change, in part because students' perceptions of faculty involvement and availability were not significantly related to the rankings and the stability of the rankings across time. In addition, there is no evidence to support the anecdotal reasons for ranking changes, including new facilities, concierge services for recruiters, or changes to school culture.

What We Found

So, what does the empirical data indicate about the rankings? First, we have shown that the rankings remain extremely stable across time and thus are likely to be heavily influenced by reputation. This is demonstrated by the highly stable correlations between ranking years, most of which approach unity when corrected for unreliability. This is further evidenced by the fact that only 35 schools have been ranked since 1988 and all 20 of the

originally ranked schools remained on the list in 2004. Thus, schools that are expending considerable effort and resources with the goal of breaking into the *BusinessWeek* rankings face a difficult, if not impossible, challenge. With over 525 accredited business schools, it seems clear that the majority of schools are unlikely to ever make the *BusinessWeek* top 30. Of interest is that the other ranking lists (e.g., *Financial Times*, *U.S. News*) appear to have responded to this fact by expanding the number of ranked schools in order to accommodate the entry of more schools into the rankings game. Although this does promote enhanced participation, given the problems with the rankings, it is not clear this is a beneficial development.

In addition, we have shown that some of the best predictors of the rankings across time include such factors as year the school was founded and the 1988 ranking, both of which are unchangeable predictors (from the perspective of programs who aspire to enter the rankings). In fact, these two predictors explain between 37% and 81% of the variance in the rankings in any particular year. The results also demonstrated that although student characteristics and placement characteristics have explanatory power, research characteristics have very little explanatory power. Given the importance of faculty research for the advancement of knowledge and broader university reputation, we are disconcerted to find that the rankings effectively ignore this factor. Furthermore, the six characteristics combined explain between 64% and 100% of the variance in the rankings. In these analyses we sought to understand what "legitimate" or objective factors are driving the ratings. It was a broad approach aimed at uncovering the range of factors that schools might have some control over.

The student characteristics are probably the easiest variables for a school to alter in the short term. Yet, the other characteristics (placement and research) can also be altered over time. For example, many schools have made extensive changes to career services departments, improved the physical facilities for recruiting activities, offered more personalized services to make recruiter experiences more positive (e.g., Alsop, 2001; Reingold, 1998). In fact, there have been reports of business school associate deans directly assisting students in the job search process (Merritt, 2002). In terms of the research characteristics, there is evidence that schools have been active in attempting to enhance these factors. For example, schools have commonly reported actively recruiting and offering top salaries for "star" faculty (Leonhardt, 1996). It is unclear, however, whether these steps will have any impact on the rankings.

Finally, in terms of student perceptions, the most consistent correlation with the rankings comes from student ratings of placement and other economic outcomes. This provides further evidence that students evaluate MBA programs largely in terms of the economic outcomes they can provide rather than what is learned during the course of their education. Quality of teaching in elective courses, developing leadership skills, efforts in the area of international business, and providing students different ways to approach problems also demonstrated significant (albeit smaller) relationships with the rankings. These latter relationships suggest some program-based ways in which schools may seek to enhance their rankings.

In these analyses, we examined the student ratings in an attempt to model the policy of the students who made the ratings in terms of what they are saying is important. We believe this is important because our analysis supports the idea that students primarily focus on salaries and placements, which can produce a short-term focus for business schools (DeAngelo et al., 2005; Pfeffer & Fong, 2004; Rynes, Trank, Lawson, & Ilies, 2003).

Potential Limitations

These findings, however, need to be considered in light of several potential limitations. First, it is important to note that a large body of literature has discussed business school rankings (e.g., Argenti, 2000; Corley & Gioia, 2000; DeAngelo et al., 2005; Gioia & Corley, 2002; Zimmerman, 2001). We have sought to integrate this research and then extend it in the current research. One of our unique contributions is that we are the first to provide empirical data highlighting the many problems associated with the *BusinessWeek* rankings. This adds much needed quantitative data to an area that has heretofore been largely opinion based. In addition, we examine a number of specific issues with the *BusinessWeek* rankings that have previously been uninvestigated. For example, we show there is considerable stability in business school rankings and these rankings can be predicted with relatively few variables. Finally, we examined student opinions about a number of different aspects of business school in an attempt to understand what students view as important. This has not been empirically investigated before.

In addition, we used the 1988 rankings as a proxy for business school reputation because in 1986, *BusinessWeek* published the results of an executive survey in which they were asked to indicate the best business school in the United States. Given that the 20 schools identified in 1986 served

as the foundation for the 1988 rankings, it seems reasonable to assume that only schools with a strong reputation among executives would have been identified in 1986. At best, however, this is an indirect measure of reputation. Future research should use more direct measures.

Another potential limitation is our use of the Trieschmann et al. (2000) measure of research productivity. Trieschmann et al. (2000) indexed faculty productivity by measuring the number of pages a school's faculty published in 20 top-tier business research journals. They utilized a 3-step approach to identify the journals included in the study by identifying a set of disciplines, examining articles in each discipline's "top journal," and selecting specific journals for inclusion. They also adjusted the number of pages published by each university by adjusting for relative page size, gave equal credit to all schools represented regardless of number of authors, and standardized the number of pages across disciplines. We used aggregated research productivity data because it is the only data that was available. Clearly, it would have been better to use data that were collected in the same ranking year.

This measure of faculty productivity is different from that of *BusinessWeek*'s intellectual capital ranking, which is based on 12–18 journals and book reviews. First, *BusinessWeek*'s list of journals was originally obtained by polling "a number of B-school deans and academic program directors to determine the scholarly and professional journals that have the biggest impact" (Merritt, 2000a: 89). In contrast, the Trieshmann et al. (2000) list of journals included those that were highly ranked in previous research and had high citation impact factors. In 2000, the *BusinessWeek* measure also gave credit to the professor's current school; whereas the Trieshmann et al. (2000) rankings does not attempt to credit past publications to their new schools. In 2000, the *BusinessWeek* intellectual capital ranking also gave bonus points for books on the *BusinessWeek* bestseller list. The *BusinessWeek* intellectual capital ranking also gives points for the length of the article; whereas the Trieshmann et al. (2000) index standardizes for page size. Finally, the *BusinessWeek* ranking adjusts for faculty size.

We chose to use the Trieschmann et al. (2000) index for three reasons. First, despite any problems it might have, the Trieschmann et al. (2000) index was published in a leading academic journal (*Academy of Management Journal*) and is a much more comprehensive and accepted measure of faculty productivity than the data used by *BusinessWeek*. *BusinessWeek*'s intellectual capital ranking is flawed in its assessment of the "best in management thinking" because "fundamental, path-breaking basic research is not typically published in books, let alone books on the *BusinessWeek* bestseller list" (Zimmerman, 2001: 20). Furthermore, the use of number of journal pages in the *BusinessWeek* ranking is flawed in that the number does not tell us about the quality of the faculty or the education (Gioia & Corley, 2002). Second, the Trieschmann et al. (2000) index gives an independent assessment of faculty productivity. The independence of the *BusinessWeek* measure is questionable because the schools being ranked helped determine (via the opinions of business school deans) which journals would "count" in the intellectual capital index. Therefore, we believe the use of the Trieschmann et al. (2000) index is appropriate because it avoids concerns around validity and independence of the data. Finally, the intellectual capital data were not available from *BusinessWeek*.

The final potential limitation concerns the extent of multicollinearity in our regression analysis of school, student, placement, and research characteristics. Multicollinearity leads to unstable regression coefficients (associated with large standard errors) and thus introduces complexities when interpreting regression coefficients. When one is solely interested in the amount of variance explained (as we are when we examine change in R^2), however, multicollinearity has little effect (Cohen et al., 2003). In other words, although individual regression parameter estimates are affected by multicollinearity, the amount of variance explained is unaffected. As such, the total variance explained in Table 5 is not effected by any potential multicollinearity. Because multicollinearity changes the variance associated with each predictor (depending upon the order of entry in the regression equation), we showed all possible orders of entry in Table 5 and conducted dominance analyses.[1]

Fighting for the Soul of Business Schools

The results of our analyses suggest that the *BusinessWeek* rankings are fundamentally flawed. They are suspiciously invariant across time, have a large reputational component, and appear to be based on student ratings that largely reflect economic outcomes that are unrelated to educational experiences or quality. Although such rankings are a potential positive influence because they

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[1] We also conducted additional analyses to assess multicollinearity including examining the correlations among the predictors as well as collinearity statistics. The results of these analyses indicate that multicollinearity was of modest concern.

may make schools more responsive to student and other stakeholder concerns, when the rankings themselves are so flawed, any actions taken are likely to take business schools further from their core mission of generating knowledge and encouraging wisdom (Mintzberg, 2004).

The rankings encourage business schools to game the rankings in a variety of ways, including hiring public relations firms, selectively reporting data, and pandering to various groups such as recruiters, ultimately diverting considerable resources to MBA programs (Policano, 2001). For example, although the University of Chicago has lower than number 11, they instituted a "wholesale makeover" to move up in the rankings. These changes included a new dean position to focus on the needs of students, cash prizes to the administrative staff member voted most effective by students, and valet parking and a concierge desk for recruiters (Byrne, Leonhardt, Bongiorno, & Jespersen, 1996; Reingold, 1998). An outcome of this focus is that considerably less time and resources are devoted to undergraduate programs, curricular innovation, and research (Policano, 2005). Furthermore, the rankings and their emphasis on MBA programs provide the public with a narrow definition of business education, which diminishes the importance of faculty research, undergraduate programs, and doctoral education (AACSB International, 2005).

This represents a crisis in business education because we are in danger of letting others define our mission and shape our future. As Policano (2001: 40) notes,

> The rankings have damaged the business school industry by causing serious misallocation of resources. *BusinessWeek* is a major culprit causing this damage . . . chasing the rankings continues to divert significant resources that could otherwise be allocated to hiring additional faculty and staff, improving classroom technology, keeping the curriculum innovative, and providing more opportunities for students.

By diverting resources and effort, business schools are allowing outside groups that do not share the same values or mission to dictate the agenda of business school education. Having recognized this, both the Harvard and Wharton Business Schools decided not to provide the media with contact information for the student and alumni surveys used to create the *BusinessWeek* rankings (Tomsho & Golden, 2004). This perhaps provides a

first step toward defining the terms of the debate about business school quality.

One of the inherent deficiencies in rankings is that they do not convey information about how far apart different ranked schools are in terms of quality. For example, is the top-ranked school 10% "better" than the 10th ranked school? Or is the distance smaller or larger? Ranking systems do not allow for such determinations. An obvious question, then, is why quantify the quality of different MBA programs via a ranking system? One might suspect that business school rankings are modeled after college athletic rankings, where the results of wins and losses on the playing field are translated into national rankings. Even the casual sports fan has some idea of the popularity and power of national rankings, which has been linked to charitable giving, among other things (Brooker & Klastorin, 1981; Grimes & Chressanthis, 1994). Yet where a list of top-ranked sports teams may be appropriate (notwithstanding the controversies that arise in these rankings as well), it is wholly inappropriate for business schools. Sport team rankings are based on head-to-head competition in the context of a well-defined performance domain, not reputation or any other source of accumulated advantage. Because business schools do not directly compete against each other (and often do not even pursue the same goals), pure performance cannot be assessed as it can in sports. In other words, rankings are inappropriate for business schools because they cannot differentiate between competitors like athletic team rankings can.

To illustrate how different athletic rankings are from *BusinessWeek* rankings, we examined the regular season ending men's basketball (prior to the NCAA tournament) Associated Press (AP) poll from 1988 to 2005 (the same time period of the *BusinessWeek* rankings). Similar to that of *BusinessWeek*, the AP poll included 20 teams in 1988, and 25 teams every year thereafter. The correlations between ranking years are contained in Table 7. The average correlation across this time period is .30, with a range of −.23 to .68. This average correlation is much lower than the average correlation of the *BusinessWeek* rankings ($M = .82$) with a much wider range of values (*BusinessWeek* correlations range from .66 to .92). We also examined the stability of the rankings. Across the years, an average of 11.5 schools fall off the list in any given year, for an average of 46%. Thus, in contrast to *BusinessWeek*, the year-to-year basketball rankings contain only 36% to 60% of the same schools (see Table 8). In addition, of the 20 schools on the original 1988 list, only one school, the University of Arizona, has always been ranked and only 7 schools on the

TABLE 7
Correlations Between Ranking Years for NCAA Basketball Associated Press Final Season Rankings (*N* = 9–16)

Years	Correlation
1988–1989	.56
1989–1990	.20
1990–1991	.68*
1991–1992	.42
1992–1993	.12
1993–1994	−.03
1994–1995	.15
1995–1996	.32
1996–1997	.31
1997–1998	.61*
1998–1999	.05
1999–2000	.18
2000–2001	.64*
2001–2002	−.23
2002–2003	.52*
2003–2004	−.04
2004–2005	.09

Correlations are Spearman Rho Rank Order Correlations.
* $p < .05$, two-tailed.

original list were ranked in the 2005 rankings. Overall, 99 different schools have been ranked in the NCAA polls from 1988 to 2005. Thus, when a ranking system is based on observable, head-to-head performance, they will exhibit considerable variability over time. When this is not possible, however, a ranking system should not be used.

The above comparison of the MBA program rankings to NCAA basketball rankings is appropriate because both MBA programs and athletic pro-

TABLE 8
Number of Schools Falling Off the Following Year's AP Final Season Rankings

Year	Number Falling Off	%
1989	10 of 20	50
1990	9 of 25	36
1991	16 of 25	64
1992	9 of 25	36
1993	12 of 25	48
1994	12 of 25	48
1995	13 of 25	52
1996	10 of 25	40
1997	13 of 25	52
1998	11 of 25	44
1999	11 of 25	44
2000	10 of 25	40
2001	12 of 25	48
2002	16 of 25	64
2003	10 of 25	40
2004	10 of 25	40
2005	11 of 26	42

grams compete for the best talent and spend a considerable amount of resources on both programs. In some respects, changes in MBA programs are more dramatic than in basketball teams. For example, in terms of turnover, full-time MBA programs have a 50% student turnover rate from year to year (i.e., most schools have 2-year programs), whereas most student-athletes have 4- to 5-year careers. In other ways, however, sports teams are far less stable than MBA programs. For example, the faculty that teaches in MBA programs is typically very stable over time and change only in a very gradual manner; whereas the coaching staff of a basketball team is much less stable. Thus, we do believe they are similar, but as we note above, the use of a ranking system is more appropriate in the context of sports where there is an agreed-upon performance criteria with head-to-head competition that produces clear winners and losers. In this context, the rankings truly reflect performance, not reputation. This can be evidenced by the fact that in the athletic rankings the average correlation across time is .30, compared to .82 for the *BusinessWeek* rankings.

Another one of the problems associated with rankings is that small, insignificant differences between schools are treated as meaningful. Thus, it is unlikely there is little to separate the top-ranked school from a school ranked several (or many) positions lower. Yet the top-ranked school gets disproportionate attention and changes in ranks are treated as meaningful.

The foolishness of the rankings is illustrated by examining the 2004 student ratings. As detailed earlier, *BusinessWeek* published 15 of the 45 items used in the graduate student survey (which is an important component of the rankings). Table 9 shows the student ratings of schools averaged across these 15 items. Several observations are relevant. First, Northwestern drops from the top-ranked school to number 8. This shows how sensitive the rankings are to small (and essentially meaningless) changes in how the rankings are calculated. Second, the differences between the schools are microscopic. Only a single scale point (on a 10-point scale) separates the top 27 schools. In addition, there are numerous ties and differences of less than .05 points between schools. These are not meaningful differences, and are (in absolute terms) too small to be important. Yet, as noted above, even small movements in the rankings are treated as major successes or failures (e.g., Argenti, 2000; Reingold, 1998; Merritt, 2000b). This is nonsensical.

TABLE 9
Average of Student Ratings

School	Average
Chicago	8.70
Pennsylvania	8.69
Stanford	8.64
Dartmouth	8.60
Michigan	8.56
New York University	8.52
Harvard	8.45
Northwestern	8.43
Cornell	8.34
Washington University	8.33
Virginia	8.31
MIT	8.28
Georgetown	8.28
Indiana	8.25
UCLA	8.23
Emory	8.23
North Carolina	8.17
Carnegie Mellon	8.14
Columbia	8.10
Duke	8.09
California Berkeley	8.05
Yale	8.04
Texas Austin	7.90
Southern California	7.78
Rochester	7.76
Vanderbilt	7.75
Notre Dame	7.73
Purdue	7.56
Maryland	7.46
Babson	7.14

What We Can Do

Business schools must make a concerted effort to wrest control from the ranking agencies and define our mission based on educational principles, not superficial aspects unrelated to educational quality. Based on the current research and previous discussions of rankings, we can offer several recommendations designed to counter the negative impact the rankings have had on business education. First, business schools could implement a communication initiative aimed at educating the public about the limitations and risks of the rankings (AACSB International, 2005). Second, business schools could conduct meaningful research in order to influence the media and the public using scientific evidence (AACSB International, 2005). The current research answers this call for future research and provides further empirical evidence of the limitations of the *BusinessWeek* rankings. Third, business schools could take the initiative and redefine their relationship with the media by choosing the ranking criteria together (Gioia & Corley, 2002). An important step would be for business schools to push for the current rankings to reflect quality of research produced and taught by increasing the weight on business schools' research reputations and taking a long-term view of performance (DeAngelo et al., 2005; Zimmerman, 2001). Fourth, business schools could take the position to not play the ratings game by standing up to the media or dropping out of the rankings game, as some schools have chosen (DeAngelo et al., 2005; Tomsho & Golden, 2004; Zimmerman, 2001).

Finally, and perhaps most important, business schools should construct our own more credible *rating* system (as opposed to ranking system). Such a proposal has also been put forward by the Association to Advance Collegiate Schools of Business (AACSB). Adopting a rating system will make the differences explicit to consumers of the ratings by showing that there are essentially no differences among the programs. Schools that are not significantly different in terms of ratings can then be treated as functionally equivalent in terms of quality. In addition, it might help eliminate chasing minimal movements in the rankings as well as attempts by schools to manipulate the rankings by selective reporting (Policano, 2005).

Two examples of rating systems used in educational and business domains include the "Carnegie Classification" system in the field of education and the credit ratings in the field of business. The Carnegie Foundation developed the "Carnegie Classification" to distinguish higher education institutions. Although it has undergone numerous updates since it was originally developed in 1970, this classification system has proven to be an effective way to recognize major, meaningful distinctions between universities (Carnegie Foundation, 2006).

Another example is Standard & Poor's ratings of the credit-worthiness of a company. Standard & Poor's publishes their "long-term issue credit ratings" based on level of default risk. The ratings range from its highest rating of AAA to its lowest rating of D. A credit rating of AAA denotes that the obligor's capacity to meet its financial commitment is extremely strong; whereas a credit rating of D denotes that the obligation is in default payment. The credit ratings from AA to CCC may also be modified by the addition of a plus or minus sign to indicate relative standing within the major rating categories (Standard & Poor's, 2006). Perhaps these systems can serve as a model for the development of a business school rating system that addresses the problems with rankings highlighted above.

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