

RESEARCH AND INSIGHT

Are MBA rankings fit for purpose?





Business School and MBA rankings are big business for management education institutions. As the media highlights the highest-ranked MBAs, prospective students and employers become familiar with the best-performing Schools, boosting their reputations. Schools with lower-ranked MBAs might review their strategy and respond accordingly.

With little opportunity to gain traction on the rankings, these Schools might be left frustrated over their lack of control around how meaningful improvements to the MBA contribute towards a higher position in the rankings. But do these polarised positions reflect the true quality of the MBA, help foster healthy competition and drive improvement?

AMBA & BGA's sector-wide MBA rankings consultation was developed from significant interest in and debate around the impact and influence of rankings, the extent to which they can positively influence the sector, and what their makeup should be in modern management education.

Any debate about rankings should seek the views of all key stakeholders in the sector: Deans; Directors; other Business School professionals; employers; MBA graduates, and, crucially, MBA students – upon whose paths the rankings have the biggest influence. Accordingly, this study engaged with all these groups to develop an understanding of how stakeholders believe rankings should be delivered in the future.

This consultation sets out to provide an informed and impartial set of recommendations around how agencies should formulate their rankings, so they can measure what is most important to the sector.

Earlier in 2019, Aviva Investors supported an explorative study into what a future rankings system might look like. This included a summary of discussions among Business School professionals, accreditation agencies, ranking agencies and employers, with a particular emphasis on the inclusion of the theme of sustainability in rankings criteria, pointing towards the United Nations' Sustainable Development Goals (SDGs).

AMBA & BGA's study develops this conversation by providing a robust

quantitative assessment of how Business School stakeholders view the future of MBAs, to understand where the strength of weight is held when determining which aspects of an MBA are most important in judging its success. The study focuses on MBA-specific rankings, but the findings intend to help frame discussions on rankings in business and management education more widely.

Methodology and profile of participants

AMBA & BGA's consultation and research began in May 2018 at AMBA's Global Conference in Stockholm, when a session that proposed a pathway for redesigning rankings sparked a more formal consultation to determine what MBA rankings should look like in the future.

Between August and September 2018, 1,328 stakeholders representing AMBA-accredited Business Schools, MBA students, graduates and employers (described as 'MBA stakeholders') were invited to take part in an online survey. More than half of participants (53%) were MBA graduates, 17% were MBA students, 13% were senior leaders within Business Schools, 10% held other roles within Business Schools (for example, in alumni relations or programme delivery) and 7% were other stakeholders (recruiters, accreditation leads and employers).

Here, we outline the collective views of these groups, but significant statistical differences between Business School professionals and MBA students and graduates are highlighted.

At the time of survey completion, 21% of

'MBA rankings are seen to be out of touch with the delivery of MBAs on the ground'

participants were aged 18-34, 38% were aged 35-44, 27% 45-54 and 15% over 55. Seven in 10 (68%) of participants are men, 28% are women, less than 1% described themselves in another way, and 2% preferred not to say. More than a quarter (27%) of participants live in western Europe (excluding the UK), 24% live in the UK, 14% in Asia, 10% in Africa, 9% in eastern Europe, 8% in Latin America, 5% in North America and the Caribbean, and 3% in Oceania.

Survey participants were asked to consider MBA rankings, without any prompts, so their answers reflect their views on MBA rankings generally. They were also asked which rankings agencies they recognised, to offer an indication of the type of agencies individuals were considering when responding.

PART 1. PERCEPTIONS OF EXISTING RANKINGS

MBA stakeholders were asked several questions relating to the current quality and impact of MBA rankings.

The influence that an MBA's ranking has on the demand for an MBA programme

MBA stakeholders were asked how much influence, if any, they think the position of a Business School, in an MBA ranking, has in

determining the level of demand for its MBA. More than nine in 10 (91%) think MBA rankings have at least a 'fair amount' of influence, and almost half (48%) think they have 'a great amount' of influence in determining demand. A mere 6% believe they do not have very much influence and 1% think they have no influence at all.

How MBA rankings reflect the true performance of an MBA

MBA stakeholders were asked how well they think MBA rankings reflect the true performance of MBA programmes. The results were mixed.

Just 11% think rankings reflect the true performance of an MBA 'very well', while almost half (49%) think they reflect an MBA's performance 'fairly well'. In contrast, a third (34%) think MBA rankings do not reflect an MBA's performance 'very well' or 'at all well'. The consensus around how well rankings reflect the delivery quality of an MBA is, typically, moderate at best.

Those who did not think MBA rankings reflect the true performance of MBAs were asked why they held this view.

Lack of variation and transparency in criteria

An issue regularly cited is the 'narrowness' of criteria, along with the lack of transparency about the basis upon which each criterion is selected. There is also a view that the criteria selected in rankings do not necessarily reflect those that matter most.

When asked to elaborate, some survey respondents gave the following feedback:

- 'Rankings are inherently based on only a few criteria. The criteria used matters. Why



How well do you think MBA rankings reflect the true performance of MBA programmes?



those and not others? Who decides which criteria are the important ones?’

- ‘Even respectable rankings fail to take into account the transformational impact of the MBA programme and the personal-development aspect.’
- ‘Rankings... don't take into account that a number of people will change career pathways after taking an MBA meaning that salary changes will take longer to happen.’
- ‘Criteria are not really being made explicit and the rationale behind the choice of criteria is never debated. While most rankings try to assess the financial success of graduates, few are really looking into the relevance and the efficacy of the hard and soft skills being taught in the programme.’

Ambiguity and lack of transparency

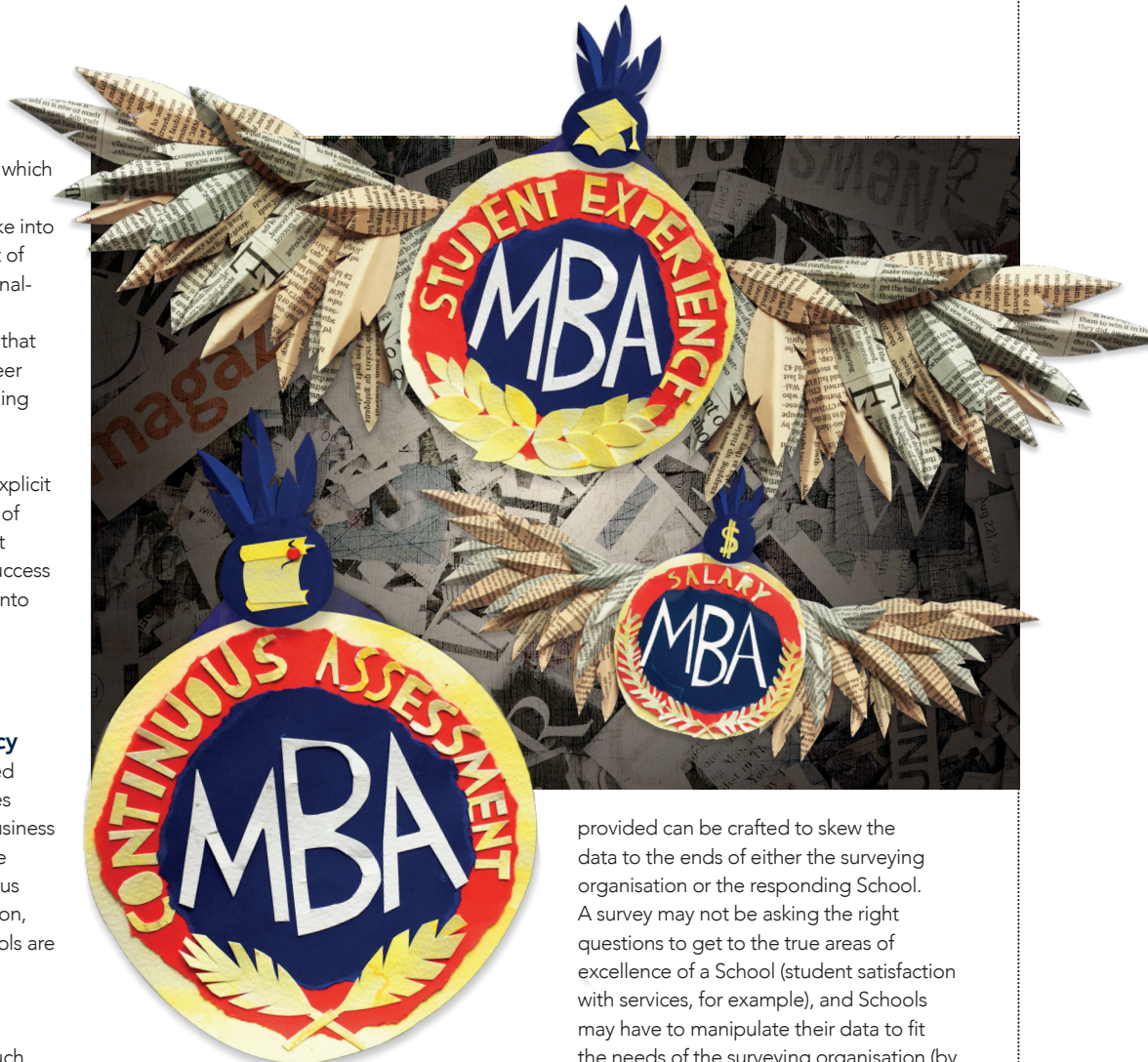
Some MBA stakeholders are unconvinced about the evidence-collection techniques employed by rankings agencies. One Business School professional said: ‘Sometimes the methodologies of rankings are ambiguous or the questions are open to interpretation, making it difficult to know whether Schools are providing comparable answers.’

This perceived lack of transparency could be associated with wider cynicism about the accuracy of MBA rankings. Much of the feedback generated in the study points to a lack of trust in the response collection methodologies employed, with stakeholders suggesting that self-reporting of evidence could lead to distorted results. Other participants highlighted specific methodological issues, such as the quality of questionnaire design, skewed samples and inherent biases towards larger programmes, which have a better opportunity to reach minimum response requirements.

Further concerns related to data verification processes, including the implementation of auditing and the opportunity for Schools to manipulate data (for example to take advantage of currency fluctuations retrospectively).

Participant feedback included the following:

- ‘Too much is based on self-declared, non-verifiable data like post-MBA salary and favours big Schools, due to criteria that favour scale without regard for quality.’
- ‘There is no rigorous system to collect feedback from graduates and employers:



‘Student feedback is seen to be the main method of understanding how well an MBA is performing’

- there is no random sampling and no guarantee that responses are not biased. [Rankings] are strongly influenced by the size of the programmes, larger programmes having larger numbers of students, hence a better chance to reach minimum response rates, and higher marketing expenditures, hence more visibility among employers.’
- ‘The data on which [rankings] are based lack credibility, reliability and validity.’
 - ‘Questions and the response data being

provided can be crafted to skew the data to the ends of either the surveying organisation or the responding School. A survey may not be asking the right questions to get to the true areas of excellence of a School (student satisfaction with services, for example), and Schools may have to manipulate their data to fit the needs of the surveying organisation (by changing currency on starting salaries so that the actual amount looks higher/lower than it is in the region where it's earned).’

Over-reliance on salary growth

Another issue frequently raised in the survey is the ‘excessive weight’ rankings place on salary growth. Participants noted that excessive use of salary data in rankings provides an inadequate picture of the impact of an MBA programme – specifically, that salary metrics do not necessarily reflect what students want from their MBA; what the MBA programme is seeking to achieve; overall student satisfaction with the programme, and a rounded view of how the MBA impacts students.

The measurement of salary analysis, which often focuses on a short-term shift after MBA graduation, is also criticised. Participant feedback highlighted that:

- ‘Rankings often put too much emphasis and weight on financial gain and often in the short term (for example, three months after graduation)’

- ‘Salary does not reflect the performance of an MBA programme and the satisfaction of a graduate on that same programme. A graduate may be happy with the programme and post-MBA job, even though this may be at a lower salary. Maybe the MBA programme enabled the graduate to make a desired industry/function/geography change which [could] imply a salary cut’
- ‘[Rankings] tend to focus too much on salary information whereas many students have a truly transformative experience yet don’t pursue high-salary roles.’

The emphasis on criteria relating to income levels, pre-and-post-MBA, disadvantages Schools that, for example, have a number of students moving into self-employment or the non-profit sector. The course might provide an excellent personal and business education but its true performance, in relation to MBA criteria, might not be recognised, due to the destinations of its graduates.

This is illustrated by the following comments from survey participants:

- ‘MBA rankings do not measure transformation, development and personal satisfaction. Not all MBA candidates will be successful executives at Fortune 500 companies or [as an] entrepreneur...’
- ‘The MBA is a life-changing experience. Many participants discover a new direction for their career and how they can positively impact organisations and society. This may lead to high satisfaction yet not lead to a job with a high salary. The rankings, however, focus heavily on salary.’

Has the progression of the MBA exceeded rankings?

Respondents’ feedback suggests MBA rankings are seen to be out of touch with the delivery of MBAs on the ground. One factor might be that measurements used to assess the quality of MBAs are outdated – in terms of developments in programme design, student compositions and the evolution of what the MBA means to students and Schools – and that further consideration should be given to rankings modernisation.

Effectiveness of rankings

The survey results show most stakeholders have little faith in the ability of current



rankings to reflect the performance of Schools, accurately inform students when applying for programmes, or positively contribute towards the MBA market. While MBA rankings are considered to have a large impact on an MBA programme’s demand, they are thought to be limited in how well they reflect their delivery performance.

This exposes a gap between the impact rankings can have and the accuracy with which they communicate and/or measure results.

While the majority of survey participants believe that rankings increase competition between Business Schools (87% agree with this statement) and, to a lesser extent, help them improve their programme provision (65% agree but only 20% do so ‘strongly’), there is a widespread view that this is not always a healthy influence of rankings.

MBA stakeholders are not fully convinced that MBA rankings help students determine the quality of an MBA (just 29% ‘strongly agree’, while 51% ‘tend to agree’ that this is the case). In addition, more than two fifths (42%) of MBA students and graduates agree that MBA rankings do not accurately reflect the quality of their own MBA programme.

More than two thirds (67%) of MBA stakeholders believe that MBA rankings are a ‘self-fulfilling industry’ for rankings agencies, with more than three quarters (77%) saying that rankings agencies should rethink how they weight their current criteria (44% ‘strongly agree’ with this).



‘Perceived lack of transparency could be associated with wider cynicism about the accuracy of MBA rankings’

Ranking MBA rankings

MBA stakeholders were shown the names of a range of leading MBA rankings agencies and were asked how much they know about each of them. Stakeholders were asked to think about the rankings, rather than the agencies that produce them.

Participants are most likely to have heard at least a little bit about the *Financial Times* MBA rankings (82%), followed by *The Economist* MBA rankings (72%), *Forbes* MBA rankings (52%), *Times Higher Education* MBA rankings

(49%), *QS TopMBA* rankings (49%) and the *QS World University Rankings Full-Time MBA* (41%) also had notable levels of recognition.

Participants were then asked how accurately they thought each of the rankings measured the quality of the MBA programmes they assess. It is worth highlighting that only a very small proportion of stakeholders believe that any of the rankings agencies measure MBAs 'very' accurately, the highest being the *Financial Times* (19%).

When assessing the proportion who those who say a ranking is either 'very' or 'fairly' accurate, the most accurate is viewed to be *The Financial Times* (79%), followed by *The Economist* (75%), *Forbes* (72%) and *The Times Higher Education* (70%). It should be noted that for each of these the majority stated 'fairly' accurate, indicating that the highest ranked does not equate to high perceptions of accuracy.

PART 2: DESIGNING THE IDEAL RANKINGS CRITERIA

How would stakeholders improve MBA rankings?

The majority (59%) of stakeholders have views on changes they would make to MBA rankings (just 12% of stakeholders do not think any changes need to be made and 29% did not know what changes should be made).

Although views are wide-ranging, there are common themes. One common viewpoint is that salaries should have a much lower weighting within the criteria. Some participants cite the importance of the overall 'transformational' impact of an MBA – something salary may only partly reflect – while others say that, for many people (for example prospective entrepreneurs), salary is not a relevant factor for their future ambitions:

- 'Weight salary changes less, weight breadth and diversity of curriculum more, weight student experience and wellbeing more and weight/measure student transformation more if possible.'
- 'They should apply less weight to the salary increase, as many candidates are looking for MBAs in order to start their own business. A salary increase, in that case, is a discriminating factor for the ranking position for the programme.'
- 'The design of the rankings relies too much on immediate graduate salary outcomes. This is an old-fashioned approach which does not recognise

the breadth and depth of the MBA qualification for a 21st-century workforce, or encourage MBA entrepreneurship. A more longitudinal approach to this would be fairer.'

Others feel that rankings need to provide more clarity to the reader, to explain what leads to a School reaching a higher position:

- 'More transparency in the results for the sake of interpretation [is required] to enable a prospective student or employer to find out why a certain School is ranked higher than another School.'

Some commented that the idea of 'ranking' Schools was not the most helpful platform for students to measure performance.

Instead, presenting key facts about a programme would serve them better as applicants can then make a valued judgement, based on what they want to get out of their MBA:

- 'I would focus on difference in salary versus tuition fees, diversity of cohort in terms of country, industry and seniority, and list features such as international exposure and mentoring schemes. I don't see much value in a "rank" – it is just useful to compare different courses for what they are. Whether one is "better" than another is up to the applicant.'

The preferred weight of different rankings criteria

MBA stakeholders were asked to state what percentage (or score out of 100) they would give to each of five broad MBA rankings criteria when composing the overall composition of an MBA rankings.

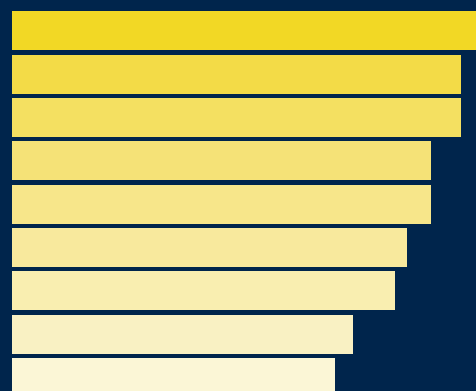
Overall, there is a relatively balanced split between the weight that stakeholders believe should be applied to each of the criteria. The highest mean weighting is seen to be 'the quality of management faculty (for example, qualifications, quality of research)' at 25%, closely followed by 'the overall student experience' at 24%. The next highest weighting suggested was for 'the outcomes of MBA graduates (for example, career progression and salary)' at 21%; and 'the diversity, breadth and quality of the MBA cohort (for example, background of MBAs)' at 18%.

Meanwhile, 'alumni engagement (for example, the quality of the network and the frequency with which it meets)' is, on average, suggested to make up 13% of overall criteria.

Business School professionals and senior leaders are the most likely group of MBA stakeholders to think that 'the overall student experience' should have the greatest weight (27% vs. 22% of MBA students and graduates). Meanwhile, students and graduates are most likely to give the greatest weight to 'the quality of the management faculty' (26%).

The proportion of MBA stakeholders who rate each rankings agency as 'very' or 'fairly' accurate

<i>The Financial Times</i> MBA rankings	79%
<i>The Economist</i> MBA rankings	75%
<i>Forbes</i> MBA rankings	72%
<i>Times Higher Education</i> rankings	70%
<i>QS World University Rankings</i>	67%
<i>Bloomberg BusinessWeek</i> rankings	66%
<i>QS TopMBA</i> rankings	64%
TopMBA.com	57%
MBA50 MBA rankings	54%



What should be the composition of each main set of criteria?

Participants were asked to arrange a list of potential rankings sub-criteria in order of preference, across a range of core criteria from the most to the least important.

The findings from these questions have been analysed in two ways. The first analysis looks at the proportion of participants who placed each criterion as either the most or second-most important. The second looks at the average level of importance, which is based on its score against the total number of criteria. For example, where six criteria are presented the most important will be given a score of six and the least a score of one. In this example, the figure presented will be the average score provided by all participants out of six.

Criteria relating to Business School faculties (average rankings weighting of 25%)

MBA stakeholders were asked about rankings criteria related to faculty, which, on average, participants believe should make up a quarter of the overall weighting among rankings criteria.

The most important criterion is seen to be the **'industry experience'** of a faculty, such as the connection of its academic staff to industry (this is cited as the most or second-most important faculty criteria by 72% of stakeholders).

Three fifths (60%) believe that **'faculty qualifications and standards'** are most or second-most important. Business School leaders feel even more strongly about the role of faculty and standards when exploring Business School faculties, with 68% placing it in the top two categories to be explored within faculty assessment, while 50% think it is the most important. However, industry experience is still the most frequently highlighted by Business School leaders as being within the top two criteria relating to faculty (70%).

Conversely, the least important factors are seen to be **'international opportunities for students'** (44% view it as the fifth or sixth most-important criterion) and **'flexibility in the delivery of the curriculum'** (41% place it in the bottom two most important).

Criteria relating to student experience (average rankings weighting of 24%)

Six rankings criteria relating to the overall MBA student experience were put forward to participants. The top-ranked criterion is



'Much of the feedback points to a lack of trust in response collection methodologies'

'the breadth of curriculum (for example, variation in the choice of modules)' which almost three in five (58%) place as the first or second-most important. The next criterion considered important is **'the standard of entry requirements'** (38% put it in the top two most important). This view is held by students too (58% breadth of curriculum and 37% entry requirements).

There is a more polarised view of the remaining criteria, with substantial proportions ranking each in different positions.

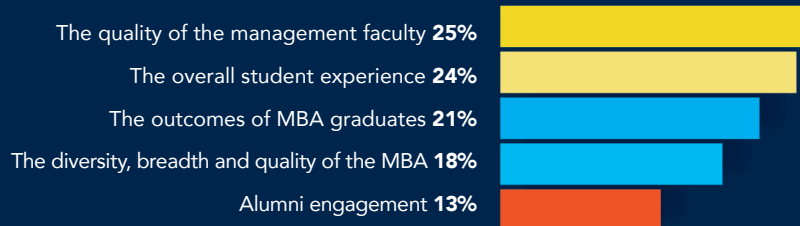
As such, it may be useful to view these criteria as an average of how they were ranked by participants on a one-to-six scale of most to least important, where six is the highest score. Of the remaining four criteria, the highest averages are **'facilities for students (for example, technological capacity, lecture space, learning materials)'** (3.42); and **'career support for students'** (3.37). Meanwhile **'international opportunities for students'** (3.13); and **'flexibility in the delivery of the curriculum (for example, different approaches, digital/online/modular)'** were considered the least important (3.08).

Criteria relating to MBA graduate outcomes (average rankings weighting of 21%)

Participants were asked to consider the importance of five criteria concerning MBA graduate outcomes.



What percentage of the overall MBA rankings should be assigned to each of the following criteria?



The **'value for money'** of the MBA (the price of the MBA compared to the quality with which it's delivered) is considered the most important criterion, with more than half (51%) placing it in the top two. It also receives the highest average importance score by some margin (3.44 out of 5). The next highest was the **'speed of MBA graduates finding a career they want'** (3.15) and the **'strength of recommendation from MBA students'** (2.98). The findings were consistent between students and graduates, and Business School professionals.

But some of the criteria that often hold more weighting in rankings are not considered as important by MBA stakeholders. The **'quality of alumni (for example 'notable alumni')** has an average rating of 2.8, and **'salary of MBA graduates'** has an average rating of 2.7.

Given the prominence of salary within current MBA rankings methodologies, it is notable that it holds such low perceived importance among School staff, MBA students and graduates.

Almost half (48%) of MBA stakeholders consider salary to be the fourth or fifth-most important graduate outcome measurement; and students and graduates suggest that salaries should have a relatively low weighting (its average score is 2.82 among this group and just 34% place it in the top two graduate outcome categories).

Criteria relating to alumni relations (average rankings criteria of 13%)

MBA stakeholders were then asked which of three criteria relating to alumni relations are the most and least important. Almost

half (49%) think that the **'frequency of interaction from the Business School'** is the most important (average score of 2.36 out of 3). Meanwhile, **'geographic spread of engagement opportunities'** and **'size of alumni'** are considered less important (average ratings of 1.94 and 1.8 respectively).

Data collection methods

Defining the types of criteria by which MBAs should be ranked is one task in forming an appropriate ranking, but deciding how each should be measured and weighted is another issue at hand. Participants were asked what proportion they would assign to a range of data collection methods when forming an overall MBA ranking.

The most prominent method is considered to be conducting a survey of students (with an average weight of 25%). This suggests that student feedback is seen to be the main method of understanding how well an MBA is performing. MBA stakeholders believe the next greatest weight should be given to a curriculum review (18%) and available administrative data (17%), indicating that serious consideration should also be given to secondary data from the Business Schools.

Meanwhile, a personal visit to a Business School (14%), a review of research literature (13%) and a survey of Business School staff (13%) are not seen to require as much consideration. Although they are considered to cover a minority of rankings, on average, MBA stakeholders see some value in accumulating the views of MBA from a staff and faculty perspective.

MBA inclusion criteria

In terms of inclusion criteria, the majority of MBA stakeholders believe that MBA rankings should encompass both full-time and part-time study. Two thirds (67%) think both forms of study should be included, while 29% disagree.

Similar proportions believe that executive MBAs should be ranked separately to full-time and/or part-time MBAs (67% think they should while 28% think they can be ranked within wider MBA programmes). There was not a strong consensus as to whether MBA cohorts should include 25 or more individuals in order to be ranked: while 59% agree, 27% disagree and 13% do not know.

Next steps

The perceived dominance of salaries is one factor which comes across strongly, but the findings clearly articulate a pathway by which rankings can be modified. Participants cite a mix of factors that they would like MBA rankings to consider and rarely is one criterion overwhelmingly considered to be the most important. Saying this, some preferences are deemed to have greater weight than others. For example, the quality of faculties and student experiences are seen to have considerable weight in a ranking. This includes aspects such as faculty outputs and the facilities on hand to students. Other factors, such as value for money and career trajectory are also seen to be important.

Now that we have analysed and presented the data, the next steps in terms of the consultation are to seek your views. AMBA & BGA are keen to continue the conversation and develop tangible recommendations that we can put forward to the sector. We believe that this research brings the agenda forward and provides more clarity on how MBA students, graduates and Business School leaders think rankings can be formulated in the future.

These findings seek to provide a useful guide for measuring MBAs in the future. We hope to build on these in order to support rankings agencies redesign, or even re-purpose, as well as the way rankings are delivered, and we intend to continue the conversation going forward to help in this endeavour.

If you have any thoughts on these findings, or how we can take them forward, please get in touch with Will Dawes (w.dawes@associationofmbas.com) who would welcome your suggestions.