
Are business school rankings good for you?

By Niraj Dawar

Whether you're a prospective student, a recruiter, or a donor, use business school rankings with caution.

Since BusinessWeek launched them in 1988, and the Financial Times developed a more international and comprehensive version a few years later, business school rankings have become increasingly important in the decisions and choices of MBA candidates, recruiters, and even donors.

The rankings also unleashed an arms race among business schools by uncovering information and making it public. Business schools are by now accustomed to responding to press questions such as: What are the starting salaries of your graduates? What are their average incoming GMAT scores? What proportion of your graduating class is female? How international is your faculty? How frequently do your faculty publish in the top academic journals? The data are used by the newspapers to compute the rankings, using algorithms that have become increasingly opaque over the years.

The rankings have had some beneficial effects for the industry. They have made applicant, recruiter, and donor choices and decisions more data-based, and driven by transparent and comparable numbers. Rankings have also made competition for the best candidates more open, and made business schools more responsive to the demands of students, recruiters, and donors, at least on the dimensions used in the rankings.

But does it make sense for you to use the rankings as a guide?

The rankings measure business schools on a number of variables, but it is unlikely that the variables included in the rankings are exactly the ones you would use to rank business schools for your own purposes. If you are an MBA candidate interested in marketing, should you pick a business school with the highest starting salaries if those salaries merely indicate that most of the jobs are finance jobs?

Even in the unlikely scenario that the variables included in the rankings are exactly the ones you would use, would you assign the same weights to them as the FT or BW do? Is the number of women on the school's board as important to you as it is to the FT, or more important, or less important? If the importance you attach to any of the variables is different, the rankings these publications produce will not match your preference ranking.

Furthermore, there may be many other variables that are of interest to you that don't even figure in the rankings – location is an important one, as are the types of industries represented in the recruiter list, the nature of the network you will develop (geographies and industries represented), and so on.

Finally, the rankings offer a very limited window into the relative quality, and more importantly, the fit of the school for you. If you were asked, which is the better car, a Ferrari California or a Toyota Sienna Minivan, you would no doubt respond, “depends for what purpose.” For a Sunday drive on winding country roads, the Ferrari would be great. But to haul a sofa from a friend's place, or to carpool a bunch of kids to their soccer practice, it is pretty much useless. It is the same with business schools.

In assessing business schools, don't just ask “is this school good?” Ask “is this school good for me?” To answer that question, you have to do much more homework than looking up the rank.

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