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Business School Rankings Are Failing Business Education

The 13th-century Turkish sage Nasreddin Hodja tells of searching for his ring outside his house. When neighbours ask where he dropped it, he says, "Inside, but there is more light out here." This absurdist wisdom perfectly diagnoses a telling flaw in how we rank business schools today.

The Financial Times and other ranking agencies understand that teaching quality - the transformation of how students think, decide, and lead - is what truly matters in business education. But measuring transformational teaching is like searching for that ring in a dark room. How do you quantify whether a professor sparked the insight that will reshape an industry ten years hence? How do you measure the moment when abstract financial theory suddenly clicks into practical wisdom? What metric captures whether graduates have developed judgment, not just analytical tools?

These questions resist the precision of spreadsheets. So rankings do what Nasreddin quipped - they search where measurement is easier. Salaries, employment rates, number of research publications, GMAT scores: these numbers glow brightly in databases, offering the comforting illusion of objective comparison. The FT can weight them, rank them, and produce tables that look scientifically rigorous.

But they are measuring shadows on the wall, not the substance of education itself. The distance between what rankings measure and what education should accomplish has become so vast that schools can now excel at the first while failing utterly at the other.

The Financial Times operates on a chain of assumptions: good teaching leads to better skills, which lead to better jobs, which lead to higher salaries. Therefore, they reason, measuring salaries three years after graduation tells us about teaching quality. It is an elegant theory with one fatal flaw. This is like measuring restaurant quality by checking if customers gained weight - there is correlation, but you are really just measuring who ate the most butter.

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The Salary Arbitrage

The FT weights salary metrics at about a third of the total ranking. This creates an arbitrage opportunity so massive that teaching becomes almost irrelevant to ranking success.

A school could deliberately recruit from low-wage countries and low-paying professions. Teachers from countries with lower wages - these students show astronomical percentage increases simply by entering business roles, even if they learnt everything from YouTube because the professors never bothered to update the courses. The FT nevertheless interprets this as exceptional educational value.

A teacher in a distant country earning $8,000 who becomes a business professional in Singapore at $60,000 represents a 650% increase, even if that salary is low for the profession. A student who doubles her pay to $250,000 registers only a modest 100% increase by comparison; she matters less to ranking. The system is perverse; it has inverted merit itself.

The Research Shell Game

At the heart of FT rankings lies another metric that, in the context of business schools, has little to do with educational quality: faculty research productivity. Schools are rewarded for professors who publish in a narrow set of academic journals, regardless of whether anyone in the business community ever reads, understands, or applies this research. FT 50? No, it does not care about relevance. ABDC list? What is relevance?

Consider the possibilities: a school could establish a 'research institute' staffed entirely by academics hired specifically to publish. These professors receive contracts with zero teaching obligations while maintaining technical faculty status. They publish prolifically in the journals the FT tracks, boosting the school's research metrics, while MBA students never encounter them. Alternatively, schools could recruit star researchers from other institutions with packages that include massive teaching buyouts – technically, faculty, practically absent from education.

The perversity deepens: a professor who publishes while actively avoiding students, and for that matter shunning relevance altogether, improves rankings more than a master teacher who works with students on implementation of their business plans. The metric rewards the opposite of its intended purpose.

The Diversity Theatre

Twenty percent of the FT ranking derives from diversity metrics - percentage of international students, faculty, and board members, plus gender composition. The assumption: diverse perspectives enhance learning. The reality: passport diversity can be manufactured without any educational benefit whatsoever.

The fundamental error is conflating representation with meaningful exchange. A classroom with twenty different nationalities could excel at the diversity metric while remaining educationally sterile if language barriers prevent discussion, cultural differences are ignored rather than explored, or students self-segregate by nationality during group work. Conversely, a thoughtfully designed programme might create profound cross-cultural learning with students from just three countries. The rankings measure the inputs - passport origins - not the educational outcomes of genuine intellectual diversity.

The Aims Achieved Paradox

The FT does attempt one measure that might capture educational effectiveness: 'aims achieved', worth 4% of the ranking, measuring the extent to which alumni fulfilled their stated goals for pursuing an MBA. This appears promising until you consider the system's own distortions.

The metric becomes circular: schools that attract salary-focused students in salary-focused ranking systems report high aim achievement when students achieve salary increases.

More troubling, even if we discovered that students at a highly ranked school entered with genuine learning objectives but left educationally shortchanged, this negative outcome would barely register in the rankings. At 4% weight, educational failure must be catastrophic to overcome salary success in the final calculations.

The Sustainability Performance

The newest addition to FT methodology - Environmental, Social, and Governance metrics, coupled with carbon footprint worth 7% - reveals how quickly theatrical compliance can emerge. Schools need not actually become sustainable; they need only demonstrate measurable sustainability activities, and value it 3% more than meeting the aims of their students.

The mechanics are straightforward. A school could announce an ambitious 2030 carbon neutrality goal, commission a consultant to produce an emissions report, and score well regardless of actual environmental impact. This is not to dismiss genuine sustainability efforts, but to highlight how quickly metrics intended to measure substance become measures of compliance theatre. Schools learn to perform sustainability rather than practice it.

The Shadows Triumphant

The Financial Times ranking methodology contains 21 metrics. Not one directly measures teaching quality. Not one evaluates whether students learn to think more clearly, analyse more rigorously, or lead more effectively. The ranking never observes a classroom, reviews a syllabus, or assesses whether graduates are better decision-makers than when they arrived.

Instead, it measures shadows: salary increases that reflect geographic arbitrage more than learning, research output that may inverse-correlate with teaching quality, diversity statistics that reveal nothing about intellectual exchange, and employment rates that can be manufactured wholesale.

The Financial Times deserves credit for trying to move the lamp. Over the years, it has broadened its methodology beyond salary to include diversity, alumni goals, research, and even sustainability. These additions reflect an honest effort to capture more of what matters in business education.

The catch is that schools have learned to play to the light. They optimise for the metrics, not for the mission. The result is rankings that still measure shadows more than substance.

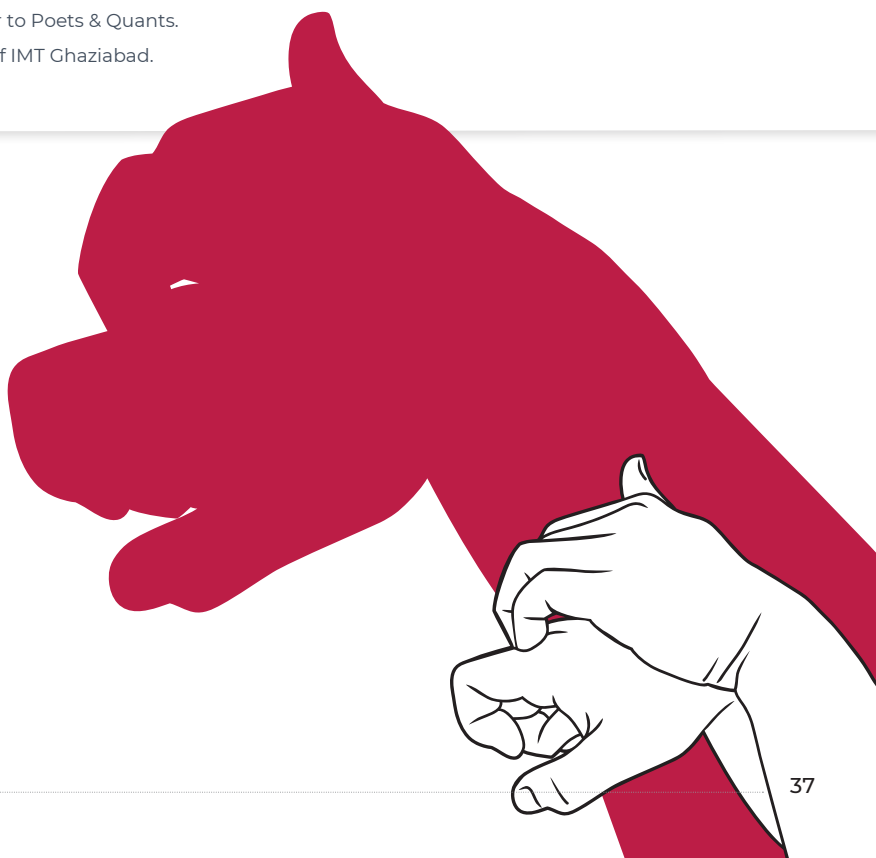
SHADOWS

Instead, it measures shadows: salary increases that reflect geographic arbitrage more than learning, research output that may inverse-correlate with teaching quality, diversity statistics that reveal nothing about intellectual exchange, and employment rates that can be manufactured wholesale.

The tragedy is not that these metrics are imperfect proxies. It is that schools have learned to cast longer shadows without strengthening the substance. We have created a system where the real students are not those in classrooms but the ranking agencies themselves. The real curriculum is not what is taught but what is measured. The real graduation is not commencement but cracking the top 25.

What would genuine educational assessment look like? We do not know yet, but we understand that observing every classroom and tracking every student interaction is not workable at scale. What we need to start with are better proxies - measures that at least correlate more closely with actual learning than salary outcomes at a single point in time. Such evaluation would still be expensive, subjective, and inconvenient - but these are problems of will, not capability. The alternative is what we have now: an elaborate system that measures everything except what matters.

Nasreddin Hodja would recognise our predicament immediately. We have built an entire industry around searching for educational quality where the light is good - in salary databases and employment statistics. The absurdist sage might laugh, but for those who believe education should be about transformation rather than optimisation, the joke has worn thin.

About the authors

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