

Chapter 9

Business Education in the USA: Strategic Imperatives in the Age of Disruption

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ABSTRACT

This chapter examines emerging trends and developments of business education in American higher education. The authors trace the genesis of U.S. business education to its medieval roots and explore its progression through historical stages and four industrial revolutions, including the fourth industrial revolution (4IR). Analysis reveals eight mega drivers affecting universities and colleges and creating development opportunities and competitive pressures for change. Drivers range from stagnant enrollments to skyrocketing costs of higher education to the devastating impacts of the coronavirus pandemic (COVID-19). In examination of implications of the 4IR and emerging socio-economic trends for B-schools, the chapter discusses developmental outlook and emerging instructional innovations such as flipped classroom, project-based learning, and others.

INTRODUCTION

This chapter is written with three objectives in mind: (1) Examine the origins and genesis of American business education as a retrospective foundation of its current strategic landscape and dynamics. (2) Explore the latest socio-economic trends stemming from the unfolding Fourth Industrial Revolution and its impacts on business schools. (3) Analyze the driving forces, trends, and instructional approaches in business education, as well as critical factors, strategic imperatives, and instructional innovations transitioning business education forward.

The major themes in this chapter are organized in two sections. The first of them, *Business Education in the U.S.A. and The Fourth Industrial Revolution*, traces the origins and genesis of American business

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education, explores its current strategic landscape and dynamics and examines the impacts of the Fourth Industrial Revolution on business schools. The second section, *Disruptions in Business Education: Strategic Imperatives and Instructional Innovations*, looks at drivers and dynamics and instructional approaches in business education. There, we discuss such concepts and pedagogies as flipped classroom, project-based learning, service learning, coaching, business incubators, and minimum viable instruction.

American higher education is deeply rooted in history and tradition. The origins of the contemporary western university going to medieval Europe where academic curriculum and research evolved from natural philosophy, logic, medicine, theology, mathematics, astronomy, astrology, law, grammar, rhetoric, to humanism, liberal arts, and other disciplines. With the advent of the First Industrial Revolution, universities started publishing their own research journals and by the 19th century, the German and the French university models had proliferated across Europe and arrived to the U.S. The Humboldtian model, based on liberal ideas centered on freedom, scholarly seminars, and laboratories in universities, has become prominent. Over the past two centuries in modern history, the world's socio-economic landscape has experienced profound changes under the four industrial revolutions accelerated by globalization.

The ongoing Third and emerging Fourth Industrial Revolution exert strong impacts at the current stage of social-economic development in the U.S. and other leading nations worldwide. Their forces foster dynamic business environment and generate exponential development opportunities. On the other hand, they also bring about the churn of “creative distraction” that, on a massive scale, causes numerous organizations, whole industries, and economic sectors to vanish from the socio-economic and business landscape under the onslaught of competitive forces, innovations, and emerging new industries, business models, and formats. In the wake of these unfolding forces, drivers, dynamics, and the emerging socio-economic landscape, universities and colleges and the whole industry of higher education face new trends, shifting developmental paradigms, and pressures for change.

Our exploration of these factors and trends in this chapter is followed by a discussion of six critical factors affecting the dynamics of higher education in the U.S. First, state and local government funding of public universities and colleges is based on college enrollment with most students attending larger colleges and universities. In contrast, private institutions largely tend to depend on tuition, auxiliary enterprises, donations and their endowments. Second, expensive and skyrocketing tuition exerts a downward pressure on demand for higher education. This is further aggravated by huge and ever-growing student loan debt burden nationwide. Third, stagnant national demographics resulting in near flat enrollment trends and patterns. Fourth, universities and colleges are increasingly interested to make education more accessible to international students for both educational and economic reasons. However, lately, international student enrollment levels and a respective revenue streams for U.S. degree-granting postsecondary institutions has been negatively affected by COVID-related travel restrictions and complications in the U.S. federal immigration regulations. Fifth, continuing tuition increases, amplified by economic hardships imposed on colleges and universities by COVID-19 will make it difficult for some students to pursue higher education. Indicatively, between 2006 and 2016, the Consumer Price Index for college tuition and fees increased 6.3% per year on average over the 10-year span. This contrasts with a CPI increase for all items of just 2.1% per year on average. Over the same period, consumer prices for college textbooks increased a whopping 8.8% per year on average and housing at school (excluding board) increased 5.1% per year on average. High costs and steep price inflation in higher education makes it less affordable and ultimately unsustainable for student population at large and places a downward economic pressure on student enrollments. Sixth, mushrooming entrepreneurial start-ups that provide online courses will likely continue to gain traction. These innovative, dynamic, and user-friendly platforms strategically

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