

Theses and Dissertations

---

2008

## A study of innovation in collegiate business education

Clair Don St.

Follow this and additional works at: <https://digitalcommons.pepperdine.edu/etd>

---

### Recommended Citation

St., Clair Don, "A study of innovation in collegiate business education" (2008). *Theses and Dissertations*.  
4.  
<https://digitalcommons.pepperdine.edu/etd/4>

This Dissertation is brought to you for free and open access by Pepperdine Digital Commons. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of Pepperdine Digital Commons. For more information, please contact [bailey.berry@pepperdine.edu](mailto:bailey.berry@pepperdine.edu).

Pepperdine University  
Graduate School of Education and Psychology

A STUDY OF INNOVATION IN COLLEGIATE BUSINESS EDUCATION

A dissertation submitted in partial satisfaction  
of the requirements for the degree of  
Doctor of Education in Organizational Leadership

by

Don St. Clair

September 2008

Ronald Stephens, Ed.D. - Dissertation Chairperson

This dissertation written by

Don St. Clair

under the guidance of a Faculty Committee and approved by its members, has been submitted to and accepted by the Graduate Faculty in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

July 10, 2008

Faculty Committee:

---

Ron Stephens, Ed.D., Chairperson

---

Doug Leigh, Ph.D.

---

Mark Allen, Ph.D.

---

Eric Hamilton, Ph.D.  
Associate Dean

---

Margaret J. Weber, Ph.D.  
Dean

## TABLE OF CONTENTS

LIST OF TABLES .....	vi
DEDICATION .....	vii
ACKNOWLEDGEMENTS .....	viii
VITA .....	ix
ABSTRACT .....	x
Chapter I: Introduction.....	1
Statement of the Problem.....	5
Purpose of the Study .....	5
Research Questions .....	6
Importance of the Study.....	6
Conceptual Approach.....	7
Assumptions.....	9
Limitations .....	9
Definition of Terms.....	10
Business Model.....	10
Innovation .....	10
Source .....	10
Obstacles.....	10
Summary .....	11
Chapter II: Review of Related Literature.....	12
The Business Concept.....	12
Innovation .....	13
Sources of Innovation .....	23
Obstacles to Innovation.....	33
Strategies, Structures, and Systems for Innovation .....	42
Summary .....	50
Chapter III: Methods.....	51
Research Design.....	51
Population, Sample, and Analysis Unit .....	52
Development of Data Collection via Interview and Document Review.....	53
Human Subjects Considerations .....	56
Data Collection via Interview and Document Review .....	57
Participation in the Study.....	57
Chapter IV: Results.....	59
Importance, Capacity, and the Gap.....	61
Sources of Innovation .....	64
The Seven Sources.....	67

Internal or External .....	64
Internal Sources: The Unexpected .....	68
Internal Sources: The Incongruity .....	71
Internal Sources: Innovation Based on Process Need.....	72
Internal Sources: Changes in Industry or Market Structure.....	74
External Sources: Demographics.....	76
External Sources: Changes in Perception .....	79
External Sources: New Knowledge .....	82
Systems or Cultural Aspects which Encourage Innovation.....	84
Obstacles to Innovation.....	89
Accreditation.....	89
Culture.....	90
Governance .....	91
Resources .....	93
Review of Documents.....	94
 Chapter V: Interpretations, Reflections and Recommendations.....	 95
Interpretations .....	95
The Importance of Innovation .....	95
Business Concept Innovation.....	96
Capacity to Innovate .....	98
Internal or External? .....	100
Systems .....	103
Obstacles .....	104
Accreditation.....	104
Governance .....	107
Culture.....	107
Resources .....	109
A Model .....	110
Reflections .....	114
Hegemony is the Enemy .....	115
Recommendations.....	117
Additional Study .....	117
Deeper Study.....	117
Stratify.....	117
Quantify .....	118
Conclusion .....	118
 REFERENCES .....	 120
 APPENDIX A: List of AACSB Accredited Business Schools in the	
Southern California .....	123
 APPENDIX B: Semi-Structured Interview .....	 125
 APPENDIX C: Invitation to Participate .....	 128

APPENDIX D: Consent Form ..... 130

APPENDIX E: Human Subjects Approval..... 133

## LIST OF TABLES

Table 1: <i>Drivers of Creativity and Risk</i> .....	45
Table 2: <i>Principles for Innovative Strategies</i> .....	48
Table 3: <i>Gap Score</i> .....	62

## DEDICATION

To my wife Janet for her patience and support in whatever I do.

To my parents for allowing me to see beyond the horizon.



## ACKNOWLEDGEMENTS

I would like to acknowledge the following individuals for their contributions to this dissertation:

Dr. Ron Stephenson, Dr. Doug Leigh, and Dr. Mark Allen, committee members for their wise counsel.

Dr. Kenneth Nielsen, President, Woodbury University, for his support and encouragement.

Dr. Christina Mosher for irreplaceable editorial guidance.

The deans of the many business schools who gave generously of their time.

Damon Griffin for his administrative support.

## VITA

**Professional****Woodbury University****Burbank, CA, 10/1998-Present**

Vice President for Enrollment Management and University Marketing

Interim Department Chair, Organizational Leadership, 8/07-Present

Adjunct Instructor of Organizational Leadership, 8/05-Present

**Lewis University****Romeoville, IL, 10/94-10/98**

Dean, Enrollment Services, 12/95-10/98

Director of Admissions, 10/94-12/95

**Indiana Institute of Technology****Fort Wayne, IN, 8/86-10/94**

Vice President for Marketing, 11/90-10/94

Director, Extended Studies, 8/86-11/90

Assistant Professor of Business Administration, 8/87-10/94

Adjunct business professor.

**Education**

Doctoral Candidate Ed. D., Organizational Leadership

Pepperdine University, Graduate School of Education and Psychology,  
West Los Angeles, CA

Master of Arts, Executive Development

Ball State University, Muncie, IN

Bachelor of Science, Business Administration/Speech Communication

Manchester College, North Manchester, IN

## ABSTRACT

Innovation and the creation of innovative organizations have become increasingly important in virtually every professional endeavor. The pressure to create new products and services, new business processes, and new approaches to solving old problems is immense. This study explores the dynamics of innovation in accredited schools of business, focusing upon sources of innovation, systems to support innovation, and obstacles to innovation.

For the purposes of the study, innovation was defined in the broadest term. The concept of business concept innovation, innovation in any phase of a business model, serves as the foundation for defining innovation. Relatively little study has been done of how business concept innovation occurs in education, specifically business education.

The researcher utilizes qualitative research methods to investigate the sources of innovation, systems which support and nurture innovation, and obstacles to innovation. The study focuses on a sample of AACSB accredited business schools in Southern California. Interviews were conducted with 12 deans, from a potential pool of 18, of AACSB accredited business schools in Southern California. The semi-structured interview format focuses on sources of innovation, systems to support innovation, and obstacles to innovation. Data analysis is completed using NVivo qualitative analysis software. Participants discuss from where innovative ideas emerge in their schools; what systems, cultures and strategies exist to support innovation; and major obstacles to innovation. Participants discuss a broad range of challenges to and supporting elements of innovation in their schools. The study focuses heavily on the role of AACSB in fostering innovation.

Results suggest that innovation is a high priority with business school deans, and that a great deal of innovative activity is underway. It also reveals that the preponderance of innovative activity is in areas outside of core teaching and learning. Innovative approaches to ancillary activities such as study abroad, internship opportunities, student consulting, and fundraising are more often cited than are new academic programs.

The author concludes with observations about innovative practices, how they emerge, how they are encouraged, and what major obstacles exist. The author offers recommendations including broader study of the topic incorporating participants such as faculty and private sector partners.

## Chapter I: Introduction

The ability to innovate, to creatively change products or services in response to market demands, or to create new products and services for previously unknown markets, is recognized as a key strategic ability for 21<sup>st</sup> century organizations (Hamel, 2000). Hundreds of books and journal articles have been written on various related topics, a great deal of which addresses innovation and change in the private, for-profit sector. Less has been written about innovation and change in higher education and the unique problems and challenges associated with it.

If the delivery of educational programs is viewed as the primary product of the academy, may the higher education business model be viewed within the same lens of innovation as business model development in traditional profit-motivated industries? In the case of at least one phase of the education business model, the curriculum which lies at the heart of the product, the answer may be no.

Managing change in the academic curriculum, in what is taught and how it is learned, must rank among the top 21st century management challenges for higher education. Universities often find it easier to construct buildings and increase endowments than to bring about fundamental improvements in the teaching and learning process. (Boyatzis, Cowen, Kolb, & Associates, 1995, p. 1)

According to the University of Michigan's National Center to Improve Postsecondary Teaching and Learning, curriculum revision takes an average of 5 years (Genthon, 1989). Assuming that curriculum then remains in place for an additional 5 years, the turnaround on the fundamental knowledge base is 10 to 15 years. This is a very slow product development cycle (Boyatzis et al., 1995). This product development cycle, when compared with development cycles in private industry, indeed appears much too slow for the 21<sup>st</sup> century society higher education serves.

A study of curriculum change at the Weatherhead School of Management at Case Western Reserve University underscores the time often required. The authors of the study estimate that it took 7 years “before we were able to seriously consider instituting a significant change in our MBA program” (Boyatzis et al., 1995, p.16). They identify six factors contributing to this extended time period:

1. There was the first attempt in school history to engage the entire faculty in developing a long-term strategy.
2. The faculty experienced difficulty in making the necessary shift in perspective.
3. The faculty had difficulty committing to transformative rather than evolutionary change.
4. The number of people willing to assume leadership was inadequate.
5. The planning process was not initially linked to the entire faculty.
6. No stakeholders outside the organization were involved in the effort.

While problems exist in every organization attempting innovation and change, many of the problems identified above are peculiar to higher education, and may be common to many universities.

Differences that exist between hierarchically-led corporations and the more egalitarian cultures of the academy, including some cited above, contribute to this slower product development cycle. The popular image of the dynamic, innovative organization led by an equally dynamic, visionary executive may be more difficult to find in higher education. Robert Birnbaum recognized that “the goals and enduring purposes of an

academic institution are likely shaped by its history, its culture, and the socialization and training of its participants, rather than by an omnipotent leader” (Birnbaum, 1992, p. 29).

Birnbaum (1992) writes that universities, more than other types of organizations, have an independent, self-perpetuating history. They are not necessarily shaken by market shifts in the same way profit-seeking corporations are, and they may not be as susceptible to charismatic, transformational leadership. Considering what Birnbaum has said, purposeful and organized search for change may be very difficult to achieve in a higher education setting.

The history and traditions of universities, perpetuated by alumni, faculty, staff, students, and governance volunteers, are powerful forces that must be reckoned within engineering change. Universities may have cultures that seem resistant to change, but may simply be organized toward protecting the core values of the organization. While corporations may be expected to reinvent themselves with regularity to stay abreast of changing market demands, universities may be encouraged by their constituencies to maintain traditional goals and values that are at odds with rapid change. Indeed, these forces may sometimes seem to be resistant to any change, rapid or otherwise.

Clayton Christensen and his colleagues add an economic dimension to the explanation of obstacles to innovation in higher education.

Although most schools are not-for-profit organizations, financial considerations still influence their values. Schools have to pay faculty salaries, maintain their facilities, and support research activities. They therefore must charge relatively high tuition rates to cover these costs. Also, top schools want to be the best. They believe they have a mission to provide the very best education to the very best students while letting the very best researchers do the very best research. These values drive leading universities’ resource-allocation decisions. Universities’ not-for profit status does lead to one important difference – top universities just don’t have as much motivation to grow as for-profit companies do. (Christensen, Anthony, & Roth, 2004, p.115)

Yet, examples of innovation in higher education do exist. Drucker cites two specific examples of systematic innovation. Pace University in New York City and Golden Gate University in San Francisco are examples of institutions born of innovative response to unmet educational needs (Drucker, 1985, p. 93). Both universities, located in urban areas, were founded to serve adult learners, an educational market largely unrecognized at the time. Since then, hundreds of universities have followed suit. These schools responded to demographic changes that other schools ignored.

Christensen cites two more contemporary examples, the University of Phoenix, the largest private institution of higher learning in the United States, and Concord Law School, a premier online provider of legal education (Christensen et al., 2004). The University of Phoenix, a for-profit institution, builds upon the successes of universities like Pace and Golden Gate, taking concepts and methods of adult learning to a national audience, and investing heavily in online learning, arguably the new frontier of learning. University of Phoenix has created a business model proven to be attractive and profitable, and is recognized by regional accreditation bodies (Sperling & Tucker, 1997).

All of these schools cited opened new possibilities by providing access to education to markets previously underserved, if not ignored. Pace, Golden Gate, University of Phoenix, and Concord Law School did not replace what already existed. Higher education, accessible to busy adults, did not largely exist. Pace University and Golden Gate University created new markets, previously untapped, by recognizing a need born of changing demographics and changing expectations (Drucker, 1985). University of Phoenix extended this vision with a new business model and a much broader vision.



Concord Law extended the online learning model to legal education, previously the exclusive domain of traditional schools.

The research conducted in this study focuses on innovation in the higher education environment. Specifically, it focuses on change in the basic business model, including the introduction of new academic programs and curriculum, new delivery systems, and the development of new markets. The broad, over-arching question of the study is, “How does innovation occur in schools of business?”

#### *Statement of the Problem*

While schools of business are under increasing pressure from a wide-range of constituencies to make education relevant and valuable to students and employers, the nature of management education changes remarkably slowly. Innovation, as it relates to technological advances and commercial applications, has been broadly and deeply studied. Advances in the fundamental ways that schools of business approach their enterprise have received less attention. A clearer understanding of how innovation occurs in schools of business can result in more purposeful and effective efforts to innovate.

#### *Purpose of the Study*

This study will explore dynamics of innovation in schools and colleges of business, seeking to develop a model for such development. While the study will focus on innovation in schools of business, it will heavily rely on models of innovation from the corporate sector, seeking to understand the similarities and differences between innovation in business and innovation in schools of business comparing and contrasting the finding of this study with current literature on corporate innovation.

Areas to be studied include enhancers of innovation in business models for schools of business, inhibitors to innovation in business schools, and structures and strategies to encourage and facilitate innovation in business schools. The study does not attempt to investigate innovation or change only in instructional strategies or techniques, but is more broadly focused upon the overall business model.

While the study does not include original research on corporate innovation, much of the theoretical literature underlying the study focuses on corporate innovation. The study seeks to develop a model for higher education business model development that references the corporate experience, while identifying and respecting the differences inherent to higher education.

#### *Research Questions*

The present study will attempt to answer the following questions:

1. What do leaders of business schools identify as the major internal and external sources of innovation within the school's business models?
2. What structures, if any, do leaders of business schools identify as facilitating and encouraging innovation?
3. What do leaders of business schools identify as the major internal and external obstacles to innovation within the school's business models?

#### *Importance of the Study*

This study will focus specifically on business concept innovation in a higher education setting. It will explore how the dynamics of innovation play out in schools of business, where innovation is often taught as a discipline. Presently, there is modest research focusing on higher education business models, while innovation in the private

sector is a burgeoning field of study. Some of the literature associated with innovation in the private sector makes reference to examples of business model innovation in higher education settings. Christensen and his colleagues (2004) identify University of Phoenix as an example of disruptive innovation. Little exists, though, which directly examines innovation in higher education business models and the special frustrations, challenges, and nuances of such.

This study endeavors to examine the special circumstance surrounding business model innovation in higher education. It is underpinned by concepts common to private sector innovation, and attempts to examine those concepts through the prism of the higher education establishment. Utilizing business schools as the subject group adds interesting irony to the study, examining whether the organizations charged with preparing the innovative business leaders of tomorrow are actually able to internalize practices of innovation modeled in the private sector.

The study seeks to understand how business concept innovation happens in higher education, and the relevance to how it happens in the private sector. Through this understanding, it is intended that a model emerge incorporating the nuances of higher education into contemporary innovation theory, resulting in a roadmap to successful business concept innovation in business schools.

### *Conceptual Approach*

To understand the foundation from which this study is emerging, it is necessary to identify the conceptual approach for the problem being studied. The literature to be explored, forming the conceptual base of this study, will involve the following key areas: (a) business concept innovation as a model; (b) theoretical sources of business model

innovation; (c) those dynamics, both internal and external to schools of business, which are inhibitors of business model innovation; and (d) structures and strategies which encourage business concept innovation.

Key to the study is an understanding of business concept innovation, sources of innovation, obstacles to innovation, and structures and strategies for fostering innovation.

Business concept innovation describes an approach to the business model beyond simple product development. The business model is unpacked, revealing four major components: the core strategy, strategic resources, customer interface, and the value network (Hamel, 2000). Business concept innovation views each part of the business concept as an opportunity for innovation and differentiation, as contrasted by a simple concentration on the product itself. Business concept innovation will be explored in greater detail in Chapter II.

Sources of innovation refers to where concepts and ideas for new products or strategies come from. The source of innovative ideas come is key to consideration of innovation as a process. The discussion of sources of innovation will include Drucker's (1985) identification of seven sources of innovation, as well as Hargadon's (2003) more contemporary view of recombancy as a primary innovative source.

Obstacles to innovation, of which some discussion has occurred in this chapter, will be further explored. The discussion of literature will include obstacles to innovation that occur generally, as well as obstacles that are particular to higher education.

Finally, structures and strategies for supporting and fostering innovation and organizational change will be considered. The writings of Drucker, Hamel, Peters, and others will be explored to provide an organizational context for innovation.

### *Assumptions*

Several assumptions underlie this study: (a) business model innovation exists in schools of business; (b) leaders in schools of business value business model innovation; (c) leaders in schools of business are able to identify those things which are inhibitors or enhancers of innovation internally and externally; (d) structures exist, at least in some instances, which facilitate and encourage innovation; (e) interviewees will answer questions honestly and truthfully; and (f) the researcher will be able to complete enough interviews of substance to develop a grounded theory of how business model innovation occurs in schools of business.

### *Limitations*

Given the assumptions of the study, several limitations can also be identified. The qualitative nature of the research seeks simply to describe how innovation occurs within the purposeful sample utilized in the study. Thus, these findings cannot reliably be used to infer the same behavior across all schools of business. As well, while the sample is logically constructed using objective criteria, there are significant differences among the sample schools selected. These schools include prestigious research universities and less well-known teaching-oriented universities, large universities and smaller universities, public universities and private universities. These institutional differences can contribute to a disparity in institutional mission and culture, resulting in variance in how innovation is approached. As well, the timeline and resources available for the study require that the sample be relatively small. This further limits the inferential capacity of the study.

The study is further limited because subjects do not all hold the same position within the school of business, but are the dean or their designee. In some instances the interviewee is the dean, in other cases it is someone lower in the organizational structure designated by the dean. The perspectives of the subjects may differ based upon organizational position.

Another limitation of the study is how subjects define key terms. Because subjects are not provided questions in advance, but rather are asked to respond extemporaneously, their self-interpretation and self-definition of terms will be immediate and without preparation. These interpretations and definitions may vary from subject to subject, and will provide the context for their answers.

### *Definition of Terms*

#### *Business Model*

The overall conceptual approach to bringing a product or service to market, including the components of customer interface, core strategy, strategic resources, and value network (Hamel, 2000).

#### *Innovation*

A new product, process, or business model.

#### *Source*

From where innovative ideas or innovative energy come.

#### *Obstacles*

A dynamic that inhibits developing or implementing innovation.

### *Summary*

The ability to innovate, to creatively change products or services in response to market demands, or to create new products and services for previously unknown markets, is recognized as a key strategic ability for 21<sup>st</sup> century organizations (Hamel, 2000). This study endeavors to explore how contemporary theories of innovation apply to higher education, particularly schools of business.

As higher education evolves, it becomes more competitive, with fresh challenges to the market positions of business schools from for-profit schools, community colleges, and corporate universities. As schools of business teach the theories and techniques of innovation and organizational change, they must also adapt them to product their market space and meet their core missions.

This study examines three crucial areas of the innovation process and how it plays out in a higher education setting. An understanding of how business schools exist in an innovative environment and how contemporary theories of innovation coincide and differ with the realities of higher education is crucial to effectively fostering innovation. Thus, the purpose of this study is to explore innovation in business schools from the perspective of contemporary management theory in order to develop a model of innovation suitable to higher education.

## Chapter II: Review of Related Literature

The purpose of this chapter is to review relevant, contemporary literature on innovation and relate it to the business school environment. This includes consideration of (a) the definition of business concept, (b) the definition of innovation, (c) sources from which innovation arises, (d) obstacles to innovation, and (e) strategies and structures to support and encourage innovation.

### *The Business Concept*

An understanding of this study requires an understanding of the nature of the business concept.

In most companies, a call for more innovation is interpreted as a plea for new products or new features on old products. In this sense, most people possess a highly truncated view of innovation...it is linear innovation focused on a single component of the business model. (Hamel, 2000, p.16)

Hamel suggests that viewing the business model, or business concept, in its entirety results in more opportunity for innovation.

Furthermore, innovation is often viewed through an incremental lens. The trap of incremental innovation is central to the writing of Clayton Christensen. Christensen (1997) describes the “innovator’s dilemma,” an element of which is concentrating on incremental improvement to existing product lines to the exclusion of new emerging technologies. This phenomenon will be examined later as an obstacle to innovation.

Hamel (2000) views innovation in terms of both scope and range. What is the scope of the innovation? Is it restricted to a single component of the business model such as product, or is it system wide, dealing with the entire business concept? And, what is the range of the innovation. Is innovation incremental, consisting of small improvements in a component or the whole system, or is it radical, reflecting profound change to either



a single component or the entire system? In Hamel's model, business concept innovation, the foundation concept of this study, resides in the upper right field. It is both radical and system wide. In examining innovation in schools of business, this study seeks to understand what is happening from a system-wide perspective. This study is not focused on one component such as curriculum, but looks for dynamics of innovation throughout the business concept.

Understanding the business concept (or business model) requires unbundling it and considering its elements. Throughout this writing, the terms business concept and business model will be used interchangeably. The business model can be broken into four components: core strategy, strategic resources, customer interface, and value network. The four major components are linked together by three bridge components: configuration of activities, customer benefits, and company boundaries. Underlying the business model are four factors that determine the profit potential: efficiency, uniqueness, fit, and profit boosters (Hamel, 2000, pp. 70-71).

### *Innovation*

“Systematic innovation...consists in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation” (Drucker, 1985, p. 35). Peter Drucker suggests that innovation is a process, linked to strategic intent, and not a random event. Drucker compares current thinking about innovation and entrepreneurship to the transition, in the late 19th and early 20th centuries, from thinking about invention as a flash of genius to thinking of research as a planned and purposeful activity.

This transition is important. For innovation to be part of the strategic evolution of an organization, it must be viewed as something that can be influenced, at the very least. Viewing innovation as a random event, invention as the product of epiphany, precludes management of that process. This view renders us helpless, reduced to moving through our professional lives awaiting inspiration from an unknown source. For innovation, entrepreneurship, and creativity to be part of organizational strategy, it must be viewed as a process that is organized and purposeful.

Drucker (1985) further suggests that entrepreneurship and innovation are inextricably linked. That is to say that true entrepreneurship requires innovation, creating a new consumer satisfaction or a new consumer demand. Opening another Mexican restaurant in the suburbs is not innovation. The proprietor capitalizes on the existing popularity of a cuisine, and delivers it in a conventional manner. Nothing new or extraordinary has really occurred. McDonald's, on the other hand, was innovation. The final product was not unusual, but the methods of production and delivery were like nothing seen before in the food industry. To a great extent, an entire industry, fast food, was born of the McDonald's experiment. This, according to Drucker, is truly innovation and entrepreneurship.

Gary Hamel shares this view of innovation. "Most people possess a highly truncated view of innovation" (Hamel, 2000, p.16). Hamel suggests that true business concept innovation, radically changing the fundamental premise of the business, involves viewing the entire business model and not just a single product or service. Innovation that focuses on the development or improvement of a single product is important, but not necessarily transformative. Hamel characterizes such innovation as linear and very

narrow. Non-linear innovation views the entire business model as an opportunity for radical change. As with McDonald's, innovation can happen anywhere in the production, distribution, or marketing of products or services, as well as in the nature of the product itself.

Hamel (2000) describes the traditional concepts of continuous improvement and business process improvement as incremental, while viewing nonlinear innovation and business concept innovation as radical. "New business models are more than replacements for what already is. Instead, they open up entirely new possibilities" (Hamel, pp. 64-65). This view of innovation and entrepreneurship can be found in the topics earliest writings. Joseph Schumpeter described the entrepreneur's task as creative destruction and suggested that the disequilibrium brought on by innovation is the norm in a healthy economy (Drucker, 1985).

Examples of such business concept innovation do exist in higher education. In a 1957 report, Drucker asserted "that there would be 10 to 12 million college students 25 years later, that is, by the mid 1970s" (Drucker, 1985, p. 93). Few institutions heeded his prediction. But two, Pace University in New York and Golden Gate University in San Francisco, did. These institutions organized themselves to meet the needs of a changing demography in need of higher education and professional development, and grew during the 1970s when many traditional universities struggled.

They were the forerunner to a more contemporary example, the University of Phoenix. Founded in 1976, the University of Phoenix is now the largest private university in the United States, with over 230,000 students in 2004 (University of Phoenix, 2005). A private, for-profit entity, their stock is publicly traded. They have

arguably changed the competitive equation in higher education by offering affordable, accessible undergraduate and graduate programs to adult students. And, University of Phoenix is a pioneer in mass availability of online education. Not always respected by the traditional higher education establishment, the University of Phoenix nonetheless changed the business model and profits handsomely from it. Apollo Group, the parent company of University of Phoenix, reported nearly \$180 million in revenues in 2004.

Christensen of the Harvard Business School identifies the University of Phoenix as a company that has engaged in disruptive innovation. Christensen also identifies Concord Law as a school engaged in disruptive innovation. As of 2003, Concord Law was the nation's leading online law school (Christensen & Raynor, 2003).

Much of Christensen's writing focuses on technologies that disrupt the accepted business model. Christensen distinguishes technologies that are disruptive from those that are sustaining. Sustaining technologies are those that improve the performance of an existing product. These changes are sometimes radical and sometimes incremental, but they have the effect of improving an existing product (Christensen, 1997).

Disruptive technologies are counter-intuitive. These are changes that actually result in worse new product performance. These technologies, however, bring a very different value proposition to the marketplace. They disrupt the existing business model by serving a customer base that actually wants less product performance than state-of-art products provide. But, they tend to be cheaper, simpler, smaller, and more convenient to use (Christensen, 1997). How do the University of Phoenix and Concord Law act as disruptive companies?

University of Phoenix fashioned an educational model that could be viewed as inferior to the traditional model of university education. The university utilizes a less selective, open enrollment model, affording access to a wide range of adult students who may not have the qualifications to gain access to more prestigious universities. It utilizes an instructional model relying heavily on part-time faculty members who are presumably engaged in their area of expertise professionally, and are less expensive to employ than full-time traditional faculty. It conducts classes in office parks and professional buildings without the trappings of the traditional university: no residence halls, no student unions, or athletic teams.

This model is contrary to what is described as the dominant design (Utterback, 1994). The dominant design is defined as the product design that becomes the standard after a period of “intensive churning of product innovations” (Utterback, 1994, p.18). In higher education, like most industries, certain attributes became common. Prior to the emergence of adult students as a significant part of the marketplace, universities adhered to certain paradigms that included prescribed amounts of in class study, residency requirements, strictly governed numbers of full-time faculty, and many other norms. These paradigms were enforced by informal standards and by formal guidelines such as standards of accreditation.

Concord Law took a different approach. In the current regulatory environment, only the State of California allows graduates of Concord Law to sit for the BAR examination. Other states will allow Concord graduates who have passed the California BAR examination to sit for their state’s examination. The dilemma for Concord Law was clear. Students who wished to practice law in states other than California had an

enormous disincentive to consider Concord Law. Concord Law was faced with the task of lobbying a monumental change in the regulatory environment, or finding another way. Their solution was elegant and ingenious. It recognized that there was a significant market of people who wanted to study law for reasons other than practicing law and they pursued that market. They want to understand the law to further their other careers, or for other personal reasons. Concord Law narrowly focused on this market with great success (Christensen & Raynor, 2003). Like the University of Phoenix, theirs is an example of disruptive innovation: intentionally undershooting the conventional market in order to reach a previously untapped market.

The advent of schools such as Pace University, Golden Gate University, the University of Phoenix, and Concord Law challenged conventional higher education, disregarding the dominant design to the extent possible. These competitors recognized an untapped market and took advantage of it by shedding many of the attributes of higher education unneeded by the market. This resulted in a different model of higher education, suited to a particular segment of students, but not suited to all. Like McDonald's in the food industry, these universities have not created a different product, but have delivered it in a decidedly different manner.

Their models are considered inferior by much of the traditional educational establishment. But, they appeal to a significant market of learners previously ignored by the higher education establishment. These students don't require all the trappings of the traditional university or law school. They do require, and are willing to pay for, access and convenience. The University of Phoenix and Concord Law did not challenge up-

market. Both targeted decidedly down-market, and have enjoyed notable success. This is classic disruption.

Yet, according to Hamel (2000), this kind of business concept innovation has become more the exception than the rule. Strategic convergence, the tendency for business strategies to cluster around industry norms, limits creativity in strategy development. “All too often a successful new business model becomes *the* business model for companies not creative enough to invent their own” (Hamel, p. 49). As successful strategies emerge, imitators flock to employ them, resulting in industries with competitors that begin to look a great deal alike.

Strategic convergence can be associated with the dominant design concept (Utterback, 1994). Strategic convergence describes the process of business strategies clustering around industry norms, or dominant designs. These industry norms include product design as well as marketing strategies, production processes and distribution channels and virtually any other phase of business operations. Hamel describes the adaptation of industry norms, or dominant designs, as convergence.

As Drucker asserts Schumpeter’s view that innovation is vital to the economic vitality of organizations, and that innovation is rooted in entrepreneurial activity, he also sees innovation as a system that can be managed (Drucker, 1985). This model suggests that product development is essentially a process of managing product life cycle. Management of the product life cycle may include the following stages: “monitoring the market, assessing consumer responses to existing products, and replacing losers with new improved products that will fit market demand. Innovation is subservient to company goals and strategic aims” (Fonseca, 2002, p. 18). It is important to note that Hamel

would likely modify this language to refer to business concepts rather than products, asserting the reference to products to be too narrow.

Hamel's view of innovation, business concept innovation, is much broader than considering invention of, or advances in, a single product. Hamel favors the more fundamental approach of rethinking the very basis for the business, the business concept. By looking at the entire business concept as the starting point for innovation, rather than viewing the product or service as the starting point, radical innovation resulting in powerful strategic advantage can be achieved (Hamel, 2000).

Drucker (1985) requires that innovation create a new need where none existed before. This is fundamentally aligned with Hamel's business concept innovation; don't simply change the product, change the entire approach to the business. Drucker's view seems at odds with Christensen's theories of disruption, which identifies companies who meet previously existing but unmet needs as innovative.

It may also be true that our technology-driven society has come to view innovation too heavily in terms of new technologies. Drucker identifies new knowledge as one of the seven sources of innovation, but both scientific and nonscientific knowledge is recognized (Drucker, 1985). This is consistent with Christensen's view of disruption. While much of his writing focuses on technological change in products such as disk drives and steel, disruptive technologies need to be scientific in nature. The previously discussed University of Phoenix is an example of such non-scientific disruption. Others cited by Christensen and Raynor (2003) include Southwest Airlines, Staples (office supplies), and Toys "R" Us. This is important to a discussion of innovation in higher education. Innovation in curriculum or educational delivery methods may include



utilization of technology, but as demonstrated by Pace University, Golden Gate University, University of Phoenix, and Concord Law, disruption or business concept innovation can be non-scientific as well.

Hamel (2000) emphasizes that business concept innovation extends beyond new products or services, including radical technical innovations. Hamel breaks the business model into four components: customer interface, core strategy, strategic resources, and value network. Innovation can happen in any of these components, and depending upon the nature of the business, the innovation may or may not be technical in nature.

Utterback (1994) suggests a model for innovation that illustrates the relationship between product innovation and process innovation. The model shows three phases of the innovation process: the fluid phase, the transitional phase, and the specific phase. In the fluid phase the rate of product change is quite rapid. "A great deal of change is happening at once and...outcomes are highly uncertain in terms of product, process, competitive leadership, and the structure and management of firms" (Utterback, 1994, p. 92). In this phase, product innovation supercedes process innovation, and product innovation faces "both target and technical uncertainties" (Utterback, p. 94).

Most early innovations do not enjoy an established market. This is referred to as target uncertainty. Additionally, technology may be in a state of flux, a condition known as technical uncertainty. Higher education is generally not in this state. The various markets are readily identifiable, and while technology is a significant factor in the delivery of education, it may not be fundamental to the nature of education. Consequently, education could be identified in the specific phase. Several characteristics are identified with this phase:

- Innovation is incremental. Improvements in products and quality are cumulative.
- Products are mostly undifferentiated and standard.
- Production processes are efficient, capital intensive, and rigid. The cost of change is high.
- Research and development efforts focus on incremental product technologies, with an emphasis on process technology.
- Plants are large scale and highly specific to particular products.
- Competitors are few. The market is a classic oligopoly with stable market shares.
- Price is the basis of competition.
- Organizational control is based upon structure, rules, and goals.
- These industries are vulnerable to technological innovations that present superior product substitutes. (Utterback, 1994, p. 95)

While higher education could be considered in the specific phase, consider the characteristics of the transitional phase (Utterback, 1994, p. 95):

- Major process changes are required by rising demand.
- At least one product design is stable enough to have significant production volume.
- Production processes have become more rigid, with changes coming in major stages.
- Specific product features are the focus once a dominant design emerges.
- Facilities are general-purpose with specialized sections.
- The cost of process change is moderate.

- There are many competitors, but numbers decline after emergence of a dominant design.
- In the transitional phase industry leaders are vulnerable to more efficient or higher-quality producers. (Utterback, 1994, p. 95)

Certain characteristics of the transitional phase may be found in higher education.

For instance, a dominant educational design, the classroom-based semester or quarter system, dominates the landscape. Yet, major process changes such as accelerated learning strategies and online education have emerged and are at least partially fueled by rising demand for education. The production processes of most universities have become fairly rigid with change becoming more difficult. Specific product features such as curriculum, perceived faculty quality, instructional technology, and measurable educational outcomes have become the focus of competition. A great many competitors remain in higher education, though large public university systems dominate. There is evidence to suggest that while the higher education marketplace is mature (specific), there remains ample opportunity for change.

#### *Sources of Innovation*

Drucker (1985) identifies seven specific sources of innovation or seven circumstances from which innovation emerges. Drucker suggests that all innovation stems from one of these sources. Four of the seven sources are found within an organization, and are visible largely to people within the organization. Drucker describes these four sources as symptoms, and holds that they are “highly reliable indicators of changes that have already happened or can be made to happen with little effort” (p. 35).

Sources within the enterprise include:

- *The unexpected* – the unexpected success, the unexpected failure, the unexpected outside event;
- *The incongruity* – between reality as it actually is and reality as it is assumed to be or as it “ought to be”;
- *Innovation based on process need*; and
- *Changes in industry structure or market structure that catches everyone unawares.* (Drucker, 1985, p. 35)

Sources external to the enterprise include:

- *Demographics*;
- *Changes in perception mood and meaning*; and
- *New knowledge*, both scientific and unscientific. (p. 35)

There is congruence between Hamel and Drucker on the point of sources of innovation, or where new ideas manifest. Hamel’s words are more dynamic than Drucker’s, but point to many of the same concepts. Hamel (2000) speaks of “finding the discontinuities” (p. 122). This is quite similar to the incongruities that Drucker identifies. Likewise, Hamel counsels us to “search out unappreciated trends” (p. 127), “follow the chain of consequences” (p. 128), “know what’s not changing” (p. 130), and “to distinguish form from function” (p. 142). These concepts share commonality with Drucker’s seven sources of innovation. Both share a commitment to constantly surveying the internal and external realities of the enterprise. Risi (2005) suggests that program improvement, seemingly an internal factor, and competitive pressure, an external factor, are the most powerful motivators of change in MBA programs.

Kim and Mauborgne (1999) suggest six strategies for avoiding strategic convergence and creating new market space:

1. Looking across substitute industries
2. Looking across strategic groups within industries
3. Looking across the chain of buyers

4. Looking across complementary product and service offerings
5. Looking across functional or emotional appeal to buyers
6. Looking across time (Kim and Mauborgne, 1999).

By asking questions derived from the six strategies, sources of innovation may be identified. Consider the relevance of the following questions, adapted from Kim and Mauborgne (1999), and applied to the higher education landscape.

1. What *substitute industries* do colleges and universities compete with?
2. What strategic groups exist within higher education and does competition occur *across strategic groups*?
3. Does a *chain of buyers exist* in higher education? What are the links in this chain and how can they be sources of innovation?
4. Do *complementary products or services* exist in higher education? Do these things affect the higher education buying decision?
5. Do colleges and universities compete on *emotional appeal or functional appeal*? How can these appeals be sources of innovation?
6. Do colleges and universities *look across time*? Does innovation reflect current trends or attempt to look for “how trends will change value to the customer in the future?”

These questions seem congruent with Drucker and Hamel. Kim and Mauborgne (1999) essentially promote sophisticated environmental scanning, looking for discontinuities (Hamel, 2000), demographic shift, shift in market behavior, or other factors that could present the opportunity for innovation. Notably, Kim and Mauborgne recommend peering into the future, while Drucker (1985) expressly warns against

innovating for the future. “Don’t try to innovate for the future, innovate for the present” (pp. 134-137).

Intense, ongoing environmental scanning is fundamental to the concept of technology brokering and recombinant innovation (Hargadon, 2003). Recombinant innovation is simply “the notion that innovations can be seen as recombinations of existing ideas” (Hargadon, 2003, p. 31). Joseph Schumpeter, the early thinker about entrepreneurship and innovation recognized “to produce other things, or the same things by a different method, means to combine these materials and forces differently” (Drucker, 1985, p. 13). Nelson and Winter observe that “innovation in the economic system-and indeed the creation of any sort of novelty in art, science, or practical life-consists to a large extent of a recombination of conceptual and physical materials that were previously in existence” (as cited in Hargadon, p. 32).

Hargadon (2003) contends that this perspective, while important, has not resulted in practical advice as to how to manage innovation. Hargadon suggests this is because innovations are described using “terms like evolutionary versus revolutionary, incremental versus radical, continuous versus discontinuous” (p. 32). Indeed, words like evolutionary, incremental, and continuous do not stir the soul. And, may conjure up images of disappointment or even failure; changes so tied to what existed before as to not be exciting at all (Hargadon, 2003). The idea of evolutionary, incremental, and continuous change is anathema to the writings of Hamel and Peters, who advocate radical, discontinuous, and revolutionary change.

However, Hargadon (2003) argues that the words such as revolutionary/evolutionary, radical/incremental, and discontinuous/continuous fail to

differentiate an innovation's origins from its impact. Hargadon illustrates that revolutionary, radical, and discontinuous impact often comes from recombinant innovative strategies, re-constituting largely existing technology into a new form.

However, Hamel and Hargadon may differ less in substance than in form. Recall that Hamel advocates maintaining flexibility in how the nature of the business is defined, and finds an environment that encourages the free flow of ideas across disciplines and channels vital. Hargadon (2003) labels this free flow of ideas "technology brokering" (p. 57), and agrees that it is vital to innovation. In fact, Hargadon believes that this brokering of ideas across widely divergent fields is key to recombinant innovation, and thus to most innovation.

It is important, as well, not to interpret the use of the word technology too literally. Hargadon writes of recombining that includes the development of email, but also defines rock and roll music as emergent from the musical traditions of rhythm and blues, and country western. Thus, the use of the term technology applies to social as well as scientific contexts. Drucker (1985) agrees; "new knowledge, both scientific and unscientific" (p. 35) is a primary external source of innovation in the Drucker model of sources. Though we are tempted to think of innovation in terms of computer hardware, software, and applications, even the recombination of mundane existing tools can result in dramatic impact.

With some understanding of where innovation comes from, what the sources are, we can differentiate new product innovation from process innovation, and begin to examine the relationship between the two. New product innovation will refer to the invention of a new product or the significant improvement of an existing product; process

innovation will refer to the improvement of production or delivery processes once a dominant product design has emerged (Utterback, 1994).

In *The Innovator's Dilemma*, Christensen (1997) discusses sources of innovation. It is interesting to note Christensen's comments of gratitude in the book's forward. "Although this book has only one author, in reality the ideas it molds together were contributed and refined by many extraordinarily insightful and selfless colleagues" (p. vii). Christensen identifies his own work as an example of recombinant innovation.

Christensen's (1997) contribution to this section lies in his identification of the concept of disruptive technologies contrasted to sustaining technologies. Christensen describes most new technologies as breakthroughs that improve the performance of existing products. He terms such innovations as "sustaining technologies." Occasionally, though, a "disruptive technology" emerges. Such an innovation "brings a different value proposition than had been available previously" (p. xviii). In the early days, disruptive technologies often under perform existing products in the marketplace. But embedded in their differentiated value proposition are features that a small number of customers value. These customers are often new to the marketplace. Simplified, these disruptive technologies often reach new customers; meeting previously unrecognized needs in brand new market space.

While Christensen (1997) studies examples of classic technological innovation in with products such as disk drives and personal computers, it is important to remember Drucker's seventh source of innovation, "new knowledge, both scientific and unscientific" (Drucker, 1985, p. 35). Christensen's principles can be applied to advances that are not based in technological innovation, but possess the power to be disruptive.



The University of Phoenix's use of accelerated learning methods was disruptive to the higher education establishment. Christensen and Raynor (2003) specifically identify University of Phoenix as a disrupter in *The Innovator's Solution*. The opportunity to earn a degree from a regionally-accredited institution in a finite period of time, while attending part-time, opened the possibility of higher education to thousands who previously viewed it as inaccessible. While the instructional methods employed by University of Phoenix were not new or high-tech in nature, the employment of these methods in higher education had a significant impact on the marketplace.

According to Christensen and his colleagues,

The University of Phoenix's disruptive growth has been astounding. By the end of 2003, it had more than 100 campuses in the United States. It taught about 150,000 students, including more than 50,000 students online. Whereas traditional schools face stiff resistance to tuition increases, the University of Phoenix has been very good at managing a booming business. Why? Because it is improving along the trajectory that matters, the one that is not yet good enough. This has made the University of Phoenix very profitable. In 2003, its parent company, the Apollo Group, had a net income of close to \$250 million on sales of more than \$1.3 billion. (Christensen et al., 2004, p. 106)

The key element of University of Phoenix's disruption was its willingness to serve a section of the marketplace ignored by traditional universities. As described by Christensen (1997), a key disruptive strategy is to serve down-market. In other words, while most competitors in a specific industry strive to move up-market to higher end, more profitable users of their product, disruptive competitors seek out the lower end of the market. The secret to disruption lies in recognizing what product features customers need, and providing those features only.

Christensen and Raynor (2003) suggest three sets of questions that form a litmus test for shaping disruptive ideas. The first set of questions focuses on whether an idea has disruptive potential. The second set of questions explores the potential for low-end disruption. The third set of questions explores the depth of the potential disruption within the industry.

- Does the idea have disruptive potential?
  1. Is there a large population of people who historically have not had the money, equipment, or skill to do this thing for themselves, and as a result have gone without it altogether or have needed to pay someone with more expertise to do it for them?
  2. To use the product or service, do customers need to go to an inconvenient, centralized location?
- Is there potential for low-end disruption?
  1. Are there customers at the low end of the market who would be happy to purchase a product with less (but good enough) performance if they could get it at a lower price?
  2. Can we create a business model that will earn attractive profits at the discount prices required to win the business of these over-served customers at the low end?
- How deep in the industry will the disruption be?
  1. Is the innovation disruptive to all the significant incumbent firms in the industry?

These questions provide a mechanism for looking externally for innovation opportunities. But, what characteristics or qualities must exist internally for an organization to actually be innovative?

Byrd and Brown (2003) identify several drivers of creativity and risk-taking. These driving characteristics can be found in individuals and/or organizations. The seven characteristics are divided into those that support creativity: ambiguity, independence, inner-directedness, and uniqueness, and those that enable risk-taking: authenticity, resiliency, and self-acceptance. Each of these characteristics encourages or enables innovative activity, with each characteristic's opposite serving to inhibit innovation. The first four drivers cited by Byrd and Brown encourage and support creativity:

1. Acceptance of ambiguity means that the person or organization is able to deal effectively in circumstances of uncertainty or vagueness. The opposite of ambiguity is predictability. People and organizations insisting upon predictability find it more difficult to be creative.
2. Independence means operating without the control or influence of others. The opposite of independence is dependence. Dependent people and organizations always need direction from somewhere else. This inhibits creativity.
3. Inner-directed people and organizations have a great sense of purpose. These people believe they control their own destinies. The opposite of inner-directed is other-directed. Other-directed people and organizations seek the approval of others and are always concerned about what others are doing, inhibiting creativity.

4. Uniqueness refers to an individual's or organization's ability to embrace differences in themselves and others. The opposite, conformity, leads to adherence to current norms and styles, inhibiting creativity (Byrd and Brown, 2003).

The last three drivers encourage or support risk-taking (Byrd and Brown, 2003):

1. Authentic means being what you purport to be. Authentic people and organizations have a set or core beliefs and live within them. The opposite of authentic is political. Political people and organizations constantly navigate or position for advantage without regard to core beliefs. This is a detriment to risk-taking.
2. Resiliency is the ability to rebound and learn from failures and difficulties. Resiliency is vital to risk-taking. It enables people and organizations to carry-on in the face of adversity and to adjust to changing circumstances. The opposite, rigidity, prevents adjustment and severely limits the ability to take risk.
3. Self-acceptance is to be approving or satisfied with one's actions. People and organizations that are self-accepting generally like themselves and exhibit great self-confidence. The opposite of self-acceptance is victimization. People and organizations that see themselves as victims complain and blame others. Self-accepting organizations don't try to be perfect, thus freeing themselves to take risk.

These seven drivers of innovation support creativity and risk (Byrd & Brown, 2003), thus freeing people and organizations to try new things, experiment, fail and succeed.

### *Obstacles to Innovation*

Organizations build up a configuration of resources, skills, knowledge and abilities around their core business. These characteristics soon serve to limit change. Change requires a reconfiguration of resources that may be resisted within the organization (Fonseca, 2002). Organizational culture may mobilize against disruptive change.

The concepts of change and innovation are inextricably linked. Drucker (1985) described innovation as “the purposeful and organized search for changes” (p. 35). Thus, one cannot consider innovation in higher education without recognizing the dynamics, and difficulty, of change. Innovation is an organizational imperative, one linked to the performance and behavior of individuals and units within an organization, not an isolated occurrence. Whether, and how, innovation occurs relies upon whether the organizational system supports and encourages forward thinking change.

The process of recognizing the need for change can frequently be lengthy, particularly when broad institutional buy-in is necessary. According to the University of Michigan’s National Center to Improve Postsecondary Teaching and Learning, curriculum revision takes an average of 5 years (Genthon, 1989). Assuming that curriculum is not then revised for an additional 5 years, the turnaround on the fundamental knowledge base is 10 to 15 years. This is a very slow product development cycle (Boyatzis et al., 1995). This product development cycle, when compared with development cycles in private industry, indeed appears much too slow for the 21<sup>st</sup> century society higher education serves.

Combine this with the need for approval of outside interests, and the process of innovative change in higher education can be cumbersome. Furthermore, expectations of change in higher education are variable. Expectation of change can be rooted in the perceived need for such change. But why is it so difficult to innovate? And, what obstacles are particular to higher education?

With the growing success of institutions like Pace University, Golden Gate University, Concord Law, and the University of Phoenix, why did mainstream higher education resist the new business models? Clayton's work in more technology-based industries offers interesting clues. One clue lies in the tension between innovation and an organization's mainstream values.

The history and traditions of universities, perpetuated by alumni, faculty, staff, students, and governance volunteers, are powerful forces that must be reckoned with in engineering change. Robert Birnbaum (1992) recognized that "the goals and enduring purposes of an academic institution are likely shaped by its history, its culture, and the socialization and training of its participants, rather than by an omnipotent leader" (p. 29). There is more contemporary validation of the resistant nature of university culture and governance. Tradition, culture, faculty and governance structures were all cited as obstacles to innovation by Noone (2000).

Universities may have cultures that seem resistant to change, but are simply organized toward protecting the mainstream values of the organization. While corporations may be expected to reinvent themselves with regularity to stay abreast of changing market demands, universities may be encouraged by their constituencies to

maintain traditional goals and values that are at odds with rapid change. Indeed, these forces may sometimes seem to be resistant to any change, rapid or otherwise.

These constituencies, however, may legitimately see dramatic change as deleterious to the traditional values and mission of the university. While this position can be frustrating to the change agent, such resistance to change is normal. It serves a value in causing organizations to visit and re-visit plans for change, guarding against poorly conceived, hastily implemented change, the consequences of which are not anticipated. Acceptance of the value of the defender role requires the recognition that change is not, by default, good. It recognizes that change must be examined and considered within the context of organizational mission, culture, and goals.

Yet, organizational and cultural differences do exist. And, the academy has rarely been identified as an example of rapid innovation. “The plodding pace of change in the academy has been compared to change in business organizations, where it seems to take place dramatically and overnight” (Curry, 1992, p. 31). It is true, though, that effective change in higher education requires the buy-in and approval of many constituencies. Internally, faculty, administration, and governing boards must agree. Externally, accrediting organizations, and federal or state government approvals may be necessary. To what extent these organizational differences affect the process and pace of innovation is critical to understanding innovation in higher education.

Christensen et al. (2004) add an economic dimension to the explanation of obstacles to innovation in higher education.

Although most schools are not-for-profit organizations, financial considerations still influence their values. Schools have to pay faculty salaries, maintain their facilities, and support research activities. They therefore

must charge relatively high tuition rates to cover these costs. Also, top schools want to be the best. They believe they have a mission to provide the very best education to the very best students while letting the very best researchers do the very best research. These values drive leading universities' resource-allocation decisions. Universities' not-for profit status does lead to one important difference – top universities just don't have as much motivation to grow as for-profit companies do. (Christensen et al., 2004, p.115)

University faculty is at the hub of academic program or product development.

Because much of the pressure for educational change has recently come from stakeholders other than faculty, it is easy to forget that curriculum innovation is the primary responsibility of the faculty. The process of curriculum change must start with significant faculty involvement, or it will not get far. (Boyatzis et al., 1995, p. 120)

This is central to the challenge of innovation in academic programs. “Because values are criteria by which prioritization decisions are made, projects that are inconsistent with a company's mainstream values will naturally be accorded the lowest priority” (Christensen et al., 2004, pp. 202-203). Innovations not in line with the mainstream values of the faculty will meet with daunting resistance. However, value incongruity is not the only motivation to resist change.

New entrepreneurial businesses may build up a configuration of resources and competencies, and competitive selection will soon sort out the most successful from the others. Leading organizations emerge, to be mimicked by others. However, complacency and inertia soon establish a trajectory that constrains individual organizations, making it extremely difficult for them to change. (Fonseco, 2002, p. 21)

Fonseco suggests that the very resources and competencies that made an organization entrepreneurial and innovative will at some point serve to restrict progress.



In *Mastering the Dynamics of Innovation*, Utterback (1994) identifies the concept of the *dominant design*, the product design “that wins the allegiance of the marketplace, the one that competitors and innovators must adhere to if they hope to command significant market share” (p. 24). Utterback writes “a dominant design embodies the requirements of many classes of users of a particular product, even though it may not meet the needs of a particular class to quite the same extent as would a customized design” (p. 25).

A linkage exists between Fonseca’s (2002) assertion that a configuration of resources eventually serves to restrict innovation, and Utterback’s (1994) conceptual identification of the dominant design. As a once innovative product or concept becomes dominant, the resources of an enterprise are focused on maintaining that market space. The focus on preservation of that space inhibits innovation. This is also referred to as competitive convergence. As information is shared within an industry, a conventional wisdom develops. Companies come to understand how they compete in their industry or strategic group (Kim & Mauborgne, 1999). This results in incremental change, primarily by extension of existing product lines.

Does such a dominant design exist in higher education? Probably. While new approaches to learning are evident in the higher education marketplace, the traditional classroom based learning experience still dominates market share and mind share. Additionally, the competencies and resources of universities are directed at supporting that dominant design. “A doctorate is required for most positions, doctoral-prepared instructors are usually trained in narrow fields of study, and such instructors are only

effective in that narrow field whatever the level of demand for courses they teach” (Sperling & Tucker, 1997, p. 15).

In higher education, the tendency for strategic or competitive convergence may be even more powerful. While the desire to duplicate market success drives businesses to imitate one another, the demands of external audiences other than consumers seriously impact innovation in higher education. “Accrediting and licensing bodies and professional associations can be viewed as the second and third gatekeepers, respectively” (Boyatzis et al., 1995, p.167). In a well-intended effort to assure standardization of credentials and quality of outcomes, these organizations may restrict the ability to innovate. The promotion of standardization in curriculum and the pursuit of best-practice teaching methods may actually promote strategic convergence. Referring to the six regional accrediting associations governing American higher education, Sperling and Tucker (1997) charge that, “...the regionals often work to inhibit change” (p. 52). Christensen et al. (2004) assert “many of the regulations that limit innovation are based upon older educational models established for an agrarian society” (p. 108).

The focus of this study, business programs, are also inhibited by professional accreditation bodies. These peer review organizations serve as accreditors of the business programs themselves, not the entire college or university. While the business program is subject to the standards of the regional accreditation body, in the case of our subjects the Western Association of Colleges and Schools, they are also subject to the accreditation standards of the American Assembly of Collegiate Schools of Business (AACSB).

Accreditation by these bodies is optional. No federal or state law, licensing requirement, or regional accreditation guideline requires professional accreditation. The organizations, particularly the AACSB, have nonetheless become quite powerful. They have become recognized as a key indicator of quality and rigor by students, employers of business graduates, and business school professionals determining admittance to premier graduate business programs. Business schools can operate without the stamp of approval of either organization, but such approval generally carries with it a higher level of regard in professional circles and in the marketplace.

The power of professional accreditation in the marketplace is underscored by the University of Phoenix's successful pursuit of ACBSP accreditation. University of Phoenix's power in the marketplace has been previously discussed. Their successful pursuit of ACBSP accreditation demonstrates the perceived power of such approval in influencing the perception of quality. Professional accreditation provides a third-party verification of programmatic quality, and a powerful answer to critics of University of Phoenix's non-traditional approach.

Accreditation bodies operate on a peer-review model. Accreditation standards are set through a process of collaboration of members. Thus, the standards are heavily influenced by what accredited schools are doing. This is consistent with the concept of dominant design (Utterback, 1994). Certain product characteristics emerge which become accepted. When these elements become part of accreditation standards, they take on added power. Though Noone (2000) noted that accreditation was less frequently identified as a barrier to innovation than other factors such as culture and governance.

It isn't surprising that radical innovations in teaching, learning, and other key elements of the university business concept meet with resistance. These advances challenge both the mainstream values and dominant design of most established universities. The history and traditions of these organizations are bound to a highly established protocol. As well, the configuration of resources and competencies serves this traditional dominant design. Departing from these norms, even when desirable, is formidably difficult.

As Fonseca (2002) stated, the configuration of resources and competencies of an established organization serves its central purpose. When an innovation or "disruptive technology" (Christensen, 1997, p.15) emerges, the established organization may resist it for reasons of preservation. However, economic paradigms also serve to inhibit innovation where a dominant design exists. Simply stated, if the immediate market potential of the new technology is significantly less than the market for the existing technology, the economic incentives for innovation may not be adequate. Replacing successful products with less lucrative new products is often not a very appealing proposition, even when the eventual replacement of the existing product is inevitable.

"The fear of cannibalizing sales of existing products is often cited as a reason why established firms delay the introduction of new technologies" (Christensen, 1997, p. 23). Christensen shares many examples of this phenomenon related to the evolution of new scientific technologies. But according to Drucker (1985), innovation comes from unscientific technological advances as well as scientific. In education, new delivery formats, new instructional strategies, new degree programs, and new curricula can all be viewed as non-scientific technological advances. Advances such as the use of online and

Internet-based instruction have a strong technological linkage, and can further add to fears of product cannibalism.

The fear of product cannibalization is even more pronounced when the perceived initial market for the new product is relatively small, and the market for the existing product is still quite large. Not only may the organization establishment reject the new technology, but existing customers may initially reject it as well. When faced with this dilemma- continue serving a lucrative existing customer base with a product that is past its prime, or launch a new product to a much smaller market of new users on the promise of long-term success- the economic reality often leads to a position of defending the existing market space (Christensen, 1997). Christensen further elaborates:

But when established firms wait until a new technology has become commercially mature in its new application and launch their own version of the technology only in response to an attack on their home markets, the fear of cannibalization can become a self-fulfilling prophecy. (p. 23)

Sperling and Tucker (1997) identify state and federal regulation as further obstacles to innovation. “Based on 25 years of experience dealing with licensing agencies in 23 states, we are confident in asserting that state regulation does more to restrain trade in higher education than either the accrediting associations or the federal government” (p. 58). These externally imposed obstacles, while well-intended, contribute to the strategic convergence of which Hamel (2000) speaks.

Christensen et al. (2004) identify the nearly \$70 billion in state and federal financial aid given to students as a major source of control of higher education. The 1965 Higher Education Act established third-party accreditation agencies as the watchdog of standards. Christensen asserts that only students attending institutions accredited by

those agencies have access to federal financial aid, making the economic clout of the agencies enormous.

*Strategies, Structures, and Systems for Innovation*

What of the romantic view of innovation has the sudden occurrence of a radical idea? “Before 1880 or so, invention was mysterious; early 19<sup>th</sup> century books talked incessantly of the flash of genius” (Drucker, 1985, p. 34). This view was replaced by the idea of research, “a systematic, purposeful activity, which is planned and organized with high predictability both of the results aimed at and likely to be achieved” (p. 34).

Innovation can be viewed in a similar way. Do great ideas simply occur, are they created through a systematic process of research and development, or do they emerge in a seemingly random manner from organizational cultures that not only permit new thinking, but also nurture it? “Can something as effervescent as innovation be systemized?” (Hamel, 2000, p. 282).

Brophy (2006) identifies six leadership factors supporting the development and implementation of successful academic programs:

1. The capacity and willingness to identify and address major challenges.
2. Resources.
3. Assembling an effective team.
4. Developing faculty buy-in.
5. Creating exciting cultures of innovation.
6. The appointment of credible leadership.

Drucker (1985) offers his principles of innovation, a list of “do’s and don’ts,” amounting to something akin to a system. The do’s:

1. Purposeful innovation begins with the analysis of the opportunities.
2. Innovation is both conceptual and perceptual.
3. An innovation, to be effective, has to be simple and it has to be focused.
4. Effective innovations start small.

The don'ts:

1. Don't try to be clever.
2. Don't diversify, don't splinter, don't try to do too many things at once.
3. Don't try to innovate for the future, innovate for the present.

“Fact is systems are far more important than ever before” (Peters, 2003, p. 273).

Tom Peters suggests a new view of the concept of systems, one that disdains bureaucracy, and embraces art, beauty, grace, clarity, and simplicity. Peters shifts from the staid language of efficiency and detail to the language of art. He insists that systems, policies, and procedures can be human, friendly, and enticing. And, that these types of systems encourage innovation.

Hamel (2000) believes innovation is a capability that can be learned, and identifies four crucial components: innovation skills, innovation metrics, information technology for innovation, and management process. These skills combine to form the wheel of innovation. The elements of imagine, design, experiment, assess, and scale (note the mnemonic IDEAS) form a continuous circle, “the wheel” (p. 294). Thus, the abstract concept of innovation is reduced to a fairly simple model. As precedent to the wheel, Hamel offers 10 design rules for innovation:

1. Unreasonable expectations
2. Elastic business definition

3. A cause, not a business
4. New voices
5. An open market for ideas
6. An open market for capital
7. An open market for talent
8. Low-risk experimentation
9. Cellular division
10. Personal wealth accumulation (Hamel, 2000).

At least three noted experts on innovation believe it can be systemized, though their voices express systemization in somewhat different ways. How do their ideas coincide and differ? And, with their business orientation, how do they relate to higher education?

Drucker's (1985) ideas are presented in a more orderly fashion than the more contemporary writing of Peters (2003) and Hamel (2000). Perhaps this is because the ideas were penned 12 to 15 years earlier, before business literature became huge, and took on a measure of entertainment value. His principles of innovation are directly stated in a very prescriptive manner. Likewise, the six strategies for innovation offered by Kim and Mauborgne (1999) are expressly presented as ways to avoid strategic convergence. While avoidance of strategic convergence is central to innovation, innovation requires more than simple differentiation. These six strategies essentially support Drucker's first rule: Purposeful innovation begins with the analysis of the opportunities.

Analysis of opportunities is consistent with two of Hamel's rules, elastic business definition and an open market for ideas (Hamel, 2000). Drucker (1985) advocates



constant exploration of opportunities. Hamel encourages maintaining flexibility in how the nature of the business is defined, and finds an environment that encourages the free flow of ideas across disciplines and channels vital.

Peters (2003) says, “Destruction is cool” (p. 35). Stated in an extreme fashion, this concept is in harmony with the ideas of constant exploration, elasticity of business definition, and an open exchange of ideas; these concepts are common to Drucker and Hamel and, echo Schumpeter’s fundamental theory that economic growth is based upon creative destruction (Drucker, 1985, p. 26). This connects nicely to Christensen’s (1997) identification of fear of cannibalism as a primary obstacle to innovation.

In *The Innovation Equation*, Byrd and Brown (2003) define innovation as “creativity x risk” (p. 7). They then identify several drivers of creativity and risk, thus dynamics they believe to be necessary to innovation. These drivers and their corresponding inhibitors serve to fuel or retard the tendency toward innovation. The drivers are shown below. It is important to note that these drivers apply to both individuals and organizations. The seven characteristics can be displayed by people and also by groups.

Table 1

*Drivers of Creativity and Risk*

Creativity Drivers	Risk Drivers
Ambiguity – the ability to deal with uncertainty or vagueness	Authenticity – being what you purport to be
Independence – not subject to the control, influence or determination of other	Resiliency – the ability to rebound, learn, and successfully adapt

(table continues)

Creativity Drivers	Risk Drivers
Inner-Directedness – a sense of purpose, clear vision, and a sense of control over one’s destiny	Self-Acceptance – approving of or satisfied with one’s own behavior
Uniqueness – appreciating and valuing differences.	

*Note.* Table created using content from Byrd and Brown’s *The Innovation Equation* (2003).

Each of these drivers contributes to an innovative environment. The ability to deal with *ambiguity* enables people and organizations to enter situations that are unpredictable, as nearly any innovative venture is. The opposite of ambiguity, predictability requires that outcomes be known with great certainty in advance. While such predictability may be desirable in terms of business control, a high predisposition for predictability is an enemy of innovation.

Many individuals and organizations go to great lengths to control variables, chart alternative courses of action, and eliminate the impact of uncertainty. Growth in this one area alone yields tremendous results in terms of being able to come up with innovative solutions. (Byrd & Brown, 2003, p. 50)

Tom Peters says in *Circle of Innovation*, “You cannot live life without an eraser” (Peters, 2003, p. 75). One of Hamel’s precedent design rules for innovation is “low-risk experimentation” (Hamel, 2000, p. 264). These points support Byrd and Brown. Hamel states that risk should be managed, but its elimination is devastating to the innovative process

“*Independence* means not subject to the control, influence, or determination of another or others. Dependent people always need direction from someone else” (Byrd & Brown, 2003, p. 50). Thus, organizations that must depend upon direction from elsewhere have great difficulty innovating. This can be difficult in higher education.

Reflecting upon our review of obstacles to innovation, we know that a complex web of faculty, governing board, administration, and outside regulation governs higher education. While universities must not necessarily wait for direction from others, they certainly have a number of places from which they must obtain approval for actions.

According to Sperling and Tucker (1997),

One of the reasons innovation and change are viewed as suspect is that most changes will endanger the traditional prerogatives of the faculty and call into question the capital-intensive input standards and operationally inefficient structures that provide and protect these prerogatives. (p. 52)

They go on to write that accreditation bodies, in a quest to build the finest system of higher education in the world, often inhibit change. Thus, independence can be considered a point of difficulty in fostering innovation in higher education.

*“Inner-directed* people, teams, or organizations feel a great sense of purpose. They have a clear vision of the future” (Byrd & Brown, 2003, p. 50). Byrd and Brown believe that being other-directed, always concerned about what others think or do, is detrimental to an innovative environment. This is consistent with another of Hamel’s design rules for innovation, “a cause, not a business” (Hamel, 2000, p. 248). Writing about how senior executives maintain a competitive edge, Hamel writes “gray-haired revolutionaries draw much of their strength from their allegiance to a cause that goes beyond growth, profits, or even personal wealth accumulation—a cause that goes beyond themselves, a cause that is truly noble” (p. 248).

Kim and Mauborgne (2005), who have developed a set of analytics to help organizations identify uncontested market space, contend that most of the strategic tools available to business leaders focus on competing in existing marketplaces. These existing marketplaces, labeled “red oceans” by Kim and Mauborgne, force companies to

compete on narrowly defined terms within a strictly established paradigm. Little is available to assist leaders in competing in new space (“blue oceans”), using new rules.

These analytics fill a central void in the field of strategy, which has developed and impressive array of tools and frameworks to compete in red oceans, such as the five forces for analyzing existing industry conditions and three generic strategies, but has remained virtually silent on practical tools to excel in blue oceans. Instead, executives have received calls to be brave and entrepreneurial, to learn from failure, and to seek revolutionaries. Although thought provoking, these are not substitutes for analytics to navigate successfully blue waters. In the absence of analytics, executives cannot be expected to act on the call to break out of existing competition. Effective blue ocean strategy should be about risk minimization and not risk taking. (Kim & Mauborgne, 2005, p. 23)

Indeed, Kim and Mauborgne (2005) take direct aim at the type of strategic advice offered by many of the leading business writers cited earlier in this chapter. Calls for courage, experimentation, entrepreneurship, and risk-taking do not provide a prescriptive road map for business concept innovation or for identifying and exploiting blue ocean opportunities. This is equally true in higher education. Birnbaum’s (1992) perceptive identification of the power of history and tradition in university cultures does not provide a roadmap for breaking out of narrowly defined organizational behaviors. Sperling and Tucker’s (1997) lament about the limiting nature of accreditation and faculty-imposed hegemony does not provide practical solutions that can be implemented.

Table 2

*Principles for Innovative Strategies*

Formulation Principles	Execution Principles
Reconstruct market boundaries	Overcome key organizational hurdles
Focus on the big picture, not the numbers	Build execution into strategy
Reach beyond existing demand	
Get the strategic sequence right	

Kim and Mauborgne (2005) offer six principles for innovative or “blue ocean” strategies, as listed in Table 2. These include principles for formulation of strategy and principles for execution of strategy (Kim & Mauborgne, 2005, p. 21).

Kim and Mauborgne (2005) provide a roadmap to developing innovative or blue ocean strategies that make the competition irrelevant by replacing them entirely. They present four questions to be employed to challenge existing strategic logic and business concept:

1. Which of the factors that the industry takes for granted should be eliminated?
2. Which factors should be reduced well below the industry’s standards?
3. Which factors should be raised well above the industry’s standards?
4. Which factors should be created that the industry has never offered? (p. 29)

These questions provide a simple, if not easy, formula for examining the customer value-curve, a model for what the customer values, and to what extent the business concept addresses those elements.

It is important to note that the questions include an examination of factors the industry takes for granted which should be eliminated. This question is also key in developing disruptive technologies as discussed by Christensen (1997). Christensen’s identification of disruptive technologies matches nicely with Kim and Mauborgne’s (2005) discussion of blue ocean strategies. In fact, they use some common examples including Southwest Airlines. Both authors emphasize finding unoccupied market space, as did Peter Drucker (1985) more than a decade earlier.

Kim and Mauborgne (2005) further provide three simple characteristics of a good strategy or business concept,

*Focus*: the company does not diffuse its efforts across all key factors of competition. The shape of the value curve *diverges* from the other players. This

is not a result of benchmarking competitors, but rather looking across alternatives. The *tagline*...is clear. (Kim & Mauborgne, 2005, p. 37)

In the vernacular of Kim and Mauborgne, the tagline is not defined in the conventional way as a catchy phrase to be used at the end of media advertising. The *tagline* is the simple statement of position. In the case of Southwest Airlines, the authors suggest that the tagline could be “the speed of a plane at the price of a car - whenever you need it (p. 39).” Southwest has, in fact, embraced this concept in its actual promotional tagline, “You are now free to move about the country.”

#### *Summary*

This chapter has reviewed relevant, contemporary literature on innovation and explained innovation’s relevance to the business school environment. This chapter has considered (a) the definition of business concept, (b) the definition of innovation, (c) sources from which innovation arises, (d) obstacles to innovation, and (e) strategies and structures to support and encourage innovation.

The chapter has relied heavily upon writing about innovation in the private for-profit economic sector, and related that writing to higher education. The chapter provides the foundation for the development of the study of innovation in schools of business that follows. This study will focus on:

1. What do leaders of business schools identify as the major internal and external sources of innovation within the school’s business models?
2. What structures, if any, do leaders of business schools identify as facilitating and encouraging innovation?
3. What do leaders of business schools identify as the major internal and external obstacles to innovation within the school’s business models?

### Chapter III: Methods

The purpose of this study is to investigate how innovation occurs in business schools, and develop a model describing the process. The ability to innovate, to creatively change products or services in response to market demands, or to create new products and services for previously unknown markets, is recognized as a key strategic ability for 21<sup>st</sup> century organizations (Hamel, 2000). The contemporary emphasis on innovation, makes its role in business schools relevant. The study will consider innovation in all phases of the business model, rather than focusing singularly on new courses, new degree programs, or differentiated methods of educational delivery. As previously stated, this study will focus on the following research questions:

1. What do leaders of business schools identify as the major internal and external sources of innovation within the school's business models?
2. What do leaders of business schools identify as the major internal and external obstacles to innovation within the school's business models?
3. What structures, if any, do leaders of business schools identify as facilitating and encouraging innovation?

#### *Research Design*

To fulfill the purposes outlined, the design will be a grounded theory study. Grounded theory research is appropriate to this study because it presumes that theories should be “grounded in data from the field, especially in the actions, interactions, and social process of people” (Creswell, 1998, p. 56). This is an appropriate method of studying innovation, because the innovation process is rooted in human interaction. From the processes of environmental scanning described by Drucker (1985), Peters

(2003), and Hamel (2000), to the techniques of technology brokering presented by Hargadon (2003), further to the development of blue ocean strategies authored by Kim and Mauborgne (1999, 2005), innovation is a journey of actions and interactions, heavily dependent upon social processes. While the popular focus of innovation is technological or scientific, these authors all recognize a supremely human element.

Grounded theory research recognizes the importance of human interaction. Developed by two American scholars, Glaser and Strauss (1967), the method was “labeled grounded theory to reflect the source of the developed theory which is ultimately grounded in the behavior, words and actions of those under study” (Goulding, 2002, p. 40). Both shared the following beliefs:

- The need to get out in the field if one wants to understand what is going on,
- The importance of theory grounded in reality,
- The nature of experience in the field for the subjects and researcher as continually evolving,
- The active role of persons in shaping the worlds in which they live through the process of symbolic action, and
- The interrelationship between meaning in the perception of subjects and their action. (Goulding, 2002, p. 40)

The nature of the methodology selected results in the research being entirely qualitative.

#### *Population, Sample, and Analysis Unit*

The data for this study was obtained from deans or their designates of business schools in the Southern California, accredited by the Association to Advance Collegiate Schools of Business (AACSB). This organization is widely recognized as the premier accrediting body for business schools and programs. AACSB accredits 515 business schools and programs worldwide, including 18 in Southern California. This group, AACSB accredited business schools in the Southern California, is a cross-section of universities both public and private; from those with national appeal to those with largely



local markets; from those with elite, highly qualified student bodies, to those with students whose qualifications are quite average. The deans, or their designates, from these schools (Appendix A) comprised the sample group for this study.

This represents the use of purposeful sampling rather than probabilistic sampling. Purposeful sampling is “selecting information-rich cases for study in-depth” (Patton, 1990, as cited by McMillan & Schumacher, 2001, p. 400). Purposeful sampling is best employed “when one wants to understand something about those cases without needing or desiring to generalize to all such cases” (McMillan & Schumacher, 2001, p. 400).

The researcher wished to understand the nature of business model innovation in a sample of institutions without necessarily generalizing this understanding to all institutions. As well, accessing the deans or designates of all 515 AACSB accredited business schools is impractical given the time and resources available for the study. These factors make purposeful sampling appropriate (McMillan & Schumacher, 2001).

By restricting the study to the deans, or their designates, in AACSB accredited schools the researcher assured an information-rich sample. These subjects had intimate knowledge of the process of innovation in their schools. The schools share a level of legitimacy by having achieved the accreditation standards of a highly regarded accreditation body. By restricting the sample to schools within Southern California, the researcher maintains a manageable size and scope of research.

#### *Development of Data Collection via Interview and Document Review*

The researcher planned to conduct a semi-structured interview with the ranking academic officer, or their designate, for the business schools or programs in the sample group. This interview was open-ended, ethnographic, and conversational in nature.

Grounded theory researchers favor this type of study, “because it has the potential to generate rich and detailed accounts of the subjects’ experience” (Goulding, 2002, p. 59). In addition to interviews the researcher requested access to documents describing organizational, committee, or workgroup structure, and systems directly relevant to the third research question, “What formal structures exist to facilitate and encourage innovation?”

Prototype interview questions, grounded in the literature review, were developed (Appendix B). The section of the interview addressing sources of innovation was specifically organized around the seven sources of innovation identified by Drucker (1985). The sample interview was structured to correlate directly to the progression of the three research questions:

1. What do leaders of business schools identify as the major internal and external sources of innovation within the school’s business models?
2. What do leaders of business schools identify as the major internal and external obstacles to innovation within the school’s business models?
3. What structures, if any, do leaders of business schools utilize to facilitate and encourage innovation?

The prototype questions were tested by the cognitive interview method, using a panel of three university business faculty members as subjects. These faculty members all hold academic qualifications consistent with that required by AACSB for an academically qualified faculty member, the highest faculty qualifications required by AACSB. The cognitive interview process is based upon the four-stage response model of thought process. In this approach, a respondent to a question must (a) comprehend an

item; (b) retrieve relevant information; (c) make a judgment based upon the recall of knowledge; and finally, (d) map the answer into the reporting system. All four areas present potential problems to interview respondents. The cognitive interview process affords the opportunity to de-bug questions prior to the actual start of research. The basis of the cognitive interview process is the think aloud interview, in which respondents talk through their thought process while answering survey questions (Desimone & Le Floch, 2004).

The interview was administered individually to the panel of business faculty members. The test interview was recorded. During the trial interview process, the question was delivered and the respondent was asked to orally communicate their thought process as they formulated the answer. The respondents' actual answer to the question was unimportant, only their thought process as they formulated their answer was relevant. Areas of dissonance, questions that were deemed unclear or confusing, were identified and restructured. Each panel member was administered an identical trial interview. The interviews were reviewed, and questions that two or more of the panel found problematic were modified incorporating their feedback.

The interview process included a modest quantitative tool designed to test the researcher's assumptions and provide context during the study. The first two questions of the interview were:

1. On a 10-point Likert Scale, with 10 being of the highest importance, how important is innovation to your school of business?
2. On a 10-point Likert Scale, with 10 being the highest capacity, what is your school's capacity to innovate?

Each respondent's assigned scores for the two questions were compared to arrive at gap score, giving a rudimentary indication of the gap between importance of innovation and capacity to innovate.

#### *Human Subjects Considerations*

At the direction of the Pepperdine University Institutional Review Board, the researcher sought site permission before contacting any subjects. The Institutional Review Board required that the researcher have written permission from the Chief Academic Officer of each subject institution before contact with the subject was initiated. The Institutional Review Board required that such permission be in writing and filed with the Institutional Review Board office.

All participants were informed of the purpose of the study and intended use of the information being sought. Participation in the study was voluntary for subjects and indicated as such in the Request for Site Permission (Appendix B), the invitation to participate (Appendix C), and the Consent Form (see Appendix D). According to the Federal Guidelines for Human Subjects Considerations, this study posed minimal risk of harm to participants and can be classified as exempt research (see Appendix E for Human Subjects Approval). Consent for participation among respondents was based on the voluntary response to the invitation to be interviewed. Additionally, participants were asked to indicate their consent in the beginning of the interview (see Appendix C). Signed copies of the consent forms remain on file with the researcher.

Confidentiality of the data was ensured for all participants. Respondents were informed that results be reported only in aggregate. All identifying information such as

name, professional title, and college or university affiliation is available only to the researcher.

#### *Data Collection via Interview and Document Review*

Upon receiving the necessary site permission, the researcher invited all members of the sample group via email to participate in the study. The researcher attempted to schedule an interview no fewer than three times, or until an interview was scheduled or the subject declined. Upon receiving agreement to participate, an appointment was established by phone or email.

While the researcher endeavored to interview all 17 subjects, it was imperative that no fewer than 10 of the 17 potential subjects participate. That is recognized by multiple resources as an appropriate sample (Bazeley, 2007; Creswell, 1998).

“Qualitative research typically focuses in depth on relatively small samples, even single cases selected *purposefully*” (Patton, 2002, p. 230).

Interviews were conducted in the office of the subject, and were digitally recorded and transcribed. The researcher maintains both the audio files and the transcripts on file.

#### *Participation in the Study*

Site permission was sought from the chief academic officers of eighteen universities in Southern California with AACSB accredited business schools. Site permission was received from 16 chief academic officers. Two chief academic officers were unresponsive.

The deans of the business schools of these 16 universities granting site permission were invited to participate. Ten subjects participated directly, 2 subjects designated

representatives to participate, 3 subjects were unresponsive, and 1 subject declined participation.

## Chapter IV: Results

Upon completion, each recorded interview was submitted to a transcription service. Completed transcripts, which remain on file, were imported to the qualitative analysis software NVivo. NVivo was used to streamline the process of sorting and categorizing data. The software allowed the researcher to quickly and conveniently copy segments of interviews, and categorize them with others of similar content. As themes develop, content can be categorized and quickly retrieved. NVivo significantly increases the speed with which content analysis can be conducted. As well, it provides enormous flexibility in changing categories, if needed, as new themes emerge.

Data analysis began with the researcher listening to the digital recordings of the interviews, in order to refresh and orient. The researcher then completed a first-read of the transcripts to become familiar with general themes or codes. Codes are representations of an object, idea or phenomenon (Strauss & Corbin, 1998). From this point, progressively more detailed readings resulted in the creation of codes, or nodes, as they are referred to when using NVivo.

The nature of the study, and the researcher's natural approach, resulted in a "bucket coding" strategy (Bazeley, 2007). The basic research questions are restated below:

1. What do leaders of business schools identify as the major internal and external sources of innovation within the school's business models?
2. What do leaders of business schools identify as the major internal and external obstacles to innovation within the school's business models?

3. What structures, if any, do leaders of business schools identify as facilitating and encouraging innovation?

This first round of coding focused on placing data in three nodes associated directly with the research questions: *sources, obstacles, and systems*. These nodes (buckets of data) were classified as tree nodes (Bazeley, 2007), anticipating the placement of other nodes carrying relevant data as subsets beneath. NVivo facilitates aggregating subsets of related data under these broad categories. This coding strategy allowed the researcher to maintain a structure emphasizing the primary research questions while leaving flexibility for the emergence of other rich, relevant data. However, because the data was quite rich additional nodes, classified as free nodes according to Bazeley (2007), were identified. Free nodes contain data that may have relevance to the study, but has not yet been linked to the research questions. These nodes were designated free nodes to preserve the researcher's flexibility as analysis proceeded. Some of the data retained as free nodes became relevant to the study, much did not.

It was apparent from early review of transcripts that data from some free nodes would be relevant to multiple research questions. For example, accreditation was identified by participants as both a source of innovation and an obstacle to innovation. It was equally apparent that data existed which would not fit neatly into the research paradigm. Yet, much of this data seemed rich and relevant. The researcher wished to properly code data of direct relevance to the research questions while preserving data adding context, color and, insight, but without clear linkage to the research questions.

The first round of coding had been broad in nature, or bucket coding. The second round of coding, by necessity, sought to slice the data into smaller pieces. The second



round of coding also sought to assign free node data to one of the tree nodes representing the three research questions. Data which could not be assigned to one of the tree primary nodes, but held the promise of relevancy, were maintained in existing free nodes.

Unassigned data which appeared irrelevant was not discarded, rather placed in a holding tank where it could be retrieved. And, the second round of coding creating new tree nodes beneath the three research questions. Subsequent, more focused rounds of coding sought to identify and directly link data to emergent ideas. Five rounds of organized coding occurred, with many additional searches of data for specific emergent ideas.

### *Importance, Capacity, and the Gap*

Importance of innovation and capacity to innovate derived directly from two preliminary questions asking the subject to rate, on a 10-point Likert Scale, the importance of innovation to the organization and, the organization's capacity to innovate. The initial question asked of interview subjects was: "On a 10-point Likert Scale, with 10 being of the highest importance, how important is innovation to your school of business?" The follow-up question was: "On a 10-point Likert Scale, with 10 being the highest capacity, what is your school's capacity to innovate?"

The purpose of these opening questions was two-fold, in search of any gap: (a) to establish the extent to which subjects believed innovation to be important; and (b) to explore their self-assessed capacity to innovate. The premise of the study assumes a certain importance placed upon innovation. However, the researcher did not wish to leave that premise untested. As well, establishing the self-perceived capacity of the organization's ability to innovate and doing a rudimentary gap analysis added important context. The extent to which the subjects believed innovation to be important, and their

perception of how innovative their organizations actually were, provided important context to the study by affirming the study's premise that innovation is important, and establishing some measurement of the perceived gap between importance and capacity. .

The data is shown below.

Table 3

*Gap Score*

Participant	Innovation importance	Innovation capacity	Gap score
1	9	8	-1
2	7	6	-1
3	8	7	-1
4	2	2	0
5	7	7	0
6	9	2	-7
7	8	5	-3
8	7	6	-1
9	7	6	-1
10	9	9	0
11	9	No answer	No answer
12	8	7	-1
M	7.5	5.9	-1.5
Mdn	8	6	-1
Mode	9	7	-1

Subjects consistently reported that innovation was highly important. Eleven of twelve subjects assigned a score between 7 and 9 to the importance of innovation, the range of scores. The mean score was 7.5. The median was 8. The mode was 9. This provided validation that the leaders of the business schools being studied believe innovation to be important.

Respondents were asked to assign a score self-assessing their organization's capacity to innovate on the same 10-point Likert Scale. The score assigned to this question was compared to the score assigned to the question of importance of innovation

for each respondent, to determine any gap that exists between importance of innovation and the capacity to innovate. This is resulted in a *gap score*., the difference between the rating of importance of innovation and the capacity to innovate. A negative gap score indicates capacity to innovate rated lower than the importance of innovation

Actual gap scores ranged from 0, meaning the respondent assigned the same score to both importance of innovation and capacity to innovate, to -7 meaning the respondent scored capacity to innovate five points less than the importance of innovation. Eight of twelve respondents assigned a score to the question of their organization's capacity to innovate which indicated a negative gap, capacity for innovation being scored lower than importance of innovation, between the importance of innovation and their capacity.

Three respondents reported capacity the same as importance and, one failed to provide a score. That respondent was treated as an outlier and ignored for the purposes of calculating the gap. The mean gap score was 1.5. The median and mode were both 1. Thus, the most frequent assessment pinpointed the gap between importance of innovation and capacity to innovate a rather modest 1-point variance.

This modest quantitative analysis of importance of innovation and capacity to innovate provided valuable context to the researcher. Because these questions were the first asked in each interview, and because the calculation of gap is simple, the researcher was able to have a preliminary set-point as to the tension surrounding innovation in the school. This set-point did not alter the fundamental interview protocol, but did alert the researcher to any circumstance where there was unusual tension. This knowledge allowed the researcher to probe more deeply regarding that tension.

### *Sources of Innovation*

Because the research is grounded in writings on innovation by Peter Drucker (1985), sources of innovation were initially separated into nodes indicating internal sources of innovation and external sources. The researcher wished to ascertain the degree to which schools of business were finding new ideas from the inside or the outside. The section of the semi-structured interview dedicated to sources of innovation was developed around Drucker's seven sources. According to Drucker, internal sources of innovation include:

- *The unexpected* – the unexpected success, the unexpected failure, the unexpected outside event;
- *The incongruity* – between reality as it actually is and reality as it is assumed to be or as it “ought to be”;
- *Innovation based on process need*; and
- *Changes in industry structure or market structure that catches everyone unawares.* (p. 35)

Sources external to the enterprise include:

- *Demographics*;
- *Changes in perception mood and meaning*; and
- *New knowledge*, both scientific and unscientific. (p. 35).

This section of the interview followed Drucker's seven sources, searching for correlation between the theory and the actual experience of the participants.

#### *Internal or External?*

All subjects agreed that innovative ideas come from both internal and external sources. The faculty was very heavily cited as the primary internal source. The following quotations from interviews represent this.

Innovation is largely driven by entrepreneurial faculty. (Respondent 07, personal communication, June 15, 2007)

One of the things that we have to recognize is that in a university the knowledge and enthusiasm and commitment of the faculty are perhaps even more important as assets than the role of typical employees in a standard corporation might be. (Respondent 07, personal communication, June 20, 2007)

Others cited students as key sources of innovative ideas.

They come from a lot of different places and what I would say is sometimes we get ideas from students. They're going through our program. They're engaged in what we're doing and they'd say, I think it would be better if you did this, or, here's an idea that you might want to try. So students are certainly a source. (Respondent 02, personal communication, May 29, 2007)

The students have had a tradition of wonderful engagement in ownership of the school and in suggesting areas that we can innovate in. (Respondent 03, personal communication, June 5, 2007)

External sources were cited just as frequently.

I would say that I think a lot of it comes externally; because everybody looks at their competition. (Respondent 04, personal communication, June 8, 2007)

The reality is, is that the business community stimulates most of the innovative ideas that come our way. (Respondent 01, personal communication, May 23, 2007)

I speak to a lot of business people, and always ask the question, "What do you need from us?" (Respondent 03, personal communication, June 5, 2007)

We shouldn't just take a look at who our faculty are and what we teach and what we want to teach, we should benchmark, we should be aware of what's happening in other institutions. (Respondent 05, personal communication, June 12, 2007)

We also constantly involve our board of advisors, our students, and our alumni in surveys of what's happening and what do they think we're doing, what we need to be doing. As opposed to what we're doing and what changes they think we should be making. (Respondent 03, personal communication, June 5, 2007)

The accrediting body, AACSB, was also cited as a source of innovative ideas, but not in the classic sense.

Well, there are external drivers. For example, one is certainly AACSB. AACSB recently put – I shouldn't say so recently, but they *signaled* five years ago or more that they were becoming

increasingly concerned with validation or measurement of student learning, and assessment. I don't think that the culture of faculty would have *ever* embraced the issue of assessment if we weren't somewhat mandated to do it from the outside. It is a cultural change and it is step by step by step. I think it's important, I think we're going to have some good outcomes because of it, but it is a tough climb that we would never take the first step without this. (Respondent 08, personal communication, June 20, 2007)

In this instance, AACSB is being cited as a source of innovative ideas not because ideas actually emerge from AACSB, but because processes mandated by AACSB contribute to the development of innovative ideas. This was a prevalent notion.

Because they – this kind of disciplined thinking forces you to look at problems that maybe you haven't been looking at before and saying gosh, what can that do for us. (Respondent 02, personal communication, May 29, 2007)

I think that the foundation or the core values upon which AACSB is focusing are very useful and appropriate. It does force us, however, to make bigger priorities about things that we may not otherwise do. (Respondent 11, personal communication, July 23, 2007)

I think – this will sound very strange – I think AACSB helps me innovate. Well I think it may help a lot for several reasons. It requires an institution to be well aware of what is happening in the sector, and the sector is highly innovative. (Respondent 04, personal communication, June 8, 2007)

The accrediting body – although it sounds as though it's going to be risk-averse – the accrediting body in business is very much “keep up with the changes in the business environment.” (Respondent 04, personal communication, June 8, 2007)

I would say it was probably an obstacle back in the '70s and '60s, or even the '50s. It was more like the law school accreditation process, very bureaucratic. (Respondent 04, personal communication, June 8, 2007)

The two following passages are particularly rich on this topic:

I think that what AACSB did a few years ago, actually, has helped. Previously, to about 2002 or 2003 –I can't really exactly remember when they changed the standards and they did – I think it was after I became dean, or maybe 2003 – prior to that, it was almost like they had a checklist and, “Do you teach these courses? Do you have these resources?” and those sorts of things. So to some extent I think it had a fairly narrow perspective on what it took to be a quality business school.

They changed the standards in the early 2000s to make them very mission-driven. And so now, “Is what you’re doing tied to your mission, and is your mission tied to the university’s mission?” And that was done, I think, to recognize that there’s a very great diversity among business schools in terms of what they’re trying to accomplish and then how they need to go about accomplishing that. So I think within reasonable limits accreditation, particularly with that change to being very mission-driven, has allowed schools to maybe branch out a bit and be willing to try new and different things as long as they can tie it back to their mission. (Respondent 04, personal communication, June 8, 2007)

From a different subject:

How do you bring about change when you’re not dropping the frog into boiling water, the frog is swimming in water that’s coming to a boil but it’s imperceptible? So AACSB is a prod for us because it gives me a window into the market and the competition and the expectations of the industry. And this institution has been paying no attention to that or to the new assurance of learning standards.

And when it really works, and it’s starting to work here, it’s actually helpful, maintenance review. And AACSB says, “Mature schools will benefit from this because you’ll use it to think long and hard about alignment, about strategy, about differentiation, about innovation, about your niche.” (Respondent 07, personal communication, June 15, 2007)

### *The Seven Sources*

In keeping with the research plan, the researcher proceeded to assess the interviews within the context of Drucker’s (1985) seven sources of innovation. This proved to be a daunting task. Even though the section of the interview dealing with sources of innovation was organized around the seven sources, the information gleaned was not nearly as rich as hoped for. Simply stated, the subjects did not describe innovations that could easily be coded to the sources in the protocol. More often, the answers seemed awkward and contrived, the subject appearing to attempt to provide an answer that fit the question, even where none existed.

*Internal Sources: The Unexpected*

*Unexpected successes.* Some subjects cited projects that had gone unexpectedly well, leading to what they described as more significant initiatives. The examples cited included a business community outreach strategy, a study abroad initiative, a fundraising strategy and an initiative to engage government grants in an innovative training program. Each of these examples classically reflect Drucker's (1985) emphasis on unexpected success.

We have started 3 years ago a sports MBA program in partnership with the San Diego Padres. That worked very well. The Padres came to us saying, "We'd like to have this program; we'll help in whatever way possible." But because of the PR, and the uniqueness of the program that we have because of the Padres, we not only have gotten some exceptional students from all over the world and excellent internships for those students, but now the faculty realizes that partnering with top businesses will really help make us distinctive, give us added advantage in terms of the executives being able to lecture in the classes, get the students great internships, great jobs, and is a model that we're now following for other initiatives as well. (Respondent 01, personal communication, May 23, 2007)

I'll give you a very specific example for that. We have a program that we do now called Education to Business, E-to-B. I've been here about 5 years, and probably the first semester I was here, first several months, one of our adjunct faculty came in to see me and she said, "I've got this idea for something I want do." She had worked with Cola-Cola and she'd done some adjunct for us, and she was taking a sabbatical, and she thought, "I wanted to try this program." It's a consulting project that you do with students and they do projects with companies. So I said, "Sure." We're a very applied school. Sounds interesting. It didn't take any resources to do because she was just going to pilot it in her class. And then she did it and – she's really a process person, so designed this amazing process and this amazing way to make it work. And then some of the other adjuncts in the marketing area, which she was in, said, "Oh, that's looks interesting. I'd kind of like to try that in my class." And then some of the faculty, the tenure track faculty in marketing said, "Hey. That's really cool. Let's do that. And so it just sort of morphed from this one adjunct faculty doing this in her



class to being something that evolved into being something we did in all of our core marketing classes in our part-time MBA program which is quite large, and our full-time MBA program. And it's been so successful that it is now going to be rolled out of the marketing curriculum into a freestanding requirement in our fully-employed MBA program which has about 1,100-1,200 students in it. And, it was just one of these things that was seeded from the bottom and had the right champion to lead it. She had an amazing system for doing it. And now it is a full-fledged, required component of really two of our MBA programs. So the vast majority of our students that go through the business school now participate in this program. It's enormously successful. Companies love it, students love it, faculty love it. It's fabulous. (Respondent 02, personal communication, May 29, 2007)

Probably the number one unexpected success is that I went to call on an individual donor to try to get him to give us money to endow a faculty member. And it turned out that for various reasons he couldn't write the check that needed to be written, the big enough check. He certainly had the wealth, he doesn't have the liquidity.

He's probably worth \$100 million but it's all tied up in a privately held company. It's stock in a privately held company. It's not liquid. He just doesn't - and he sees - he's growing his business rapidly, he's putting everything back into it. He gets paid fairly well and he said to me, "David, I can't give you the check you want but I promise you, I'll send you a check that will equal what you - you would put that into an endowment and get \$20,000 a year off of it." I said, "Yeah, that's about right." He's going to give us \$4-\$500,000 dollars and we get \$20-\$25,000 a year. He says, "And you need that to support the faculty member and their summer activities and whatever to recruit somebody. I'll just send you that check every year. I'll send you \$20,000 every year and I promise it'll go on infinitely. I can do that but I can't write you a check for \$500,000 today." We have six of those now. We'll probably have 10 in the next couple months. We're calling them Faculty Fellows and I go to people in that category, people that have great income, have great personal net worth but it's not liquid. (Respondent 06, personal communication, June 15, 2007)

Internally, we did a thing a couple years ago where we opted to send a group of freshmen to China. That was something that really was bubbled up internally. They spent their spring break in China, 65 freshmen. This last year, we sent 180 of them to China. I'm hoping that we'll send 500 to China over the next couple of years. We want every freshman out of here for the spring break to China. (Respondent 05, personal communication, June 12, 2007)

*Unexpected failures.* While some subjects shared stories of failures that had valuable lessons attached to them, no subject could cite a failure that actually resulted in a positive innovation. In fact, this question led an entirely different direction, into a discussion of how schools of business respond to failure. The nature in which the schools respond to failure was nearly universally identified as an obstacle to innovation. This became a underlying theme in the study.

In the real world, you – it's almost ready, fire, aim; and in this (the academic) world, it's ready, aim, fire. And the decisions come slower. They're more deliberate. There's a much longer lead time and a much longer tail on some of these things; and in a business environment, you have to move; and you have to move fast; and if you make a mistake, cut your losses and keep going. The problem is when you make a mistake here, memories are long; and people get upset; and they – and it's just harder just by virtue of the way the academic world operates. It's just a slower process. It's more of a consensus-building kind of a thing. In a command and control environment, you just make that decision; and you go with it. (Respondent 05, personal communication, June 12, 2007)

My instincts are that universities are very punishing with failure. Generally that failure gets personalized and, therefore, leads to an invidious cycle of avoidance and risk aversion. So you have got to be pretty good to be innovative. You've got to be pretty self-confident. This is now more honest than I should be – most folks aren't self-confident enough to innovate because they know if they stub their toes they will get killed, or they fear that they will get killed, or they don't have enough self-confidence to know that they can dust themselves off and start again. So my hunch would be that you see innovation at the tail. You see innovation at Stanford and Yale, and you see innovation at Pepperdine and probably institutions that I've never heard of at the bottom – and I don't mean that in a disparaging way. (Respondent 07, personal communication, June 15, 2007)

I've been a dean a shorter time than I've been anything else in my life, and I've been affiliated with a business school for a shorter time than I've been affiliated with anything else in my life, and I say that because the majority of my life, I lived with tremendous risk and failure every single day. In biotechnology, one out of 5,000 compounds succeeds. In biotechnology, very, very, very few products for companies actually get product approval; we had

four, I told you. So you just learn to not be demoralized by failure, but to learn from it, to really learn from it; and that there's no such thing as a bad mistake unless you make it again. (Respondent 01, personal communication, May 23, 2007)

*Internal Sources: The Incongruity*

Subjects discussed the importance of the perceived incongruity in identifying opportunities for innovation. These discussions tended toward process innovations or continuous improvement, but there were instances of more significant innovative initiatives.

I hope I don't mix them by giving the good old bureaucratic response. I hope, you know I would hope, what I would consciously try to do is find out what people have in mind of how they want to do it and then it's just kind of communicate about it and see if it's a possibility.

You get lots of those, especially with students and stuff going through a program thinking that there's a better way to do things. When those come to me, I really hope that we're encouraging our faculty and our staff to be very open to hearing those things and to sort of being responsive to them when they make sense and if they're things we need to respond to. But oftentimes, a lot of those come to me. Somebody will send me an e-mail, give me a call, run into me at some event and say, "Have you thought about this?"

So one of the challenges is you can't do everything everybody wants you to do. There are lots of good ideas out there that aren't the right good ideas for us. And so one of the challenges especially when you're talking about students and alumni is listening and hearing what they're suggesting and not just completely discounting, but in the end still sort of remaining true to your course and what you're trying to accomplish and not letting yourself get pulled off in a million different directions. Because there are innovations that can take you completely away from sort of your core mission and what you're trying to accomplish.

But when I hear those things, "Could we do this better?" what I try to do is direct those to whoever it is that has the greatest ability to do something about that particular aspect. So let's say it's a curriculum suggestion for one of our programs. I might direct that person to connect with our program director in that area that works a lot with the faculty committees that do curriculum. Or if it's somebody that has a suggestion about an administrative process or something in a particular area, then I would really want the lead administrator in that area to work with that person and listen to

what they have to say.

So I think to a certain extent I try to direct those ideas to the people that are dealing with those things on a daily basis and then have the ability to sort of analyze and think about, “Does it make sense to do that?” and then we can respond to it in some way. But I also try really hard – and, again, I’m not always sure I’m as good at this as I should be – of getting back to people and sort of letting them know whether we’re going to do anything with their suggestion or not.

As I said, you can’t do everything people suggest that you do, and that’s a hard thing, because everybody likes their ideas and thinks they’re really great, and typically they are and they’re very interesting. But you do have to make some choices about the things that you choose to put your time, energy, and resources into. (Respondent 02, personal communication, May 29, 2007)

Another subject illustrated the power of an internal source of innovation, students, identifying an incongruity, and effectively partnering with the faculty and administration to create value.

A group of students who were entrepreneurs said, “We’re entrepreneurs. We want to develop business plans. We don’t have a business plan competition. We’re going to start one.” And so we said, “Go for it.” And so about 3 years ago, a group of students decided they were going to do it, so they helped design the first one, helped raise the funds for it, and it’s still very much a collaboration between our students and our staff to pull that together and make that happen every year.

So we have a number of very good innovations that come out of students seeing a need that they don’t think it’s being met for them, and they’ve been coming up with an idea and making it happen. And I think what makes those so successful is these students, they don’t just say, “This is missing. Would you guys do something about it?” They say, “This is missing, and we would like to do something about it. Will you work with us?” And when you have students that are willing to do that, you just really want to support. (Respondent 02, personal communication, May 29, 2007)

#### *Internal Sources: Innovation Based on Process Need*

Subjects identified process need as the source of recent innovation.

We have three types of programs. We have executive programs, part-time programs, and full-time programs, and there are choices within those, but there are kind of three categories. And so the way our process has been designed, each one of those programs

has a completely independent and distinct recruiting process and they have independent and distinct tools, technologies, to support those processes.

And it's driven me crazy ever since I was here is, "Why can't we get everybody on the same system so that we can talk to each other and we can make sure we're not double-dipping on prospects?" Because some of our programs, somebody might look at the part-time program but also be qualified for an executive program. And it's like, "This is driving me crazy. Why can't we get everybody on the same system?"

Well, that would have been probably really hard to do just saying we're going to do it. Well, now they have to do it because we're all transitioning to this ERP system. So some innovation change happens because you're sort of forced to do it by the system that's being put in place. And in that case, that's going to be very good for us. And because the university chose to do this, everybody knows they're going to have to do it, and they will do it. And it will happen probably much better and more quickly and with people happier than if I had just come in and said, "I'm sorry. You guys are going to have to get on the same system. This is just ridiculous."  
(Respondent 02, personal communication, May 29, 2007)

This subject also spoke to a structure designed to foster innovation.

We will charge committees, like we're charging a committee on an MBA review to introduce innovations into certain areas, and then – especially since I came in. I felt that there were some redundant, and burdensome and non-value-added processes that needed to be improved or eliminated, and those are process innovations.  
(Respondent 02, personal communication, May 29, 2007)

And, the following example was the most specific example of an intentional and internally-driven process innovation.

The process of getting an internship; we've tried to speed through and help a little bit, help it along; and, as a result, we've become very innovative in how we expose the students to the companies. Circumventing some university issues that – I'm sure I get in trouble with if anybody ever finds out; but we've made it work so that our students are now very heavily involved in internships. So what we did there was we looked at the process. It was cumbersome. We said, "We'll do it our own way." We did it our

own way. It's been working. (Respondent 05, personal communication, June 12, 2007)

*Internal Sources: Changes in Industry or Market Structure*

When asked about changes in industry or market structure, subjects discussed the focus on rankings, ethics education, globalization and, online learning. The subject cited below discussed the phenomenon of college ranking, the focus on inputs, and the general trend for schools to try to occupy the same space up-market.

Okay, well, certainly what's happened is they are – the MBA market has become highly competitive. And that's simply due to the rankings coming into play in the late '80s/early '90s, and now the – the, just the tremendous growth in rankings – we're all tied to different rankings. What you've had is everybody trying to compete for those same limited students. Everybody trying to raise GMAT scores, trying to do things to attract people to their program in terms of putting more inputs in, and I think the idea should be you should look at what your graduates are doing. If you're bringing good people into your program and they're placing them at good organizations, then that's probably more important than where you are ranked, but the rankings drive everything. The end result is we've had a considerable decline in doctoral education, schools are putting all their money into the graduate programs, and they're using innovative approaches to try and fund those in terms of fundraising, or trying to use part-time market or the undergraduates to fund the graduate – the master's – the MBA program. Big focus is on the MBA and the rankings. And some schools probably try to move into that market when they'd be better off doing something else. (Respondent 04, personal communication, June 8, 2007)

The following subject discusses how market shifts impacted the need to innovate.

The other area I think I've seen in recent years – it's gotten better this year, but for about two years '04-'05 kind of timeframe into '06, there was a real downturn in MBA enrollment. And so I think the other thing you began to see was schools being a bit more innovating about the markets they were going into.

We sort of had this traditional market that's been hugely successful and there have always been plenty of students and now there's not. So are there niches in the market that we're not

tapping into that we could, that could actually help us sort of shore up what's going on with some of the decline in MBA enrollment generally across the country and around the world. So I think very much so in business schools market forces drive innovation in some cases. Not always because you want it to, but because you have to. (Respondent 02, personal communication, May 29, 2007)

While no specifics of how “business schools market forces drive innovation” are offered, this subject believes that the market structure has driven innovation. Globalization was cited by multiple subjects as a market force or change in structure that impacted innovation.

Two subjects spoke directly to globalization:

I'm spending a lot of time abroad because of our globalizing initiatives, to make sure that our students spend more time abroad, that our students have opportunities for development of global brains. Those are real innovations that have come from market forces. (Respondent 03, personal communication, June 5, 2007)

We are a very internationally focused community. Our presence here near Mexico, Latin America, Pacific Rim, makes us an ideal setting for being able to go and have more global programs. There hasn't been a uniform thinking that in fact we need to make our curriculum more global, but the fact that anyone can be global right now in your business just by having a cell phone and an internet has really had people say, “You know what? We're going to be really lagging behind if we don't go and have our curriculum better reflect the whole very, very rapidly changing global environment.” (Respondent 01, personal communication, May 23, 2007)

Others addressed online learning as an industry change:

One of the strongest market changes is online education, and years ago online education was not thought of well, particularly in business schools. It was thought that you really had to have the face to face experience. Recently, not only just because some top universities have adopted it, but assessments have shown that particularly in an MBA program students can learn as effectively if not more effectively with online education as they can in the classroom. We have zero online courses right now; 6,000 students in our College of Business, zero online courses.

But last summer, I asked faculty, “Does anyone want to look more into this?” and we actually had six of our more innovative professors join a committee and spend the summer under a grant looking at online education. We’re taking it slow, but part of our strategic plan is how we’re going to roll out both graduate and undergraduate programs, how we’re going to go and keep the quality that we very much want but still be able to effectively compete with others in the area, particularly National University, who has almost an entire – they do have a complete online program. (Respondent 01, personal communication, May 23, 2007)

We choose to do certain things; we choose not to do others. For example, we’re not going to do a fully online degree program, because that’s something that isn’t going to play to our core strengths, and our core strengths are very intellectually immersed exchanges with faculty. We might complement our education with online. So I think that the development around soft skills and leadership development, and a high touch of behavioral skill feedback is very much a business-fed innovation that’s coming in response to what other schools are doing, other businesses are doing. And I’ve spent something like – across the country meetings with 20 teams of recruiters to hear them and say, “Okay, what do you need from us?” (Respondent 03, personal communication, June 5, 2007)

The following passage reflected an innovation based upon structural changes in another industry, finance and financial markets.

We’re going to be introducing a new Masters in Financial Engineering because of the extreme demands on technical expertise in the financial area; we’re one of very few schools that can do that, because of the capacity. (Respondent 07, personal communication, June 15, 2007)

#### *External Sources: Demographics*

Discussion of the impact of demographics, with few exceptions, focused on the impact of diversity and educational access. The following subject spoke of a demographic shift to younger, more traditional students, and the impact on efforts to retain students. This proved to be a common theme.

Our student population is getting younger, so that means that we’re getting more traditional students proportionally than what we had



previously. The minority percentage is about 60% and will remain at that level or maybe growing a little bit in the future. So it fuels innovation by us being able to do more things for incoming freshmen because we have more of them as opposed to incoming transfer students that tended to be the older population that we had previously and then to doing more things for retention because that becomes an issue as more students who don't come from the higher socioeconomic strata of Southern California have job opportunities that tempt them greatly as opposed to education, which is kind of the long-term fix and they see the short term fix is what their family needs now so the opportunities there are for really programs for students. (Respondent 11, personal communication, July 23, 2007)

The subject that follows expanded on the theme of innovating to move challenged students to graduation.

I think it (demographics) stimulates innovation because part of our mission is recognizing that we're going to have that bimodal - part of the mission of the CSU system, of which Cal Poly is a part, is that we're going to provide access to higher education to students that otherwise wouldn't have it. And it's our job to be innovative in trying to find a way to help them get through here. We cannot help them all to get through here and that's a recognition that needed to be made and the faculty appreciate the fact that I agree with them on that. That if you're going to have a wide open front door there needs to be a back door. And the back door, you need to say to some students, "I'm sorry. You just didn't make it. You need to move on."

But it's a small percentage but there's also a fairly significant percentage that are marginal. I mean they can make it here but it takes a lot of effort on their part and a lot of effort on our part. And so the innovation is how do you help those students get through here without slipping out the back door in the process.

And how do you do it without dumbing it down? Because the biggest pressure is to dumb it down, just like they've done in some of the public schools where they just want to get them out the door. I mean, I've been - a lot of support from the President and the Provost who have said, "Don't dumb it down. Find ways to innovate and lift them up and do it with the budget you've got because we don't have a lot more money." And part of it is giving moral support to the faculty, giving them reduced teaching loads so they have more time to focus on it. I mean, it's recognizing for a long time they went here and everybody said, well, you know,

“They have to graduate. They got to help them through. We have got to do this. You have got to do this. You have got to do that and I’m not going to give you anything.” Probably the - it may not be perceived as innovation but some people perceive it as innovations. “My God, they’re giving me some money to try and solve this problem. They’re finding money to sprinkle on to the solution of the problem and the main thing is give me time.” They wanted time. The number one thing faculty said, “The most innovative thing you could do around here is give me time to do my job. Don’t ask me to do 10 things. Ask me to do six things and I’ll do them well.” (Respondent 07, personal communication, June 15, 2007)

The previous subject represented a belief that the changing demographics, more ethnic and socioeconomic diversity, were challenging their schools to be more innovative in teaching and supporting students. No subject, however, offered specific innovations as examples.

The following subject described a different phenomenon, more focused, better prepared, higher achieving students.

Students also are – it’s not a demographic. It’s more of a psychographic. They’re really coming in here far better prepared and more well adjusted to where they want to go. They really know where they’re trying to get to. Now, for many, it’s not graduate school. They kind of can’t wait to get out of here. As soon as they get out of here, they call and say, “I think I want to come back.” But for that four-year period, it’s not graduate school.

So it’s a different customer. Our kids aren’t – this used to be a school of swell, rich kids; and it’s not at all. I remember asking one of my classes, “How many of you guys ever flown in a private jet?” None of them had ever flown in a private jet, and that shocked me. I thought probably 25% of the class would raise their hand. I mean these are kids where a huge proportion of them are on some kind of financial aid. (Respondent 05, personal communication, June 15, 2007)

Another subject focused on the presence of international students and female students in greater numbers.

And so we've seen a tremendous increase in the talent pool that we have, in the diversity – not just with ethnicity, but in terms of students coming from countries all over the world. Almost 50% of our business students are women; more than 50% in accounting, and that's changed very, very much over the last 5 years, and has added a difference. (Respondent 01, personal communication, May 23, 2007)

The final subject cited in this section underscored the enriching nature of cultural diversity, both domestic and international in the classroom. .

Let's see what we've seen. It depends a little bit on which program. Again, we're primarily a graduate school. You may hear some different things from people who have large undergraduate programs. In the LA area, particularly in our part-time program, that program has gotten more and more diverse. So we have a very large non-white population. So culturally there's more diversity in the classroom both domestic diversity, and then we even see a lot of in the LA area because it's such a melting pot for people from around the world, you even get international diversity even they're through typically U.S. citizens in the classroom. And so that really enriches the experience in the classroom. It, I think, makes you as a faculty member have to sort of be more aware of those cultural differences and figure out, "How can we embed that into the learning experience?" (Respondent 02, personal communication, May 29, 2007)

#### *External Sources: Changes in Perception*

The following subject reflected upon two elements of the perception of business school education that led to real changes in the approach of that school.

In a business school, our customer for our students is the business community, and so we really have to be on top of what's going on out there. But I would say two places I've really seen that in recent years, and one is around ethics education. We took a lot of criticism that all this ethics stuff that was going on in the business community was because at business schools we weren't doing a good job of teaching ethics. Now I think that's an overstatement. But clearly, we could have all always been doing a better job. And so you have seen lot of energy across business schools being put into how you teach ethics and what role they play in a business curriculum. We've seen real shifts in how much emphasis ethics education and social responsibility and those kinds of things get in

business schools. And I think to a great extent that was market driven. (Respondent 02, personal communication, May 29, 2007)

The subject expands on this in the following example:

We had some students at our full-time program – I told you earlier we are working a lot on defining what it means to be a valued centered leader and trying to think about getting experiences throughout our programs. So we had a group of full-time students that came to us – full-time MBA students – and said, “We like that. It is part of the reason we came was the whole ethics focus. But we really think there could be more opportunities for thinking about some of these real difficult issues around social responsibility and environmental sustainability and everything. We don’t really think we get enough of that or enough of that in a diverse sort of way in the experience.”

So they proposed creating a value centered leadership lab that would be a student-driven experience and they had this whole design laid out of multiple things they’d want to do, the first of which would be to create a case competition around kind of social responsible kinds of issues and values-based kinds of issues. And so that one made completely sense. It ties directly to our mission. Student-driven projects where you have students that want to do it and are willing to put the time and energy into it, I will very rarely say no to those. As long as they’re tied to our mission, we can figure out some way to pull the resources together to do it.

And so that organization exists now. They had their first case competition last year. We’re doing their second one this next fall. And the students are just all fired up and excited about it. It’s been a great success and it influences all of our programs ’cause students in all of our programs can participate in that. (Respondent 02, personal communication, Month Day, 2007)

The following subjects discussed the perception by the business community of the applied value of a business education.

The other place I think I’ve seen it is there’s also been a lot of criticism of business schools that were very theoretical and that students don’t really learn stuff that’s very useful and practical in the business world. And so I think the other thing we’ve seen is a move in business schools, particularly graduate business schools, but even undergraduate, to really embed more experiences in business schools for students who are really applying what they’re learning in class into real-world business situations whether that’s through cases or real projects like we do with our E-to-B, or

whether it's internships or any number of other kinds of experiences. And I think both of those have been market-driven responses. (Respondent 02, personal communication, May 29, 2007)

These are tangible examples of innovations generated in response to external perceptions of the relevance of business education. The following subject cites no innovation resulting from their observations, but outlines a clear view of a shift in the perception of the value of an MBA.

The MBA is not a value as much as it was X years ago to both the employer and the student, in actuality. I mean you're looking at a return on invested dollar from both sides; and when I figure this out, it's going to be an interesting one. MBA applications have been down the last few years with a turnaround just recently. It's coming back up.

And there's a reason for that. The reason is that, if you look at it from the student's perspective, the guy – and we say that this student has to have three to 5 years of work experience between their undergraduate and their MBA; and so we tell them go out and get experience.

So they go to get experience. They apply to us, and we say, "Okay, you know, full-time program. It's going to cost you two years of your salary, because you're going to quit work, so that's \$80 grand a year. It's going to cost you another \$80 grand to go to school, so it's a \$250,000.00 nut to come to school."

You walked in at \$80 grand salary. You walk out at \$110,000.00, let's say. It's \$250 grand. Is the return on the invested dollar – spend \$250 to get an extra \$30 – worth it? Or could you have picked up \$20 of that \$30 just by staying there on the job?" (Respondent 05, personal communication, June 12, 2007)

This subject demonstrates an understanding of a perceptual change having significant implications for the market appeal of an MBA. The subject offered no example of innovations manifesting from this shift in perception.

*External Sources: New Knowledge*

Probing about new knowledge as a source of innovation invariably led to discussion of technology. Subjects spoke of both the benefits and liabilities of a technological presence. Subjects identified the distance learning possibilities created by technology, as well as enhancements to traditional learning. The following two subjects expressed the benefits of laptops in the classroom, while lamenting the need to tell students to, “just shut the machines off and put them away.”

The students all walk around with laptops. You don't have to tell them do it, they just do it. It does create a problem in the classroom. In fact, there is a tendency, a trend with some faculty of telling the students, “Just shut the machines off and put them away.” It's getting in the way of the dialogue of the sort of Socratic process that, you know, the risk taking process of dialogue and the Socratic process of questioning.

I mean, it's getting in the way of those things because they're all sitting there working on their machines and they're in the web land while they're in class and - but there's no doubt, I mean, we do things in the class now in terms of simultaneously, you know, working in simulation models. (Respondent 06, personal communication, June 13, 2007)

You know, you've got a group of kids and they decide to do something and it's just bang, it goes in our model and they can see the impact right away on the financials of making decisions. It's - but at the end of the day you can't let it - it has to be an aid, not the result, not the end. And in some cases I've had faculty tell me, “I'm telling my students, ‘Shut them off and put them away.’” But in terms of, you know, web classes and hybrid classes, you couldn't do that 10, 15 years ago. It's very inventive. It's great. (Respondent 05, personal communication, June 12, 2007)

Another subject corroborated the importance of the emergence of distance learning, while admitting that their school had engaged in no distance learning initiatives. In fact, while distance learning was frequently mentioned, no subject cited an important

distance learning initiative. Several subjects indicated the role of distance learning was being studied.

We're spending more on technology, we're putting more into providing more technical support for our students, all students are working on projects using PowerPoint and computers – some classes actually have – we don't require every student to have a laptop, but a lot of students bring a laptop to their classes. And we're putting more technology into – look at concepts like distance learning and things like that. We haven't moved in that direction here, but quite a few schools offer blended programs. Students come one day a month or one weekend a month and then go back and come one week a month. (Respondent 06, personal communication, June 13, 2007)

The following subject expressed an interesting view of the role of technology.

Yeah, technology's changed dramatically. I didn't mention this in the demographics question, but as this younger population of students comes through that is so technology savvy and they're using to having a computer and an iPod and a cell phone and any number of other technological gadgets working all at one time, there's just a much higher expectation on the part of students that you have good technology, that it works when they want it to work, and it's available 24 hours a day. And, so I think that technology's become far more important in education, in part because it can really enhance the learning experience, but also in part because our customers are expecting it. It's sort of an inherent part of this younger generation's life, and so they just expect that to continue as they go through school. And so if you don't sort of evolve with that, I think you're viewed as not being sort of cutting edge and on top of that, and that sort of then leaves the impressions about the educational experience in general. So technology, I think is going to become more and more important but we also have to be cautioned not to use technology for technology sake, but to use it in ways that will actually enhance and enrich the learning experience. And that's the challenge is not to do cool stuff for technology just because it's cool stuff. (Respondent 07, personal communication, June 15, 2007)

This subject expressed reservations about the actual value of technology in the learning process. His comment reflected a recognition that technology utilization is an expected aspect of education by younger students, but remained cautious about using

technology for the sake of technology. The pervasive nature of technology was also the theme of the next subject.

It's the way we share information and collaborate, and push information out there. Of course, that's radically changed, so it's a much richer dynamic vibrant 24/7 platform for collaboration and information sharing and pushing an asynchronous amount of myriad information. We'll be broadcasting our graduation, simulcast, across the globe, so that if someone is graduating and their parents are in China or in Sweden, they'll see it in real-time. (Respondent 03, personal communication, June 5, 2007)

Another subject grasped the degree to which technology has become part of a global culture. The example provided, global simulcast of graduation, was the most unusual technological application cited. It was also interesting in that it came outside of the core business model, but is a tool designed to strengthen the connections between alumni, their families and the university. The final subject cited the speed with which information can be retrieved as a striking benefit.

Speeding everything up. It's – we have to have it in the classroom. It helps us so much, you know, by being able to talk about a company and then just pull it up on the Web and look its annual report or its 10-K or Q and talking about, you know, a decision that was made yesterday. It's really helping us from that perspective. (Respondent 05, personal communication, June 12, 2007)

#### *Systems or Cultural Aspects which Encourage Innovation*

There was virtual unanimity in the study participants regarding systems to encourage innovation. In no case did a formal, standing research and development, or innovation development team or group exist. While curriculum committees and strategic planning groups were identified as structures tasked with innovation, many subjects had little enthusiasm for formalized structure from many subjects. They converged around the notion that innovation was best facilitated by closed end task forces or ad hoc groups, brought together to address a defined problem or opportunity.



In the whole area of international I charged the faculty the task, of course asked for volunteers, because I really wanted people that were interested in this, and that was a little risky, because some people were kind of waiting for me to invite them, but I made it clear that I was taking volunteers to study what kinds of international partnerships we should have. Because a university with our reputation – we get a lot of people overseas, particularly in the developing world that want to sign memos of understanding and things like that. (Respondent 08, personal communication, June 20, 2007)

I mean, because that's – that's not the format in which – you know – I think that people respond best when you're asking them to solve a problem. Sometimes just formulating things in terms of a problem that could be solved, could be addressed, is a valuable way to organize things. Because then people say okay, now I see what we're doing. Now I know why we're doing this. They can bring a lot of creativity and a lot of imagination to the solution of the problem. I think our brains work effectively in problem-solving mode. We're seeking alternatives, whereas if we're not faced with a problem it's harder to do something. (Respondent 08, personal communication, June 20, 2007)

Formal structures tend to be co-opted with a complicated agenda, you know, if you don't want things to change, set up a committee of the faculty senate. It's the way to *slow* things down, but the main thing is that your most innovative, energetic, excited people don't participate in those formal structures. They shrink away from them. They don't want to be in "the standing committee on innovation" or something like that. They aren't interested in that kind of thing. So when you set up a formal structure to innovate, you're self-selecting against the people that you most want to participate. (Respondent 08, personal communication, June 20, 2007)

You know, the formal structures that we have are associated with ad hoc task forces that somebody initiates and says, "This will be a task force to develop X new program, X new degree." The other source of innovation is just innovative people, and ideas that come from innovative people. And if it comes to me, I'll need to ask somebody to execute it. But we don't have a product development committee. We have committees that after the fact endorse innovation, but don't innovate themselves, unless specifically formed to do that. (Respondent 03, personal communication, June 5, 2007)

I think what we'll do is we'll put teams together that'll evaluate each piece of the school. We're going to go back and look at every single job description and determine the relevance of that job to the mission of the school; and then if we don't need it, we're going to move it out and start over and kind of look at where we're trying to get; and then are all these guys helping us get there. So we'll look – we do a whole review of that. We'll do all academic review of the curriculums in each of these different pods: the undergraduate, the full-time MBA, the part-time MBA, executive education. So we'll have teams to do that. (Respondent 02, personal communication, May 29, 2007)

My hunch would be that most of these business schools that I see doing thrilling things are distributing authority and responsibility and allowing incentives to people within a secure framework to own it, to run with it, and to distribute authority and responsibility for innovation, and to be rewarded. (Respondent 07, personal communication, June 15, 2007)

Something we did last year – and we haven't done it again this year – but we actually had an innovation challenge within the school last year. So we had a contest just for fun and put out a call for innovative ideas that might enhance our programs, our curriculum, our systems, our processes, anything anybody wanted to recommend. And then we cash prizes and we had judges and the whole bit. (Respondent 02, personal communication, May 29, 2007)

In some cases, seemingly mundane changes in structure, or efforts to improve communication and transparency were credited with creating a more innovative environment.

We have reorganized some of our departments, we have changed three of our five department chairs to be people who are more creative and innovative, and believe that we should be not only more responsive to the business community, but really prospectively do strategic planning that will help us grow and help us get to the next level, whether or not you're looking at ranking, whether you're looking at other distinctions, as a business school. So really changing the leadership of each department to then be able to go, and stimulate and nurture creative new programs within each department. (Respondent 01, personal communication, May 23, 2007)

We have far better communication and transparency than ever in the history of the college. It doesn't sound like a system, but it was a reversal of a culture, and an actual incorporation of a process and system to help encourage the communication, etc. I didn't know when I came in that there was a history here of not letting the faculty know about budgets, not letting the faculty know about what process was used in some hiring – I had no idea. So I inherited this “I must be always having a hidden agenda.” So we put a number of things in place. We have a very, very active communications system right now through faculty and staff meetings. We have both for myself and for any administrator in the College open office hours, so you just bop by whenever you want to talk. We now have monthly newsletters internally and externally. We now have round-tables for research. The budget's now posted on our web site. If you go to our web site, you can find everything you need to know about budgets, new programs that are being thought of, every committee meeting now has minutes – that sounds bureaucratic, but nobody can say any more, “I didn't know that was going on.” (Respondent 01, personal communication, May 23, 2007)

I think what you do is you – there'll be a lot of, you know, throwing something out and then saying, “Okay, let's go figure out how we can make this work.” I think that it's going to be more – it's going to be less going through all the traps to get there, as much as it's going to be how do we make this work. Let's just make it work. I keep telling the troops, and I'm saying over and over again till they're tired of hearing it, the answer is yes. Now let's get to it. The problem is that so many people have said no. The answer's yes. Make it work. Come on. If you like it, let's do it. And it'll be hard for these guys to do that. (Respondent 05, personal communication, June 12, 2007)

There was evidence of effort to formalize innovation, or try to facilitate it within existing structure.

There are times when you need formal systems because people want to be assured that their efforts aren't going to just fall on stones, so if you're really asking people to come up with a solution to a problem, or invest personally in something that has to be done differently, and something that's requiring their imagination and creativity, they want to say well, is there any indication that if I invest a lot personally in this that something will really come of it? It depends on their history and background. Some people are naturally trustworthy, but some people have been burned a number of times and say, look, I – I really don't want to spend a lot of time

on this because we've done this, we've been down this road before, and nothing came of it. (Respondent 08, personal communication, June 20, 2007)

The strategic planning team was a cross-discipline cross-department faculty plus staff plus students plus alumni team, and there continues to be those moving the strategic plan forward. We have now formalized our International Business Committee, one within our College as one that's shared with Arts and Letters for the undergraduate program, because we used to be responsive to things that came our way. A university would come and say, "Hey, do you want to do a faculty exchange?" or "Hey, do you want to do a summer abroad?" or "Hey, do you want to do a joint program?" we would respond to it. (Respondent 02, personal communication, May 29, 2007)

We have a faculty advisory group. We also have various committees that constantly look at what other schools are doing or what's happening in our own programs. And we do benchmarking so we know what's happening at other institutions. We do it for our competitors, peers, and aspirants. Three groups, three comparable groups. (Respondent 04, personal communication, June 8, 2007)

I really go with the strategic planning process, and every year I look at how we've performed on each of our objectives, and I try to drive the plan. Plan the work, work the plan. I really believe that. And I don't mean that that means that we pass up things mechanistically, but if you don't know what you're focused on, it's hard to ever really achieve success. (Respondent 08, personal communication, June 20, 2007)

We have curriculum committees for each of our programs. And so through that formal system, we want those curriculum committees to be constantly looking at the curriculum in a program, or to look at the market they're serving and to see, "Are there new programs we should offer?" So we do have innovations that emerge out of that sort of regular process of reviewing the curriculum that happens. (Respondent 10, personal communication, July 18, 2007)

Learning assessment will feed through those committees. And so because of that ongoing process that we're required to do, there will be changes to our curriculum because of that. And those are good and those are important and you see a lot of changes happening because of that. Those are the processes sometimes that take quite a while to work through the system, but it does mean that you've got a regular review of what you're doing going on,

and that can be real important thing. (Respondent 08, personal communication, June 15, 2007)

The researcher gained the impression that where task forces or ad hoc groups were formed, there was a high degree of intentionality in seeking a creative or innovative solution to a problem. The existence of such intentionality in instances where strategic planning groups, curriculum committees, etc, were expected to foster innovation, the intentional nature of that pursuit was less evident.

#### *Obstacles to Innovation*

Four areas were most frequently cited as obstacles to innovation; accreditation, culture, governance and, resources.

#### *Accreditation*

Accreditation was earlier cited as a major source of innovation. However, it was also, though less frequently, cited as an obstacle. One subject expressed a view of accreditation that differed from all others.

I think it depends on where you're at. If you're a highly flexible forward looking organization, all they can do is get in your way. But because you already have a vision of what you want to do you don't need them. They're, they're kind of peripheral to your vision of what you want for your organization. (Respondent 03, personal communication, June 5, 2007)

Another subject cited accreditation requirement for faculty qualifications as a limiting factor.

The sufficiency of faculty and then the Academically Qualified/Professionally Qualified issues (are an obstacle). And working with that requires steadfast devotion and therefore that probably does inhibit certain types of innovation but on the other hand they're not – the standards are not there for naught. If we are meeting those standards then we're doing maybe a different kind of innovation that makes us better so if we look at it that way you know that's kind of the Pollyanna approach but it's the one that

I've got to take because we do spend a huge amount of time on AACSB. Well in CSU, because of how we are funded on an FTE basis rather than on a position base for instance, when 1.8 faculty retire or leave the system then can we afford to have 1 new person come in. So that's kind of a treadmill into oblivion isn't it? (Respondent 11, personal communication, July 23, 2007)

### *Culture*

Subjects cited organizational culture as an obstacle. The academic culture was described as insular, with little incentive to change.

In a business environment – a non-business school environment – but in a business environment, you continuously look at the competition, you try to maintain competitive, you look at what the customers' needs are and respond to them. In an academic business school environment, although we know that our customer needs are based on who is hiring our students, we also are very academically insulated from that, and feel that the business community should not be telling us what to teach. (Respondent 01, personal communication, May 23, 2007)

If an idea comes from the outside, there is a higher likelihood that it will fail, because it will be considered as their idea versus a great idea in general. When it comes from internal, there's far more rallying around it, far more support, and a much higher likelihood that it will move forward without any resentment and in a timely fashion. (Respondent 01, personal communication, May 23, 2007)

We don't lose our jobs if we don't innovate. Nobody takes our jobs away if we don't innovate. The only pressure we have right now to do anything innovative is – like I said, the inter-personal thing. In general, there's just not that much pressure to be innovative. (Respondent 09, personal communication, July 6, 2007)

And there's zero incentives to do anything new. You're going find this at the other CSU schools you speak to. We don't have merit pay; we don't have incentive pay; so there's not the normal things you use in the real world to incentivize change and continuous improvement. You have to want to do it just because you want to do it. It's going be extra work. You're going get no additional compensation, pats on the head, or anything, for that. So that also hinders the average person from wanting to innovate because

here's no real incentive whatsoever. (Respondent 09, personal communication, July 6, 2007)

Furthermore, the culture of long-term faculty was cited as an obstacle.

The longer you're part of the same environment, probably, the less likely you are to be innovative. (Respondent 04, personal communication, June 18, 2007)

People who have been in any organization a long time tend to be more concerned with conserving what they perceive to be the traditional strengths. (Respondent 08, personal communication, June 20, 2007)

In general, the people who have been here the longest, and who joined the college when we were a very, very different university. In general, I'm saying probably 80%. (Respondent 01, personal communication, May 23, 2007)

### *Governance*

The most frequently cited obstacle to innovation was governance:

I think it depends upon the extent to which you have more and more people involved in the governance system, more people need to be consulted. That can hinder change, because you have to spend quite a bit of time having everybody buy into the changes, and buying into doing things in a different way. (Respondent 01, personal communication, May 23, 2007)

Obstacles, oh, obstacles to change. Very much so. Very much so. I'll give you an example. There was a recent proposal that the university have a research center associated with these radio frequency identification tags, or RFID tags. But, during the discussion at the senate one of the faculty got the idea that it would be mostly Western companies that would employ these tags, and this could mean that Americans buying these products were more likely to have these tags, so what if on the streets of Baghdad somebody can identify somebody as an American because they have an RFID tag embedded in the shoe that they're wearing, and wouldn't this be dangerous? So does this mean that we shouldn't have a research center? Now I can look at that and smile and say that's ludicrous, but nevertheless everybody on the faculty senate spent a chunk of their lives discussing the pros and cons of this. And this is part of what you get with, you know, governance is sometimes messy. At the system level, I have some pretty grave concerns – we're part of 20 – we're one of 23 units in the California

State University system. (Respondent 08, personal communication, June 20, 2007)

The people that get drained are the people that are supposedly supposed to be doing the innovation. They're spending all of their time and energy fighting all of these side battles and after awhile you're saying, essentially, "Why do I care? The University keeps me tied up in all of these issues in a long-term and a long way so that I can't do the things that I want anyway and I'm exhausted all the time." To me that's a lot of what happens. (Respondent 09, personal communication, July 6, 2007)

Only for us is it negatively impact us in the GE area because there are things that we would like to do for students as a whole across the campus in our general education program that end up in being turf battles in that because GE is handled through the senate academic governance processes, the business college just has run into many, many roadblocks there but otherwise it's a supportive structure and there really aren't any issues. (Respondent 11, personal communication, July 23, 2007)

The general bureaucracy of a state university is the biggest hindrance to any innovation. In order to get any change through the system you have to go through levels and levels and levels and levels of approvals. We're talking probably – if you want to go and put a new course in – an undergraduate course, not even a whole new program. You go to your own department for approval, then you go to the undergraduate committee, then you go to the curriculum committee, then you go to what we call the steering committee, and if that passes, you have to go to the undergraduate committee cross-campus and senate approval. (Respondent 01, personal communication, May 23, 2007)

The other place where you have processes that drive you crazy is on the academic side. We're sort of notorious in the academic world for taking a long time to make decisions and particularly with curriculum innovation. And for us, let's say we want to change the curriculum in one of our programs. We have a program committee that reviews it. And if it's a significant enough change, then it has to go our faculty, the whole faculty for the approval. Then it has to go to our school curriculum committee. Then it has to go the university academic counsel. It can take a year to get a curriculum approved. Then you almost need another year to implement it and recruit for a new program, so then you're talking two years, and we're in the business world where things change constantly. And so how do you ever stay on top of things? So it's



a real challenge. (Respondent 01, personal communication, May 23, 2007)

### *Resources*

Resources were cited as a limiting factor, though not to the extent the researcher anticipated.

Unless there is growth money and so that's what we're constantly having to work for and so far the college has been successful in that regard but then there are occasions when we've got unfilled positions as we do in accounting and we're certainly not alone in that regard in California or the U.S. or the world, I mean we've just got a problem in that arena. So that's kind of how it evolves. (Respondent 11, personal communication, July 23, 2007)

Part of it is the fact that we tend to be resource-constrained, and therefore focus on what we do, and do it well. Adding on innovation in particular areas is an added burden, so how do you parse that burden with the confined or constrained resources of all else they're doing, which is the essence of what they do? (Respondent 03, personal communication, June 5, 2007)

Well our faculty has a very large teaching load. It's 12 WTUs per quarter which, that's a 4 unit courses so that translates to a 3-3-3 teaching load or 9 courses per year and many campuses start with 6 and then go down from there. We start with 9 and we try minimally to go down from there when there are reasons that we can give faculty, reassign time. That is a heavy teaching load in order to be able to producing the kind of research that we emphasize. So that's a challenge, it's a huge challenge but it's also important and see I'm not one, I mean I enjoy being part of an accredited school because I believe that that level of faculty involvement is important to what we're doing with students. Am I saying it makes us better pedagogically in terms of how we communicate with students or spend time with students outside of class? No, but I think it gives us the academic background that we need in order to really represent our profession so I think it's a good thing. If it was perceived as a hindrance then it would be a different deal but it's not, it's a plus, so we need to embrace it that way and just push a way for it. (Respondent 11, personal communication, July 23, 2007)

### *Review of Documents*

The planned review of documents associated with innovation in the subject school proved to be of no value. No subjects offered documents specifically related to innovative activities. In the few cases ( $n=3$ ) where documents were offered, they were professionally produced brochures designed for outside consumption. While these brochures included mission statements, vision statements, and/or excerpts or full-text of strategic plans sometimes alluding to innovation as a mission component, very little specificity existed. Searches of websites associated with the subject schools revealed similar published resources; resources intended to outline for public view the mission and purpose of the school. These resources provided little insight into the topic of this study. Consequently, the planned document review was abandoned as a component of data analysis.

## Chapter V: Interpretations, Reflections and Recommendations

This section will present the researcher's interpretations of the results presented in Chapter IV reflections upon those results, along with recommendations for future study.

### *Interpretations*

#### *The Importance of Innovation*

As reflected in Chapter IV, subjects generally placed a high level of importance on innovation. Subjects consistently reported that innovation was highly important. Eleven of twelve subjects assigned a score between 7 and 9 to the importance of innovation, the range of scores. One outlier assigned a score of 2. This score was ignored for the purposes of calculating the range, mean, median, and mode. The mean score was 8.2. Both the mode and median were 8. This provided validation that the subjects believe innovation to be important.

The researcher, though, left the study with lingering doubt. Disparity in the researcher's perception of the quality of interaction fueled this doubt. Struck by the willingness to cooperate demonstrated by the participants, the researcher found the unevenness of the quality of the participation notable. Most reacted to the questioning with apparent thought and reflection. Some didn't frankly seem all that interested, giving formulaic answers that betrayed no real passion. A precious few were enthusiastic and engaged; excited to talk about the possibilities.

This left the researcher fearing that the high importance placed on innovation was, in some cases, perfunctory. The outlier, the subject scoring the importance of innovation in their organization a 2, took on greater significance as the study drew to a close. This answer, which seemed jaded and cynical when given, kept returning to the researcher's

mind. Did subjects inflate the importance of innovation in their schools? Is innovation so part of the contemporary culture that subjects could not admit that it was not important to their school?

After much reflection, the researcher concluded that this was not the case. Innovation is quite important to schools of business, though difficult and complicated to engineer. The fundamental way of teaching and learning is so ingrained, such a dominant design, that changing it is a Herculean task. The subjects frequently cited examples of innovation that occurred in areas of the business model other than then the core curriculum. No evidence of innovation in the teaching process was uncovered. While some evidence of innovation in program development was identified, a great many of the innovative initiatives existed in areas auxiliary to the core educational process such as internships, study abroad experiences, business plan competitions, and others.

This gave the researcher confidence that innovation is important. In fact, it is so important that business school administrators and faculty are willing to invest themselves in innovating in areas other than the core activity. Precisely because it is so difficult to innovate in the core teaching and learning space, the innate innovative tendencies of business educators manifest themselves in areas more accepting to change.

### *Business Concept Innovation*

Chapter III identifies four examples of unexpected successes that led to further innovation. These are interesting in two ways. First, they are examples of small projects which, when successful, demonstrated the potential disproportionate impact leading to a desire to expand the initiative.

Second, they each came in a different phase of the school's business model; a new academic program offering, a business outreach activity that contributed to the value network (Hamel, 2000) of the school and the students, an ancillary experience that differentiated the school in the minds of current students and prospective students, and an innovative solution to a common fundraising problem. Each example shows the power of embracing the seemingly small, unexpected success, and using it as a foundation for much greater impact.

That each of these anecdotes comes from a different area of the business model demonstrates the power of unbundling the business plan (Hamel, 2000) and viewing each segment as an opportunity to add value. While the subjects cited, whose work was from areas of the business model other than new product development, did not directly acknowledge such, they clearly understood the importance of business model components such as outreach and internships, study abroad and, creative fundraising. They did not speak to the broader business concept, but they clearly understood the power of all the components of their enterprise.

These examples reminded the researcher of 2 of Hamel's (2000) 10 design rules for innovation (a) an elastic business definition and, (b) low-risk experimentation. The deans who offered these anecdotes understood the importance of those things their schools do aside from teach classes and award degrees. And, they understood the beauty of low-risk initiatives. They seemed to have done an almost instant calculus that told them to pursue the idea at hand because there was virtually no downside risk.

Students who completed projects for companies were not going to have a negative experience, even if the program failed to grow. It grew enormously. Young students

who visited China on spring break were unlikely to come home and tell everyone it was a bad experience. While study abroad is not uncommon, sending first-year business students to China is very uncommon. It is an elegantly simple product differentiation with little risk. Securing a long-term philanthropic commitment from a successful entrepreneur would never be considered a failure. Embracing the strategy and applying it with intentionality to other prospects is a classic example of seizing the unexpected success.

Perhaps, though, the most exciting anecdote referred to the development of a new product, the sports MBA with the San Diego Padres. The researcher found this so exciting because it manifested from outside the organization. Throughout the study, the researcher was struck by the inward focus of many of the organizations, as if ideas that came from outside were by their very nature inferior. This example stood as a rare instance of what can happen when a business school allows itself to be influenced externally. The impact of organizational culture upon innovation will be discussed in an upcoming section. This example, embracing a degree program initiated from outside, was a significant story.

This study failed to uncover the kinds of radical examples of business concept innovation described by Hamel. It did, however, find evidence that leaders of business schools understand the opportunities available when innovation occurs across the business plan. This is an important finding.

#### *Capacity to Innovate*

Respondents were asked to assign a score self-assessing their organization's capacity to innovate on the same 10-point Likert Scale as the question regarding

importance of innovation. The score assigned to this question was compared to the score assigned to the question of importance of innovation for each respondent, to determine any gap that exists between importance of innovation and the capacity to innovate. This is resulted in a *gap score*. Gap scores ranged from 0, meaning the respondent assigned the same score to both importance of innovation and capacity to innovate, to -5 meaning the respondent scored capacity to innovate five points less than the importance of innovation. The mean gap score was 1.6, the median was 2 and, the mode was 1. Thus, the most frequent assessment pinpointed the gap between importance of innovation and capacity to innovate a rather modest one-point variance.

Having deeply questioned the outcome of the analysis of importance of innovation, the researcher viewed the identification of a rather modest gap score with equal skepticism. Is it possible that most business school place a high priority on innovation, and have a capacity to innovate nearly equal to that imperative? Or, was it simply too much to expect that subjects, executive leaders of business schools, would place a high level of importance upon innovation and then confess that their organizations aren't very good at innovating?

It was at this point in the interpretive process that a key concept emerged. Business schools place a high priority on innovation. They are also relatively effective at making change, *within the framework of accreditation, governance, organizational history and culture*. Within the boundaries established by the powerful guiding forces exerting pressure on schools of business, primarily accreditors and faculty, innovation is alive and well. Outside those boundaries, innovation is not so apparent.

Nothing approaching radical change to the teaching and learning core was identified by any subject of the study. Many incremental changes, or changes to tangential areas of the business model, were cited. But all changes were within the invisible, or not so invisible, fences established by the two constituencies holding the most sway over the actions of the accredited business schools studied, AACSB and the faculty of the school.

Many operational tasks such as leading independent thinking faculty, managing labor relations in a complex collective bargaining environment, keeping abreast of technology, adjusting to constantly shifting demographics, dealing with inevitable resource limitations, and negotiating the maze of governance and regulation are challenging and taxing. But, each of these tasks is defined. They all exist in a finite playing field with some defined set of rules. While powerful justification for these limits can be presented, it is naïve to ignore the limiting nature of these influences, one external and one internal.

#### *Internal or External?*

Peter Drucker's (1985) early work on innovation and entrepreneurship formed much of the basis for this study, especially the section dealing with sources of innovation.

Drucker identified seven sources of innovation. Internal sources included:

- *The unexpected* – the unexpected success, the unexpected failure, the unexpected outside event;
- *The incongruity* – between reality as it actually is and reality as it is assumed to be or as it “ought to be”;
- *Innovation based on process need*; and
- *Changes in industry structure or market structure that catches everyone unawares.* (Drucker, 1985, p. 35)

External sources were cited as:



- *Demographics*;
- *Changes in perception mood and meaning*; and
- *New knowledge*, both scientific and unscientific. (Drucker, 1985, p. 35).

The researcher discovered it very difficult to fit the innovative activities of the subjects neatly into these boxes. In many cases questions directed at identifying the extent to which innovation was born of one of these sources was met with uncertainty. Attempts to fit something into the category, whether or not it actually fit, were often clumsy. In the end, the researcher concluded that these seven sources of innovation, while quite elegant in abstract thought, were not terribly relevant in helping identify the sources of innovation in business schools.

The framework of internal sources and external sources were quite valuable, however. Analysis of the subject interviews strongly suggests the primary source of innovative to be faculty. All subjects cited faculty as a major source of innovative ideas. While some indicated other sources; competing universities, staff, students, and the business community most notably, the overwhelming sense is that faculty drives innovation. The researcher was, in fact, struck by the relatively little emphasis on outside sources of innovation.

Only three subjects spoke heavily of outside influence, especially that of the business community. In only one of these instances did a subject reveal a significant innovation born of interaction with the business community. Other subjects spoke of the business community as the primary customer, the user of the end product; their graduates. They spoke of talking to corporate recruiters and executives to ascertain what they needed from the schools. But, in only one case did a subject reveal a major initiative, in

this case the creation of a new program resulting from engagement with the business community.

The single outside entity cited as a significant source of innovation or change was AACSB. The accrediting body was regularly cited as an effective outside catalyst of change. In fact, they were the only source identified that rivaled the power of the faculty. The external validation afforded by AACSB accreditation is so valued by these schools and their faculties the requirements imposed by the accreditor provide a powerful impetus to change. No administrator or faculty member wishes to endanger accreditation. And even if resistance lingers, the power of the accreditation body builds a large enough critical mass toward meeting the requirements of accreditation that the resistance is overcome.

There is nearly universal agreement that AACSB is a powerful agent of change. The unanswered question is to what extent AACSB fosters true innovation rather than incremental improvement within the context of existing industry norms. The three AACSB imperatives most frequently cited by subjects are:

- Faculty standards; the ratio and number of faculty carrying the designation academically qualified versus professionally qualified,
- The insistence upon standards of learning assessment and,
- The requirements for effective strategic planning.

When considered, two of the three imperatives, learning assessment and strategic planning, could potentially foster true innovation. Assessment of learning, with effective feedback mechanisms, has the potential to result in significant improvement in teaching methodology. Strategic planning, if innovation is a priority arising from the planning

process, has the potential of spawning significant innovation. Neither of these imperatives, however, assures innovation. Both are process-based initiatives, assured by their very nature of being long-term endeavors. Whether either initiative actually results in innovation is completely dependent upon the intent, culture, and energy of the individual college. While AACSB can require these processes, they cannot mandate innovation. The remaining imperative, faculty standards, seems an unlikely area from which innovation might arise. This will be discussed further in the section summarizing obstacles.

An important point did emerge from a discussion regarding the role of students as an internal source.

A group of students who were entrepreneurs said, “We’re entrepreneurs. We want to develop business plans. We don’t have a business plan competition. We’re going to start one.” And so we said, “Go for it.” And so about three years ago, a group of students decided they were going to do it, so they helped design the first one, helped raise the funds for it, and it’s still very much a collaboration between our students and our staff to pull that together and make that happen every year. (Respondent 02, personal communication, May 29, 2007)

This is a powerful example because it illustrates the power of an internal source, students, while illustrating the power of collaboration that is particular to higher education. It is unlikely that in the private business sector a group of customers would approach the management team of a company, identify a product weakness, and offer to help fix it, even raising capital to do so.

### *Systems*

The researcher found little evidence of the systematic search for innovation described by Peter Drucker (1985). Rather, subjects gathered around the idea of rallying

work groups around specific innovative tasks, and disbanding them upon completion of the task. While this approach does not lend itself to institutionalizing the search for innovation, it makes great sense in an environment susceptible to wasteful and unproductive standing committees as part of governance. Simply stated, many subjects feel that the creation of standing committees on innovation would serve to drive the most innovative thinkers away from the process.

While the need for innovation seemed to be top of mind, evidence that it is actually central to the operational thinking of most of the schools was modest. The researcher was left with the sense that innovative thinking sometimes intruded upon the operational process, but that keeping innovation in the forefront is a daunting task. It appeared that most wished to develop a culture of innovation, rather than formal systems to foster innovation.

### *Obstacles*

Obstacles to innovation generally fell into four categories: accreditation, governance, culture, and resources.

### *Accreditation*

While accreditation was generally cited as an advantage in fostering innovation, it was also mentioned as an obstacle. Many subjects referred to AACSB requirements for faculty sufficiency as challenging. While nearly all couched these references with affirmations that the standards made accredited business schools better, there was also an admission that the requirements restricted what schools could operationally achieve by insisting upon a robust presence of faculty meeting the requirements of academically qualified.

The standard is largely intended as a quality control device. The standard seems rooted in a philosophy that maintaining faculty with the highest credentials and best publishing record is the best way to maintain the quality of the business school. This is not an innovative philosophy, but one that suggests adherence to a dominant design intractably in place throughout higher education, not just business schools.

This standard is certainly not a bad thing. Appropriate credentials provide a litmus test of mastery of subject matter necessary for anyone claiming to be a content specialist. Faculty are by necessity content specialists. Adherence to rigorous requirements for publishing, or other intellectual contributions, is a powerful method of assuring that faculty not only stay current in their field, but create new knowledge, knowledge that presumably transfers to the classroom.

These standards do, however, limit innovation. Schools struggle with maintaining the appropriate balance of academically qualified and professionally qualified faculty. Lack of availability of academically qualified faculty in any area can limit innovation. New programs cannot be launched in areas where academically qualified faculty are not available in sufficient numbers. Each accredited school has made the explicit judgment that the prestige of the AACSB endorsement outweighs any restriction. This was best illustrated by the subject who said, "Excellence is more important than innovation" (Respondent 03, personal communication, June 5, 2007).

The researcher found this statement to be representative of the overall view accreditation. It also served to sharpen the focus on how important innovation really is; important within the constraints of an existing set of rules. This statement, more than any

other, sharpened the researcher's focus on the real tension between innovation and status quo. Innovation is a priority within the boundaries of the accepted field of play.

Another statement brought this concept further into focus.

I think it depends on where you're at. If you're a highly flexible forward looking organization, all they can do is get in your way. But because you already have a vision of what you want to do you don't need them. They're kind of peripheral to your vision of what you want for your organization. (Respondent 03, personal communication, June 5, 2007)

Other evidence emerged suggesting a tendency toward strategic convergence (Christensen, 1997; Christensen et al., 2004).

If you're bringing good people into your program and they're placing them at good organizations, then that's probably more important than where you are ranked, but the rankings drive everything. The end result is we've had a considerable decline in doctoral education, schools are putting all their money into the graduate programs, and they're using innovative approaches to try and fund those in terms of fundraising, or trying to use part-time market or the undergraduates to fund the graduate – the master's – the MBA program. Big focus is on the MBA and the rankings. And some schools probably try to move into that market when they'd be better off doing something else. (Respondent 04, personal communication, June 8, 2007)

This tendency reduces the chances of any school, by intentionally seeking customers down-market, engaging in classic disruptive innovation. Strategic convergence also reflects the inclination toward acceptance of a dominant design (Utterback, 1994), a design that everyone agrees as the standard for the industry. The subject's single reference to innovation refers to “using innovative approaches to try and fund those in terms of fundraising, or trying to use part-time market or the undergraduates to fund the graduate – the master's – the MBA program” (Respondent 04, personal communication, June 8, 2007). This suggests

innovation in areas of the business model other than the actual design of the product.

### *Governance*

Governance is the single most mentioned obstacle to innovation. In no circumstance is governance identified as a catalyst of change. The question with governance is how severe is the obstacle and where in the governance system does the obstacle live.

There is an interesting inconsistency in identifying where in the university organizational chart governance becomes an obstacle. In some cases, the subject identifies the governance of their own school as an obstacle to innovation and change. In other cases, the governance problem resides in the university governance system outside the school of business, or in the case of public universities the statewide governance system. Subjects from both private and public universities believe that the private university sector holds an advantage because they have more localized control. In general, it is recognized that governance slows the innovation process, a dramatic difference between education and the private-sector where change can seemingly take place very quickly.

### *Culture*

The university culture is frequently recognized as an obstacle to innovation and change. Subjects identified the insular nature of universities, where ideas from outside are not always well received, as a significant obstacle to change. Along with the closed nature of higher education, the lack of incentives to innovate and the domination of long-term faculty form powerful resistance to change.

Simply stated, subjects feel that the motivation for innovation must come almost entirely from within faculty members themselves because there is a dearth of outside incentive. This offers another powerful contrast to the private-sector where innovation can bring significant financial rewards, as well as recognition.

Longevity of faculty is identified as an obstacle, not because stability and tenure of faculty are not valuable, but because the longer one is in an organization the more difficult it may be to see that organization evolving. The most powerful example included a university that over a long period of time shifted from focusing solely upon teaching and, consistent with AACSB standards, began focusing more on research that was previously the case. This caused resistance from faculty members who had not previously been required to meet standards of publishing.

Generally, subjects feel that long-term faculty members present more resistance to innovation than faculty of more recent tenure. They may find it difficult to accept changes in the identity of the school. Their history with the school may also make them less likely to embrace new initiatives because previous efforts didn't work.

As well, an intolerance of risk was identified as an obstacle. Subjects conveyed that failure was not easily digested in their organizations, and the institutional memory of failure is long. This was contrasted by subjects with private-sector experience, who described a need to take well-reasoned chances and move on quickly from failure. While it is not surprising to hear that failure is punished, it was surprising to hear that failure is dealt with differently in the business world. Revisiting the literature review provided context.

Resiliency is the ability to rebound and learn from failures and difficulties. Resiliency is vital to risk-taking. It enables people



and organizations to carry-on in the face of adversity and to adjust to changing circumstances. The opposite, rigidity, prevents adjustment and severely limits the ability to take risk.

Self-acceptance is to be approving or satisfied with one's actions. People and organizations that are self-accepting generally like themselves and exhibit great self-confidence. The opposite of self-acceptance is victimization. People and organizations that see themselves as victims complain and blame others. Self-accepting organizations don't try to be perfect, thus freeing themselves to take risk. (Byrd & Brown, 2003, p. 51)

From Curry (1992), "The plodding pace of change in the academy has been compared to change in business organizations, where it seems to take place dramatically and overnight" (p. 31).

It strikes the researcher that the need for external validation, an intolerance of failure, a demand for perfection and a rigid insistence on generally accepted process combine to create a culture in which innovation can be very difficult.

### *Resources*

Resource limitations are cited by many subjects as an obstacle to innovation, though not in the number, or with the intensity the researcher expected. The most interesting observations were not only about the lack of resources in the form of financial capital, but the limitations on faculty time. Faculty are the primary catalyst of innovation. But their ability to engage in innovative activity is severely restricted by available time. The demands of teaching and publishing limit the likelihood of a focus on innovation. This obstacle is enhanced when viewed through the lens of a lack of incentive to innovate. Faculty members must be willing to take on the additional work of innovating, with little release from other duties and few incentives.

*A Model*

The researcher did not identify a common strategy or system employed to innovate. Drucker's (1985) "systematic search" for innovation was not found. Rather, innovation appears to be random and emergent. This is not an indictment.

The researcher was impressed by the willingness of the leaders interviewed to allow innovation to emerge from the organization, with the aid of creation of organizational environments that opened lines of communication and entertained the possibilities of the ideas of faculty and staff, most importantly faculty. These leaders recognized that their organizations have histories and cultures which precede them and are enormously powerful. Robert Birnbaum (1992) is correct. Institutions of higher learning have traditions that are more powerful than most leaders with an eye toward transformation. The organizations will resist too much change, too fast. The resistance is frequently powerful enough to prevail.

But, the following principles were common in schools that demonstrated a forward-leaning momentum.

*Innovation coming from faculty has the best chance to succeed.* Faculty, quite appropriately, view themselves not only as content experts, but as experts on teaching and learning. Business schools, like much of higher education, are suspicious of outside influence. Innovative initiatives championed by a respected member of the faculty are much more likely to gain support than those perceived as being externally driven. Externally driven includes the dean, the president, the governing board and the business community. The researcher was struck by the relatively modest emphasis by subjects on

input from external communities. While such feedback exists, and the subjects are all engaged externally, they clearly understood that faculty responds best to other faculty.

*AACSB standards are powerful motivators.* The desire for this peer-based endorsement of quality or excellence is so sought after that AACSB imperatives are likely the most significant tool available to leverage change. Faculty and administrative leaders from premier schools, and schools aspiring to be premier, value this accreditation enormously. Even the most intractable resistance crumbles in the face of an AACSB standard.

*Embrace innovation outside the core of teaching and learning.* While the teaching and learning core are sacrosanct, the potential for innovating in other areas of the business model are nearly limitless. Innovative approaches to marketing, fundraising, creation of auxiliary activities that complement academic imperatives, and other innovations away from curriculum and program development can add significant market value, while avoiding traditional obstacles.

*Accept governance and work with it.* Governance can be a frustration. Governance slows the pace of change, especially in curriculum and program development. Governance is inefficient. Governance is an unalterable reality of university life. Embrace it. Work with it. Make it your own.

*Focus innovative initiatives on defined challenges, opportunities or problems.* The best minds want to complete a task successfully, see the benefits of the work, and find a new challenge. Focusing innovative initiatives on specific challenges, opportunities or problems allows that to happen. Task forces and ad hoc work groups can

operate quickly and efficiently, within the scope of a particular task, and have significant impact.

*Don't form an innovation committee.* No subject interviewed has constituted any kind of standing innovation structure. Period. The universally-held belief is that innovation must come either through the organization organically or is developed in the focused groups described in the point above. No one in the study was a proponent of committee-based Research and Development.

*Don't use resources as an excuse.* Refreshingly, resource limitations, while mentioned as an obstacle, were not identified as an innovation-killer. In fact, the level to which resource limitations were cited as an obstacle was surprisingly little. The inclination on the part of subjects to find ways to manage resources effectively is impressive.

*Don't focus on "I".* With little exception, the subjects interviewed were impressive in their focus on the progress and well-being of their school, and not themselves. This impression went beyond the use of the all-inclusive "we" in conversation. The subjects seemed to genuinely focus on "you", the faculty and students of their schools as the primary motivators and facilitators of change.

The researcher also identified challenges that if overcome could have significant positive affect on schools' ability to innovate.

*Create incentives.* A primary difference between business school innovation and private-sector innovation, as identified by research subjects, is the lack of incentives to innovate. The classic financial incentives to innovate that exist in the private sector simply aren't available in higher education. What remains is an expectation that

innovation will occur because of the professional commitment or personal perseverance of faculty. This is naïve. Especially in disciplines such as business, where faculty members are experts in subjects oriented toward profit-making, it is unreasonable to expect that long-term innovative excellence can be maintained without tangible reward systems. These systems largely don not exist.

*Shorten program and curriculum development cycles.* Partly a function of governance, partly a function of the thoughtful nature of academia, it simply takes too long to get things done. Even leaders of private university business schools, saddled with far less bureaucracy than their public school counterparts, confessed that it takes too long to implement change. This is particularly true in the teaching and learning core. Schools must learn to balance their need for stability and thoughtfulness with the need for rapid change to keep based with a global economy that has never moved more quickly. The perception if business schools suffer from long development cycles.

*Engage AACSB on faculty sufficiency issues.* Faculty sufficiency standards remained with the researcher as the single most limiting factor imposed by AACSB. While the imposition of these standards are with good reason and intent, the fact remains that they limit the ability of some schools to meet student demand. With many older faculty retiring, there simply may not be enough younger faculty with the credentials and publishing records to meet the standards of academic qualification. While this will not impact the top-tier of AACSB schools, it may certainly impact others. Unable to find adequate faculty, they may be forced to limit enrollment, thus forcing otherwise qualified students to seek non-accredited options. This serves no one.

### *Reflections*

The researcher left this study believing that innovation is the most difficult task facing the leader of any school of business. The tension inherent between faculty and administration is both legendary and ordinary. Faculty members are well-known independent thinkers with an aversion to being managed. Labor contracts have defined rules and procedures. Seemingly opaque at times, they can be interpreted to a conclusive end. Technology advances quickly and at great expense. Yet, this area can be analyzed to a rational conclusion. Decisions about the use of technology can follow a systematic and clear template. Resources are always a problem; both the dean of the most heavily financially endowed university in the study and that of the least well endowed claimed resource limitations as an obstacle to change. But, good planning and stewardship can utilize resources strategically and effectively. And finally, the bureaucracy is always present at both public and private institutions. The bureaucracy is a constant. It's always present. The best leaders relish finding ways around the bureaucracy. It becomes an interesting game.

But, innovation is different. It starts with the difficulty of defining it. Must something constitute a “sea-change” (quotation from an interview subject) to be considered innovative? Is a simple process change that allows students or faculty to complete a regular procedure more efficiently innovative enough to warrant attention? Must the innovation result in a new product offering? Some subjects defined in their own terms; terms that revealed themselves as the interview progressed. Others asked for it to be defined, and reacted with varying degrees of comfort when asked to define it in their own broad terms. Some never defined it, the dialogue betraying an unease, as if they

knew they should be doing new things and were uncomfortable at their inability to be more definite in their answers.

*Hegemony is the Enemy*

The researcher was struck by the number of powerful, institutionalized barriers that appear to limit innovation. Subjects spoke of genuine desire for innovation. They assured that AACSB, the primary business accrediting body, a subset of whose members formed the population for this study, insisted upon innovation. A number, significant enough that the researcher found it surprising, spoke of the support of faculty members and university administration. Yet, most spoke of the limitations placed upon them by each of those constituencies.

AACSB encourages innovation, as long as schools maintain the proper number of faculty, with the proper academic credentials, and the proper record of scholarly publication in the proper journals. This was best summarized by the subject, a great supporter of AACSB, who said, "Excellence is more important than innovation." This reminded the researcher of the writing of James Utterback (1994), noted in Chapter II.

In higher education a complex, sophisticated dominant design has emerged over many decades. Utterback's specific phase of innovation process seems to best describe the state of business education:

- Innovation is incremental.
- Improvements in products and quality are cumulative.
- Products are mostly undifferentiated and standard.
- Production processes are efficient, capital intensive, and rigid. The cost of change is high.

- Research and development efforts focus on incremental product technologies, with an emphasis on process technology.
- Plants are large scale and highly specific to particular products.
- Competitors are few. The market is a classic oligopoly with stable market shares.
- Price is the basis of competition.
- Organizational control is based upon structure, rules, and goals.
- These industries are vulnerable to technological innovations that present superior product substitutes (Utterback, 1994).

While every accredited business school does not perfectly match each of these characteristics, it can be successfully argued that the characteristics largely describe the state of business education among the best schools, those holding AACSB accreditation. To the observer, it appears that much of the innovation in business education occurs outside this circle, with schools unfettered by the restrictions of accreditation. This is a dangerous position.

While many, perhaps most, accredited business schools are so firmly established that they are virtually competition-proof, others run the risk of erosion of market if they do not innovate and adapt. Students not aspiring to work in large corporate settings placing a high value on the prestige factor of the schools from which they hire graduates, rather preferring life as an entrepreneur or engaged in smaller enterprises, may be lured to more flexible “down-market” options, classic disruptive innovation.



Thus, the fundamental challenge facing accredited business schools is maintaining their level of excellence, while responding to and ever changing marketplace. Simply innovating within traditional boundaries may not be enough.

### *Recommendations*

The researcher offers the following recommendations relevant to the topic studied.

#### *Additional Study*

This study only touches the edge of the larger topic of innovation in higher education. The dynamics of innovation suggested by this study may surely exist in areas of higher education outside business schools. As well, there are endless opportunities for additional study of business schools, such as the difference in innovative dynamics between accredited and non-accredited schools.

#### *Deeper Study*

There is ample opportunity for study in more depth. This qualitative project engaged only business school leaders, not faculty or alumni, or corporate executives hiring graduates. Each of these constituencies might well provide insights complementing and enriching the data uncovered here. As well, this study is restricted to one geographic region, albeit a bell-whether region. Similar studies in other geographic regions may be valuable in revealing regional differences in how innovation occurs.

#### *Stratify*

Further stratification, even of the existing population, may be valuable. The researcher has a clear sense that the issues surrounding innovation vary significantly between public and private schools, between those more elite and less elite, between

those dedicated to graduate education only and those serving undergraduate populations. The scope of this study does not allow for adequate consideration of those differences.

### *Quantify*

While the researcher stands by the decision to conduct a qualitative study, a quantitative study dealing with the same topic could afford the opportunity to broaden the study in a manageable fashion. Interviewing business school leaders on a national scope is a formidable task beyond the resources of this study. A quantitative iteration of the study should be considered.

### *Conclusion*

Business schools occupy an ambiguous middle-ground existence, delicately straddling the worlds of theoretical academia and practical business practice. Unlike experimental scientific disciplines, most business related innovation comes from the marketplace itself. Business schools are more often in the position of teaching about innovations created elsewhere, than actually creating innovations themselves. As well, business schools are expected to produce graduates grounded in the fundamentals of business operations, fundamentals that are not always innovative in nature. Simultaneously, business schools are governed by powerful forces that often resist change, and nudge toward the middle; toward a set of dominant educational practices generally accepted by all.

This reality tempers the innovative capacity of business schools. Creative leaders have embraced innovation in ancillary operational areas, seeking to add value to their schools in areas outside of curriculum, teaching, and learning. They have sought to move

their organizations ahead, while maintaining the stability and prestige that are the products of mainstream accreditation. Their challenge is daunting.

## REFERENCES

- Bazeley, (2007). *Qualitative data analysis with NVIVO*. Thousand Oaks, CA: Sage Publications.
- Birnbaum, R. (1992). *How academic leadership works*. San Francisco: Jossey-Bass.
- Boyatzis, R. E., Cowen, S. S., Kolb, D. A., & Associates. (1995). *Innovation in professional education*. San Francisco: Jossey-Bass.
- Brophy, M. S. (2006). A grounded theory of leadership practices that contribute to the development and implementation of successful academic programs (Doctoral dissertation, The University of Wisconsin – Madison). Retrieved July 13, 2008, from Dissertations and Theses: Full Text database. (Publication No. AAT 3234693)
- Byrd, J., & Brown P. (2003). *The innovation equation*. San Francisco: Jossey-Bass.
- Christensen, C. M. (1997). *The innovator's dilemma*. Boston: Harvard Business School Press.
- Christensen, C. M., & Raynor, M. E. (2003). *The innovator's solution*. Boston: Harvard Business School Press.
- Christensen, C. M., Anthony, S. D, & Roth, E. A. (2004). *Seeing what's next*. Boston: Harvard Business School Press.
- Creswell, J. W. (1998). *Qualitative inquiry and research design*. Thousand Oaks, CA: Sage Publications.

- Curry, B. (1992). *Instituting enduring innovations: Achieving continuity of change in higher education* (Report No. 7). Washington DC: ERIC Clearinghouse on Higher Education. (ERIC Document Reproduction Service No. ED358811).
- Desimone, L.M., & Le Floch, K.C. (2004). Are we asking the right questions? Using cognitive interviews to improve surveys in education research. *Educational Evaluation and Policy Analysis*, 26(1), 1-22.
- Drucker, P. F. (1985). *Innovation and entrepreneurship*. New York: Harper Business.
- Fonseca, J. (2002). *Complexity and innovation in organizations*. London: Routledge.
- Genthon, M. (1989). Why does it take forever to revise the curriculum? *Accent on Improving Teaching and Learning*. Ann Arbor: University of Michigan, National Center for Research to Improve Postsecondary Teaching and Learning.
- Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory: Strategies for qualitative research*. New York: Aldine De Gruyter.
- Goulding, C. (2002). *Grounded theory*. Thousand Oaks, CA: Sage Publications.
- Hamel, G. (2000). *Leading the revolution*. Boston: Harvard Business School Press.
- Hargadon, A. (2003). *How breakthroughs happen*. Boston: Harvard Business School Press.
- Kim, W. C., & Mauborgne, R. (1999). *Creating new market space*. Boston: Harvard Business School Press.
- Kim, W. C., & Mauborgne, R. (2005). *Blue Ocean Strategy*. Boston: Harvard Business School Press.
- McMillan, J.H., & Schumacher, S. (2001). *Research in education*. New York: Addison, Wesley, Longman, Inc.

- Noone, L. K. P. (2000). Perceived barriers to innovation in higher education among key institutional decision-makers at selected regionally accredited baccalaureate degree-granting institutions (Doctoral dissertation, The Union Institute, United States – Ohio). Retrieved July 14, 2008, from Dissertations & Theses: Full Text database. (Publication No. AAT 9992709)
- Patton, M. Q. (2002). *Qualitative research and evaluation methods*. Thousand Oaks, CA: Sage Publications.
- Peters, T. (2003). *The circle of innovation*. New York: Vintage Books.
- Risi, K. M. (2005). The MBA in transition: Factors driving curricular change (Doctoral dissertation, Drexel University, United States – Pennsylvania). Retrieved July 14, 2008, from Dissertations and Theses: Full text database. (Publication No. AAT 3182866)
- Sperling, J. & Tucker, R. (1997). *For-profit higher education*. New Brunswick, NJ: Transaction Publishers.
- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Grounded Theory procedures and techniques*. Thousand Oaks, CA: Sage Publications.
- University of Phoenix. (2005). *About University of Phoenix*. Retrieved April 1, 2008 from [http://www.phoenix.edu/about\\_us/about\\_us.aspx](http://www.phoenix.edu/about_us/about_us.aspx)
- Utterback, J. M. (1994). *Mastering the dynamics of innovation*. Boston: Harvard Business School Press.

APPENDIX A

List of AACSB Accredited Business Schools in the Southern California

- University of California, Irvine
- University of California, Los Angeles
- University of California, Riverside
- University of California, San Diego
- California Polytechnic State University, San Luis Obispo
- California Polytechnic State University, Pomona
- California State University, Bakersfield
- California State University, Fullerton
- California State University, Long Beach
- California State University, Los Angeles
- California State University, Northridge
- California State University, San Bernadino
- Chapman University
- Claremont Graduate University
- Loyola Marymount University
- Pepperdine University
- University of San Diego
- San Diego State University



APPENDIX B

Semi-Structured Interview

### **Interview Protocol**

This study will explore dynamics of innovation in schools and colleges of business, seeking to develop a model for such development. While the study will focus on innovation in schools of business, it will heavily rely on models of innovation from the corporate sector, seeking to understand the similarities and differences between innovation in business and innovation in schools of business comparing and contrasting the finding of this study with current literature on corporate innovation.

The semi-structured interview is outlined below. It is important to note that the interviewer may ask follow-up questions not listed below.

An audio recording of the interview will be made.

### **Self-Assessment of Importance of Innovation and Capacity to Innovate**

On a 10-point scale with 10 being most important, how important is innovation to your business school?

On a 10-point scale with 10 being the highest capacity, how do you rate your business school's capacity for innovation?

### **Sources of Innovation**

Are innovative ideas most often stimulated from inside or outside of your organization, or from both? Can you give examples of this?

#### *Internal Sources:*

1. Has your organization experienced any unexpected successes that have stimulated innovative initiatives? If so, how?
2. Has your organization experienced any unexpected failures that have stimulated innovative initiatives? If so, how?
3. Have perceived incongruities in how you interface with your students' stimulated innovative initiatives? If so, how?
4. Have perceived difficulties in business or academic process stimulated innovative initiatives?
5. Have market changes in business education stimulated innovative initiatives?

#### *External Sources:*

1. Have changes in the demographics of your students stimulated innovative initiatives? If so, how?

2. Have changes in the perception of business education stimulated innovative initiatives? If so, how?
3. Have technological advances enhanced innovative initiatives?

### **Obstacles to Innovation**

1. How does your institution's history affect its ability to innovate?
2. How does your institution's culture affect its ability to innovate?
3. What groups tend to resist efforts to innovate in your business school?
4. Does your institution's governance system affect its ability to innovate? If so, how?
5. Does governmental regulation affect your institution's ability to innovate? If so, how?
6. Do accreditors affect your institution's ability to innovate? If so, how?

### **Systems or Cultural Aspects which Encourage Innovation**

1. Does your institution place a high priority on innovation?
2. Does innovation in your institution tend toward product, process, or business model innovation?
3. Does your institution have a formal structure that fosters innovation? If so, can you describe this structure?
4. Does your institution have an informal or cultural structure that fosters innovation? If so, can you describe this structure?
5. How does your institution measure the success of efforts to innovate?

### **Examples of Recent Innovative Initiatives**

Can you describe notable innovative initiatives that succeeded or failed in the last five years?

### **Request for Additional Documents**

The interviewer requests the following documents;

1. Written copy of the business school's mission statement.
2. Organizational structure of any groups or committees formally charged with innovative activities.
3. Charter or directive issued when these groups were formed.
4. Documents describing innovative initiatives.

APPENDIX C

Invitation to Participate

Dr. xxxxx...

My name is Don St. Clair. I am contacting you to request your assistance in a doctoral dissertation study I am completing at the Graduate School of Education and Psychology at Pepperdine University. A brief outline of what I am doing;

I am investigating how innovation (broadly defined) evolves in schools of business. I am employing a "business concept innovation" approach, viewing innovation in any area of the business school model; product, delivery, marketing and promotion, pricing, etc. I am interested in how innovation occurs in business schools, focusing on three specific dynamic areas; sources of innovative ideas and actions, obstacles to innovation, and structures to encourage or foster innovation. I hope to gain insights into how innovation is actually occurring in schools of business and build a grounded theory model describing such.

I wish to conduct a semi-structured interview with you or your designee. I anticipate the interview to take no more than 90 minutes. I would also like to review (and take with me) documents relevant to any formal structures you have which seek to encourage innovation. These documents might include committee makeup, charter, processes and procedures relevant to innovation, as well as other items. This request would not extend to proprietary information of any kind.

I have received site permission from Dr. Julie Sullivan. I am clear that your participation is purely at your option. The project has also been reviewed by the IRB of the Graduate School of Education and Psychology at Pepperdine University.

I understand that you have a very busy schedule and pledge to be respectful of your time. Please advise the best way for me to arrange a meeting with you, at your location of course. As well, I am happy to provide any additional information possible. In the event that you are not able to assist, my research plan allows for interviewing another appropriate representative which you designate.

Thanking you in advance for your attention....

Regards,

Don St. Clair  
Vice President for Marketing  
Woodbury University

Doctoral Student  
GSEP - Pepperdine University

APPENDIX D

Consent Form

Consent for Research Study

A Study of Innovation in Collegiate Business Education

I, \_\_\_\_\_, agree to participate in the research study being conducted by Don St. Clair under the direction of Dr. Ronald Stephens, Pepperdine University.

*Purpose of the Study*

This study will explore dynamics of innovation in schools and colleges of business, seeking to develop a model for such development. While the study will focus on innovation in schools of business, it will heavily rely on models of innovation from the corporate sector, seeking to understand the similarities and differences between innovation in business and innovation in schools of business comparing and contrasting the finding of this study with current literature on corporate innovation.

*Duration of the Study*

The study will consist of a semi-structured interview, and will be conducted on the campus of the subject. Each interview will last approximately 1 and ½ hours.

*Procedures*

The study will consist of a semi-structured interview and review of documents. There will be no risk or discomfort. Interviewees will discuss in an exploratory manner innovative activities in their schools.

*Risks*

The researcher anticipates no physical, mental, emotional or professional risks to the subject.

*Benefits*

Benefits to the subject of participation in the study include a greater understanding of how innovation works in his or her university.

*Alternatives*

No alternative courses of action exist.

*Confidentiality*

All interviews will be recorded and stored electronically in a secure place accessible only to the researcher. Upon completion of the research, the recordings will be destroyed.

*Compensation*

There is no compensation for participation in the study.

*Contact Person*

Questions regarding the research should be directed to:

Donald E. St. Clair

[Address Line 1]

[City, State Zip]

[Contact Phone]



APPENDIX E

Human Subjects Approval

# PEPPERDINE UNIVERSITY

## Graduate School of Education and Psychology

March 6<sup>th</sup>, 2007

Don St. Clair

**Protocol #: E1006D03**

**Project Title: *A Study of Innovation in Schools of Business***

Dear Mr. St. Clair:

Thank you for submitting your revised application, *A Study of Innovation in Schools of Business*, for exempt review to Pepperdine University's Graduate and Professional Schools Institutional Review Board (GPS IRB). The IRB has determined that the above entitled project meets the requirements for exemption under the federal regulations (45 CFR 46 - <http://www.nihtraining.com/ohsrsite/guidelines/45cfr46.html>) that govern the protections of human subjects. Specifically, section 45 CFR 46.101(b) (1) states:

(b) Unless otherwise required by Department or Agency heads, research activities in which the only involvement of human subjects will be in one or more of the following categories are exempt from this policy:

**Category (1) of 45 CFR 46.101**, research conducted in established or commonly accepted educational settings, involving normal educational practices, such as a) research on regular and special education instructional strategies, or b) research on the effectiveness of or the comparison among instructional techniques, curricula, or classroom management methods.

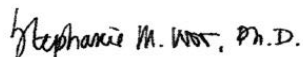
I am pleased to inform you that your proposed research project has been granted **Provisional Approval** by the GPS IRB. This means that there are still items that the GPS IRB needs before full approval can be granted. These are outlined below. *You cannot begin to recruit participants for your study until you address these issues and receive full approval for your study.*

- 1) Please submit documentation of approval from the institutions you are recruiting subjects from (e.g., copies of email or regular correspondence from appropriate university officials – e.g., provost's office). We will need copies of this correspondence before you can proceed with data collection. Data collection at any particular site cannot begin until we receive documentation of site approval. This letter should suffice for any University that wishes to confirm that your study has undergone IRB review.

Please submit the above items to Jean Lee, GPS IRB manager, at 6100 Center Dr. 5<sup>th</sup> Floor Los Angeles, CA 90025.

Should you have questions about this letter, you may contact me at (310) 258-2845 or at [swoo@pepperdine.edu](mailto:swoo@pepperdine.edu)

Sincerely,

 Stephanie M. Woo, Ph.D.

Stephanie Woo, Ph.D.  
Chair, Graduate and Professional Schools Institutional Review Board

Graduate School of Education  
6100 Center Drive  
Los Angeles, CA 90045

cc: Dr. Lee Kats, Associate Provost for Research & Assistant Dean of Research, Seaver College  
Ms. Ann Kratz, Human Protections Administrator  
Dr. Stephanie Woo, Chairperson, Graduate and Professional Schools IRB  
Ms. Jean Lee, Manager, Graduate and Professional Schools IRB  
Dr. Farzin Madjidi  
Dr. Ronald Stephens  
Ms. Christie Daito