

10. Disruptive innovation in the higher education sector: the case of the One Planet MBA

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INTRODUCTION

These days there is extensive concern for the future of the planet. The COP26 Climate Change Conference and many other events have drawn attention to the urgent need to take climate change seriously whilst along many other dimensions there are similar coalitions of concern – for example around environmental pollution, resource depletion and the destruction of habitats and species.

The challenges are, of course, not new. Back in the 1970s there was a wave of concern about reaching ‘the limits to growth’, with many influential commentators predicting massive changes in a negative direction (Meadows & Forrester, 1972; Cole et al., 1973). Since then, there has been some movement in a positive direction, driven by recognition of the potential advantages of early adoption of a sustainability-linked growth agenda and by increasing regulatory pressures (Adams et al., 2015).

Arguably the debate has shifted from early ‘cosmetic’ activity (in which organisations sought to improve their image or strengthen their corporate social responsibility image through high-profile activities designed to show their ‘green’ credentials), through a second phase in which increasingly strong legislation provides a degree of forced compliance. The frontier is now one along which leading organisations are seeking to exploit opportunities within this emerging space, as they recognise the need for innovation to deal with resource instability and scarcity, energy security and systemic efficiencies across their supply chains (Seebode et al., 2012).

Momentum is building around actions which might deliver on the UN’s Sustainable Development Goals (SDGs) and part of that action will involve the education sector. How can we build awareness of both challenges and solutions and equip future generations with the skills to be change agents around the SDGs?

This will require innovation within the education system in terms of curricula and delivery modes and will also challenge those responsible for design, delivery and assessment of novel programmes. Innovations often diffuse slowly and many factors affect the rate of adoption (Rogers, 2003) so it is relevant to take a closer look at the ways in which educational innovation around meeting the SDG challenge takes place and to learn lessons about how we might accelerate and amplify such changes.

This chapter presents a case study of one such educational innovation in the field of business studies, looking at the experience of developing and delivering a 'One Planet MBA' programme in the UK. It highlights a number of challenges at institutional, faculty, student and market level and offers insights for institutional players looking to align their offering more closely with the wider societal concerns as framed by the UN's SDGs. In particular, it frames the case using the lens of 'disruptive innovation' and tries to extract lessons from deploying such a strategy to effect radical change across the education sector.

DISRUPTIVE INNOVATION

Innovation is about translating ideas into value, commercial or social (Tidd & Bessant, 2020). We understand a great deal about the process, drawing on over a century of research and codification of experience, to the point where there is now an international standard (ISO 56002) setting out a normative framework within which we can design systems for managing innovation in organisations. One important and relatively recent contribution came through the work of Clayton Christensen with his theory of 'disruptive innovation', first outlined in his 1997 book *The innovator's dilemma* (Christensen, 1997).

Christensen argues that innovation takes place for long periods of time within an established framework and focused on what he calls 'sustaining innovation'. These changes may be incremental steps, doing what we do but better, but they can also involve more radical leaps forward, doing something different. However, they take place within a bounded space, a corridor of innovation, following the trajectories set out by the underlying core technologies, building on and reinforcing the dominant design and reinforcing linkages amongst players in an existing value network (Abernathy & Utterback, 1975; Dosi, 1982; Henderson & Clark, 1990; Augsdorfer et al., 2013). Such conditions favour established incumbents and set up effective barriers to entry for newcomers.

However, many examples exist of 'disruptive innovation' in which a new trajectory emerges. Typically, this is something which occurs at the edge of existing markets, involving solutions designed for and developed with users who are unserved or underserved by mainstream models. They often involve an inferior technology and represent a simpler solution delivered at

lower cost – a ‘good enough’ alternative. Innovation in this space takes place through a process of rapid experimentation and learning, establishing a viable alternative trajectory better suited to the new market; for a while, these two trajectories can exist in parallel.

The challenge comes when the existing mainstream market begins to see the advantages in the new trajectory – lower costs, reliable performance, and other value features – and begins to switch. At this point the game changes – disruptive innovation favours newcomers over existing incumbents, who have to learn a whole new approach and also deal with extensive sunk cost issues. History suggests that while many incumbents are able to make the transition, there is often a dramatic dropping-out of what were major players (Gans, 2016).

Examples of this pattern abound. For example, the business of steelmaking used to be built on sustaining innovations along a ‘big steel’ trajectory, one in which scale economy dominated. During the 1970s an alternative emerged based on using small electric plants to re-melt scrap metal and produce tailored small batches to customer specifications. The early days involved extensive learning and only found application in markets deemed unprofitable by major established steelmakers, for example in reinforcement bars (rebar) for construction. Gradually the technology improved, and other underserved market players began to show interest, allowing the new trajectory to emerge as a demonstrably viable alternative. The ‘mini-mill’ approach allowed low-cost, high-quality and customer-specific manufacture and became increasingly attractive to mainstream customers, shaking up the entire industry. In 1979 Nucor, the main player in the mini-mill business, was able to offer prices 20 per cent below those of ‘Big Steel’ for rebar; ten years later it was the dominant force across a wide range of steelmaking and transformed the US industry.

Similar patterns can be seen in many sectors – for example, the low-cost carrier model for short-haul flying pioneered by Southwest Airlines changed the game for the established industry. Importantly this is not a function of advanced technologies but rather the emergence of alternative ‘business models’ which offer advantages to unserved or underserved markets but then find a bigger audience amongst mainstream markets.

The key features of disruptive innovations can be summarised as follows:

- They emerge at the edges of traditional established markets, targeting unserved or underserved communities.
- The core of their alternative innovation trajectory is something valued by the ‘fringe’ market – often lower costs for a ‘good enough’ solution but sometimes some other valued features.
- Early efforts are characterised by experimentation and fast failure, leading to learning and emergence of an alternative viable trajectory.

- Initially mainstream markets and established incumbents are not interested in this development on the edge of their radar screens and so the two trajectories co-exist in parallel.
- Disruption occurs when the advantages of the new trajectory become visible and mainstream market players switch, often causing significant challenges to existing incumbents.
- Whilst some existing incumbents fail to adapt fast enough or are burdened with sunk costs, and so on, many are able to switch and bring their resource advantages to bear to exploit successfully their operations along the new and now dominant trajectory. In similar fashion, many entrepreneurs who pioneered the development of the new trajectory are unable to manage the shift to scale and fall away.

DISRUPTIVE INNOVATION IN HIGHER EDUCATION: THE CASE OF THE ONE PLANET MBA

Using this lens, we can now examine a specific case attempting to introduce a new course offering but also to change the trajectory of management education, targeting an underserved community of students with an interest in sustainability and the core values associated with it.

The MBA (Master of Business Administration) market is a highly profitable and significant part of the offering of many universities in the UK (and indeed elsewhere around the world). In the UK alone there are close to 150 MBA programmes on offer but the market is typically concentrated around a few core players (such as Warwick, Cranfield, Manchester, London Business School, Oxford, Cambridge) and a much wider periphery. Differentiation is linked to a number of parameters – price, customisation to suit local needs, specialisation in key topics and subjects, and so on, and the role of major accreditation bodies like the Association of MBAs (AMBA), the European Quality Improvement System (EQUIS) and the Association to Advance Collegiate Schools of Business (AACSB) is of great significance in building a brand. Acquiring the ‘triple crown’ of accreditation from all of these confers a strong image of quality and longevity.

In many ways the trajectory for this sector was set around the turn of the 20th century with the emergence of business studies programmes at key US institutions; in 1908 Harvard launched the first MBA programme, and Chicago’s Booth School offered an MBA targeted at professional development in 1940. By the 1950s there was a growing interest worldwide and, in the UK, the first programmes were launched in the mid-1960s at Cranfield, Manchester

and London Business School. The content of such courses was built around a mix of topics including:

- Accounting
- Business Strategy
- Economics
- Finance
- Manufacturing and Production

In line with Christensen's theory, much of the subsequent emphasis continued to be placed on sustaining innovation, with development of strong brands supported by innovations in teaching methods and facilities. MBA programmes proliferated but there was a clear core-and-periphery model, with a small number of 'strong' schools competing on the basis of brand and accreditation and a much larger number of other schools working on particular niches such as local provision, company-sponsored development programmes and a degree of specialisation in key areas.

Within this context the University of Exeter operated a relatively small MBA programme, available as both a full-time option and as a part-time executive development programme. It built on areas of research strength in finance and economics and in innovation and operations management, but had relatively little to differentiate it from a large number of other offerings. Recruitment was stable, but at a relatively low level.

In 2008 the university committed to a major expansion of the Business School, with the target of trebling its size in terms of faculty numbers and students and with the aspiration of becoming 'triple crown' accredited for its MBA.¹ A new dean was appointed, and work began on design and construction of new buildings to house the School as part of a £21 million investment. As part of this process, a major review of courses and provision was carried out, including a focus on MBA provision.

During this discussion involving all faculty, the general perception was of a competent but not particularly distinctive offering. A variety of strategic options were explored, but one in particular found some traction, based on work which a senior faculty member had been doing with the World Wildlife Fund (WWF) around the concept of 'One Planet Thinking' (WWF, 2010). At the heart of this was the principle, widely publicised by the WWF, that human beings were living on a single planet but acting in terms of their consumption and other behaviour as if we had the resources of 1.5 planets at our disposal. Without a radical and systemic rethink, humanity was headed for a crisis and one which would particularly affect the poorer members of the projected 7 billion population.

The proposal put forward in various discussion documents was that Exeter might develop an MBA aligned with this challenge – the ‘One Planet MBA’ (OPMBA). It would be a course targeted at potential students with a concern for these issues, and also at companies and other organisations with a growing concern to act and needing competent and qualified staff to help them in developing their strategies (Jeanrenaud et al., 2017). A major asset in taking this proposal further was the strong relationship with WWF and the possibility of working with them as a partner and co-branding the offering.

Another feature of the discussion was the concept of disruptive innovation, which was explicitly used to inform the conversation. The argument was put forward that Exeter’s position at the edge of the mainstream market meant that it might undertake the risky experimental strategy of exploring such an MBA without the risk of compromising a strong brand or market position. The idea of taking an entrepreneurial stance and working to launch something different caught the imagination of many (but not all) faculty, and the Executive of the School supported the plan.

Discussions were held with WWF, leading to formal association, and also with a number of large corporations (including Lafarge, Coca-Cola, IBM and Lloyds), many of whom agreed to different kinds of sponsorship. In parallel, the course development took place and passed through relevant internal channels. A Programme Director was recruited, and the programme was formally launched in 2011.

The Dean’s message in the course brochure summarises well the intent:

There is an urgent need to reshape the way we do business. Environmental, financial and social changes are challenging traditional business models and we need a new generation of managers and leaders who are capable of developing more sustainable business approaches. We have joined forces with WWF – one of the world’s largest and most respected conservation organisations – to provide a unique MBA to meet this need.

Our One Planet MBA is designed to deliver the knowledge, understanding and skills required to run a successful and sustainable business in a rapidly changing natural, financial, social and global market environment. Our MBA will develop ‘planet-minded’ individuals who have a deep understanding of the challenges we face. Our MBA is global in outlook, and you will learn alongside managers from many different countries. We will develop your ability to innovate, to think and act strategically and to lead others and organisations through change. We place an emphasis on tools, techniques and practical application and we will inspire you to become Master of Business action.

Many MBA programmes offer modules in corporate responsibility and ethical management. Where the One Planet MBA differs is that the core values of responsible management and sustainable business run through the very heart of the programme, from the topics covered to the learning and teaching style we adopt.

INITIAL SUCCESS

The programme (partly thanks to sponsorship) was able to attract a wide variety of students from international and UK backgrounds; initial take-up was 40 on the full-time and 20 on the executive version, and significantly over half of the first cohort was female, much higher than the national average.

The course was well received, and external commentators repeatedly stressed its novelty; for example, the Aspen Institute ranked it as 47th in their Beyond Grey Pinstripes survey, positioning it 2nd in the UK and 9th in Europe. Much was made of the core commitment to sustainability; as the then Course Director commented, ‘Unlike other programmes the commitment to sustainability is pervasive throughout the One Planet MBA; not just a bolt-on module. Sustainability is rapidly moving into the mainstream for business. We have been inundated with approaches from companies who want to be involved in the programme.’

In 2013 it won a Green Gown award for its dedication to environmental regulation and responsibility; again, in response the Course Director commented that ‘we are delighted to have been ranked so highly, and we attribute this largely to our unique collaboration with WWF International and an uncompromising curriculum that focuses on the responsible management of natural, social and financial capital’.

Of particular relevance was the achievement by the Business School in 2013 of EQUIS accreditation in what was an increasingly competitive process; much of the commentary surrounding the award stressed the One Planet MBA as an example of the strong underlying values which motivated the faculty.

In 2017 the course was placed in the ‘Tier 1’ of courses in *CEO Magazine*’s 2017 Global MBA rankings for Europe. Alexandra Skinner, Group Editor in Chief of *CEO Magazine*, said: ‘Year-on-year the University of Exeter’s One Planet MBA continues to provide an up-to-date, academically rigorous and relevant MBA programme for its students, within a framework of partnership. The programme’s hands-on approach gives participants the opportunity to collaborate with these active corporate partners, balancing classroom learning with real-world experience.’

AND YET ...

Reading external evaluations like these suggests that the course had achieved its objectives and positioned Exeter as a specialist world-class MBA provider. And this was certainly reflected in the learning experience of the students and, importantly, in their subsequent career progression, with many finding senior positions within organisations, often leading sustainability efforts.

However, closer analysis suggests that the scale at which this was happening was disappointing. Recruitment continued to be an uphill struggle, reflecting less on the quality of the course and more on the fact that the expected shifts in the external environment were slow to happen. The anticipated expansion of roles within companies requiring the OP MBA skill set had yet to happen and so those potential students who might have been attracted could not see particular advantages to studying the OP MBA curriculum compared to a 'standard' MBA with its significant career enhancement prospects. Instead, the course mainly appealed to a small sub-set of the market for whom sustainability was a key value and who were concerned to become active change agents.

A strategic review within the Business School decided to reposition the course and change the name from the One Planet MBA to simply 'the Exeter MBA'. The sustainability message was downplayed although remained a feature of the programme alongside other 'traditional' MBA skills and capabilities. The original partnership agreement with WWF came to an end and was not renewed; with the departure of some of the more actively committed faculty, the internal champion role was diluted.

At the same time, many other institutions in the UK had augmented their own MBA offerings with various elements of a sustainability-led curriculum and emphasis, so the distinctiveness and first-mover advantages accruing to Exeter began to wane.

In the years which followed, the MBA strengthened its position as a respected mainstream course and one indicator of its quality was the award, in 2018, of AACSB accreditation, securing for Exeter the valued 'triple crown' status as an institution. The curriculum still has a strong sustainability-linked component, reinforced by the increasingly strong research profile of the university around the 'circular economy' theme and led by a number of newly recruited senior academics.

REFLECTIONS

In many ways the OP MBA experience reflects the wider pattern of disruptive innovation described by Christensen and others. It involved an initial experiment at the edge of a mainstream market trying to appeal with a different offering to an underserved market – in this case those potential students motivated by values linked to sustainability. Arguably the 'product' itself was of value (to judge by the student responses and also from the awards which the programme gathered) but, like many disruptive innovations, it appeared to early and underestimated the barriers to migration towards the mainstream.

Although the principles of sustainability were often talked about by major corporate players (representing the destination constituency for OP MBA graduates) the reality was less developed. Support came in the form of sponsorship

for the programme but even the organisations directly involved with the OPMBA had only gradually begun to change their structure to create specific roles and job titles for which graduates might be suited. This had an effect on future cohorts of potential students, many of whom were choosing to study an MBA in order to enhance their employability prospects.

At the same time the mainstream market providers had begun to respond to signals about the growing importance of sustainability within their curricula and to adapt their offerings to reflect this – with more electives and specialised programmes becoming available. Whilst Exeter had perhaps correctly read the direction of change coming to the sector, it was unable to benefit fully from having a unique offering for long.

The experience of the students who took the course and found suitable employment has been positive and their feedback suggests that the OPMBA helped them achieve their goals of making a difference to the sustainability agenda. And the profile of Exeter as a university committed to the sustainability theme helped in other ways; it strengthened a research presence and attracted senior academics such that it is now a major centre for research on the circular economy. And it was able to attract high-quality doctoral students to work on sustainability-related themes, drawing on the expertise of staff recruited to support the OPMBA.

Disruptive innovation sometimes changes the game in a very visible fashion – the case of low-cost flying would be an obvious example. But often the pattern is less dramatic; instead, early movers are watched closely and then mainstream players adopt a ‘fast second’ approach, taking advantage of the pioneering learning of the innovators and bringing their own extensive resources to leverage entry into a new market space (Markides & Geroski, 2004). This appears to have been the case with the rise of sustainability-linked business education provision in the UK.

In terms of lessons for the future there are a number of pointers from this experience. First is the challenge of moving beyond the ‘fashion statement’ kind of adoption of sustainability as a brand-enhancing device for business schools. The attraction of those schools seen to be offering programmes which reflect a growing value shift in society is clear, and there is some evidence to support the growing trend towards potential students seeing ‘sustainability’ as a factor affecting their course choice.² The difficulty comes in making real (rather than cosmetic) changes to the core curriculum and developing teaching and learning materials which can support this. It also requires staff who already have these competencies or a recruitment drive which privileges such experience, reflected in research interests and activities as well as in prior teaching and/or practical experience. The Exeter experience in this direction was that it was much harder to make these changes than had been anticipated and it required extensive discussion and reflection around the cur-

riculum – for example, developing the course materials which would underpin a credible course in sustainable supply chains / circular economy as part of the Operations Management delivery. Other reports indicate this is a widespread and international problem.³

A second challenge relates to preparing students for the internal debates which they are likely to encounter in their destination organisations. Once again there is an element of following fashion, with a growing number of posts advertised with titles reflecting a commitment to sustainability. But – as was the experience of some of the Exeter graduates – the reality inside those organisations is that the debate is still continuing, with conflicts between sustainability-led objectives and those of maintaining ‘business-as-usual’, especially under conditions of economic challenge such as have been engendered by the COVID-19 pandemic.

At the extreme there is a conflict between the growing rhetoric around ‘responsibility’ in business life and the ways in which it is often subverted in practice. Recent scandals such as VW ‘Dieselgate’ or the Boeing 737 MAX safety story underline the real difficulties which whistleblowing and other forms of challenge to dominant business norms can pose.⁴ Exploring these issues not simply as examples of ‘bad’ business but rather opening up the challenges to change agents and equipping them with practical skills is an important area for future development.

Skills in internal advocacy and change agency were not a strong feature of the Exeter course and still do not appear in many of the published curricula for other schools now offering sustainability-linked qualifications. Creating opportunities to rehearse these debates, possibly enriched with visiting speakers who have fought such intra-organisational battles, could considerably strengthen the value of such courses as a way of preparing the sustainability change agents of the future.

In many ways this reflects the transition problem which MBA courses often carry. Full-time students leave without necessarily having had the opportunity to practise their new skills in context and so struggle to find a good fit between their values, their skills, and a receptive employing organisation. At the same time part-time/executive students who may be sponsored by their organisations are expected to bring those skills back into the workplace; this often leads to a clash of expectations, and at the extreme may see the student parting company with their employer. In both cases there is a potential need for improving the bridge between the content and skills delivered via MBA programmes and the working practices and routines within organisations – for example through providing internships for full-time MBA students or creating major project-level activity within organisations which might draw on a team of skilled MBA students to challenge and stretch the sustainability agenda.

A final point relates to the growing interest in ‘responsibility’ within organisations and the development of practical frameworks and tools which can enable this. In the Exeter course the core offering around innovation was retitled ‘Strategic and responsible innovation’, and a senior professorial appointment was made to enhance capacity to deliver around this theme. But whilst the lectures and workshops involved highly engaged debate and discussion there was a growing sense of the lack of tools with which to intervene in practice. For example, the concept of user inclusion in innovation is well established and there is growing evidence to support the value of bringing user voices into the innovation process as early and as actively as possible (Iakovleva et al., 2019). But ‘releasing the power of users’ in this fashion requires development of new tools and techniques with which to hear or articulate those user voices and to enable co-creation with them.

MBA students are valued for the practical skills and tools with which they equip their students, and if business schools are to make progress in the direction of responsibility there is an urgent need for research and development around assembling such a toolkit covering the core themes like finance, marketing, operations and strategy.

NOTES

1. The ‘triple crown’ refers to those institutions which had managed to have their MBA formally recognised by all three of the major accreditation bodies – AMA, EQUIS and AACSB.
2. <https://www.businessbecause.com/news/mba-rankings/7936/best-sustainability-mba-programs>.
3. https://www.thestar.com/life/worldofmbas/2010/09/08/how_green_is_your_mba.html, <https://www.theglobeandmail.com/report-on-business/careers/business-education/once-just-a-niche-mba-specialization-sustainability-goes-mainstream/article22954553/>.
4. <https://www.theguardian.com/film/2022/feb/22/downfall-the-case-against-boeing-netflix-documentary-737-max?ref=upstrack.com&curator=upstrack.com>.

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