

Chapter 1

Business Education in the USA: Evolution, Strategic Disruptors, and Implications

Anatoly Zhuplev

Loyola Marymount University, USA

Nataly Blas

Loyola Marymount University, USA

ABSTRACT

The chapter explores drivers, dynamics, and developments of business education in American colleges and universities. A contemporary business education in the U.S. is historically rooted in medieval Europe. It has progressed through several developmental stages and four industrial revolutions. Critical drivers affect American universities and colleges, bringing about strategic disruptions, technological and pedagogical innovations, and exerting competitive pressures for change on higher education. They also create opportunities for the development and growth in the post-COVID prospective, which is likely to be different from previous patterns and trends. These factors of impact range from stagnant domestic and falling international student enrollments, high student loan debt burden, and skyrocketing college tuition to the devastating impacts of the COVID pandemic. In examination of implications of the 4IR and emerging socio-economic trends for B-schools, the chapter discusses developmental trends, outlook, and emerging instructional innovations.

INTRODUCTION

Business Education in the USA commences by tracing the origins and genesis of American business education as a historical and cultural foundation of its contemporary strategic landscape and dynamics. Based on this retrospective, the discussion examines main emerging technological and socio-economic trends stemming from several developmental stages, including the impending Fourth Industrial Revolution and its impacts on business schools. The chapter looks at the driving forces, trends, and pedagogi-

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cal concepts in business education, as well as critical factors, strategic imperatives, and instructional innovations in support of the advancement of business education.

The chapter is divided into two main sections. The first of them, *Business Education in the USA: Evolution and Revolutions*, traces the origins and genesis of American universities and colleges of higher education, explores the industry's contemporary strategic landscape and dynamics, and examines the impacts of the Fourth Industrial Revolution on B-schools. The second section, *Disruptors in Business Education: Strategic Implications*, looks at the drivers, dynamics, and instructional approaches in business education. The chapter deliberates some impactful concepts and pedagogies.

American higher education as a socio-economic institution is versed in the nation's history. The contemporary Western university model stems from medieval Europe where academic curriculum and scholarship at the time have been centered on natural philosophy, logic, medicine, theology, mathematics, astronomy, astrology, law, grammar, rhetoric, to humanism, liberal arts, and other disciplines. The advent of the First Industrial Revolution (1IR) has been marked for universities by shift in beginning to publish their own research journals with the view of expanding scholarly horizons and funding associated with the 1IR. By the 19th century, the German and the French university models had gained prominence, proliferated across Europe, and arrived to the U.S. The Humboldtian university model, based on liberal ideas grounded in academic freedom, scholarly seminars, and laboratories, has gained wide appeal and acceptance across America. Over the past two centuries, the world's socio-economic landscape has experienced profound changes under the four industrial revolutions amplified by globalization.

Technological and socio-economic changes manifesting themselves in major industrial revolutions, particularly the latest Third Industrial Revolution and Fourth Industrial Revolution, exert strong impacts at the current developmental stage in the U.S. and other leading nations worldwide. These forces accelerate the dynamics of business environment and generate development opportunities. On the other hand, they also bring about the churn of "creative distraction." On a massive scale, this causes some organizations, whole industries, and economic sectors to vanish from the socio-economic and business landscape or experience shocks under impacts of competitive forces, innovations, and emerging new industries, alternative business models, and formats. In the wake of these unfolding developments, universities and colleges and the whole industry of higher education face new trends, shifting paradigms, and pressures for change and innovation.

Exploration of these trends in the chapter is followed by a discussion of critical impact factors affecting higher education in the America. First, government continues to play a major role as source of funding for public universities and colleges; this funding depends on student enrollment with most students attending larger colleges and universities. Le (2021) reports that the state and federal government provide an estimated 40% of total funding for postsecondary education each, while almost all of their contributions come from budget appropriations for the funding of their respective public schools. In contrast, private universities and colleges at large financially depend on their tuition, auxiliary enterprises, donations and endowments. Second, the already high and continuing to skyrocket tuition exerts a downward pressure on demand for higher education. This trend is worsened by a massive and ever-growing student loan debt burden nationwide. Third, stagnant national demographics, an "independent variable" in the higher education business model, results in near flat student enrollment trends, thus imposing constraints on revenue generation and government funding. Fourth, for both educational and - particularly - financial reasons American universities and colleges are increasingly relying on attracting international students who, unlike many domestic students, typically pay full tuition. However, international student enrollment levels and respective revenue streams for U.S. degree-granting postsecondary institutions have

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