HIGHER EDUCATION AT THE CROSSROADS OF DISRUPTION

The University of the 21st Century

Andreas Kaplan

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PREFACE

Nothing is constant except change
–Heraclitus of Ephesus

The ancient Greek philosopher Heraclitus once explained that no man ever can step into the same river twice, as the current constantly flows, constantly changing the river. Or, put differently, "Nothing is constant except change." Universities, though, have long been viewed as resistant to change, monolithic, and highly inflexible.

This unflattering image of higher education has been shaken up with the unprecedented Covid-19 crisis, compelling universities worldwide to move their entire curricula online, in many cases within just days. Higher education impressively pivoted to be adaptable and flexible in an emergency.

The sector's transformation, however, has been ongoing for some time now. Its digitalization, but also general societal, economic, and ecological developments have led to higher education institutions undergoing profound changes. Therefore we can say that higher education is at the crossroads of disruption, thus shaping the university of the twenty-first century.

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WHY, WHEN, WHAT, WHO, WHERE

While universities are at the forefront of innovation and research in nearly all fields from archeology to biotech, they often appear to fail to do likewise in terms of their very survival. While higher education is resistant to change and extremely risk averse (Kaplan, 2020a), several signs indicate that the sector might be at the crossroads of disruption. Change is in the air, with venture capitalists investing massively in higher education (Straumsheim, 2015) and some of the brightest professors themselves moving into EdTech (educational technology), slowly but surely changing the rules of the game. In light thereof, it actually might be risky *not* to embrace the sector's transformation and potential disruption toward the university of the twenty-first century.

In this introduction, which is framed by the five Ws (Why, When, What, Who, and Where), firstly I'll explain *why* turmoil and transition are occurring in higher education, and I'll address several transformations that universities are currently undergoing. Secondly, I will talk about *when* this book was written, i.e., during the Covid-19 crisis, which is having an

enormous impact on higher education, specifically with respect to distance instruction. In the third section, I'll give an overview of *what* you can expect to learn herein, briefly explaining the chapters' contents as well as the case studies at the end of each main chapter. Then I'll give you an idea of *who* I am or my credentials as a researcher as well as rector and dean of a European business school. Finally, the *where* will be addressed, i.e., Europe and elsewhere, with my knowledge mainly based on the "old continent," while insights from elsewhere also enrich this work.

1.1 WHY: TRANSITION AND TURMOIL

For some time now, universities have faced new societal and economic realities necessitating their (profound) transformation, even further underscored and spurred by the Covid-19 crisis, as we will see further on. Multifaceted challenges appear on the horizon, as today's higher education sector is increasingly global, diverse, and crowded (Pucciarelli & Kaplan, 2016).

Most discussions of the current and future state of the university agree on several points. Firstly, business practices are increasingly becoming acceptable in higher education, with some even advocating for adapting pure market logic to higher education (Gibbs & Murphy, 2009). Many universities' economics are no longer working in this new reality. Costs are almost exponentially increasing, which via tuition is transferred to families finding themselves in debt for years and even decades. While this is especially true in the United States, other locales' university tuitions are on the rise. In response, universities are employing competitive strategies to analyze drivers of change, to come up with commensurate responses, and to devise guidelines and policies that enable necessary evolution to take place sooner rather than later.

In general, universities have three basic missions: teaching, research, and public service. While these missions have always been in conflict with one another (Altbach, Reisberg, & Rumbley, 2009), tensions now have increased severalfold. On the one hand, to survive, higher education is compelled to behave like for-profit entities, placing weight on generating revenues and margins. On the other hand, it is still incumbent upon universities to operate as nonprofits, prioritizing their mission of public service (Council of the European Union, 2014).

As higher education institutions are looking for ways to cut costs and increase revenues, they are faced with a multitude of pressures (which in many cases themselves incur additional costs): new technologies and linked infrastructures enabling the delivery of high-quality online courses; a changing society and economy that demand new skills and certification methods; educational start-ups, corporate universities, and EdTech entering the sector; ever-more-demanding accreditation bodies and requirements in order to rank high in all parameters; and finally, governments allotting less and less funding to higher education, to mention just a few. All of these phenomena generate transition and turmoil, shaking up the world of higher education and compelling it to search for new ways to "do business" (Kaplan & Pucciarelli, 2016).

1.2 WHEN: CORONA AND CRISIS

The sector's digitalization has been an issue in higher education for years, if not decades. With the advent of MOOCs (Massive Open Online Courses) and SPOCs (Small Private Online Courses), this issue is again at the forefront. In an article published in *Wired* in 2012, Sebastian Thrun, founder of online course provider Udacity, predicted that many

universities would not survive as a result of online courses provided on platforms such as his own (Leckart, 2012). While Thrun's prediction has not materialized, until the spring semester 2020, higher education dragged its feet on entering the virtual sphere on a large scale. University administration, not necessarily familiar with the online world, was also scared off by high investment costs. Neither were professors keen to go online, on pedagogical or other grounds (Kaplan, 2020a).

Then in 2020, corona and a nearly unprecedented health crisis hit, rendering possible what many players in the sector believed impossible: Universities went entirely online almost overnight. Obviously, not everything went smoothly, and many were rather "quick and dirty" solutions that students would likely have ordinarily criticized. However, the online world was forced on the entire sector, having several effects and impacts that will be addressed herein. At this point, I want to briefly discuss the direct impact that Covid-19 has had on three groups: professors, students, and university administration.

As aforementioned, academics for their part were mostly reluctant to teach in front of a camera, either because of discomfort with the medium, or fear of making themselves redundant, or both. Now, after having been compelled to engage in online teaching, they have become acquainted with the many possibilities that digital platforms offer and also see advantages therein over live instruction. Moreover, students saw that online learning can be efficient and even convenient. These discoveries on both sides of the lectern will most likely increase the demand for online courses and degrees, probably mostly in blended formats. This will in turn intensify global competition in higher education, with many new entrants worldwide. A final group consists of universities' administrators, who most likely will use the pandemic to keep many courses online,

having campaigned therefor for years without much success. Now proof exists that online courses are possible and feasible, while prepandemic, many instructors claimed the opposite, citing the aforementioned arguments.

1.3 WHAT: CHAPTERS AND CASES

Besides this introduction and the conclusion, this book consists of four main chapters, each divided into five subchapters, each of which are subdivided into five sections. The next chapter will address new instructional formats which, as aforementioned, will increasingly move into the digital sphere. Additionally, advances in artificial intelligence (AI) as well as (big) data availability will change how teaching professionals work, as well as how students will study and learn. As case study, we will look at the Georgia Institute of Technology, or Georgia Tech, considered a pioneer in the application of many such new pedagogies.

Not only instructional formats will change, but degree programs and course content will too, as will be analyzed. Higher education will increasingly move from knowledge acquisition to skills development, with a shift toward inter- and multidisciplinarity, and a steady emphasis on society's well-being and sustainability. Aalto University will serve as an example of a highly interdisciplinary approach to learning and teaching. Moreover, Aalto is also strongly committed to identifying and aiding in solving the grand societal challenges to come, some of which are already here.

Chapter 4 discusses the possibility of official degrees losing importance and more emphasis on lifelong (autonomous) learning, micro- and nanodegrees, corporate universities, and the labor market as the ultimate certification body. As a case

study, we will look at Laurie Pickard, who designed her own MBA curriculum combining several MOOCs from prestigious universities around the world, costing her a fraction what an MBA program ordinarily costs.

Chapter 5 looks at changes (thus far) occurring outside of universities' core competencies. Studying is not only learning content and acquiring skills, but is also about networks and making friends. With students spending less time on university campuses, higher education will need to think of new ways to foster social activities and/or strengthen what social activities are still on campus. My own employer and institution (and alma mater), ESCP Business School, or the European School of Commerce Paris, will serve as a case study.

Chapter 6 will summarize the aforementioned and ends with a call for action for universities to respond proactively to the sector's ongoing transformations, which at least partly are leading to disruption. Too many universities still do not feel threatened by trends and phenomena that accelerated with the pandemic; even universities with strong brands might be taken by surprise in the medium to long term. Corporations such as Coca-Cola and General Electric were equally surprised when the brand equity of Apple, Google, and Amazon overtook them in value. The truth is that universities will have to fight not to lose their status and role in society. The question is: Will they do so nimbly? Or will they go kicking and screaming into the next century and beyond?

1.4 WHO: RECTOR AND RESEARCHER

I reflected for quite some time on whether this was the right place to write about myself and present my credentials, as I feared appearing egocentric and pretentious. Finally, I decided

to go for it despite the discomfort, as I believe that it will help readers to understand my ideas and arguments by knowing my background.

Being a marketing and communications professor, I wrote this book from a theoretical viewpoint. Yet as a business school dean, many of my hands-on experiences enter into this work as well. In addition to marketing papers, I also have published many works on higher education, which over the years has become one of my main publication areas. My (other) principal research field is the digital world, focusing on social media and more recently on AI and its impact on business and on society at large.

In addition to research, I am also rector (sometimes dean, vice-chancellor, president, or however you want to call the position), i.e., an administrator of ESCP Business School, a cross-border, multicampus institution located variously in Berlin, London, Madrid, Paris, Turin, and Warsaw, where I have served for over 10 years in leadership positions: First as elected head of the business school's marketing department; then as administrative director of branding and communications, followed by Provost and Dean of Academic Affairs, where I was in charge of 30 degree programs and 6,000 (by now 7,000) students across our various campuses. Finally, I became the rector in charge of ESCP in Berlin, then its Dean in Paris.

Both roles – as researcher and as administrator – aided me in writing this book. For example, regarding Chapter 5, which addresses the importance of community building, my experiences heading the school's branding and communications department, alongside my theoretical knowledge of the marketing discipline, equally nurtured the text. Likewise, my insights gained from six years on the school's alumni association board worked significantly to shape my ideas.

In short, this book has been written from a particular perspective, as well as based on experiences that I have undergone. As such, readers might get the impression that it advocates for the sector's digitalization, especially the potential changes induced via advances in AI, which very well might be the case. Or, it could be biased from the perspective of a business school dean, which I don't deny. Or again, that it is written from a marketer's perspective, which would not be surprising either. Finally, readers might have the impression that this book is written from a strongly European standpoint, which, as I explain below, is also likely the case.

1.5 WHERE: EUROPE AND ELSEWHERE

As I have been based almost all my life in Europe, mainly in France and Germany, where I studied and worked for most of my career, this book is certainly written from a European standpoint. What this means is not straightforward to explain. I once characterized Europe as having "maximum cultural diversity at minimal geographical distances" (Kaplan, 2014a, p. 532) and defined a European approach to management as "a cross-cultural, societal management approach based on interdisciplinary principles" (Kaplan, 2014a, p. 529). If kept in mind, this might help readers understand some of the arguments and reasoning that they will encounter herein.

However, in order to counterbalance some of these influences and contexts, I interviewed several people from (corporate) universities and the EdTech sector, asking them each six questions related to the design and setup of the university of the twenty-first century. To that end, I interviewed, for example, Principal and Vice-Chancellor Suzanne Fortier of McGill University, Rector Grzegorz Mazurek of Kozminski