

HED 703 Critical Issues in Higher Education
Andrew Miller
Annotated Bibliography, Article 4
April 3, 2016

Christensen, C., Raynor, M. E., & McDonald, R. (2015). What is disruptive innovation? *Harvard Business Review*, 93(12), 44-54. Retrieved from <https://hbr.org/2015/12/what-is-disruptive-innovation>

Abstract

Christensen and his colleagues originally presented the disruptive innovation theory in the *Harvard Business Review*, with the intent to guide practice and research in the area of innovation-driven growth. Christensen's central thesis is that a disruptive innovation provides a substitute experience or product at a lower cost, which ultimately disrupts the market by unseating incumbent organizations. Although the theory received widespread acceptance, its core concepts are often misinterpreted and its basic principles misused. Failure to properly label innovations and integrate the theory into organizational contexts may result in plans for growth being managed by an ill-informed manager with an inappropriate tool. To address these challenges, the authors explore the basic principles of the disruptive innovation theory and qualitatively assess the Uber taxi service as a disruptive innovation. Additionally, the authors address the common dangers in utilizing the theory and trace the critical developments in the theory's evolution. Last, Christensen and his colleagues make the case that the disruptive innovation theory provides an accurate framework for predicting business growth.

Personal Reflection

The literature on disruptive innovation highlights two issues: (a) the lack of uniform agreement from the academic community and (b) the misuse of the terminology. The theory received extensive criticism from the academic community (Brooks, 2012; Lepore, 2014; Neem,

2012), including concerns related to subjectivity, arbitrary definitions, and unsubstantiated claims. In the current article, the authors highlight broad misapplications of the disruptive innovation term by researchers, popular press writers, and business consultants, who label shifts in industries as disruptions (Christensen, Raynor, & McDonald, 2015). These concerns demonstrate the need for this article from Christensen and his colleagues, who reexamine the disruptive innovation theory.

Christensen et al. (2015) reviewed the core principles of the disruptive innovation theory, utilizing the Uber taxi service as a case study. Although presented in the popular press as a disruptive innovation, the authors' analysis suggests that the taxi service does not reflect the core tenets of the theory. First, disruptive innovations begin with low-end customers or in new markets. Uber serves the same consumers as traditional taxi providers. Second, disruptive innovations do not receive mainstream acceptance until the product or experience improves its quality metrics to mainstream expectations. Uber consistently receives positive reviews and often rates higher than traditional providers on performance metrics.

In reviewing the Uber case study, the Christensen et al. (2015) posited that properly applying the disruptive innovation theory is "essential to realizing its benefits" (p. 48) in strategic decision-making. The authors highlighted important aspects of the theory that managers and researchers overlook. First, a disruptive innovation is the result of a process and not a single point in time, which demonstrates why many organizations overlook imminent disruptions. Second, entrant organizations may offer products or experiences that look drastically different from incumbent offerings, which creates a new market altogether. Third, disruptive innovations do not always succeed. Last, incumbent organizations should avoid disruptive innovations that sacrifice the core business model; rather, managers should sustain

existing innovations and allow disruptive innovations to incubate within the organization. These observations denote the importance of accurately labeling an innovation; otherwise, misinterpretation of the theory may lead to strategic errors when responding to or considering an innovation (Christensen et al., 2015).

The final reflection provides an important analysis of the disruptive innovation theory. Specifically, Christensen et al. (2015) found that existing consumer demands greatly affect organizational commitment to strategic change; thus, organizations tend to focus on sustaining innovations versus possible disruptions. Consequently, Christensen et al. reasoned that the commitment to existing consumer demands informs business practices, which increases the difficulty of shifting time and money to disruptive innovations.

Overall, this article provides excellent guidance to managers and researchers. This guidance will hopefully enable these groups to properly interpret and apply the theory. Specific to higher education, this article offers a framework for assessing potential disruptive innovations. Higher education leaders cannot sacrifice the core business model (e.g., traditional, residential education), but they must consider the implications of emerging innovations (e.g., competency-based education). Such analysis would inform decision-making that would buffer against entrant disruptors and encourage the development of growth-oriented innovations. The qualifying statements from Christensen et al. (2015) help solidify the disruptive innovation theory as an excellent framework for assessing innovation within higher education.

References

Brooks, D. (2012, May 4). The campus tsunami. *The New York Times*. Retrieved from

<http://www.nytimes.com/2012/05/04/opinion/brooks-the-campus-tsunami.html>

Christensen, C., Raynor, M. E., & McDonald, R. (2015). What is disruptive innovation? *Harvard*

Business Review, 93(12), 44-54. Retrieved from <https://hbr.org/2015/12/what-is-disruptive-innovation>

Lepore, J. (2014, June 23). The disruption machine: What the gospel of innovation gets wrong.

The New Yorker. Retrieved from <http://www.newyorker.com/magazine/2014/06/23/the-disruption-machine>

Neem, J. (2012, June 26). Disruptive innovation: Rhetoric or reality? *Inside Higher Ed*.

Retrieved from <https://www.insidehighered.com/views/2012/06/26/disruption-excuse-politically-motivated-changes-essay>