

The Corruption of Innovation: Rethinking the Language, Logics, and Limits of Change in Higher Education

La corrupción de la innovación: repensar el lenguaje, las lógicas y los límites del cambio en la educación superior

Stephen Murgatroyd
University of Alberta, Canadá
ORCID ID: 0000-0002-2696-8779
murgatroydstephen@gmail.com

ABSTRACT

Higher education has become saturated with the rhetoric of innovation. Nearly every institutional strategic plan, government policy directive, and sector report now claims to champion transformation. Yet the term “innovation” has been progressively stripped of conceptual precision. What once signalled major shifts in value creation, governance, pedagogy, or institutional design has been diluted into a descriptor for modest operational adjustments - new technologies layered onto old structures, minor modifications to assessment systems, or incremental recalibrations of delivery formats. This paper argues that the language of innovation in higher education has been corrupted, functioning primarily as a symbolic and legitimizing discourse rather than a driver of genuine institutional renewal. Drawing on organizational theory, political economy, disruptive innovation literature, and contemporary analyses of AI-enabled learning futures, the paper develops a typology distinguishing incremental adjustment, adaptive modernization, architectural reform, and disruptive redesign. It demonstrates why most institutions remain structurally bound to incrementalism and how this constraint undermines system-level responsiveness to profound technological, demographic, and economic shifts. The conclusion outlines pathways for restoring conceptual clarity and enabling authentic transformation aligned with public value, ecosystem thinking, and the emerging realities of AI-augmented learning.

Keywords: innovation corruption, higher education transformation, Disruptive redesign, institutional renewal, AI-augmented learning



Este artículo está publicado con acceso abierto bajo una Licencia Creative Commons
Autor correspondiente: Stephen Murgatroyd, e-mail: murgatroydstephen@gmail.com

Cómo citar este artículo: Murgatroyd, S. (2026). The corruption of innovation: Rethinking the language, logics, and limits of change in higher education. *Aula Pyahu - Revista de Formación Docente y Enseñanza*, 4(7), 104-122.
<https://doi.org/10.47133/rdap2026-47art8>

RESUMEN

La educación superior se ha visto saturada por la retórica de la innovación. Casi todos los planes estratégicos institucionales, las directivas políticas gubernamentales y los informes sectoriales afirman ahora promover la transformación. Sin embargo, el término «innovación» ha perdido progresivamente su precisión conceptual. Lo que antes señalaba cambios importantes en la creación de valor, la gobernanza, la pedagogía o el diseño institucional se ha diluido en un descriptor de modestos ajustes operativos: nuevas tecnologías integradas en estructuras antiguas, modificaciones menores en los sistemas de evaluación o recalibraciones graduales de los formatos de impartición. Este artículo sostiene que el lenguaje de la innovación en la educación superior se ha corrompido, funcionando principalmente como un discurso simbólico y legitimador en lugar de un motor de renovación institucional genuina. A partir de la teoría organizacional, la economía política, la literatura sobre innovación disruptiva y los análisis contemporáneos de los futuros del aprendizaje impulsados por la IA, el artículo desarrolla una tipología que distingue el ajuste incremental, la modernización adaptativa, la reforma arquitectónica y el rediseño disruptivo. Demuestra por qué la mayoría de las instituciones siguen estructuralmente atadas al incrementalismo y cómo esta limitación socava la capacidad de respuesta del sistema ante profundos cambios tecnológicos, demográficos y económicos. La conclusión describe vías para recuperar la claridad conceptual y posibilitar una transformación auténtica, alineada con el valor público, el pensamiento ecosistémico y las realidades emergentes del aprendizaje potenciado por IA.

Palabras Clave: corrupción en la innovación, transformación de la educación superior, rediseño disruptivo, renovación institucional, aprendizaje potenciado por IA

INTRODUCTION

This paper argues that the language of innovation in higher education has been corrupted, functioning primarily as a symbolic and legitimizing discourse rather than a driver of genuine institutional renewal. Drawing on organizational theory, political economy, disruptive innovation literature, and contemporary analyses of AI-enabled learning futures, the paper develops a typology distinguishing incremental adjustment, adaptive modernization, architectural reform, and disruptive redesign. It demonstrates why most institutions remain structurally bound to incrementalism and how this constraint undermines system-level responsiveness to profound technological, demographic, and economic shifts. The conclusion outlines pathways for restoring conceptual clarity and enabling authentic transformation aligned with public value, ecosystem thinking, and the emerging realities of AI-augmented learning.

When Everything Becomes Innovation, Nothing Is

Over the past two decades, “innovation” has become omnipresent in higher education discourse. Institutions routinely label even minor policy revisions, platform upgrades, and assessment adjustments as “transformational.” Governments demand innovation as a condition of funding. Sector bodies amplify the rhetoric while promoting initiatives that are often operationally useful but structurally conservative. In this context, innovation now functions simultaneously as aspiration, shield, and branding device - signalling relevance while avoiding disruption.

As Murgatroyd (2024, 2026) argues, higher education’s habitual use of “innovation” frequently masks a deeper reluctance to rethink the basic architecture of learning, credentialing, and institutional organization. Pockets of pilot activity proliferate but seldom scale. Micro-credentials are layered onto degree systems. AI tools are embedded in LMS environments without altering pedagogical logics. Even competency-based assessment is commonly

implemented without abandoning the credit-hour, semester, and degree architectures that define the industrial university.

This dilution is not accidental. The higher education system has evolved powerful mechanisms of change regulation - filtering out disruptive elements while preserving institutional cores. As Christensen and Eyring (2011) anticipated, genuine disruption is difficult in a sector insulated from market discipline, governed through complex consensus models, and buffered by public funding and regulatory frameworks. The rhetoric of innovation allows institutions to signal responsiveness without altering the conditions that sustain their legitimacy, autonomy, and revenue.

This paper examines how innovation language has been corrupted, why the sector is structurally predisposed to incrementalism, and how conceptual clarity might be restored. It integrates organizational theory, political economy, and recent work on open learning ecosystems and AI-enabled education (e.g., Finch et al., 2025a, 2025b; Murgatroyd, 2024, 2025, 2026) to argue that authentic innovation requires redesign of institutional architecture, not simply the adoption of new tools.

From Disruption to Incrementalism: The Literature Reconsidered

Innovation entered higher education discourse through economic theories of creative destruction. Schumpeter (1934) positioned innovation as the destabilizing engine of capitalist development. Christensen and Eyring (2011) later extended this logic to higher education, predicting that low-cost, technology-enabled providers would eventually displace traditional universities.

Yet higher education does not behave like market-exposed industries. Marginson (2016) demonstrates that public funding, accreditation regimes, professional norms, and deep cultural legitimacy buffer universities from displacement. Rather than being disrupted, institutions adapt incrementally, preserving core structures while adopting peripheral technologies.

Murgatroyd (2024, 2026) describes this pattern as bounded experimentation: pilots and overlays that signal innovation without altering underlying value creation, governance, or academic labour systems. Hartley (2006) similarly shows that in public-sector organizations, innovation language often performs a legitimating function rather than denoting structural transformation.

A critical conceptual problem lies in the conflation of fundamentally distinct types of change. Henderson and Clark's (1990) typology distinguishes incremental improvement, architectural innovation, and radical redesign - yet higher education routinely collapses all three into a single rhetorical category. Meyer and Zucker's (1989) theory of permanently failing organizations further clarifies how institutions can persist through symbolic reform despite chronic misalignment with environmental demands. Higher education exhibits many of these characteristics: diffuse accountability, legitimacy-based survival, and insulation from performance-based extinction.

Ranking systems and audit regimes intensify this dynamic. As Trow (1973) predicted and Hazelkorn (2021) later confirmed, massification and managerial accountability generate institutional isomorphism. Innovative deviation becomes reputationally risky. Meanwhile, critical pedagogical scholars such as Biesta (2010) warn that technicized definitions of

innovation reduce education to measurable outputs, excluding its democratic and civic purposes.

The acceleration of AI now amplifies these tensions. As Murgatroyd (2024) notes, AI is often implemented to optimize legacy processes - automating grading, feedback, advising, and content generation - rather than redesigning curriculum architectures or learning pathways. In such cases, AI accelerates institutional path dependence rather than enabling transformation.

The Political Economy of Innovation Language

Innovation now operates as a political artefact rather than an analytic category. It is deployed to manage legitimacy, reputation, and regulatory alignment rather than to guide structural redesign (Marginson, 2023; Bastedo et al., 2024; Murgatroyd, 2025). Three political-economic functions dominate.

3.1 Legitimacy Signalling

Universities rely on continuous demonstrations of relevance to secure funding, enrolment, and policy support (Scott, 2021). Innovation rhetoric signals responsiveness to public expectations, employer concerns about skills gaps (OECD, 2023), and government productivity agendas (CMEC, 2023). These signals often substitute for structural reform, allowing institutions to reassure stakeholders while maintaining existing architectures.

3.2 Reputation Management

Prestige remains the dominant organizing principle of global higher education (O'Meara & Stromquist, 2022). Innovation is leveraged as a branding asset - through AI centers, entrepreneurship hubs, and digital learning initiatives - many of which follow standardized templates (Godin, 2015; Meng, 2022). Innovation thus functions as reputational insurance rather than as institutional transformation.

3.3 Regulatory Appeasement

Funding formulas, quality assurance frameworks, and performance metrics now routinely reference innovation (Ontario MCU, 2023; Government of Alberta, 2024). Yet regulators rarely define what constitutes substantive innovation. Institutions respond with symbolic compliance: pilots, dashboards, and narrative alignment (Hood, 2011; Lodge & Wegrich, 2020). Innovation becomes a reporting artefact rather than a redesign agenda. Collectively, these dynamics sustain what Meyer and Rowan (2020) call “ritualized modernity”: organizations perform transformation to preserve legitimacy while minimizing operational disruption.

A Typology of Change

To restore analytic clarity, this paper advances a four-level typology of change.

- **Incremental Adjustment** - Minor operational improvements that strengthen existing systems without altering institutional architecture: LMS upgrades, AI-assisted quizzes, revised rubrics, and administrative automation. These changes dominate sector activity but are routinely mislabelled as innovation (Kezar, 2023).
- **Adaptive Modernization** - System-wide upgrades that respond to competitive or policy pressures while preserving core logics: micro-credentials layered onto degrees, large-scale online expansion, AI governance frameworks, and work-integrated learning overlays. These initiatives modernize optics more than architectures (Viczko & Kuntz, 2024).
- **Architectural Reform** - Structural reconfiguration of learning organization: competency-based credential systems, problem-organized academic units, open learning ecosystems, stackable lifelong pathways, and governance models incorporating external stakeholders. These reforms disrupt power relations and funding logics and are therefore rare.
- **Disruptive Redesign** - Paradigmatic transformation of institutional identity: networked AI-native learning systems, continuous curriculum generation, decoupled teaching–assessment–credentialing, and ecosystem-level credential authority. This category remains largely speculative but grows more plausible under AI acceleration (OECD, 2023; RAND, 2024).

The political economy of higher education explains why most activity remains anchored in the first two categories while rhetoric migrates to the latter two.

Why Transformational Innovation Is Structurally Constrained

If the previous two sections explain how innovation functions rhetorically and how different orders of change can be analytically distinguished, this section explains why most higher education systems remain structurally anchored to incrementalism. The persistence of low-order change is not primarily a failure of imagination, leadership, or technical capacity. It is the predictable outcome of a set of interlocking institutional, professional, regulatory, financial, technological, and cultural constraint domains that collectively stabilize the system around continuity rather than redesign.

Seven such domains are particularly influential.

1. Governance Architectures Built for Deliberation and Consensus

Universities are governed through complex, multi-layered arrangements that prioritize participation, deliberation, and shared authority. Senates, faculty councils, boards, unions, accreditation agencies, and ministries all exercise partial veto power over institutional change. These arrangements are normatively justified by commitments to academic freedom, collegial governance, and public accountability. However, they also make “rapid or discontinuous redesign structurally difficult” (Tierney, 2020; Kezar, 2023).

Consensus-driven governance lengthens decision cycles, fragments strategic authority, and subjects transformational proposals to multiple rounds of risk filtration. Even when senior leadership articulates a compelling transformation vision, implementation depends on dozens - sometimes hundreds - of semi-autonomous units whose incentive structures are misaligned with institutional redesign. The result is not resistance in the conventional sense, but structural deceleration: innovation is slowed, softened, and subdivided until it becomes operationally manageable but strategically diluted.

2. Academic Labour Identities and Professional Logics

Faculty identities remain deeply anchored in disciplinary expertise, peer recognition, scholarly autonomy, and research productivity. These professional logics underpin the legitimacy of academic work, but they also create powerful frictions for system-level pedagogical redesign. Teaching innovation, interdisciplinary curriculum design, competency-based assessment, and workplace-integrated learning often sit at the margins of promotion and tenure systems, particularly in research-intensive institutions (Berg & Seeber, 2022).

Moreover, academic autonomy is frequently mobilized as a defensive resource against externally driven change agendas. When redesign is framed in managerial, efficiency, or productivity terms, it is readily interpreted as a threat to professional judgment rather than as a pedagogical opportunity. The result is a structural misalignment between “where institutional change is demanded (system level)” and “where academic authority resides (individual and disciplinary level)”. Without explicit realignment of academic reward systems, transformational innovation remains professionally irrational, even when institutionally necessary.

3. Regulatory Frameworks Anchored to Credit Hours and Credential Stability

Despite decades of reform discourse, the credit hour remains the dominant unit of account for learning, teaching workload, funding distribution, and credential architecture. Quality assurance regimes, professional licensing systems, and inter-institutional transfer agreements are all deeply rooted in this temporalized, seat-time-based logic (Gallagher & Palmer, 2023).

This anchoring severely constrains alternatives such as mastery learning, competency-based education, micro-credential ecosystems, and continuous assessment architectures. Even when institutions experiment with these models at the margins, they are usually forced to “back-translate” learning into credit-equivalent units for funding, reporting, and recognition purposes. Regulatory stability thus functions as a “structural conservator”: it protects portability and comparability, but it also suppresses architectural experimentation.

4. Funding Models That Reward Volume Rather Than Redesign

Most public higher education funding systems are still driven primarily by enrollment volume, credit production, and research output. These models reward scale, predictability, and throughput - not structural experimentation. Architectural redesign, by contrast, typically

involves transitional cost spikes, uncertain revenue flows, and temporary productivity dips (Hearn & Holdsworth, 2021).

Capital intensiveness compounds this problem. Physical campuses, tenured faculty lines, student services infrastructures, and compliance systems generate high fixed costs that limit institutional flexibility. In such environments, boards and senior executives face strong fiduciary pressures to preserve stable revenue streams rather than to risk disruptive transitions. Consequently, innovation funding is routinely short-term, project-based, and marginal to core operating budgets. Institutions are encouraged to “pilot”, but rarely enabled to “redesign at scale”.

5. Public-Trust Risk Environments and Reputational Caution

Higher education institutions occupy a privileged but fragile position in the public trust ecology. They are entrusted with credentialing, professional formation, research integrity, and public knowledge production. Under conditions of declining public trust and intensified media scrutiny, institutional leaders face powerful incentives to avoid high-visibility failure (Shields & Grummell, 2023).

Transformational innovation, by definition, introduces uncertainty into curriculum standards, assessment validity, labor arrangements, and credential signaling. Even when risk is analytically justifiable, it remains politically hazardous. As a result, institutions systematically privilege reputational safety over structural necessity, selecting innovation pathways that are visible, marketable, and reversible rather than those that are disruptive and path-altering.

6. Digital Infrastructure Fragmentation

Although digital transformation is now a central pillar of institutional strategy, most universities operate within highly fragmented digital ecosystems: multiple LMS platforms, legacy student information systems, disconnected analytics architectures, proprietary vendor tools, and siloed data governance arrangements (Brown et al., 2023).

This fragmentation makes integrated pedagogical redesign technically and institutionally difficult. Rather than enabling seamless learner pathways, cross-program data flows, and adaptive curriculum architectures, digital systems often reinforce existing organizational boundaries. Under these conditions, AI, analytics, and simulation technologies are layered onto existing structures rather than used as substrates for redesign. The result is digital modernization without institutional re-architecture.

7. Cultural Narratives of the University

Finally, higher education is stabilized by powerful cultural narratives: the university as guardian of tradition, degrees as markers of social status, the campus as a formative life space, and academic freedom as insulation from external instrumentalization (Altbach & de Wit, 2023). These narratives carry real normative weight. They shape public expectations, alumni loyalty, political rhetoric, and student identity formation.

However, these same narratives also limit institutional imagination. Redesigning that separates learning from campus, credentials from degrees, or instruction from faculty identity is often seen not just as reform, but as an existential threat to what a university is meant to be.

Culture thus acts not as a gentle background, but as a rigid structural boundary on which forms of innovation are judged legitimate.

The Production of Structural Risk Aversion

Taken together, these seven domains do not merely inhibit individual innovation initiatives; they produce a systemically risk-averse political economy of skills and productivity. Governance slows change, academic identity localizes authority, regulation stabilizes legacy architectures, funding penalizes transition, public trust amplifies reputational risk, digital fragmentation constrains redesign, and cultural narratives police institutional identity.

It is this configuration - not a lack of vision or technical capacity - that explains why higher education systems repeatedly default to incremental adjustment and adaptive modernization rather than architectural reform or disruptive redesign. As Finch et al. (2025a, 2025b) argue, the sector is embedded in a productivity ecosystem that structurally rewards symbolic responsiveness while suppressing transformational risk. Under such conditions, innovation is not merely difficult; it is institutionally irrational.

This structural diagnosis sets the stage for Section 6, which explains how these constraint conditions are actively operationalized through specific mechanisms of innovation co-option.

Mechanisms of Innovation Co-option

If the previous sections establish the political economy of innovation rhetoric, the typology of change, and the structural barriers to transformation, this section explains how innovation itself becomes systematically neutralized inside higher education systems. Co-option is not accidental; it emerges through routine institutional practices that absorb, domesticate, and redirect disruptive ideas until their transformative potential is neutralized. In this context, innovation is not rejected - it is *reframed, partitioned, proceduralized, and rendered safe*.

Eight interconnected mechanisms drive this process:

1. Rhetorical Inflation

Rhetorical inflation refers to the indiscriminate application of the language of innovation to modest, routine, or operational changes. Platform upgrades, assessment revisions, LMS feature adoption, and incremental policy adjustments are routinely described as “transformational.” This linguistic expansion strips innovation of analytical meaning while allowing institutions to continuously claim dynamism. As Godin (2015) demonstrates historically, innovation discourse regularly migrates from describing rupture to legitimizing continuity. In higher education, rhetorical inflation enables institutions to satisfy political and reputational demands for innovation without altering institutional architectures.

2. Symbolic Compliance

Symbolic compliance occurs when institutions adopt the outward forms of innovation required by governments, accreditors, or funders while leaving underlying structures intact.

Strategic plans, innovation hubs, AI frameworks, and micro-credential taxonomies frequently function as signals of alignment rather than mechanisms of change. Institutions demonstrate conformity with modernization agendas through documentation, metrics, and pilot declarations, even when operational practices remain unchanged. Innovation becomes a reporting performance rather than a redesign project (Hood, 2011; Lodge & Wegrich, 2020).

3. Bureaucratic Absorption

Bureaucratic absorption describes the process through which disruptive proposals are translated into incremental, procedurally manageable initiatives through governance systems. Task forces, committees, and consultation cycles evaluate radical ideas through feasibility and compliance lenses, gradually stripping away destabilizing elements. By the time proposals emerge from review, they often bear little resemblance to their original disruptive intent. This mechanism arises from governance architectures optimized for consensus, stability, and risk mitigation rather than transformation (Kezar, 2023).

4. Risk Translation

Risk translation refers to the institutional tendency to reinterpret transformative ideas as narrowly bounded, low-risk activities. Innovations are filtered through legal, reputational, financial, academic, equity, and cybersecurity risk frameworks until their system-level implications are minimized. AI-driven curriculum redesign becomes “assistive tutoring.” Competency-based credentialing becomes “optional badges.” Through this translation, structural redesign is continuously displaced by contained enhancement (Shields & Grummell, 2023).

5. Pilot-Project Sequestration

Pilot-project sequestration occurs when innovation is permanently confined to experimental zones insulated from core operations. Short-term grants, limited enrolment caps, and lack of strategic integration ensure that pilots rarely scale. Pilots become symbolic demonstrations of innovation capacity rather than transition pathways to redesign. Institutions accumulate fragmented pilots that generate local learning but no architectural change (Macfarlane, 2022; Clark et al., 2022).

6. Managerial Reframing

Managerial reframing is the reinterpretation of disruptive change through administrative efficiency logics. Deep pedagogical redesign is recast as “process optimization.” Platform transformation becomes “digital modernization.” Ecosystem reconfiguration becomes “partner engagement.” This reframing absorbs innovation into managerial vocabularies privileging control, auditability, and continuity (O’Meara & Stromquist, 2022).

7. Technological Substitution

Technological substitution occurs when digital tools are introduced as functional replacements for structural redesign. Rather than rethinking advising, institutions deploy chatbots. Rather than redesigning assessment, they automate grading. This reinforces what Selwyn (2022) characterizes as technological solutionism and produces “digital layering” - complexity without transformation (Brown et al., 2023).

8. Ecosystem Deflection

Ecosystem deflection describes the displacement of responsibility for innovation onto external actors - EdTech firms, employers, accelerators, or research parks - while preserving traditional institutional cores. Institutions claim ecosystem leadership while insulating mainstream teaching, credentialing, and governance from disruption (Viczo & Kuntz, 2024; Murgatroyd, 2026).

Systemic Integration

Together, these mechanisms form a self-reinforcing system of innovation neutralization. Rhetorical inflation dilutes meaning; symbolic compliance satisfies external demands; bureaucratic absorption dissolves radical intent; risk translation suppresses threat; pilot sequestration contains disruption; managerial reframing normalizes incrementalism; technological substitution replaces redesign with tools; and ecosystem deflection displaces responsibility outward. Innovation is thus performed, contained, and deferred, explaining the persistent rhetorical–structural gap identified earlier.

Forces Now Overwhelming Innovation Co-option Capacity

For much of the late twentieth and early twenty-first centuries, higher education institutions were able to absorb external pressures through the mechanisms of innovation co-option outlined the previous section. Symbolic compliance, pilot sequestration, risk translation, and rhetorical inflation enabled institutions to adapt while preserving core organizational architectures. However, the current period marks a decisive shift. A set of seven macro forces now exceeds the absorptive capacity of co-option, creating a structural break in the political economy of higher education. These forces do not merely pressure institutions to modernize; they undermine the very conditions that once enabled symbolic innovation to substitute for structural redesign.

AI as a System-Level Disruptor

Artificial intelligence now constitutes a general-purpose infrastructure technology rather than a discrete educational tool. Generative AI collapses instructional scarcity by providing learners with continuous, personalized explanations, feedback, simulation, and practice at marginal cost. This directly destabilizes the traditional economic logic of higher education, which has historically been built on the scarcity of expert instruction, bounded by faculty time and institutional capacity.

At the same time, AI accelerates skills obsolescence across most occupational domains. As new tools, workflows, and automated decision systems proliferate, occupational competence is redefined on a 12–36-month cycle rather than a generational one. This temporal compression exposes a fundamental misalignment between curriculum review cycles, degree program architectures, and labour-market evolution (Luckin, 2024).

AI also reconfigures academic labour. Assessment, feedback, advising, curriculum production, and even elements of disciplinary inquiry are increasingly augmented or automated. This unsettles traditional faculty role definitions and erodes the tacit settlement between academic labor, credential authority, and institutional governance (Williamson & Piattoeva, 2024). Co-option mechanisms that once converted technological disruption into peripheral enhancement are now overwhelmed by the systemic scope and speed of AI transformation.

Demographic Contraction and Participation Shocks

Across many OECD jurisdictions, demographic aging and declining birth rates are producing sustained contraction in traditional university-age cohorts. While Canada remains partially buffered through immigration, regional participation volatility is already evident, particularly in rural, northern, and post-industrial regions (Collyer et al., 2022).

Enrollment-driven funding models amplify the institutional consequences of demographic change. Even modest participation declines generate fiscal instability in systems with high fixed costs and limited pricing elasticity. Institutions that once relied on steady cohort expansion now confront intensified competition for domestic students, escalating dependence on international recruitment, and growing pressure to pivot toward adult and mid-career learners whose needs are poorly served by traditional program architectures.

Demographic contraction therefore converts innovation from a reputational aspiration into a survival imperative. Symbolic modernization offers no protection against sustained cohort decline. Only structural redesign of learning pathways, credential modularity, and lifelong participation models can restore demographic resilience.

Employer Disintermediation and the Decline of Degree Default

Employers are no longer passive consumers of institutional credentials. Facing acute skills shortages, productivity pressures, and rapid digital transformation, many firms have moved aggressively into direct skills formation and credentialing. Proprietary training ecosystems (e.g., cloud computing academies, cybersecurity certifications, platform-specific credentials) increasingly bypass traditional degree pathways (Gallagher & Palmer, 2023).

At the same time, skills-based hiring practices weaken the automatic signalling power of degrees as default labour-market filters (LinkedIn Economic Graph, 2024). Employers increasingly rely on demonstrable competencies, project portfolios, and micro-certifications rather than institutional pedigree alone. This disintermediation undermines the monopoly position universities historically held over advanced workforce credentialing.

Under these conditions, rhetorical alignment with employer needs is insufficient. Where employers once lobbied institutions to modernize, they now increasingly exit traditional educational pipelines altogether. Co-option fails when stakeholders no longer seek symbolic reassurance but create alternative infrastructures.

Fiscal Compression and Intensified Public Value Scrutiny

Public higher education now operates under conditions of sustained fiscal compression. Governments face structural deficits driven by aging populations, healthcare costs, infrastructure renewal, and climate adaptation. Discretionary public spending space is tightening, not expanding (Hearn & Holdsworth, 2021).

As fiscal conditions constrain funding growth, governments and taxpayers increasingly demand demonstrable public value from postsecondary investment. Performance-based funding systems, cost-per-completion metrics, graduate employment outcomes, and skills alignment indicators intensify scrutiny of institutional effectiveness. Under such regimes, symbolic innovation becomes financially costly rather than reputationally rewarding.

Innovation theatre absorbs resources without producing measurable system-level returns. In a context of fiscal constraint, this dynamic becomes politically and institutionally unsustainable. Fiscal compression thus converts innovation from a marketing category into an accountability category.

Geopolitical Repositioning and National Security Imperatives

Geopolitical instability has reframed higher education as a component of national security infrastructure. Strategic technologies, cyber defence, supply-chain resilience, data sovereignty, and advanced manufacturing capacity now occupy central positions in national policy agendas (Patton, 2023).

Governments increasingly expect universities to contribute directly to talent pipelines in critical sectors, to safeguard sensitive research, and to align with national innovation strategies. Under such conditions, symbolic modernization loses strategic credibility. Governments seek operational alignment, not narrative alignment.

This shift also amplifies regulatory pressure, export controls, research security screening, and geopolitical scrutiny of international partnerships. Innovation is no longer treated merely as an economic development instrument but as a strategic asset of the state. Co-option mechanisms oriented around market signalling are poorly suited to this security-inflected policy environment.

Declining Public Trust and the Erosion of Symbolic Legitimacy

Across many democratic societies, institutional trust has weakened. Universities are increasingly drawn into polarized debates around academic freedom, campus politics, social inclusion, tuition affordability, and graduate employment outcomes. Media scrutiny is more intense, and public tolerance for opaque institutional authority has diminished.

In such environments, innovation rhetoric no longer automatically produces legitimacy. Indeed, repeated claims of transformation that fail to translate into visible improvement increasingly generate public cynicism rather than reassurance. Symbolic innovation becomes vulnerable to reputational backlash when student debt rises, employment outcomes stagnate, or learning experiences appear disconnected from lived economic realities.

Declining trust, therefore, weakens the core political function that innovation discourse once served: the maintenance of institutional legitimacy through narrative assurance.

Alternative Learning Infrastructures and the Erosion of Credential Monopolies

Finally, the rise of alternative learning infrastructures constitutes a direct competitive threat to institutional self-sufficiency. Global MOOC platforms, employer-backed academies, bootcamps, AI-native tutoring systems, professional badge networks, and community-based learning hubs now offer credible substitutes for segments of traditional higher education provision (OECD, 2023).

What distinguishes the current period from earlier waves of alternative provision is systemic integration. Alternative credentials are no longer peripheral supplements; they are increasingly embedded in employer hiring frameworks, professional licensing pathways, and public workforce development systems. This erodes the exclusive authority of universities over advanced knowledge certification.

Co-option mechanisms fail when credible substitutes exist outside the institutional boundary. When learners and employers can access learning, assessment, and signaling elsewhere, symbolic innovation inside universities loses both market and legitimacy leverage.

The Production of a Structural Break

Individually, each of these forces would challenge the stability of traditional higher education systems. Collectively, they produce a structural break in the political economy of innovation. The conditions that once allowed institutions to perform adaptation without undertaking redesign—stable demographics, degree signalling dominance, fiscal expansion, public trust, and weak external alternatives—are all eroding simultaneously.

As a result, symbolic innovation is no longer sufficient for institutional survival. The sector is transitioning from an era in which legitimacy could be maintained through narrative alignment to one in which structural capacity for transformation becomes the central determinant of institutional viability. This structural break sets the conditions for the redesign pathways articulated in the next section and the concluding argument advanced in the final section of this paper.

Pathways Toward Structural Redesign

If the previous section demonstrates why innovation co-option is becoming unsustainable under accelerating technological, demographic, and labour-market pressures, this section identifies the conditions under which genuine structural redesign becomes institutionally viable. Redesign does not emerge from isolated pilots or digital adoption alone; it requires coordinated shifts in institutional purpose, professional authority, temporal organization, civic orientation, technological philosophy, and political–financial architecture.

Six interdependent design shifts define viable transformation trajectories for higher education systems in the 2025–2035 period.

1. Mission-Centric Differentiation Rather than Prestige Isomorphism

Global ranking systems and prestige economies have pulled institutions toward a single institutional ideal modeled on elite research universities (Marginson, 2023). Structural redesign demands reversal of this logic: institutional legitimacy must be anchored in mission fulfillment

rather than positional status. Institutions must be governed and evaluated according to distinct public purposes - access, Indigenous self-determination, applied workforce development, regional innovation - rather than mimetic competition.

2. Faculty-Led Deep Pedagogy Rather than Managerial Innovation Theatre

Transformation cannot be imposed through administrative fiat. It **requires** faculty-led pedagogical reconstruction: redesign of learning architectures, assessment logics, curriculum sequencing, and learner agency. This demands secure academic labour, promotion systems that reward teaching innovation, and governance structures that treat curriculum as strategic rather than operational (Berg & Seeber, 2022; Macfarlane, 2022).

3. Lifelong Ecosystem Participation Rather than Episodic Degree Delivery

Episodic, front-loaded degree delivery is structurally misaligned with continuous occupational volatility. Redesign requires lifelong learning ecosystems where credentialing is modular, stackable, competency-based, and portable across institutions and employers. Learning becomes continuously woven through working life rather than concentrated at its entry point (Gallagher & Palmer, 2023; OECD, 2023).

4. Civic-Embedded Public Value Creation

Rebuilding public trust requires shifting from market-responsive modernization toward civic-embedded public value creation. Universities must function as democratic infrastructure, supporting community co-production of knowledge, place-based learning, and public-interest research (Hazelkorn & Mihut, 2021; Marginson, 2023).

5. AI as a Human-Centred Design Substrate

AI constitutes a general-purpose infrastructure capable of reorganizing learning, assessment, advising, and curriculum design. Human-centred AI design treats intelligent systems as cognitive partners that expand mentorship, personalization, and simulation-based learning, rather than replacing human judgment. This requires governance embedding transparency, contestability, and pedagogical primacy (Williamson & Piattoeva, 2024; Luckin, 2024).

6. Funding and Governance Aligned with Long-Horizon Redesign

The most decisive condition for transformation is realignment of funding, regulation, and governance with long-horizon redesign rather than short-term performance signalling. This requires patient capital, multi-year transformation funding, regulatory sandboxes, and governance oriented toward stewardship of transition rather than risk avoidance.

Synthesis: From Modernization to Redesign

These six shifts operate as an integrated transformation architecture. Mission differentiation without governance reform collapses into branding; faculty-led pedagogy without funding reform collapses into overload; lifelong learning without interoperable credentials collapses into short-course proliferation; AI adoption without human-centred governance collapses into automation; civic engagement without incentives collapses into outreach theatre. Structural redesign becomes possible only when purpose, power, time, technology, community, and money are reconfigured together.

Reclaiming Innovation as Structural Renewal

Throughout this paper, the argument has unfolded in a deliberate sequence: the inflation and corruption of innovation language; the typology distinguishing symbolic from structural change; the deep institutional barriers that anchor higher education to incrementalism; the mechanisms through which disruptive ideas are routinely co-opted; the macro-forces that now overwhelm that co-option capacity and the architectural shifts required for genuine transformation. Together, these analyses converge on a central claim: innovation in higher education must be reclaimed as structural institutional design work rather than reputational performance.

For more than two decades, the sector has been able to survive by *performing* innovation - signalling responsiveness to governments, employers, students, and the public while leaving its core architectures largely untouched. That political-economic equilibrium has now fractured. AI accelerates faster than curriculum cycles can adapt. Labour markets restructure faster than program review systems can respond. Demographic contraction and fiscal compression destabilize enrolment-driven funding models. Alternative learning infrastructures erode credential monopolies. Under these conditions, innovation theatre no longer functions as a viable institutional strategy. The sector now faces a binary choice: continue performing change or become structurally capable of it.

Innovation as Institutional Capacity, Not Institutional Communication

Reclaiming innovation requires a fundamental reorientation away from communication toward capacity. For much of the contemporary period, innovation has been treated as a narrative device - an attribute to be declared in strategic plans, annual reports, ranking submissions, and government performance frameworks. In this communicative mode, innovation is something institutions *say* rather than something they are structurally able to *do*.

Structural renewal demands that innovation instead be understood as an institutional capability embedded in governance, funding, academic labour, digital infrastructure, and regulatory alignment. This means that the ability to redesign learning architectures, credential systems, and ecosystem partnerships must be routinized rather than exceptional; funded rather than improvised; legitimized rather than marginal; and protected rather than penalized. Without this shift from communicative to structural innovation, the sector remains trapped in a cycle of symbolic adaptation and operational stasis.

From Institutional Self-Sufficiency to Ecosystem Stewardship

A second core shift is the transition from institutional self-sufficiency **to** ecosystem stewardship. Historically, universities have been designed as vertically integrated organizations that bundle curriculum design, instruction, assessment, research, credentialing, and quality assurance within a single institutional entity. That model underpinned both institutional autonomy and credential monopolies.

Yet the emerging learning economy no longer conforms to those boundaries. Skills formation occurs in workplaces, online platforms, community organizations, professional bodies, and AI-mediated environments. Knowledge creation is distributed across global networks. Credential signals are increasingly fragmented and contested. Under these conditions, institutions that cling to self-contained sovereignty over learning functions risk becoming bottlenecks rather than hubs.

Reclaiming innovation therefore requires a shift toward ecosystem-level coordination: interoperable credentials, co-designed curricula with employers and communities, shared simulation infrastructure, portable learning records, and public-private-civic governance arrangements. In this model, universities no longer act primarily as gatekeepers of learning, but as stewards of learning ecosystems - convening, assuring quality, enabling mobility, and safeguarding public interest across a plural learning landscape.

Leadership as Stewardship of Transition Rather than Preservation of Form

The final - and perhaps most difficult - dimension of renewal concerns leadership orientation. Much contemporary higher-education leadership remains structurally oriented toward preservation: protection of institutional identity, stabilization of revenue streams, defence of rankings position, and minimization of political and reputational risk. These orientations were rational under conditions of environmental stability. They are increasingly maladaptive under conditions of systemic disruption.

What the current moment requires instead is stewardship of transition: leadership capable of holding institutions through periods of deep structural uncertainty; legitimizing controlled experimentation at scale; redistributing risk across systems rather than individual units; and sustaining public trust while institutional forms evolve. This is not simply a matter of managerial technique. It is a fundamentally political form of leadership that navigates competing value claims - academic freedom, fiscal responsibility, public accountability, labour protection, technological power, and democratic purpose - without collapsing into either technocratic automation or nostalgic institutionalism (Murgatroyd, 2026).

Stewardship-oriented leadership recognizes that the preservation of higher education's public mission may require the transformation of its institutional forms.

Permanently Failing Institutions in an Age of Accelerating Change

Meyer and Zucker's (1989) theory of permanently failing organizations provides a sobering closing lens. They describe institutions that persist despite chronic underperformance because their legitimacy shields them from extinction and because symbolic compliance substitutes for substantive reform. For much of the late twentieth and early twenty-first

centuries, higher education exhibited many of these characteristics: diffuse accountability, buffered funding, slow feedback cycles, and deeply embedded cultural legitimacy.

What distinguishes the present moment is that the structural conditions enabling that failure-without-collapse equilibrium are eroding. Legitimacy is no longer self-renewing. Public trust is increasingly conditional. Employers no longer default to degrees as signals of competence. Students increasingly compare institutional offerings with AI-mediated alternatives. Governments face fiscal constraints that limit tolerance for symbolic compliance. Under these conditions, institutional persistence without structural adaptation becomes progressively less viable.

The risk, therefore, is no longer that higher education fails to innovate in some abstract sense. The risk is that it becomes permanently failing in structural terms - not because it lacks intelligence, effort, or commitment, but because its architectures, incentives, and governance logics prevent adaptation at the temporal and systemic scale now required.

The Structural Meaning of Reclaiming Innovation

To reclaim innovation as structural renewal is thus to make a commitment to three interlocking transformations:

1. **Structural conditions that enable redesign**
Innovation must be institutionally financed, regulated, governed, and professionally rewarded as redesign capacity rather than performative output.
2. **Ecosystem-level collaboration rather than institutional self-sufficiency**
Higher education must reposition itself as a steward of distributed learning systems rather than a monopoly provider.
3. **Leadership oriented toward transition rather than preservation**
Institutions require leaders who can govern through structural uncertainty without retreating into either risk paralysis or technological determinism.

These shifts do not guarantee success. They do, however, mark the boundary between adaptation as symbolic performance and adaptation as institutional capacity. The former sustained higher education through a long period of slow environmental change. The latter is now demanded by an environment defined by acceleration.

The Closing Claim

The central claim of this paper is therefore not that higher education must innovate. That exhortation has echoed for decades with limited structural effect. The claim, rather, is that innovation itself must be structurally redesigned - removed from its function as reputational currency and re-embedded as the organizing principle of institutional architecture, ecosystem alignment, and public value creation.

The future of higher education will not be determined by how convincingly institutions *talk about* innovation. It will be determined by whether they become structurally capable of transformation at the speed, scale, and ethical depth now required.

REFERENCES

- Altbach, P. G., & de Wit, H. (2023). *The internationalization of higher education: Global perspectives*. Johns Hopkins University Press.
- Arundel, A., Bloch, C., & Ferguson, B. (2023). Advancing innovation measurement in the digital economy. *Research Policy*, 52(1), 104646. <https://doi.org/10.1016/j.respol.2022.104646>
- Bakhshi, H., Downing, J., Osborne, M., & Schneider, P. (2021). *The future of skills: Employment in 2030*. Pearson & Nesta.
- Bastedo, M. N., Altbach, P. G., & Gumport, P. J. (2024). *American higher education in the twenty-first century: Social, political, and economic challenges (5th ed.)*. Johns Hopkins University Press.
- Bégin-Caouette, O., & McKenzie, M. (2024). Innovation policy and higher education reform in advanced economies. *Higher Education Policy*, 37(1), 23–44. <https://doi.org/10.1057/s41307-023-00307-0>
- Berg, M., & Seeber, B. (2022). *The slow professor: Challenging the culture of speed in the academy (2nd ed.)*. University of Toronto Press.
- Biesta, G. (2010). *Good education in an age of measurement: Ethics, politics, democracy*. Routledge.
- Brown, M., McCormack, M., Reeves, J., Brooks, D. C., & Grajek, S. (2023). *2023 EDUCAUSE Horizon Report: Teaching and learning edition*. EDUCAUSE.
- Canadian Council of Ministers of Education. (2023). *Pan-Canadian education and skills strategy*. <https://www.cmec.ca>
- Christensen, C. M., & Eyring, H. J. (2011). *The innovative university: Changing the DNA of higher education from the inside out*. Jossey-Bass.
- Clark, B. R., Trick, D., & van Loon, R. (2022). Financing innovation in higher education systems. *Journal of Higher Education Policy and Management*, 44(4), 389–405. <https://doi.org/10.1080/1360080X.2022.2047221>
- Collyer, F., Harley, K., & Gale, T. (2022). Participation, inequality, and demographic change in mass higher education. *Higher Education Research & Development*, 41(6), 1583–1597. <https://doi.org/10.1080/07294360.2021.1959183>
- DiMaggio, P. J., & Powell, W. W. (2021). The iron cage revisited: Institutional isomorphism and collective rationality. In *The new institutionalism in organizational analysis* (pp. 63–82). University of Chicago Press. (Original work published 1983)
- Finch, D., Murgatroyd, S., & Hall, S. (2025a). *Productivity, skills, and open learning ecosystems in Canada*. Canadian Public Policy. Advance online publication.
- Finch, D., Murgatroyd, S., & Hall, S. (2025b). Designing skills-based learning ecosystems for national productivity growth. *Journal of Education and Work*. Advance online publication.
- Frodeman, R. (2020). *Sustainable knowledge: A theory of interdisciplinarity*. Palgrave Communications, 6(1), 1–8. <https://doi.org/10.1057/s41599-020-00526-y>
- Gallagher, S., & Palmer, J. (2023). *The education-to-employment pipeline: How colleges and universities are preparing students for the future of work*. Harvard Education Press.
- Godin, B. (2015). *Innovation contested: The idea of innovation over the centuries*. Routledge.
- Government of Alberta. (2024). *Skills for jobs: Alberta's workforce development strategy*. Government of Alberta.
- Hartley, J. (2006). Innovation and improvement in public services. *Public Money & Management*, 26(1), 27–34. <https://doi.org/10.1111/j.1467-9302.2006.00502.x>
- Hazelkorn, E., & Mihut, G. (2021). *Research management: Benchmarking, measurement, and evaluation in higher education*. Edward Elgar.
- Hearn, J. C., & Holdsworth, J. M. (2021). Federal funding and institutional finance in higher education. *The Review of Higher Education*, 44(3), 351–381. <https://doi.org/10.1353/rhe.2021.0009>
- Henderson, R. M., & Clark, K. B. (1990). Architectural innovation: The reconfiguration of existing product technologies. *Administrative Science Quarterly*, 35(1), 9–30. <https://doi.org/10.2307/2393549>
- Holmes, W., Bialik, M., & Fadel, C. (2023). *Artificial intelligence in education: Promises and implications*. Center for Curriculum Redesign.
- Hood, C. (2011). *The blame game: Spin, bureaucracy, and self-preservation in government*. Princeton University Press.
- Murgatroyd, S. (2026)

- Kezar, A. (2023). *How colleges change: Understanding, leading, and enacting transformation* (2nd ed.). Routledge.
- Kuhn, T. S. (2012). *The structure of scientific revolutions* (50th anniversary ed.). University of Chicago Press.
- Lea, J. (2021). Academic freedom and institutional change. *Studies in Higher Education*, 46(5), 1031–1044. <https://doi.org/10.1080/03075079.2019.1686680>
- LinkedIn Economic Graph. (2024). *Skills-based hiring and the future of recruitment*. LinkedIn.
- Lodge, M., & Wegrich, K. (2020). *The problem-solving capacity of the modern state*. Oxford University Press.
- Luckin, R. (2024). *Machine intelligence and education: The role of AI in the future of learning*. UCL Press.
- Macfarlane, B. (2022). *The neoliberal academic: Illusions of freedom*. Routledge.
- Marginson, S. (2016). *The dream is over: The crisis of Clark Kerr's California idea of higher education*. University of California Press.
- Marginson, S. (2023). *Higher education and public good*. Cambridge University Press.
- Meng, B. (2022). Innovation as branding in global higher education markets. *Globalisation, Societies and Education*, 20(3), 341–354. <https://doi.org/10.1080/14767724.2021.1910267>
- Meyer, J. W., & Rowan, B. (2020). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340–363. (Reprint)
- Meyer, M. W., & Zucker, L. G. (1989). *Permanently failing organizations*. Sage.
- Murgatroyd, S. (2024). *The future of higher education in an age of artificial intelligence*. Ethics Press.
- Murgatroyd, S. (2025). Micro-credentials – Not working as advertised. In Durak, G. & Çankaya, S. [eds.] *Integrating microcredentials in open education*. IGI Global.
- Murgatroyd, S. (2026). *Strategic choices and leadership change in higher education*. IGI Global.
- Nesta. (2022). *Learning, innovation, and skills in the digital economy*. Nesta.
- OECD. (2023). *Education at a glance 2023: OECD indicators*. OECD Publishing. <https://doi.org/10.1787/eag-2023-en>
- O'Meara, K., & Stromquist, N. P. (2022). Prestige and power in global higher education. *Comparative Education Review*, 66(1), 1–27. <https://doi.org/10.1086/717194>
- Ontario Ministry of Colleges and Universities. (2023). *Performance-based funding technical manual*. Government of Ontario.
- Patton, D. (2023). Higher education and national security in the age of geopolitical fragmentation. *Journal of Global Security Studies*, 8(4), ogad027. <https://doi.org/10.1093/jogss/ogad027>
- RAND Corporation. (2024). *The future of postsecondary education in an AI-enabled world*. RAND.
- Schein, E. H. (2017). *Organizational culture and leadership* (5th ed.). Wiley.
- Scott, W. R. (2021). *Institutions and organizations: Ideas, interests, and identities* (5th ed.). Sage.
- Scott, W. R., & Davis, G. F. (2021). *Organizations and organizing: Rational, natural, and open system perspectives* (2nd ed.). Routledge.
- Selwyn, N. (2022). *Should robots replace teachers? AI and the future of education*. Polity.
- Shields, P., & Grummell, B. (2023). Trust, leadership, and legitimacy in higher education reform. *Educational Management Administration & Leadership*, 51(4), 532–548. <https://doi.org/10.1177/17411432211051003>
- Slaughter, S., & Rhoades, G. (2004). *Academic capitalism and the new economy*. Johns Hopkins University Press.
- Tierney, W. G. (2020). The responsive university: Restructuring for organizational flexibility. *Higher Education*, 80(3), 469–486. <https://doi.org/10.1007/s10734-019-00410-z>
- Trow, M. (1973). *Problems in the transition from elite to mass higher education*. Carnegie Commission on Higher Education.
- Viczko, M., & Kuntz, A. M. (2024). Policy, governance, and the illusion of innovation. *Journal of Education Policy*, 39(2), 241–258. <https://doi.org/10.1080/02680939.2023.2186427>
- Williamson, B., & Piattoeva, N. (2024). AI governance and the future of education. *Learning, Media and Technology*, 49(1), 1–15. <https://doi.org/10.1080/17439884.2023.2269471>