



Business management

Case study: Peacewick University

For use in May 2022

Instructions to candidates

- Case study booklet required for higher level paper 1 and standard level paper 1 business management examinations.

Peacewick University

Peacewick University (PU) was founded as a teacher training college specializing in post-16 education in 1935 but became a university in 1992. Today, *PU* provides a full range of subjects. Adriana Cortez, the president*, has ensured that the university has an emphasis on meeting the needs of 21st-century society, so it has strong IT, business, electronics, medicine, engineering and media faculties. Traditional courses, such as history, are still taught but do not have a high profile. The university has both teaching and research functions in all its faculties. The growth in research into artificial intelligence and medicine at *PU* has been particularly impressive, and these research developments have enabled the university to compete effectively with older, more established universities. In October 2019, *PU* was one of the most popular universities in the country, with five applicants for each available student place. Furthermore, measures of student satisfaction were very high in a January 2020 survey.

The university is organized as a not-for-profit business and has a board of trustees made up from representatives of the community, employees, businesses and government. The academic year runs from October to July.

PU is having a challenging year because of recent major developments in the external environment. The university has had to make significant changes to how it operates.

Throughout 2020/21 there was an economic recession in the country (Country A), and it may continue for several years. In addition, in September 2021 there was a catastrophic accident at a nearby chemical plant. The impact on the surrounding area was severe. The explosion caused a large amount of damage to nearby buildings, including to student accommodation, lecture theatres and other university buildings. In addition, part of the teaching campus was contaminated by harmful chemicals. Many of the teaching facilities became unusable and will remain so for at least two years as the clean-up operation takes place. Local water supplies have also been contaminated, and the water is still not safe to drink. Fortunately for *PU*, most of its research facilities are on a separate campus several kilometres away and were not affected by the accident. In September 2021, all on-site teaching stopped for two months while some very limited classroom accommodation was found elsewhere in the city and on a separate campus. For the rest of the academic year, efforts were made to ensure courses continued to be delivered in these temporary classrooms and by providing lectures online. However:

- The university had insufficient IT equipment for the lecturers.
- Many of the lecturers had inadequate IT skills to prepare and deliver high-quality online courses.
- Many lecturers found it very difficult to teach without face-to-face contact.
- Many students lacked the necessary IT equipment or internet connection to attend online lectures.
- Some international students had to return to their home countries, as their accommodation had been damaged.
- Some students demanded compensation because the courses did not meet their expectations.
- Some employees were made redundant.

Adriana and the trustees worked hard to reduce the impact of the problems and, thanks to excellent work from the university employees, the impact on student learning was minimized.

Some of the research at *PU*'s teaching campus was suspended until the end of the 2021/2022 academic year. However, the Faculty of Medicine received a large amount of funding from the government to research medicines for reducing the impact on people and animals of exposure to dangerous chemicals, and the Faculty of IT received funding from the founder of one of
 45 the world's largest software companies to research the use of artificial intelligence (AI) in detecting contamination.

Before the disaster, hopes had been high for *PU* for 2021/22. *PU*'s business plan for 2021/22 was originally based on an expected increase in student numbers. The plan included building a new lecture theatre and a new building for the Faculty of Music. The plan also included installation of
 50 renewable energy sources on the university campus and an improved pay structure for lecturers. However, it soon became clear that the plans were unrealistic. For the academic year 2022/23, student numbers are predicted to be much lower than originally expected. Many local students have decided to postpone their studies for a year, many international students will not return to complete their courses, and fewer new international students will enrol. International students pay
 55 higher fees to the university than the fees that the university receives from local students.

In 2021/22 *PU*'s revenue fell, but *PU* still had to pay employees, maintain buildings and pay general expenses. Faced with a major cash-flow problem, *PU* had to find ways to reduce outflows. Reluctantly, Adriana made 10% of teaching staff and support staff redundant, while 20% of staff were moved to part-time employment.

60 Other operating cost savings were made. However, Adriana decided to maintain *PU*'s aggressive marketing strategies in contrast to most other universities, which were cutting marketing budgets because of the economic recession. Adriana saw marketing expenditure as a worthwhile investment. The promotion emphasized *PU*'s achievements both in research and teaching, its services for students, its high levels of student satisfaction and its competitive fees.

65 By January 2022, the standard of teaching at *PU* nearly returned to its earlier high quality, although in a different format. Much of the teaching remained online, which enabled lecturers to meet smaller groups of students face to face. There were fewer student complaints, but there was still anxiety among the teaching staff and some of the research staff who were not involved in front-line research. In addition, cash-flow problems worsened.

70 However, in February 2022 the university has good reasons to be positive about the research functions and teaching at the university:

- The Faculty of Medicine's research into medicines is proving positive following testing on the public. Financial support from pharmaceutical companies could result in commercial production of the medicines, once approved.
- 75 • The Faculty of IT has produced prototype equipment using AI that enables improvements in the ability to detect and identify contamination.
- As 2021/22 progressed, evidence indicated that *PU*'s marketing was increasing student interest for the next academic year. However, applications for student places at *PU* remained low.
- Increased training improved IT skills for some lecturers, and there seemed to be less discontent
 80 among students about the quality of the courses.
- The government and some computer manufacturers helped provide IT equipment for students and employees through government grants, but there were still significant shortages of equipment, particularly for economically disadvantaged students.

For Adriana, most of her time and energy has been spent on the critical problems at *PU* – recovery,
 85 cash flow and managing redundancies. However, she must still deal with the usual day-to-day issues.

Human resource management issues

Staff turnover in the Faculty of History is high. Recently, many of the faculty resigned, despite few job vacancies in the domestic economy. Adriana is also having to deal with several cases of alleged bullying by Jim Summerfield, the head of the faculty. One former lecturer, Patricia Hughes, is also taking *PU* to court, claiming that she was unfairly dismissed because she had complained to the university newspaper about the management in the faculty. When Adriana spoke to some members of the faculty, she found low morale, anger at how Patricia had been dismissed, and fear about further redundancies. It seemed some sexist and racist attitudes flourished, despite *PU* having equality policies. After further investigation, Adriana found that Jim had become more controlling. He now expects members of his department to do as they are told, and he rarely consults anyone. Adriana was surprised because she had known Jim ever since the establishment of the faculty, and he had a reputation as one of the best historians and managers the faculty had. She also heard rumours in the faculty that claimed Jim's change in behaviour had been caused by personal problems. She needed to sort the problems out before they caused further damage to the faculty and the university.

Ethical issues

PU's mission statement is based on inclusivity, social responsibility, excellence, perseverance, commitment, resilience, ambition and creativity. The articles governing the university include transparency, freedom of speech and tolerance.

- Failure to achieve some of these articles has recently been alleged in social media and is now appearing in national newspapers:
- A recent appointment as a trustee of the university, Di Jones, is causing controversy. Di is a director of a multinational computer company that is funding some of *PU*'s IT research. Political activists have discovered that Di is descended from a family that used slaves on their sugar plantation in the 19th century. The activists want her removed from her role.
 - The student Politics Society has invited a guest speaker who, in the past, has been accused of expressing antisemitic views in one of his books. The society is arguing that freedom of speech should be upheld, while other groups, including students and lecturers, say that the university should not be a platform for intolerant views.
 - One of the companies funding medical research at the university has been accused of exploiting least developed countries (LDCs) by over-pricing medicine in those countries and selling medicines that have not been approved in the European Union or the United States.

Sustainability issues

- Part of *PU*'s corporate social responsibility (CSR) relates to ecological sustainability. An unexpected consequence of the accident has been a large reduction in resources used by *PU*:
- Fewer employees and students at the university has led to significantly lower energy consumption; it also means less waste, less use of water, less pollution, and a reduction in *PU*'s carbon footprint.
 - For the first time, all of *PU*'s electricity is coming from solar panels installed on some unused land near the research facilities.
 - In contrast, greater use of online teaching has increased the energy use of computer servers and broadband.

Adriana wants to maintain the momentum of change to ensure that *PU* continues to improve its sustainability as it returns to more normal operations. She thinks that ecological issues are not the only issues suitable for sustainability policies. Rebuilding the damaged part of the campus gives *PU* an opportunity to continue with its sustainability programmes.

The way ahead

The future for *PU* remains uncertain. Adriana is waiting to see if student numbers increase again. The accounts are a cause for concern.

- 135 The successes of some of the research projects suggest further growth and investment in those areas of the university's activities. The university would like to grow its teaching provision too. Already included in *PU*'s long-term plan are:
- Refurbish teaching facilities that were damaged by the accident
 - Open a campus in Country B
- 140 Adriana thinks that, in the shorter term, *PU* needs to revise its employment contracts to try to restore morale to the teaching staff following redundancies. The IT training programmes need to continue and be expanded as new ways of working are introduced. She also thinks that the university cannot continue as it did in the past, with many facilities underused outside of term time, lecturers often travelling around the world to attend conferences, and *PU* relying so much on the
- 145 higher fees paid by international students.

Some faculties within the university would have to be reviewed. Research suggests that the number of students studying history and international languages has decreased in the last few years, and this trend is likely to continue. This decline at *PU* reflects falling interest in those subjects in schools. Some trustees have suggested no longer offering these subjects and using the

150 subsequent savings to expand further provisions to the Faculties of Medicine and IT.

Even in difficult times, Adriana is determined that the university should not stand still. She wishes she could see what the future would bring – the decisions would then be so easy!

* president: vice principal

Companies, products, or individuals named in this case study are fictitious and any similarities with actual entities are purely coincidental.
