

Jeremy Lai

IB Business Management Paper 1

Questions & Answers Pack
April 2022 Case Study

Highlights

- 50+ Sample Questions (All Units)
- 50+ Fully Written Model Answers
- Mock Exam Included
- Bonus Activity Worksheets

For my VSA Business Management Students:

JJ, Justin, Natalie, BLee, Kristy, Sunny, Giovanni, Brandon, Alan, Evan

It was a wonderful ride together and I wish all of you the very best for your future endeavors.

For my VSA Business Management Colleagues Alric and Meeti who are so wonderfully generous, kind and supportive!

For my baby girl Arista!

May God bless you with wisdom, health and happiness for the years to come.

*February 2022
Hong Kong*

Introduction

IB Business Management Paper 1- Questions & Answer Pack is a teaching and learning resource for students and teachers going through the Business Management course in the IB diploma.

This resource is split into 14 activities and worksheets where it covers different types of questions typically assessed in IB Business Management Paper 1. Activity 1-3 are warm up activities for students to learn more about the case study. Worksheets 1-8 cover the types of question covered in Section A. Worksheet 9 & 10 are two sample worksheets on what Section B questions look like. Worksheet 11 is a Mock Paper. All questions have a sample model answer.

Teachers can print these worksheets out in separately where students attempt it first before providing the sample answers to them. Different from the official mark scheme, I have not bullet pointed all possible solutions but instead wrote a model answer for students to consider. This is borne from my observation that students are often not lacking in knowledge and understanding, but find phrasing answers in such a way that can fulfil the assessment criteria for a top band mark to be the challenge. After each worksheet, teachers can print the answer sheets to students for their own learning and consideration. Some answers have a “Note” to it to explain my underlying rationale for responding in a certain manner or important things to look out for.

About the Author

Jeremy Lai is Secondary Deputy Principal (Secondary Programmes) at Victoria Shanghai Academy (VSA) in Hong Kong where he teaches IB DP Economics, Business Management, Theory of Knowledge and MYP Individuals and Societies. Jeremy is an IB DP Economics examiner and the author of *54 Excellent Essays for Economics* and *IB Economics 55 Worksheets Pack*.

Jeremy Lai has a BA (Hon) degree in Philosophy, Politics and Economics (PPE) from the University of Oxford and a Masters of Education & PGDE from the University of Hong Kong. He is a British Council Alumni Awards Finalist.

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Activity 1 (Keywords & Definitions)

Define the following keywords:

Words	Definition
Trustees (Line 12)	
External Environment (Line 16)	
Recession (Line 17)	
Compensation (Line 37)	
Redundant (Line 38)	
Suspended (Line 41)	
Contamination (Line 46)	
Pay structure (Line 50)	
Cash-flow problem (Line 57)	
Operating cost (Line 60)	
Marketing strategies (Line 61)	
Marketing expenditure (Line 62)	
Student satisfaction (Line 64)	
Prototype (Line 75)	
Grants (Line 82)	
Resigned (Line 87)	
Dismissed (Line 90)	
Equality Policies (Line 94)	
Mission Statement (Line 102)	
Multinational Company (Line 108)	
Activists (Line 109)	

Antisemitic (Line 112)	
Least developed Countries (Line 116)	
Over-pricing (Line 116)	
Corporate Social Responsibility (Line 119)	
Ecological Sustainability (Line 119)	
Refurbish (Line 138)	
Underused (Line 143)	

Activity 1 (Worksheet & Definitions) **Answers**

Definition of keywords

Define the following keywords:

Words	Definition
Trustees (Line 12)	Trustees are people or companies that has been entrusted with the legal right and fiduciary duty to hold and administer properties or assets that are in the best interest of the beneficiary (a third party)
External Environment (Line 16)	Defined as factors or conditions outside the organization which influences the operation of the organization. This is often viewed through the lenses of STEEPLE (Social, Technological, Economic, Environmental, Political, Legal and Ethical opportunities and threats)
Recession (Line 17)	A decline in economic activity quantitatively measured as two consecutive quarters of decline in real GDP.
Compensation (Line 37)	Monetary payment to make up or offset loss as a result of injury for an individual
Redundant (Line 38)	The act of removing a worker from employment as their job function is no longer required by the company.
Suspended (Line 41)	To stop an event or activity
Contamination (Line 46)	The act or state of polluting a place or environment
Pay structure (Line 50)	A framework for paying workings often determined by the respective grades / hierarchy in the company and the nature of the jobs.
Cash-flow problem (Line 57)	The financial problem facing an organization when it does not have enough liquid cash to cover its liabilities.
Operating cost (Line 60)	The ongoing expenses related to the operations of a company e.g. utilities, wages, administrative costs.
Marketing strategies (Line 61)	This refers to the ways and methods to convert potential customers to actual customers. This is often related to the 4Ps (Price, Product, Place, Promotion)
Marketing expenditure (Line 62)	The costs associated with marketing the product or service
Student satisfaction (Line 64)	A measurement of how happy students are with the services e.g. teaching provided by the university
Prototype (Line 75)	An early example or model of the product or service
Grants (Line 82)	Monetary support given to an individual organization for a particularly purpose with no requirement of repayment.
Resigned (Line 87)	The act of leaving a job initiated by the employee

Dismissed (Line 90)	Removing a person from employment usually due to poor performance or misconduct
Equality Policies (Line 94)	A written agreement in an organization that prevents discrimination against any groups
Mission Statement (Line 102)	A written statement about the purpose and direction of the organisation
Multinational Company (Line 108)	A company that operates in more than one country.
Activists (Line 109)	People who acts to put forward changes that or social or political in nature
Antisemitic (Line 112)	A hostile attitude towards Jewish people
Least developed Countries (116)	Countries that are least economically developed and has high levels of poverty.
Over-pricing (116)	Setting a price for a product or service that what is deem reasonable. Note: this is a subjective concept.
Corporate Social Responsibility (Line 119)	A formal effort undertaken by organisations (usually private) to undertake practices that are deem ethical, and conducive to the well-being of the wider society.
Ecological Sustainability (Line 119)	Maintenance of the ecological environment so that its structure, composition and processes can last in the long term.
Refurbish (Line 138)	Restoring an item or place to newer conditions
Underused (Line 143)	The use of a person, machinery or equipment below its maximum capacity.

Activity 2- Fact File for Peacewick University (PU)

Answer the following question in as much detail as possible. This will allow you to understand the case study and the nature of the organisation more easily.

Question	Fact File
When was the organisation founded?	
What products/services do they sell?	
What is their unique selling point (UPS) or features that gives them a competitive edge over rivals?	
How is their product/service distributed?	
Who owns the organisation? Who manages it?	
Who are their customers?	
How do they make money?	

Activity 2- Fact File for Peacewick University (Answers)

Answer the following question in as much detail as possible. This will allow you to understand the case study and the nature of the organisation more easily.

	Fact File
When was the organisation founded?	Peacewick University (PU) was founded in 1935 as a teacher training college and became a university in 1992.
What products/services do they sell?	They provide tertiary education services from October to July (the academic year). They cover a range of different subjects
What is their unique selling point (USP) or features that gives them a competitive edge over rivals?	They are particularly strong in subjects that meet the needs of the 21 st century e.g. IT, business, electronics, medicine, engineering and media. Their research capabilities in artificial intelligence and medicine are particularly strong.
How is their product/service distributed?	Courses used to be taught face to face but due to an accident at a nearby plant, the water has been contaminated and lessons were subsequently moved online.
Who owns the organisation? Who manages it?	The university is set up as a not-for-profit business and is managed by a board of trustees composed of members of the community, employees, businesses and government. The president of the university is Adriana Cortez.
Who are their customers?	<p>Their customers* are students who attend the university. The student body can be divided into local students and international students where international students pay more.</p> <p>*They could arguably only be the end users as the ones paying are most probably the parents. This might be worth thinking about if the question is specifically about the customers.</p>
How do they make money?	They make money from the school fees charged to students.

Activity 3: Major Issues / Problem Analysis

The case study contains many issues/problems which the organization is facing. Fill in the following tables by assigning one issue per table. The first one has been done for you as an example. You can categorise the issues as big headings e.g. HR issues or specific items as you see fit. If this is done as a class activity, the class can be divided in groups and assigned different lines to work on e.g. Group 1 (Lines 1-10). 10 boxes are provided here but there may be less/more than 10 depending on how you categorise them.

For *Consequences of the Issue/Problem*, include consequences stated in the case study as well as obvious inferences but may not be necessarily stated. For example, one of the issues is that many students lacked the necessary IT equipment and internet connection to participate in online lectures. An obvious inference that can be made, though not explicitly stated is that students may lag behind in their learning as those who do not have the necessary equipment or infrastructure cannot participate in the lessons.

Issue 1	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 2	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 3	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 4	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 5	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 6	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 7	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 8	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 9	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Issue 10	
Issue / Problem facing the company	
Consequence of the Issue / Problem	

Activity 3: Major Issues / Problem Analysis (Answers)

I have listed out 10 issues but students may have less/more depending on how they categorized them.

Issue 1	
Issue / Problem facing the company	External Environmental Problems: <ul style="list-style-type: none">• Economic recession in country and may continue for several years.• A catastrophic accident in a nearby chemical plant in September 2021
Consequence of the Issue / Problem	Consequences of the chemical explosion: <ul style="list-style-type: none">• Explosion of chemical plant caused significant damage to nearby buildings including the student accommodation, lecture theatres and other buildings.• Campus was contaminated by the harmful chemicals meaning that many of the facilities will have become unusable for at least 2 years.• Local water supplies were contaminated and not safe to drink.

Issue 2	
Issue / Problem facing the company	IT problems associated with online teaching: <ul style="list-style-type: none">• Insufficient IT equipment for the lecturers• Many of the lecturers did not have the IT skills to prepare and deliver high-quality online classes• Many of the lecturers found online teaching difficult• Many students lacked the necessary IT equipment and internet connection to participate in online lectures.
Consequence of the Issue / Problem	<ul style="list-style-type: none">• Lecturers may not be delivering high quality lessons hence affecting student's learning• Lecturers may be frustrated with the difficulties of online teaching, leading to lower morale.• Some lecturers may simply be unable to teach due to the lack of equipment.• Students may lag behind in their learning as those who do not have the necessary equipment or infrastructure cannot participate in the lessons.

Issue 3	
Issue / Problem facing the company	<p>Student complaints:</p> <ul style="list-style-type: none"> • Some international students cannot undertake face to face learning as their accommodation has been damaged and needs to return to their home countries. • 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.
Consequence of the Issue / Problem	<p>Students who had to leave may not return to the university at all as they have already gone back to their home countries University maybe liable to provide compensation if students pursue their case through legal means.</p>

Issue 4	
Issue / Problem facing the company	<p>Some employees were made redundant</p>
Consequence of the Issue / Problem	<ul style="list-style-type: none"> • The university may face legal challenges if some staff were dissatisfied with the redundancy or compensation package. • Redundancy leads to lump sum outflows in cash in the form of redundancy packages hence adding to the financial stress faced by the University.

Issue 5	
Issue / Problem facing the company	<p>Some of the research at PU's campus was suspended until the end of 2021/22.</p>
Consequence of the Issue / Problem	<ul style="list-style-type: none"> • Research efforts may have been delayed. • The Faculty of Medicine received a large amount of funding to looking into reducing the impact on people and animals of exposure to dangerous chemicals.

Issue 6	
Issue / Problem facing the company	<p>In 2022/23, student numbers are expected to be much lower than originally expected. Local students postponing their studies for a year. Many international students not returning to finish the course and fewer new international students will enroll.</p>
Consequence of the Issue / Problem	<p>Lost in revenue particularly from the international students who pay high fees to the university.</p>

Issue 7	
Issue / Problem facing the company	In 2020/21, PU's revenue fell but still had to pay salaries and general expenses, maintain buildings. The university faces a major cash-flow problem and PU have to ways to reduce outflows
Consequence of the Issue / Problem	Adriana had to make 10% of its teaching staff support staff redundant. 20% of staff were moved to part-time employment.

Issue 8	
Issue / Problem facing the company	<p>Human Resource management issues</p> <ul style="list-style-type: none"> • Staff turnover in the Faculty of History is high • Many staff resigned despite few vacancies in the domestic economy • Alleged Bullying by Jim Summerfield, the head of the faculty • Former colleague Patricia Hughes taking PU to court as she was allegedly unfairly dismissed because for a complaint about the Faculty management that she made to the university newspaper. • Some sexist and racist attitudes flourished • Jim's behavior has been caused by personal problems
Consequence of the Issue / Problem	<ul style="list-style-type: none"> • Low Morale amongst staff how Patricia was dismissed • PU at risk of having to pay for damages if Patricia was found to be unfairly dismissed. • Feelings of insecurity and disrespect with those negative attitudes flourishing.

Issue 9	
Issue / Problem facing the company	<p>Ethical Issues</p> <ul style="list-style-type: none"> • Appointment of DI Jones as a trustee causing controversy given his ancestor's historical record of using slaves in the 19th century. • The Politics Society invited a guest speaker who has been accused of expressing anti-Semitic views before. Society argued that freedom of speech should be upheld. • One of the companies that have funded medical research has been accused of exploiting LDCs by overpricing medicine and selling products that have not been approved by the US and EU.
Consequence of the Issue / Problem	Damage to school's branding and image PU's management caught in a catch 22 on balancing freedom of speech and allowing intolerant views.

Issue 10	
Issue / Problem facing the company	<p>The way ahead</p> <ul style="list-style-type: none"> • Many facilities underused outside of term time • Noted that PU relying so much on the higher fees paid by international students • Number of students studying history and international languages have decreased in the last few years and looks to decline even further.
Consequence of the Issue / Problem	<ul style="list-style-type: none"> • Waste of unemployed resources • Overreliance on international students school fees means that once they stop coming/enrolling, PU will have financial problems • Declining interest in the two subjects have led to some trustees to suggest stop offering these subjects and use the saved money to further provisions made to the Faculties of Medicine and IT

4-mark questions (Quick Glance for teachers)
Scroll down for worksheets and answers

Worksheet Unit 1 Business Organisation and Environment

1. Outline two ways how the economic recession in Country A impacts on PU (Line 17). (4 marks)
2. Describe two problems for PU that could occur if university did not address the ethical issues that arose. (Line 107-109). (4 marks)
3. Describe the consequences of failing to achieve some of objectives outlined in the ideals articles (4 marks)
4. Describe two ways which PU can achieve internal growth. (4 marks)

Unit 2: Human resource management

1. Outline two forms of financial rewards that could incentivize lecturers to be more productive and maintain PU's popularity and competitiveness (Line 8-9). (4 marks)
2. Describe two disadvantages of making workers redundant (Line 38). (4 marks)
3. Outline the sources of conflict at PU's history department. (4 marks)
4. Describe two conflict resolution strategies Adriana can adopt to overcome the human resource management issues found in PU's Faculty of History (Line 86-100). (4 marks)
5. Describe two disadvantages if IT training programmes were delivered via on job training. (4 marks)
6. Outline the consequences of moving 20% of staff to part time employment. (4 marks)
7. Describe two reasons why Adriana thinks that "revising PU's employment contracts would restore morale to the teaching staff following redundancies." (4 marks)

Unit 3: Finance and accounts

1. Describe what other kinds of operating cost savings could have been made (Line 60)? (4 marks)
2. Describe two sources of finance PU can draw on to provide more equipment for disadvantaged students (Line 80-83). (4 marks)
3. Describe one advantage and one disadvantage of receiving funding from the government and private companies for research carried out in the faculty of medicine and IT respectively. (4 marks)

Worksheet 4: Marketing / Operation management

1. Outline two advantages for PU in providing lectures online (Line 29). (4 marks)
2. Outline two sampling methods that could be used to see that student satisfaction was very high in the January 2020 survey (Line 10-11). (4 marks)
3. Describe two ways which PU's achievements in research and teaching can be promoted (Line 63). (4 marks)

4. Describe ways which the university could have adopted to raise the standard of teaching at PU to return to its earlier high quality (Line 65). (4 marks)
5. Outline one advantage and one disadvantage for PU of being a non-profit business (Line 12). (4 marks)
6. Describe two ways PU can use the underused facilities outside of term time to earn extra revenue. (4 marks)
7. Describe two crisis management actions PU may have undertaken when the chemical accident first broke out. (Unit 5) (4 marks)

Worksheet 1: Business Organisation and Environment

4-mark questions

1. Outline two ways how the economic recession in Country A impacts on PU (Line 17). (4 marks)

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2. Describe two problems for PU that could occur if the university did not address the ethical issues that arose. (Line 107-109). (4 marks)

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3. Describe the consequences of failing to achieve some of ideals outlined in the governing articles (4 marks)

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4. Describe two ways which PU can achieve internal growth. (4 marks). (4 marks)

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Worksheet 1: Business Organisation and Environment

4-mark questions (Answers)

1. Outline two ways how the economic recession in Country A impacts on PU (Line 17). (4 marks)

An economic recession is defined as at least two consecutive quarters in GDP. Falling GDP signals a fall in economic activity which may lead to unemployment, possibly meaning that parents of students can no longer afford their children's school fees, hence affecting PU's level of enrolment.

Secondly, falling income may mean that PU may have to make some workers redundant, hence affecting the quality of teaching as less teachers are available and less attention is given to individual students. Redundancy may lead to lower levels of morale as workers fear they may be made redundant next.

Note: Defining economic recession, whilst not necessary is helpful here.

2. Describe two problems for PU that could occur if the university did not address the ethical issues that arose. (Line 107-109). (4 marks)

There were three ethical issues that arose in the case study. If the university took a passive approach and allowed Di Jones to become a trustee of the university, it may have an adverse impact on its branding, and seen as a tacit approval of her ancestor's actions. This may deter prospective students and teachers from joining, especially those who share the same racial profile of the victims i.e. slaves, working in the sugar plantation.

If the university did not handle the issue regarding the speaker delicately, a significant PR crisis could occur. Allowing the speaker to speak can easily lead critics to accuse the university for ignoring the sensitivities of the holocaust, which could lead to legal backlashes and significant reductions in donation. On the other hand, preventing the speaker to speak may hurt its branding as a place or forum to allow ideas and thoughts to be carried out without the threat of being censored.

Note: Make sure the problems are spelt out very clearly. Refer to business terms such as "branding" where possible.

3. Outline two advantages for PU to pursue corporate social responsibility (Line 119). (4 marks)

Pursuing corporate social responsibility (CSR) reflects well on its branding particularly from a hiring perspective. It is in line with the image of being a provider of education services for social good. It will also avoid negative exposure from the media in the instance that they are carrying out actions that are not ecologically sustainable (Line 119), which may be especially damaging since its environment has been adversely affected by the accident.

Since many of the CSR initiatives are energy saving in nature, continuing to pursue such policies will allow PU to save operating costs over the long run, hence sparing financial resources to be invested in other areas e.g. computers which are lacking at the moment (Line 30), to improve students' learning experiences.

Note: Make sure the two advantages are entirely different.

4. Describe the consequences of failing to achieve some of ideals outlined in the governing articles (4 marks)

The articles governing the university include transparency, freedom of speech and tolerance (Line 104). Failure to be a transparent organization may lead to distrust amongst stakeholders such as students and lecturers, which may be especially damaging given the repercussions from the chemical accident and the subsequent significant changes in teaching and learning taken place e.g. online learning (Line 30).

Failure to protect freedom of speech may affect its ability to recruit lecturers and students in its existing campus and also in Country B (Line 139) as it is critical for carrying out academic research and learning. Lecturers and students would feel constrained in their ability and freedom to pursue academic research and express themselves in ways which may not be considered mainstream.

Note: Spelling out the consequence is critical. An organisation that is not transparent is not just "bad" or lead to "unhappiness", it leads to distrust amongst stakeholders.

5. Describe two ways which PU can achieve internal growth. (4 marks)

Given that Country A is undergoing an economic recession (Line 17), PU can achieve internal growth by lowering its tuition fee i.e. price, which will allow it to be more affordable for prospective students, hence attracting more students to apply.

Internal growth can also be achieved through leveraging on a more scalable distribution network (placement). Now that many of the lessons are carried out online (Line 24), PU can consider expanding this as a permanent part of the offering meaning that prospective students are not bound by geographical constraints, hence expanding its potential customer base.

Worksheet 2: Human resource management

4-mark questions

1. Outline two forms of financial rewards that could incentivize lecturers to be more productive and maintain PU’s popularity and competitiveness (Line 8-9). (4 marks)

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2. Describe two disadvantages of making workers redundant (Line 38). (4 marks)

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3. Outline the sources of conflict at PU’s history department. (4 marks)

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4. Describe two conflict resolution strategies Adriana can adopt to overcome the human resource management issues found in PU's Faculty of History (Line 86-100). (4 marks)

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5. Describe two disadvantages if IT training programmes were delivered via on job training. (4 marks)

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6. Outline the consequences of moving 20% of staff to part time employment. (4 marks)

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7. Describe two reasons why Adriana thinks that “revising PU’s employment contracts would restore morale to the teaching staff following redundancies.” (4 marks)

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Worksheet 2: Human resource management

4-mark questions (Answers)

4-mark questions are almost always structured in a 2+2 manner where two reasons, factors, advantages etc. are required. In order to score full marks, one mark will be awarded for the correct identification of the reason, factor, advantage etc. and one mark for putting it into context.

1. Outline two forms of financial rewards that could incentivize lecturers to be more productive and maintain PU's popularity and competitiveness (Line 8-9). (4 marks)

Lecturers could be paid using a performance-related pay (PRP) structure, where extra rewards or bonuses can be related to research output, publications in prestigious research journals, external funding attained or other goals deemed important by PU. By aligning their pay with PU's goals, workers will be incentivized to be more productive in achieving them.

PU can also provide fringe payments such as medical insurance and housing allowance which may incentivize lecturers to work harder. First, this may develop loyalty amongst workers as they feel appreciated and address workers' safety needs (lowest level of Maslow's hierarchy of needs theory) and second, it raises the opportunity cost of them leaving the job. Hence, they will work harder/be more productive to preserve the fringe benefits.

Note: Even though opportunity cost is not explicitly taught in business management, it is a very important and useful concept to bring in decision making situations.

2. Describe two disadvantages of making workers redundant (Line 38). (4 marks)

First, it may lead to higher levels of insecurity and lower levels of morale amongst the rest of the staff as they fear they may be the next batch of workers who will be made redundant. If morale is already low due to existing issues, e.g. faculty of history with its human resource problems (Line 87-96), redundancies will only exacerbate these negative feelings.

Second, with less services being offered, this may lead to poorer quality of teaching services being offered. With lecturers already lacking IT skills (line 31), the the quality of teaching would further worsen if the redundant workers were from the IT department.

3. Outline the sources of conflict at PU's history department. (4 marks)

One of the major sources of conflict is the supposed unfair dismissal of Patricia Hughes as she had complained to the university newspaper about the faculty's management (Line 90-91). This sense of injustice and anger was shared amongst other members of staff (Line 92).

Second, actions that were inconsistent with the department's policies were carried out. Sexists and racist attitudes in the department flourished despite the existence of equality policies (Line 93-94).

4. Describe two reasons why staff turnover in the Faculty of History is high (Line 87). (4 marks)

First, actions that were inconsistent with the department's policies were carried out. Sexists and racist attitudes in the department flourished despite the existence of equality policies (Line 93-94). Those who were or feel they were discriminated would not feel this is a safe place to work and would leave to search for a better working environment.

Second, the department head was increasingly controlling in his leadership style (Line 95) which may mean that lecturers were not able to exercise their own discretion in their daily jobs. They were not consulted in any of the decisions made which may have left them feeling disrespected, hence driving them to search for better job opportunities.

Note: Make sure the link between the problem and turnover is explicitly linked and stated.

5. Describe two conflict resolution strategies Adriana can adopt to overcome the human resource management issues found in PU's Faculty of History (Line 86-100). (4 marks)

Adriana can introduce the process of arbitration where an independent external arbitrator steps in to investigate, listen to both parties' argument and decides on an appropriate outcome. Given that one of the sources of conflict is the supposed unfair dismissal of Patricia Hughes, using an arbitrator to judge whether that was true can deescalate the situation and provide sense of justice in the process.

One of the sources of conflict in the Faculty of History is Jim's controlling style of leadership where he expects members of his department to carry out instructions without being questioned. Adriana can encourage Jim to adopt a democratic style of leadership which includes listening more to staff and involving them in the decision-making process (employee participation). This may help resolve the conflict of being too authoritarian (Line 96).

Note: Note that employee participation is a form of industrial democracy covered in 2.6.

6. Describe two disadvantages if IT training programmes were delivered via on job training. (4 marks)

Since PU deliver courses primarily through face to face interactions prior to the chemical accident, there may be a lack of qualified or knowledgeable trainers who are able to teach lecturers how to deliver lessons online. This is especially so when computer equipment is lacking (Line 30) and different subjects require different teaching pedagogies.

If these trainers are existing IT staff with other job duties, they may not be able to carry out their own responsibilities when providing these training sessions, hence affecting operations in other areas.

7. Outline the consequences of moving 20% of staff to part time employment. (4 marks)

An immediate consequence of moving 20% of the staff to part time means that labour costs would be reduced and enable PU more flexibility to deploy manpower according to the fluctuations in demand. This is especially so when the chemical accident has created a lot of uncertainty regarding the number of students partaking in classes and enrolling in subsequent years.

As workers are only spending part of their working hours working for PU, a longer-term consequence might be that they feel less valued and hence less loyal to PU. Lower levels of productivity and higher rates of turnover may result.

8. Describe two reasons why Adriana thinks that “revising PU’s employment contracts would restore morale to the teaching staff following redundancies.” (4 marks)

Although it was not explicit in what ways those contracts were revised, it could be reasonably assumed that the benefits and terms of the contracts would have increased. This may be in the form of higher salaries or better perks. As a result of the better remuneration, teaching staff would feel more valued and hence develop a greater sense of loyalty towards PU. Morale will be heightened leading to a more positive mindset.

Secondly, it would also send a signal that redundancies are not necessarily tied to cost saving measures across the board as otherwise, their contracts would not have been improved. They would feel more secure in their current jobs leading to high levels of morale.

Worksheet 3: Finance and accounts

4-mark questions

1. Describe what other kinds of operating cost savings could have been made (Line 60)? (4 marks)

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2. Describe two sources of finance PU can draw on to provide more equipment for disadvantaged students (Line 80-83). (4 marks)

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3. Describe one advantage and one disadvantage of receiving funding from the government and private companies for research carried out in the faculty of medicine and IT respectively. (4 marks)

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Worksheet 3: Finance and accounts

4-mark questions **(Answers)**

4-mark questions are almost always structured in a 2+2 manner where two reasons, factors, advantages etc. are required. In order to score full marks, one mark will be awarded for the correct identification of the reason, factor, advantage etc. and one mark for putting it into context.

1. Describe what other kinds of operating cost savings could have been made (Line 60)? (4 marks)

Operating costs are costs associated to the day to day operations of the company and includes COGS and selling, general, and administrative (SG&A) expenses.

Given that many of the facilities are idle during non-term time (Line 143), the rental costs that could be saved, especially now that many of the students are not on site, are the rental or utility costs associated with the running of these facilities.

With a large number of buildings and student accommodations damaged as a result of the accident, the number of facilities managers and workers that would typically manage these buildings may have been made redundant. The salaries of these workers would be part of overhead costs leading to savings in operating costs.

2. Describe two sources of finance PU can draw on to provide more equipment for disadvantaged students (Line 80-83). (4 marks)

PU could ramp up its fundraising efforts and seek donations from the general public, alumni and high net worth individuals. This could be particularly popular and effective with donors as donations are contributed for a good cause (disadvantaged students) and could provide them with tax reductions.

PU could tap into its internal cash reserves that were budgeted for emergency situation such as these to fund the purchase of IT equipment for disadvantaged students. Internal reserves, if sufficient and budgeted, are immediately available and address the urgent nature of the situation caused by the chemical accident.

3. Describe one advantage and one disadvantage of receiving funding from the government and private companies for research carried out in the Faculty of Medicine and IT respectively (Line 42-45). (4 marks)

One advantage is that the funding is given in the form of a grant meaning that it does not have to be repaid. This is money in addition to any budget that is allocated to the Faculty of Medicine and IT meaning that research in those areas can be undertaken on a wider and faster scale.

One disadvantage is that this funding is provided for specific research areas with specific deliverables in place. If the harmful impacts of chemicals on animals and people or the use of

artificial intelligence to detect contamination are not the research priorities of the respective departments, the funding received may actually draw resources from its main research areas.

Worksheet 4: Marketing / Operation management
4-mark questions

1. Outline two advantages for PU in providing lectures online (Line 29). (4 marks)

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2. Outline two sampling methods that could be used to see that student satisfaction was very high in the January 2020 survey (Line 10-11). (4 marks)

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3. Describe two ways which PU's achievements in research and teaching can be promoted (Line 63). (4 marks)

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4. Describe ways which the university could have adopted to raise the standard of teaching at PU to return to its earlier high quality (Line 65). (4 marks)

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5. Outline one advantage and one disadvantage for PU of being a non-profit business (Line 12). (4 marks)

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6. Describe two ways PU can use the underused facilities outside of term time to earn extra revenue. (4 marks)

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7. Describe two crisis management actions PU may have undertaken when the chemical accident first broke out. (Unit 5) (4 marks)

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Worksheet 4: Marketing / Operation management
4-mark questions (Answers)

4-mark questions are almost always structured in a 2+2 manner where two reasons, factors, advantages etc. are required. In order to score full marks, one mark will be awarded for the correct identification of the reason, factor, advantage etc. and one mark for putting it into context.

1. Outline two advantages for PU in providing lectures online (Line 29). (4 marks)

With lectures being delivered online, which implies a change in the method of distribution, PU can target a wider group of prospective students who may prefer to stay in their home countries for education. This is especially the case for existing international students who had to return to their home countries due to the chemical accident.

Another advantage of online lectures is that less physical space will be needed to hold face to face lessons, meaning that rental cost can be reduced or facilities that they own can be rented out for other purposes. This could help alleviate the cash flow problems that PU is facing. (Line 69)

2. Outline two sampling methods that could be used to see that student satisfaction was very high in the January 2020 survey (Line 10-11). (4 marks)

PU could have used use stratified sampling where the student population is segmented into different segments that share similar characteristics. This could be in terms of faculties e.g. Medicine or IT (Line 42-44) or student levels e.g. undergraduates vs. post graduates.

Another method of sampling that could be used is random sampling where all students have an equal chance of being selected for the sample. This is particularly effective if targeted students have common characteristics, for example undergraduate students where the student experience is similar.

3. Describe two ways which PU's achievements in research and teaching can be promoted (Line 63). (4 marks)

One below the line promotion method is social media advertising where advertisements are placed on different social media platforms targeted to 17-18-year-old students in countries where they would like to recruit students from. The advertisement could be presented as a banner or a website where clicking on it will bring it to PU's website which will allow students to learn more about PU's achievements.

Another below the line promotion method to consider is point of sales promotion. Normally, point of sales refers to point where the product is sold but in this case, this could refer to secondary schools where students learn about different universities in their senior years. By going to these schools to host talks and hand out brochures, students can gain direct information about PU's achievements in research and teaching.

4. Describe the ways PU could have adopted to raise the standard of teaching at PU to return to its earlier high quality (Line 65). (4 marks)

PU could raise the salaries of lecturers and provide more perks to attract more capable or highly qualified lecturers to join PU. Having better teaching staff can raise the overall standard of teaching and put pressure on /motivate existing staff members who may be relatively weak in teaching to improve.

Since the lower qualities of teaching might be a result of the lack of IT equipment (Line 30) and inadequate IT skills to prepare and deliver quality online courses (Line 31), the reversion to higher quality teaching might be a result of extra training in teaching lecturers how to deliver courses online and the provision of equipment for them e.g. computers equipped with webcams. Given sufficient time, lecturers can transfer the delivery of teaching from face-to-face to online without sacrificing the quality of teaching.

5. Outline one advantage and one disadvantage for PU of being a non-profit business (Line 12). (4 marks)

One advantage of being a non-profit business would allow PU to have tax-exempt status meaning that they do not have to pay taxes on earnings gained during the financial year. This would spare extra resources for PU to allocate to teaching and learning as well as research projects in areas that they are strong in e.g. Medicine (Line 73).

One disadvantage of being a non-profit business means that its operations will be heavily scrutinized and there is a lot of paperwork involved to ensure that its non-profit status is not being exploited. Strict deadlines will be imposed for PU to submit financial reports to the government for it to continue qualifying its tax exemption status. The public might be able to view such information and PU's operations may be subject to the public's criticism and scrutiny.

6. Describe two ways PU can use the underused facilities outside of term time to earn extra revenue. (4 marks)

PU can rent it out to other service providers such as schools, performance organization to carry out teaching and performance activities. Many universities rent their premises out to private businesses that run summer programs and PU can do the same. The rental income can increase the revenue received by PU.

PU can develop and introduce non-credit bearing courses that are available to all members of the public and host the classes in these unused premises. The tuition gained from these courses can increase revenue for PU.

7. Describe two crisis management actions PU may have undertaken when the chemical accident first broke out. (Unit 5) (4 marks)

Given the crisis is physical in nature, PU would have activated its emergency evacuation plan that is in place. Staff and students would be evacuated to a predetermined location (if it is still safe) and attendance would be taken to ensure all staff and students in their respective faculties are accounted for. Management would then advise on any subsequent steps.

PU's communications team would also the emergency communications plan in place. A message would be put out to the wider community through official social media, online, email channels informing them that the university is aware of the accident and is taking the appropriate steps to address the problem. The message would also likely to have general advice about health and safety, and contact information for those who are in need. Doing so would let everyone be on the "same page" and provide some level of comfort that problems are being attended to.

6-mark questions (Quick Glance for teachers)
Scroll down for worksheets and answers

Unit 1 Business Organisation and Environment

1. Explain two problems that PU may encounter when opening a campus in Country B. (6 marks)
2. Explain what economies of scale can be enjoyed as a result of online learning. (6 marks)
3. Given the ethical issues outlined, describe the advantages of having an ethical code of practice (Line 101-117). (6 marks)
4. Explain two external growth strategies that can help PU to grow faster. (6 marks)

Unit 2: Human resource management

1. Explain how revising the employment contracts may restore morale of the teaching staff following redundancies. (6 marks)
2. Applying the Maslow's theory of the hierarchy of needs, explain two ways which teachers in the history department can be motivated. (6 marks)
3. Explain ways to reduce staff turnover in the Faculty of History. (6 marks)
4. Explain how ethical business behavior can give PU a competitive advantage. (6 marks)
5. Explain how arbitration and conciliation can be used to resolve the conflict PU's history department. (6 marks)
6. Explain the advantages of conducting IT training programmes via off-the-job training. (6 marks)

Unit 3: Finance and accounts

1. Explain two sources of external finance Adriana draw on to fund the building of the new lecture theatre and new building for the Faculty of Music. (6 marks)
2. Explain two sources of finance that PU can use to develop the prototype equipment into a commercial product using AI that enables improvement in the ability to detect and identify contamination. (6 marks)
3. Explain two sources of finance Adriana is unlikely to be able to draw on to fund her aggressive marketing strategies. (6 marks)

Unit 4: Marketing

Unit 5: Operations management

1. Explain one pricing strategy that Adriana should and one pricing strategy she should not adopt as part of PU's aggressive marketing strategy. (6 marks)
2. Explain whether PU should reduce school fees to increase the number of students enrolling to the university. (6 marks)
3. Using the concept of product portfolio, explain whether PU should remove the offering of less popular subjects such as history and international languages. (6 marks)
4. Explain a suitable promotional mix that PU can adopt to attract new students. (6 marks)
5. Explain two contingency plans that PU could undertake to prepare for the possibility of a similar accident happening. (Unit 5) (6 marks)

Worksheet 5: Business Organisation and Environment
6-mark questions

1. Explain two problems that PU may encounter when opening a campus in Country B. (6 marks)

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2. Explain what economies of scale can be enjoyed as a result of online learning. (6 marks)

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3. Given the ethical issues outlined, describe the advantages of having an ethical code of practice (Line 101-117). (6 marks)

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4. Explain two external growth strategies that can help PU to grow faster. (6 marks)

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Worksheet 5: Business Organisation and Environment
6-mark questions (Answers)

In order to be rewarded the top band for 5-6 marks, the analysis of relevant issues with good use of management tools where application, techniques and theories must be shown. Business technology must be used (or otherwise it will sound vague) and references must be made to stimulus material (case study and any other extra information).

1. Explain two problems that PU may encounter when opening a campus in Country B. (6 marks)

PU may experience cultural problems that may be unique to that country. If country B was situated in an Asian country where organization structures are primarily vertical in nature with a narrow span of control, workers locally hired may have trouble working in an environment with a flat horizontal structure (if PU was situated in a western country) as they are now expected to have more control and autonomy in their daily work and less direct supervision than before. Although this is supposed to be an advantage in the long run, workers in Country B may take some time to get used to the lack of “hand holding” and structured instructions.

Another issue is that PU may encounter cashflow problems as they may not immediately be able to recruit sufficient students to allow them to breakeven. The problem may be particularly pronounced as money has been spent on building the campus and hiring teachers. Note that this should have been factored in given their experience in the education industry but this problem may materialize if they are not able to leverage on their existing branding to recruit sufficient students in the planned timeframe.

2. Explain what economies of scale can be enjoyed as a result of online learning. (6 marks)

Economies of scale is defined as the declines in average cost as the scale of an organization increases.

Online teaching means that learning no longer needs to be constrained within the confines of a physical classroom meaning that there is no limit to how many students could be admitted in a class. Although lecturers are not capital machinery, this can be considered as a form of technical economies of scale as they are involved in the production of knowledge. Most lecturers are paid a fixed salary and the more students that are put in a class, the lower the average cost per lecturer will be. However, given that maintaining high standards of teaching is a priority (Line 65), there is a limit to how many students can be put in a class before the quality of teaching is sacrificed. Hence, this would probably be more applicable to large scale lectures rather than tutorials where communication is largely unidirectional.

Purchasing economies of scale can also be enjoyed when universities buy IT equipment, programs and applications in bulk for all teachers and students. As the university has insufficient IT equipment for lecturers (Line 30) and students (Line 33), they are likely to have bought such equipment in bulk to address the needs of online teaching and are eligible for

greater levels of discounts compared to normal retail consumers. The same applies to the purchase of video conferencing applications such as Zoom who would be more willing to give PU a substantial discount for a large subscription compared to individual consumers or smaller institutions. However, given that PU faces cash-flow problems, PU may not purchase equipment or applications for all students as it would involve a substantial capital outlay, especially when there are likely to be ongoing expenses incurred for cleaning up the contamination problem. Hence, the full extent of the purchasing economies of scale may not be enjoyed.

3. Given the ethical issues outlined, explain the advantages of having an ethical code of practice (Line 101-117). (6 marks)

An ethical code of practice is a set of guidelines and rules for ethical practices within the university.

One of the advantages is that the ethical code of conduct can determine what is acceptable practice or not, especially when there are conflicting interests at play. Whilst receiving funds from private enterprises is greatly beneficial for the medical faculty (Line 115), the ethical code of conduct may prohibit the university to receive funds from companies that have exploited LDCs such as by over-pricing medicine. However, it is difficult to determine whether the ethical code of practice has been undermined in this case (Line 116) as the concept of exploitation and over-pricing is subjective. It could be simply argued that a high market price is required for companies to be adequately incentivised to enter the market. Hence, the ethical code of conduct may need to be written in a more concrete manner for it to be functional.

Another advantage of an ethical code of practice is that it promotes internal management and control. Given that one of things that PU's mission statement is based on is inclusivity, it is likely that its ethical code of practice would prevent any form of hate speech. This would therefore provide some guidance as to whether the guest speaker who has been accused of expressing anti-Semitic views in the written work in the past should be invited. However, there are times where elements of the code of practice may conflict. The ethical code of conduct would likely also protect the freedom of speech as it is one of the articles governing the university which PU may be guilty of infringing if they do not let the speaker come. In such circumstances, discretion may also need to be used and the code of conduct needs to be contextualised for the code to be practically useful.

4. Explain two external growth strategies that can help PU to grow faster. (6 marks)

External growth strategies refer to growth through dealings with external organisations.

One of the ways for PU to grow faster is to merge with or takeover another University. Should the target university be of the same size as PU, its resources, student population and market share are effectively doubled overnight and it would be in a much stronger financial position to compete with other universities. As PU is currently lacking in financial resources and has cashflow issues (Line 69), merging would be a more viable option than taking over

another university. PU must decide the area which it wants to grow in when choosing a partner University. If it wants to further its strength in Medicine and IT, faculties which has recently received funding (Line 45-46), it should merge with a university which is strong in the sciences. However, if it wants to maintain its status as a comprehensive university with a more balanced portfolio of subject offering, it should merge with a university which is strong in the arts, history and international languages in particular given the decline in interest in those subjects. Note that merging with universities comes at the cost of losing a degree (if not all) of control which the board of trustees and management may not be prepared to do so.

Should this be the case, PU can consider forming a strategic alliance with another university in selective initiatives such as research projects or degree programs. It is not uncommon for two universities to offer joint degree programs to undergraduate students which increases the attractiveness to students of being able to study in two different locations. The same is also true in research projects. The major benefit to this is that it will provide more flexibility to PU especially if it is operating in the new campus in Country B (Line 139). The major disadvantage is that such alliances are temporary in nature and whilst the scale of operations and corresponding resources would be increased/enhanced when the partnerships are active, so would the decrease in resources when the partnerships end. Hence, such growth may be temporary in nature.

Worksheet 6: Human resource management

6-mark questions

1. Explain how revising the employment contracts may restore morale of the teaching staff following redundancies. (6 marks)

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2. Applying the Maslow’s theory of the hierarchy of needs, explain two ways which teachers in the history department can be motivated. (6 marks)

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3. Explain ways to reduce staff turnover in the Faculty of History. (6 marks)

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4. Explain how arbitration and conciliation can be used to resolve the conflict PU's history department. (6 marks)

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5. Explain the advantages of conducting IT training programmes via off-the-job training. (6 marks)

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Worksheet 6: Human resource management

6-mark questions (Answers)

In order to be rewarded the top band for 5-6 marks, the analysis of relevant issues with good use of management tools where application, techniques and theories must be shown. Business technology must be used (or otherwise it will sound vague) and references must be made to stimulus material (case study and any other extra information).

1. Explain how revising the employment contracts may restore morale of the teaching staff following redundancies. (6 marks)

Redundancy is a situation where employees are asked to leave the place of employment when their jobs are no longer needed. Redundancies mainly occur when the organization has financial issues.

An obvious reason for why better remuneration leads to happier staff is that their material well-being has improved. The teaching staff would feel more valued and hence develop a greater sense of loyalty towards PU. With physiological needs satisfied, workers would feel more secure with better morale. However, according to Maslow's hierarchy of needs, the improvement of morale may not be long lasting if other needs such as esteem needs (where workers did not feel they were recognised and respected) and opportunities for self-actualisation did not take place.

One of the reasons why morale typically deteriorates is that teaching staff fear that they may also be made redundant next. Although it was not explicit in what ways those contracts were revised, it could be reasonably assumed that the benefits and terms of the contracts have improved. This may be in the form of higher salaries or better perks which would send a positive signal that prior redundancies were unrelated to financial reasons. The security needs of workers are satisfied, hence enhancing general morale. Note that better remuneration serves to increase well-being as well as sending a positive signal about their own position.

2. Applying the Maslow's theory of the hierarchy of needs, explain two ways which teachers in the history department can be motivated. (6 marks)

Maslow's theory of the hierarchy of needs is a model which outlines five levels of needs that a worker sought in a sequential manner, meaning that the higher order needs e.g. self-actualization cannot be satisfied without meeting their physiological needs.

The teachers in the history department are not happy because of poor management and the resulting undesirable human resource implications. Patricia Hughes was seen to be unfairly dismissed because she had complained to the university about management in the faculty. Sexists and racist attitudes flourished and Jim Summerfield managed the department in an authoritarian manner and rarely consulted anyone else. All in all, the social needs of the teachers were not met and people did not feel they were treasured or cared for in the working environment. This needs to be addressed in order for staff to be motivated and could be done so through a change in leadership and compliance to anti-discrimination

regulations. However, replacing Jim Summerfield is only half the problem as they would need to identify another manager who can motivate staff and revive spirits. This may call for someone with deep experience and rich managerial skills which PU may have difficulty in hiring given the declining strength in the department as seen in the declining student numbers. The department can regurgitate the anti-discrimination regulation but if such culture is rampant in the department, it may be little more than lip service if execution is weak.

Esteem needs seem to be also absent as there is little opportunity for staff to practice agency and be involved in decision making given Jim Summerfield's authoritarian leadership style. In order to satisfy these needs, Adriana can request Jim to adopt a more democratic form of leadership and allow teachers to have more involvement in the direction of the department. This might be difficult as Jim's authoritarian approach supposedly took place after he underwent personal issues. He might need to be replaced in order for this to be truly implemented. The increase in responsibility can take place via the creation of more internal roles with specific job titles attached. They may not necessarily need to be remunerated but the sheer creation of a role with enhanced titles can boost egos and allow workers to see that there are opportunities for growth.

Note: Notice how requesting someone to change their style of leadership is not as straight as it seems. Be prepared to discuss the challenges if such course of action is advocated.

3. Explain ways to reduce staff turnover in the Faculty of History. (6 marks)

Staff turnover is defined as the rate which workers are being replaced in an organization. According to the case study, there are two sources of conflict that has led to high turnover rate;, namely the alleged bullying by the head of the history faculty and the controlling behavior of Jim Summerfield.

In order to reduce the rate of turnover, Adriana needs to take active steps to improve the working environment. Jim seems to be source of the problem and he needs to undergo training or therapy and simply removed from the position. Providing him with training to move away from an authoritative leadership style to one which is more democratic seems unlikely to be effective given that he was actually a good manager until he was beset with personal problems. Providing him with therapy will be a better solution as it is addressing the root of the problem but that does not solve the problem in the near term as he will take time to "recover", if at all. Removing him from his current position to another position or dismissing him outright might be the cleanest and most direct solution. In order to do so, PU needs to ensure this is done via legal means or Jim may launch a formal complaint to the labour bureau, hence embroiling the Faculty of History in further problems. They would also need to ensure that a suitable candidate be available to replace Jim or else the problem will simply continue. Nonetheless, a fresh face would be welcomed by existing staff.

Another way to reduce staff turnover is to increase the salary and perks for workers. Apart from the improvement in material well-being, increase their salary package demonstrates that management appreciates their contributions and increases the level of loyalty amongst staff. It will also increase the opportunity cost of leaving their jobs as they will be giving up a

better package than before. However, this might prove to be difficult given the cashflow problems PU is experiencing after the accident and there is also the issue whether this increase is consistent with the treatment with other departments. Furthermore, with the number of history student applicants declining, management needs to determine whether it is worth to invest so much into their history staff and whether the board of trustees will approve of such action given that they are also aware of the admission problem.

4. Explain how arbitration and conciliation can be used to resolve the conflict PU's history department. (6 marks)

Arbitration is a process where an independent external arbitrator steps in to investigate, listen to both parties' argument and decides on an appropriate outcome. Given that one of the sources of conflict is the supposed unfair dismissal of Patricia Hughes, using an arbitrator to judge whether that was true can deescalate the situation and provide sense of justice in the process. However, since Adriana has already taken PU to court, it might be too late for arbitration to come into the process as it is seen as a fellow step unless it is deescalated that arbitration. Perhaps PU can reverse the decision to dismiss Patricia until the external arbitrator has arrived at an independent conclusion. Given that conflicting nature of the issue, pendulum arbitration may be required where an arbitrator has to finally decide completely in favour of one party over another.

Conciliation is a process whereby the involved parties resolves their conflicts with the assistance of an independent mediator. In this case, the mediator's role is to bring both parties (Jim Summerfield and the staff) to the table to negotiate and reach a compromise. One of the points of contention was that Jim Summerfield was too controlling and rarely consults anyone. Through the process of conciliation, Jim could be convinced to give his staff more autonomy and for his staff to trust in his leadership. However, this can only work if both sides are willing to come to the table in the first place and this seems quite difficult given the mistrust from staff that was accumulated from the dismissal of Patricia and the sexist and racist attitudes that seemingly pervades. Likewise, Jim's behavior change was seemingly caused by his personal problems and it may not necessarily change following a conciliation process. Perhaps, it may be more effective if help was first given to Jim to help him with his personal problems before taking other courses of action.

5. Explain the advantages of conducting IT training programmes via off-the-job training. (6 marks)

Off-the job training refer to training programs that are carried offsite.

The biggest advantage to use off-the-job training in this situation is that PU can hire someone with the expertise in online teaching to teach the lecturers how to transfer their face to face pedagogies to an online environment. PU can cherry pick the most suitable instructors in the market without limiting their choice to the university where talents with the necessary skills are simply not available. Given that many lecturers are going to be trained and the money to be gained will be substantial, the service providers will be incentivized to do a good job in the hope of a good reference and repeat business in the future. It must be noted that the teaching effectiveness of the service providers would

depend on their respective knowledge of delivering tertiary lessons in different subjects as the way medicine is taught will be very different than teaching history. The degree of specialization must be adequately high for their services to be fully beneficial.

Another advantage of off-the-job training is that it does not require the use of internal human resources to train the lecturers, hence not overloading them with extra work or taking them off essential duties. Although not specified in the case study, it is likely that the set up and training of lecturers would be undertaken by the IT department who may not have much extra capacity with nearly all programs being moved online. They may need to hire extra manpower to help out with the transition effort which makes the alternative of simply outsourcing the training function so attractive. In order to ensure the advantage of off-the-job training to be long lasting, the IT department needs to ensure that the technical practices and specifications taught by the service provider is compatible with the existing framework or infrastructure used by PU. Otherwise, maintenance and continued support from the IT department may prove to be problematic after the training has been completed.

Worksheet 7: Finance and accounts

6 mark questions

1. Explain two sources of external finance Adriana draw on to fund the building of the new lecture theatre and new building for the Faculty of Music. (6 marks)

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2. Explain two sources of finance that PU can use to develop the prototype equipment into a commercial product using AI that enables improvement in the ability to detect and identify contamination. (6 marks)

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3. Explain two sources of finance Adriana is unlikely to be able to draw on to fund her aggressive marketing strategies. (6 marks)

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Worksheet 7: Finance and accounts
6-mark questions (Answers)

In order to be rewarded the top band for 5-6 marks, the analysis of relevant issues with good use of management tools where application, techniques and theories must be shown. Business technology must be used (or otherwise it will sound vague) and references must be made to stimulus material (case study and any other extra information).

1. Explain two sources of external finance Adriana draw on to fund the building of the new lecture theatre and new building for the Faculty of Music. (6 marks)

External source of financing refers to procuring funds outside of PU.

One external source of finance that they can use for both buildings is through high net worth private donors. High net worth donors can donate substantial amounts of money in one go which can shorten the process of procuring the necessary finance of a large building. High net worth individuals are also attracted to sponsor the building of prestigious buildings as they can request naming rights either after their own names or their own companies which increases their own brand recognition and philanthropic efforts. However, PU needs to be aware that the high net worth individuals may request that they have input in the design and construction process which may or may not be in line with the university's plan. Also, PU must ensure that these individuals are of reputable standing or PU's branding may be damaged in the long run.

Another source of external funding is through government grants. The government recognizes universities as providers of social goods and would likely to have designated funds for the building of infrastructure in universities that PU can apply. The government was originally inclined to do so since PU's original business plan shows an expected increase in student numbers. One of the major problems, which PU would come to realise is that they must be able to justify the demand which PU can no longer to do so due to the repercussions of the chemical accident which led to falling numbers studying at the university. Furthermore, successful procurement of government funds also requires talents who are well informed of the processes of applications and the requirements of the government.

2. Explain two sources of finance that PU can use to develop the prototype equipment into a commercial product using AI that enables improvement in the ability to detect and identify contamination. (6 marks)

PU can raise funds from venture capital companies if they see potential for the prototype to be commercialized. Venture capital companies are businesses that invests in organisations with early stage ideas in exchange for a substantial share of the business, in the hope that it will become successfully hence generating significant returns. In order to attract venture capital funding, PU needs to demonstrate that their prototype is commercially viable meaning that the prototype can be developed into something that is technically mature/feasible for mass production and there is a sufficiently large market size for the product to generate the returns venture capital firms are looking for. The fact that the

Faculty of IT received the funding from the founder of a renowned software company would add substantial credibility to PU's fund raising efforts through this means.

Another source of finance is through PU's internal funds. It has become increasingly common for firms to to apply the university's research findings to real life applications, especially in the fields of science and engineering by providing funding. An example would be Hong Kong University of Science and Technology (HKUST) initial funding in DJI, the largest drone company in the world. The extent which PU can contribute to the development prototype maybe limited however given the cashflow issues the university is facing at the moment. It would need to have been budgeted in the first place for PU to justify investing in a company where profitability is not visible until quite a number of years in the future.

3. Explain two sources of finance Adriana is unlikely to be able to draw on to fund her aggressive marketing strategies. (6 marks)

Aggressive marketing strategies implies marketing spending beyond the normal levels. Adriana is unlikely to be able to draw on government grants to fund such efforts as the government is unlikely to fund an effort to give a non-profit organization a competitive edge over other tertiary institutions in fear of displaying favoritism. However, it is likely that PU, being a recognized tertiary education provider would be entitled to some miscellaneous funds from the government, perhaps through research projects and learning support. As long as it is legal, they may be able to categorise some of those funds under "marketing and promotion" and use it in those areas.

Adriana is also unlikely to be able to procure a bank loan to fund such efforts as doing so require evidence that they are able to pay the loan back. Given that student intake has been adversely affected (Line 52), banks may not be confident in the financial outlook of the university. This is unless they have collateral that they can put up but this is unlikely as most collateral takes the form of property and it does not seem there are many properties of value remaining given the chemical accident has destroyed many of them.

Worksheet 8: Marketing / Operations Management

6 mark questions

1. Explain one pricing strategy that Adriana should and one pricing strategy she should not adopt as part of PU's aggressive marketing strategy. (6 marks)

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2. Explain whether PU should reduce school fees to increase the number of students enrolling to the university. (6 marks)

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3. Using the concept of product portfolio, explain whether PU should remove the offering of less popular subjects such as history and international languages. (6 marks)

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4. Explain the location factors affecting PU's choice of location when they expand into Country B. (6 marks)

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5. Explain a suitable promotional mix that PU can adopt to attract new students. (6 marks)

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6. Explain two contingency plans that PU could undertake to prepare for the possibility of a similar accident happening. (Unit 5)(6 marks)

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Worksheet 8: Marketing / Operations Management
6 mark questions (Answers)

In order to be rewarded the top band for 5-6 marks, the analysis of relevant issues with good use of management tools where application, techniques and theories must be shown. Business technology must be used (or otherwise it will sound vague) and references must be made to stimulus material (case study and any other extra information).

1. Explain one pricing strategy that Adriana should and one pricing strategy she should not adopt as part of PU's aggressive marketing strategy. (6 marks)

Adriana can consider first using penetration pricing which is setting a relatively low price to attract more students to apply to the university. There is a recession in Country A which is foreseeable to continue for several years and the experience of course offerings have been diminished by the transfer to online mode as the environment is not safe to deliver face to face lessons. Setting a lower price would attract students whose parents are price sensitive and could only afford a lower tuition fee. However, education is generally a service that is non-price elastic meaning that lower prices does not necessarily attract a greater demand. Parents also care about the quality of the offering and would not be merely be attracted to a lower price. After all, university education is a differentiated product based on quality and branding. Hence, in order for price penetration to be effective, Adriana must also ensure that PU is offering quality educational service.

Adriana should not use price skimming which involves very high school fees to create a sense of prestige and quality to attract students to apply to PU. It is not a suitable strategy because branding and prestige has little to do with the perception conveyed by the high school fees per se. High school fees can allow PU to afford better equipment and a more glamorous campus, the amount of school fees paid has very little do with it. Furthermore, prestige in the tertiary setting has to do more with the profile of alumni, history of the university and research quality. Price skimming may end up deterring prospective students from applying.

2. Explain whether PU should reduce school fees to increase the number of students enrolling to the university. (6 marks)

Reducing school fees may be an obvious strategy to increase student numbers. There is a recession in country A which is foreseeable to continue for several years and the experience of course offerings have been diminished by the transfer to online mode as the environment is not safe to deliver face to face lessons. Setting a lower price would attract students whose parents are price sensitive and could only afford a lower tuition fee.

However, education is generally a service that is non-price elastic meaning that lower prices does not necessarily attract a greater demand. Parents also care about the quality of the offering and would not be merely attracted to a lower price. After all, university education is a differentiated product based on quality and branding. Hence, in order for price penetration to be effective, Adriana must also ensure that PU is offering a quality educational service.

Furthermore, PU is currently experiencing cash-flow issues and lowering school fees is going to exacerbate the financial problems in the short to medium term. Lower school fees to attract more students is a risky move given the existence of many moving pieces in place.

3. Using the concept of product portfolio, explain whether PU should remove the offering of less popular subjects such as history and international languages. (6 marks)

A product portfolio is defined as the variety of subjects offered by PU. In business management, the BCG matrix is marketing tool used to help organizations create a balanced portfolio of product based on their market potential. Evaluated using a matrix measuring the degree of market share and market growth, “dogs” are products with low market share with low market growth, and “stars” are products with high market share and high market growth. From the information provided, it seems that history and the international languages seem to be “dogs” as they have a level of take up and this is set to further deteriorate in the coming years. According to the BCG matrix, “dogs” should be disposed, in fear that keeping them around will lead to liquidity problems which PU is facing at the moment.

However, before the decision to take them away is made, PU needs to really ensure that they are really “dogs” and not “question marks” in disguise. “Question marks” are products that have high growth but with a low market share. The latter characteristic is an undeniable characteristic given the declining number of students taking these subjects but they may suffer from low growth due to short/medium term problems that is having a negative repercussion on these subjects. For example, the history department may have a high market growth potential but cannot do so due to the problematic leadership in the department. Once issues surrounding Jim Summerfield has been resolved, the department may be able to get back on track and attract more students to join through better quality teaching.

Note: This answer incorporates to use of the BCG matrix which is useful to demonstrate theoretical knowledge when the situation allows.

4. Explain the location factors affecting PU’s choice of location when they expand into Country B. (6 marks)

One of the key factors that they may consider is the proximity to key stakeholders such as teaching staff and students. The more convenient the location e.g. next to the central business district, the easier they will be able to hire good workers and to a lesser extent, students (as students may not necessarily choose in university over another because of convenience). However, easily accessible locations are expensive and PU may not be able to get a site that big to serve its purposes. Perhaps more relevant for PU’s case, given its strength to sciences is the proximity to related institutions and high-tech companies which would allow collaboration to take place easily. For example, Stanford University has a strong engineering school and is known for its proximity to Silicon Valley.

Another factor that PU may consider is government incentives. Being a university, PU is unlikely to enjoy the same autonomy where they could set up in Country B compared to private businesses given its nature as an education provider and physical size. Given PU's strength in medicine and IT, Country B's government may offer specific sites next to technology parks or hospitals with special concessions or financial incentives if they choose to go there. The latter is particularly attractive to PU given the cash-flow problems facing the university and would alleviate the short-term financial pressure whilst it is trying to recruit students.

5. Explain a suitable promotional mix that PU can adopt to attract new students. (6 marks)

A promotional mix is a set of tools that PU can use to communicate effectively the benefits of its educational offering to prospective students.

One of PU's strength is its academic offerings, especially in the IT and the Medical sciences where it has received funding from private organization and the government respectively to conduct research in their relevant fields. One below the line promotion method they can use to promote this is via social media advertising where advertisements are placed on different social media platforms targeted to 17-18-year-old students in countries where they would like to recruit students from. The advertisement could be presented as a banner or a website where clicking on it will bring it to PU's website which will allow students learn more about PU's achievements in those areas. However, PU may need to be selective in the social media sites it promotes in as it is unlikely to have a large budget given the cashflow problems it is facing.

Another below the line promotion method is point of sales promotion. Normally, point of sales refers to point where the product is sold but, in this case, this could refer to secondary schools where students learn about different universities in their senior years. By going to these schools to host talks and hand out brochures, students can gain direct information about PU's achievements in research and teaching. One of the important ethical elements that PU needs to consider when speaking to students is that the extent they will need to be transparent about the impact of the chemical explosion whilst promoting its courses at the same time. It is tempting to say that online teaching is provided but PU's representatives also need to be completely transparent on areas which may affect students' university lives e.g. lack of student accommodation.

Note: this question explicitly mentions "mix" of promotional activities and hence more than one promotional activity needs to be mentioned.

6. Explain two contingency plans that PU could undertake to prepare for the possibility of a similar accident happening. (Unit 5) (6 marks)

Contingency plans are actions that PU can undertake to respond effectively to significant future events such that may or may not happen.

One contingency plan which PU could undertake is to have all the IT infrastructure ready when an accident similar to the chemical explosion. This may be a spare stock of computers,

remote learning accounts, guidelines to delivering remote learning lessons and the expectations from both teachers and students. Having such infrastructure and plans in place would allow all stakeholders to act knowledgeably when similar accidents take place to smoothen the process as much as possible. Since these events are not expected to happen frequently, it may not be wise to keep so many computers as spares in case they may be rendered obsolete given the rapid development in technology. Instead, the IT department can source vendors which has readily available supply to rent out when the occasion demands.

Another contingency plan that could be considered is setting up a decenter site which most students and staff can transfer in the instance of a similar accident. Although PU was able to transfer many of the courses online, the student experience was greatly inferior to face-to-face teaching and having an alternative site can mitigate some of that impact. Having a decenter site which is unused during normal times is economically unfeasible as it will be lying idle but perhaps PU can move some of their departments in another district so that when similar accidents occur, the affected departments can move in and share facilities with the other site. The main issue with this proposal is that it is a great logistic challenge to set up an alternative site and suitable land must be available for this option to be considered. What may be more practical is perhaps to consider the new campus in Country B as an alternative site. Although it is situated in another country, it may be more feasible than changing current arrangements in the existing campus. In 2021, some universities with international campuses have allowed students to study in campuses less affected by COVID-19.

Worksheet 9- Section B (1)

1. Answer the following question:

The financial situation in PU has worsened. Even after Adriana had pursued aggressive marketing strategies, student enrollment has persistently dropped. The financial information for the Year 2022 and 2023 is shown below.

Table 1: Selected financial information for PU

	Sales Revenue	Operating Expenditure	COGS
2022	\$30,000,000	\$15,000,000	\$4,000,000
2023	\$25,000,000	\$14,000,000	\$3,500,000

Quality Control

In order to increase the admissions rate, Adriana believes that quality control and quality assurance of PU's teaching is critical in and enhancing student's learning experience over the long term. She has reviewed a number of different methods of managing quality, including quality circles, Benchmarking and Total Quality Management (TQM).

Textbooks

In order to grow the other sources of revenue, Adriana has decided to start a publishing company for its University professors and lecturers to publish the books. In exchange, PU will receive a 20% cut on every book sold. Adriana estimates that setting up the business would involve an investment of \$200,000 and the forecast net returns for 4 years would be \$110,000 per year. The discount factor is 5%.

- (a) Define the term *Total Quality Management (TQM)*. [2]
- (b) (i) Calculate the gross profit of PU for 2022 and 2023 [2]
- (ii) Calculate the net present value of the publishing company using a discount rate of 5% [2]
- (c) With reference to PU, explain one advantage and one disadvantage of using benchmarking to managing quality [4]
- (d) Discuss to what extent would quality circles would help PU achieve quality assurance [10]

Year	Discount Factor
0	1
1	0.9524
2	0.9070
3	0.8638
4	0.8227

Worksheet 9- Section B (1) Answers

1)

a) Define the term *Total Quality Management (TQM)*. (2 marks)

Total Quality Management is a management approach which is continuous and focused on detecting and eliminating errors in manufacturing, ensuring that workers are equipped with the latest training and customers are served with the best experience.

b)

i) Calculate the gross profit of PU for 2022 and 2023. (2 marks)

Gross Profit = Revenue - Cost of Goods Sold

2022 Gross Profit = 30,000,00 - 4,000,000 = \$26,000,000

2023 Gross Profit = 25,000,00 - 3,500,000 = \$21,500,000

(ii) Calculate the net present value of the publishing company using a discount rate of 5% (2 marks)

NPV = Total Discounted Cashflow – Initial Investment

NPV = (110,000)(0.9524) + (110,000)(0.9070) + (110,000)(0.8638) +

(110,000)(0.8227) – 200,000 = \$190,049

(c) With reference to PU, explain one advantage and one disadvantage of using benchmarking (4 marks).

One of the advantages for BU in using benchmarking is that it will present to stakeholders such as staff and management the gap between market leading organization such as quality of teaching, quantity of research publications in top journal and any other areas and BU. This will give some indication of which areas it will need to work harder in to close the gap and reach a market leading position

One of the disadvantages for BU in using benchmarking is that finding the relevant data might be difficult and costly in terms of time and money. All universities are different in many ways e.g. scale and geography and BU may need to do additional data analysis on the collected to data to make any comparisons meaningful. Furthermore, competitive data e.g. research funding may not be available as they are not necessarily published.

(d) Discuss to what extent would quality circles would help PU achieve quality assurance (10 marks) f

Quality circles is a type of quality assurance which involves small groups of people from departments who meet regularly to review issues relating to quality of output and make recommendations to improve the product or process. The group is usually headed by a senior manager. In the case of PU, this would probably involve small groups of academics (lecturers, professors) from the same academic department but also include people from management and administration.

In most departments where operations are generally smoothly and the degree of trust is high, quality circles would do well to achieve quality assurance. These departments would be very open to discuss the currently state of affairs and the forum would be a great opportunity for cross function discussions, address weaknesses and enhance strengths. For example, the admissions team may see a rising interest in mobile application and could suggest the Faculty of IT to allow students to transfer some of the research gained from the contamination detection to a mobile setting, hence improving the quality of teaching and learning. Trust is critical as any shortcomings that are being raise is taken to be positive feedback for improvement. A shortcoming of this approach is that, just like a focus group, as it only involves a small group of people, the views express may not necessarily convey the entire picture or a representative portrayal of the situation. Hence, either the invited members must be carefully selected or feedback given in these sessions needs to be further investigated by management.

This effectiveness of this approach may be limited in departments where trust is low and views are greatly divergent. This is the case in the history department where there is a very antagonistic relationship between Jim Summerfield, the manager and the other staff members. On the issue of declining student interest in history, the manager may blame it on poor teaching whilst staff members blame it on his poor leadership. The dialogue is unconstructive and essentially becomes a shouting match. These types of departments are where the quality of teaching and learning are most at risk and in need of quality assurance but quality circles is probably not able to serve its function. When the manager of the department is involved in the conflict, he/she is not able to act as the convener of the group and chair the meeting effectively by reconciling differences and summarizing different viewpoints. More direct intervention such as the involvement of more senior executives such as Adriana is required to address the problems seen.

Quality circles are only effective in achieving quality assurance where the departments involved operate smoothly and the level of trust is generally high. In order to maximise the effectiveness, managers who implement the circles must be aware of the possibility of representation bias as a result of a small selected group of stakeholders chosen and the possibility of missing issues and problems that were not raised in the quality circle.

Worksheet 9- Section B (2)

1. Answer the following question:

PU launched their campus in Campus B in 2024 and had finished the first stage of building the campus with the help of government grants and private donors. However, it is unlikely that they will have sufficient funds to complete the rest of the campus which includes the Faculty of Humanities. Hence, the board of trustees is considering to launch the campus as it is for the time being. Selected financial information for Campus B is shown below

Table 1. Selected Financial information on Campus B

Item	Amount
Cost of Campus B (construction, set up , licenses, hiring etc.)	\$96,000,000
Expected total profit over the next 10 years	150,000,000*

*Profits are assumed to be evenly distributed each year

There will be introducing the most popular subjects, medical science, engineering science, computer science and mathematics first and will slowly roll out other subjects such as English, History and Philosophy. The intake for these non science based subjects are less popular and are not financially sustainable and PU's management is considering to stop offering them. As of present, these subjects are still offered as the government wishes PU to continue offer them so that students interested in these subjects are also catered for.

With the improvement in technology and the relatively smooth transition to online learning in Campus A, PU has decided to offer online degrees for selected subjects in Campus B. Whilst these subjects are also offered on campus, there is no residency requirement in the online option meaning that students can do their entire degrees online without every going to Campus B. In the first stage, the subjects being English, History and Philosophy. PU believes these three subjects are niche subjects that will be most well served by niche marketing. In order to purchase

- (a) Define the term *grants*. [2]
- (b) (i) Calculate the payback period. [2]
- (ii) Calculate the average rate of return. [2]
- (c) With reference to internal growth, explain one advantage and one disadvantage of discontinuing non science based subjects in Campus B. [4]
- (d) Discuss whether online degrees should be offered in Campus B in the stated select subjects. [10]

Answers

(a) Define the term government *grants*.

Government grants are financial gifts given by governments to organisations such as universities to achieve an objective (building the campus in PU's case) within the need to repay.

(b)

(i) Calculate the payback period.

*Payback Period (PBP) = Initial investment cost/Contribution per month
PBP = 96,000,000 / (150,000,000 ÷ 10 years ÷ 12 month) = 76.8 months*

(ii) Calculate the average rate of return.

*Average Rate of Return (ARR) = Average Annual Profit/ Initial Investment
ARR = (150,000,000 ÷ 10) / 96,000,000 x 100% = 15.6%*

(c) With reference to internal growth, explain one advantage and one disadvantage of discontinuing non science based subjects in Campus B.

The subjects offered by PU can be regarded as products that it offers to customers. From the perspective of the BCG matrix, these non science based subjects can be seen as “dogs” where the market share and growth rate is low (interest is declining) and therefore should be cancelled so to spare resources for likely “stars” such as Medicine which has a lot of interest.

One disadvantage is that from a product portfolio perspective, putting all resources in science based subjects may be risky if these subjects become unpopular and unable to be provided for unforeseeable reasons in the future and there are no alternatives for PU to offer. This could be another chemical accident which renders all laboratory-based subjects to be inoperable and there will be no alternative non science based subjects for students to take on for the time being.

(d) Discuss whether online degrees should be offered in Campus B in the stated select subjects.

The online degrees are only offered in English, History and Philosophy where they are niche in nature meaning that they are geared to a specific group of students who have a distinct consumer profile. Perhaps, they are more academically oriented and are interested in the abstract rather in subjects which are more practical in nature.

The obvious advantage of offering online degrees in these subjects is that the distribution scale (“placement” in the marketing mix) will be greatly enhanced. Running an online degree means that they are not only able serve students who resides in Country B but also those who are abroad and do not wish to travel to Country B or cannot afford the expenses of living there. Furthermore, it may also attract other potential students (market

segments) such as adult learners who cannot afford to resign from their jobs for full time study to join. It would be even more flexible if the online lectures can be recorded and offers asynchronous learning. The market size will increase substantially which will improve the financial prospects of these courses and deter PU's management to stop offering them. This will bode well with the government who wishes these courses to continue and avoid incurring their wrath should they become financially too burdensome to carry on. The ability to target essentially any student interested in these subjects globally may mean that PU needs to be selective in the way it markets to students or otherwise, its marketing campaign may become too generic, hence failing to attract sufficient students to join.

One of the subtle changes made in online learning, which is probably a major drawback is that face-to-face learning is essentially different from online learning. Whilst the latter offers convenience, the former offers human connection, serendipitous interactions and collaboration and non-classroom experiences i.e. university life that online learning cannot replace. The product being offered is fundamentally different and these faculties may end up exacerbating its own decline when prospective students view this as an inferior offering and apply to other schools that offers face to face teaching. The fact that PU can accept more students would also most probably take away some of the prestige associated with. PU degree. What may probably transpire is that students who end up enrolling are students (mostly adult?) who cannot afford the time to undertake a full-time degree but would like to have a qualification nonetheless. In this instance, PU would need to acknowledge a change the target customers for these courses and change their marketing strategies accordingly. Furthermore, PU needs to consider whether these students are their desired customers as they may undermine PU's ambitions to become an institution that nurtures young bright minds.

In my judgement, PU should not offer online degrees in these selected subjects because it does not serve PU's long term interest. Offering these courses online offer an inferior learning experience and less prestige with more places offered and degrees being granted, hence leading to a further decline in enrollment numbers. By offering these courses online, PU is essentially changing its product offering, targeted to a different marketing segment e.g. adult learners and possibly confusing its product portfolio with a mixture of online and offline offering. Rather, PU should focus in improving its face to face teaching and learning experiences and achieve internal growth through an improving product and accompanied by other appropriate marketing strategies.

Worksheet 11- Paper 1 Mock Paper

Business management Standard & Higher Level Paper 1

April 2022

Standard Level: 1 hour

Higher Level: 1 hour 15 minutes

Instructions to candidates

- Do not open this examination paper until instructed to do so.
- A clean copy of the business management case study is required for this examination paper. Read the case study carefully.
- A clean copy of the business management formulae sheet is required for this examination paper.
- Section A: answer one question. (Standard Level)
- Section A: answer one question. (Higher Level)
- Section B: answer question 4.
- A calculator is required for this examination paper.
- The maximum mark for this examination paper (Standard Level) is [30 marks].
- The maximum mark for this examination paper (Higher Level) is [40 marks].

Section A

Answer **two** questions from this section. (Higher Level)

Answer **one** questions from this section. (Standard Level)

1. (a) Outline two advantages for PU to pursue corporate social responsibility (Line 119). [4]
(b) Explain how pursuing CSR initiatives would give PU a competitive advantage? [6]
2. (a) Outline two reasons why staff turnover in the Faculty of History is high (Line 87). [4]
(b) Explain industrial actions that could be undertaken by the history of faculty staff if the human resource problems have not been addressed (Line 86-100). [6]
3. (a) Describe two strategies related to Product and Promotion that Adriana can adopt as part of PU's aggressive marketing strategy. [4]
(b) Explain the location factors affecting PU's choice of location when they expand into Country B. [6]

Section B

4. Answer the following question:

In February 2022, the court has found Patricia Hughes wrongfully dismissed and was awarded damage compensation of USD 100,000. The judge said Patricia was well within her rights to exercise her freedom of speech, even it involves voicing complaints about her own faculty. Since Jim Summerfield carried out the dismissal, PU's management has decided to dismiss Jim Summerfield and replace him with a leader that exercises a democratic style of leadership.

Labour turnover is relatively high compared to history department in other universities. In the 2020-2021, the total number of staff members in the history department is 50. 20 staff members left and 4 were hired during 2020-2021

In order to boost morale and reduce the rate of turnover in the department of history, some members of the board of trustees have decided to improve the compensation package by increasing base salary by 5% and provide extra perks such as housing allowance and medical insurance. However, other board members argue that whilst this will boost morale in the short term, this is not in the history department's best interest as the interest in history and other humanities-based subjects is declining. In order to turn around this situation, staff members base salary should be reduced 10% and implement a performance-related pay arrangement that is tied with tangible outcomes such as number of publications in top journals, research funding raised and number of students enrolling into these subjects.

- (a) Define the term *dismissal*. [2]
- (b) (i) Calculate the labour turnover rate for PU's history department during 2020-21 [2]
- (ii) Comment on your answer in (b) (i) [2]
- (c) Explain one advantage and one disadvantage of adopting a democratic style of leadership for PU's history department [4]
- (d) In light of the two suggested changes to the compensation packages of PU's history department, discuss which pay structure would be more suitable for PU. [10]

Worksheet 11- Mock Paper (Answers)

Section A

1.

- (a) Outline two advantages for PU to pursue corporate social responsibility (Line 119). (4 marks)

Pursuing corporate social responsibility (CSR) reflects well on its branding particularly from a hiring perspective. It is in line with the image of being a provider of education services for social good. It will also avoid negative exposure from the media in the instance that they are carrying out actions that are not ecologically sustainable (Line 119), which may be especially damaging since its environment has been adversely affected by the accident.

Since many of the CSR initiatives are energy saving in nature, continuing to pursue such policies will allow PU to save operating costs over the long run, hence sparing financial resources to be invested in other areas e.g. computers which are lacking at the moment (Line 30), to improve students' learning experiences.

Note: Make sure the two advantages are entirely different.

- (b) Explain how pursuing CSR initiatives would give PU a competitive advantage? (6 marks)

Corporate social responsibility (CSR) is the practice of self-regulation adopted by private organisations to carry out initiatives or plans that contribute to societal or ethical goals that are primarily charitable or environmentally friendly in nature.

Since many of the CSR initiatives are energy saving in nature, continuing to pursue such policies will allow PU to save operating costs over the long run, hence sparing financial resources to be invested in other areas e.g. the computers which is lacking at the moment (Line 30), to improve students' learning experiences. However, it must be noted that the significantly lower levels of energy consumed is primarily caused by the absence of employees and students on campus. Therefore, it must find other ways to compensate for the increase in carbon footprint which will undoubtedly occur when face to face teaching is gradually restored is accompanied with a bigger physical community.

Adopting CSR policies can provide PU with a competitive advantage when it comes to hiring talents and attracting students as it reflects well on its branding and is in line with the image of being a provider of education services for social good. The CSR policies are mainly related to ecological sustainability and PU may need to build a more comprehensive program by looking at issues such as poverty alleviation to appeal to a greater spectrum of workers and students. The extent that this would provide PU with a competitive advantage from a hiring perspective depends on its success in more critical matters such as academic standing and resources as very few will choose PU on its CSR achievements alone.

2.

- (a) Outline two reasons why staff turnover in the Faculty of History is high (Line 87). (4 marks)

First, actions that were carried out were inconsistent with the department's policies. Sexists and racist attitudes in the department flourished despite the existence of equality policies (Line 93-94). Those who were or feel they were discriminated would not this is a safe place to work and leave to search for a better working environment.

Second, the department head was increasingly controlling in his leadership style (Line 95) which may mean that lecturers were not able to exercise their own discretion in their daily jobs. They were not consulted in any of the decisions made which may have left them feeling disrespected.

- (b) Explain industrial actions that could be undertaken by the history of faculty staff if the human resource problems have not been addressed (Line 86-100). (6 marks)

Industrial actions are collective actions carried out by workers to achieve their objectives.

Staff can work to rule where they do the minimum required according to the rules set by the workers. This might involve only providing tuition during lesson time and refusing to answer student enquiries after work hours. Homework are only set as per the minimum allowed in the guidelines and minimum resources are provided. Any goodwill previously extended are retracted. By doing so, the efficiency of the department is very low and high levels of dissatisfaction would be caused amongst students and working partners. As they are working within the rules and regulations, PU's management would find it difficult to discipline them and would be pressurized to address the human resource issues more quickly in fear of a worsening situation. This however is risky for the history staff as the interest in history subject has been declining in recent years and so this may exacerbate the trustee's decision to suspend offering their subjects. In other words, the faculty's bargaining powers are limited.

Given the complexity of the situation, perhaps staff from the history department can band together and engage in collective bargaining. A united workforce would strengthen their bargaining power and management would be more pressurized to act on the ethical issues that have arisen. The greater the proportion of the faculty joining the group, the more management will realise that the issues arising are actually true and are of a serious nature. In order for collective bargaining to be effective, there must be sufficient members in the group or else their bargaining power would be weakened. From the case study, one could be cautiously optimistic that this would succeed given the negative attitudes against Jim Summerfield are prevalent and widespread dissatisfaction can be seen in the high turnover.

3.

- (a) Describe two strategies related to Product and Promotion that Adriana can adopt as part of PU's aggressive marketing strategy. (4 marks)

Adriana can adopt product differentiation which would distinguish PU's educational offering against other universities. Since the Faculty of IT was successful in producing a prototype equipment using AI, perhaps its computer science programs can be distinguished with a entrepreneurship component which would allow its students to bring their ideas to fruition. Students aspiring to start and build their computer science startup will be attracted to join the program.

Adriana can use point of sales promotion. Normally, point of sales refers to point where the product is sold, but in this case, this could refer to secondary schools where students learn about different universities in their senior years. By going to these schools to host talks and hand out brochures, students can gain direct information about PU's achievements in research and teaching.

(b) Explain the location factors affecting PU's choice of location when they expand into Country B. (6 marks)

One of the key factors that they may consider is the proximity to key stakeholders such as teaching staff and students. The more convenient the location e.g. next to the central business district, the easier they will be able to hire good workers and to a lesser extent, students (as students may not necessarily choose in university over another because of convenience). However, easily accessible locations are expensive and PU may not be able to get a site that big to serve its purposes. Perhaps more relevant for PU's case, given its strength to sciences is the proximity to related institutions and high-tech companies which would allow collaboration to take place easily. For example, Stanford University has a strong engineering school and is known for its proximity to Silicon Valley.

Another factor that PU may consider is government incentives. Being a university, PU is unlikely to enjoy the same autonomy where they could set up in Country B compared to private businesses given its nature as an education provider and physical size. Given PU's strength in medicine and IT, Country B's government may offer specific sites next to technology parks or hospitals with special concessions or financial incentives if they choose to go there. The latter is particularly attractive to PU given the cash-flow problems facing the university and would alleviate the short-term financial pressure whilst it is trying to recruit students.

Section B (Answers)

(a) Define the term *dismissal*.

Dismissal is the act of terminating an employee's employment with an organization against their own will. It is usually carried out when committed a serious error in their role.

(b)

(i) Calculate the labour turnover rate for PU's history department during 2020-21

Labour Turnover = Number of leaving staff / Total number of staff x 100%

Labour Turnover = 40/4 x 100% = 1000%

(ii) Comment on your answer in (b) (i)

Labour turnover in 2021-2022 at 1000% is very high as it implies that for every one person that was hired, ten existing workers left. This implies that the human resource issues were very serious and that morale was so low that a mass exodus took place. It also showed that the managers in the department did not anticipate so many people were going to leave or otherwise they would not have only hired four people. Alternatively, it may also reflect that the department was known for its mismanagement, and they were only able to hire four workers to replace those who were leaving.

(c) Explain one advantage and one disadvantage of adopting a democratic style of leadership for PU's history department

One of the sources of conflict in the history faculty is that Jim Summerfield leads with an authoritarian style where he expects all his orders to be carried out without being questioned and staff are rarely consulted for their opinions. An advantage of a democratic style of leadership is that staff will be consulted more and thereby feel more valued in the department. It will demonstrate a marked difference and conscious effort by management to change the way things are being done to be more inclusive and people oriented.

One disadvantage of a democratic style of leadership is that decisions will be made more slowly as there necessarily have to be a process where staff are consulted and feedback are given to whatever the proposed actions are. It will take especially long when there is no clear consensus and the managers would have to find ways to meet the demands of both parties. This could be especially problematic if the situation calls for quick, decision action such as deciding the curriculum for the upcoming school year when the term is going to be starting soon.

(d) In light of the two suggested changes to the compensation packages of PU's history department, discuss which compensation arrangement would be more suitable for PU to address its needs. (10 marks)

A compensation package refers to the way which workers are being remunerated. Both packages will be analysed and evaluated in the following.

The history department is plagued by two problems. First, the department seems to be mismanaged by Jim Summerfield who adopts an authoritarian approach and rarely consults others. Patricia Hughes was unfairly dismissed for expressing her views that were well within her rights to do so, and sexist & racist attitudes pervades. Morale is low and staff turnover is high. This problem is fundamentally related to people dynamics and not really about staff being underpaid. Providing a higher base salary & extra perks does not solve these problems directly. Having said that, these problems would seemingly be addressed followed by the replacement of Jim Summerfield with a manager that leads more democratically. In this scenario, providing higher salaries & extra perks goes a long way to lifting morale as not only are people's material well-being have improved, it is a very nice gesture from PU's management that they understand the hardships faced by the department and want to compensate/ express appreciation to them for their efforts.

From a financial perspective, it may be difficult to justify an improvement in the compensation package given that this will exacerbate the financial problems facing the university, especially when there is declining interest in the subject. Through a performance- based arrangement, it would be hoped that workers would be incentivised to work harder and improve areas which management sees as important. This may include publishing in prestigious journals and enrolling more students. However, when one steps in the shoes of the traumatized members of the history department, this is unlikely to work. Morales are very low and the performance related arrangement that involves a reduction in base pay would immediately trigger further dissatisfaction (hygiene factor) which will lead to more resignation in the short term. Although potentially limitless, the performance targets would be interpreted to more hurdles for lecturers to jump over and possibility a sign of distrust that they are not trying their best rather than opportunities to earn more money. The setting of performance targets also assumes that those are the only targets that are important which may encourage pragmatic workers to ignore other aspects which are equally important e.g. student's pastoral well-being.

In my judgement, if PU had to choose one of the two compensation arrangements, they should improve based salary and provide more perks rather than reduce the base bay and introduce performance related elements. Morales are already low from mismanagement, and providing performance related elements would not be interpreted positively. Hygiene factors of feeling safe and secure are critical at this juncture, and improving the compensation across the board will go a long way to achieving this. With more motivated and driven staff, teaching and learning will hopefully improve and give the department a realistic chance of recruiting prospective students who may have otherwise turned away due to the unstable state of the department.