



## **When Tuition Hikes, Students Fight: A Case on Business Ethics and Negotiation**

**Jeconiah Louis Dreisbach**

*De La Salle University*

*Manila, Philippines*

*Email: jeconiah\_dreisbach@dlsu.edu.ph*

### **Abstract**

This case presents an ethical dilemma on the side of a newly-hired top executive, whose job was to negotiate an exorbitant amount of increase in the tuition and other school fees of the university that hired him. As outrage from the students and employees ensued, he took the initiative of reviewing the institution's finances and found out its money-making venture, despite it being registered as a non-profit. As such, the executive resigned from his post and became a witness in a legal proceeding that was filed by the aggrieved parties against the university's management. The anomaly was eventually settled with the university board providing additional seats for students and employees in the policy-making body.

**Keywords:** *ethics, constituent negotiations, educational management, crisis management*

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### **INTRODUCTION**

There was an atmosphere of fear and panic inside the office of the chancellor of the University of Sarangani Bay (USB) as five thousand students walked out of their classes and marched toward the university administration building. They were calling for the rollback of the 40% tuition and other school fees increase implemented during the academic year 2019-2020. Domingo Katigbak, the university's vice-chancellor for academic and financial affairs, is the primary promoter fee increase, had to negotiate with the student regent, faculty union regent, staff union regent, the Philippine youth representative in Congress, and the regional director of the government accreditation commission.

Students expressed their outrage by chanting, "education not for sale, we are not for sale!" A large mass of student leaders was forcing their way inside the university administration building to get to the office of the chancellor. The university management immediately acknowledged that this mobilization was a looming crisis as students started burning the school's chairs and tables, and the news media notified them of covering the event that took place.

USB student regent Gonzalo Arellano and Philippine youth representative Michelle Limlingco urged Katigbak to give in to the demands of the students, or else they were ready to cause more havoc within the campus. Staff regent Manuel Lito stood with the

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students and mentioned that in the past fee increases, university staff only received an additional 2 sacks of rice as part of their annual benefits. Faculty regent Professor Jose Juan Datu also expressed his discontent on the management of the university. Aside from only having a minimal salary increase of Php 105 (USD \$2) , there was an additional tax burden on both the faculty and employees because of the tax reform laws of the current Philippine government that raised the taxes for income, sugar-based food, and other goods and services (Punongbayan, 2019).

After his studies in labor battles and negotiations from an Ivy League university, Katigbak was immediately appointed by the university upon coming home to the Philippines to mainly manage and negotiate the institution's planned implementation of the said tuition increase. With the university administration putting their trust in Katigbak's expertise, the vice-chancellor only had a matter of time to come up with a decision before the university was put into total chaos.

### **THE UNIVERSITY**

Katigbak was hired by the southern Philippines' top private agricultural and fisheries university. It was registered as a non-stock, non-profit corporation offering degree programs to the Filipino people. As a leading institution with a Level V accreditation, it was given an autonomous and deregulated status. A university that held a deregulated status was allowed to craft their own curricula for offered programs, make their own courses, and raise tuition and other school fees without the approval of the government accreditation commission. As such, the university was twice successful in increasing tuition and other school fees in the past decade despite the consistent protests by the university student councils.

The university also had a long history of an active student movement. While the university observed the democratic right to assembly and expression, the deregulated status of the institution privileged the university administration additional powers to decide and implement policies without consulting the various sectors of the university community (Genotiva, 2018).

### **MAJOR ACTORS IN THE NEGOTIATION TABLE**

Gonzalo Arellano: The student regent, as the official and democratically-elected representative of the students in the university board, was the one who called for and led the mass protests against the 40% tuition and other school fees increase. He insisted that despite the university's deregulated status, the university management should still have consulted the USB student community as they are the major stockholders of the institution. He added that the increase was exorbitant enough for it to be investigated.

Michelle Limlingco: The Philippine youth representative in Congress was an alumnus of the university. She was also its former student regent before running for a seat in the parliament. As she has her own legal team, Mendoza guided Arellano and the university student council in filing a formal case about the tuition fee increase to the government accreditation commission.

Manuel Lito and Prof. Jose Juan Datu: The long-time union leaders echoed the statement student regent Arellano. Both faculty and staff unions collectively did not support any planned tuition fee increases as the employees were not able to receive any significant increase in their salaries in the past fee hikes. Lito lamented the deteriorating quality of the equipment in the university, making work for both the students and employees harder. Datu added that top university researchers have already transferred to other universities as the USB management decreased research funding for social development projects.

Dr. Zoraida Dimaguiba: The regional director of the government accreditation commission notified that the case was valid enough for deliberation and negotiation. She noted that despite the university's deregulated status, it should still have consulted the various sectors of the university as they are privy to the actual situation of the institution.

University Board of Trustees: They were aware of the worsening quality of education being offered by the institution. They were slowing down and being overtaken by the university that accepted their resigned professors and researchers. The Board was also the only actor in the negotiation table that was responsible for the fee increases for the past three academic years. They implemented the 40% tuition fee increase even before Katigbak formally took his position as the institution's new vice-chancellor for academic and financial affairs.

There had already been several instances in the Philippines wherein students took their own lives because of their inability to pay their tuition fees (Punay, 2013; Dullana, 2015). The psychological pressure of being unable to pay the fees, despite efforts of being working students, may have taken a toll on Philippine youth. These suicides were the turning point in the Philippine student movement to fight for their right to accessible and good quality education.

#### **UNIVERSITY MANAGEMENT RESOLUTE IN FEE INCREASE DECISION**

As mentioned earlier, the university had a history of successfully increasing tuition and other school fees regardless of the dissent by the student leaders then. Despite massive protests, the university administration was resolute and confident with their implementation of the 40% tuition and other school fees increase due to the past histories of immediate approval by the government accreditation commission. As such, the student, faculty, and staff regents and the youth representative walked out of the negotiation table to join the mobilization outside the administration building. Family of the students and employees joined the protests calling for transparency over the finances of the university. Left with the Board of Trustees and the regional director of the accreditation commission, Katigbak took the initiative and called for an audit of the institution's finances to check on what he can personally do to negotiate the demands of the aggrieved parties. And just like other leading private universities in the country (Hegina, 2016), the vice-chancellor found out that USB racked a net profit of Php 800 million (USD \$15,383,284) in the previous academic year before the fee increase.

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Those were only distributed amongst the top executives of the university management. Upon calculating, Katigbak also found that it will only cost a little over Php 200 million (USD \$3,845,821) to meet the demands of the faculty and staff for a salary increase, along with the acquisition of new equipment necessary to improve the educational facilities of the university.

### **THE TURNING POINT**

Despite being only three months in his job as vice-chancellor in USB, he resigned following the said anomaly that he found in the institution. Moreover, knowing that he will gain enemies in the community of academic executives, he utilized his expertise in labor battles and negotiations to instead guide the students and employees in their appeal to rollback the fees hike.

The appeal of the university community was brought to court, and it found that the university management was guilty of unjustly increasing their tuition increase due to the financial evidence president that they have garnered an exorbitant amount of net profit despite having minimal increases in the past academic years. In addition, the court ordered the university management to rollback the tuition and other school fees increase and refund the additional hike that the university charged in the past school year.

Following the successful negotiation on the side of the university students and employees, the USB Board of Trustees decided to increase the number of students, faculty, and staff regents to two from each sector to ensure a wider reach toward the constituents of the institution. And since then, Katigbak remained critical of his decisions as a business executive by doing consultations with every single sector in his new company.

### **ENDNOTE**

Although the case is fictional, it is based on the author's experience as a journalist covering stories with regards to the Philippine educational system and as a student community organizer. The author would also like to note that numerous fictional case studies have already been published in top case study journals (Shields, 2007; Warner, Tingle, & Kellett, 2012; Holtfreter, 2015). The purpose of this case is for educational management leaders to reflect on their leadership and policy-decision making process and the challenges that they have faced in ensuring a democratic university community.

### **DISCUSSION QUESTIONS**

1. How relevant is the concept of transparency and consultation in this case? Highlight the significant events.
2. Was Katigbak's initiative to review the problem on his own and, eventually, side with the aggrieved parties acceptable and ethical? Explain your answer.
3. Do you think adding more student and employee representatives in the Board will lead to better policy-making and decisions? Explain your answer.

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