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Division of Professional Studies

San Diego State University - Imperial Valley

Corruption at the University: The Case of Susanne Boyle

This case was written by Dr. David Jancsics and Dr. David Kanaan. It was developed solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of administrative situations. This project was supported by the SDSU Center for Teaching & Learning.

It was late Friday afternoon at Roxfort University when Susanne Boyle sat down at her desk and began thinking about her “to do list” for the next week. As the Fall semester was coming to an end, she was starting to settle into her position as Director of the recently created Office of Institutional Compliance, Ethics, and Equity (OICEE). Looking through her messages and notes, three potential corruption-related cases were at the top of the agenda. This was rather unusual as most OICEE incidents reaching her desk involved accessibility and discrimination issues or sexual harassment allegations. Corruption was highly uncommon at Roxfort, with the University receiving national accolades as being an exemplar of ethical and equitable conduct on more than one occasion. Being chosen as the inaugural Director of OICEE, formed by a merger of several offices, Susanne wanted to preserve Roxfort’s stellar reputation as well as build a solid case for subsequent promotions at the University.

The Roxfort University main campus sprawled across a bucolic neighborhood in Capital City with over 40,000 full-time students regularly attending each semester. Initially built as the predominant Women’s Normal College in the state, the institution expanded greatly after World War II, becoming co-educational to serve the thousands of former G.I.s returning from combat. As the public University continued to expand within a rapidly growing metropolitan area, efforts were made to offer university programs to residents of the adjacent, largely rural Rancho County. The former Rancho High School grounds were gifted to the University in the late 1960’s and became Roxfort University – Rancho (RU-Rancho), operating as a College within the

University. RU-Rancho serves a majority first-generation student body, many from low-income households, with approximately one thousand full-time students each semester. Despite the small size, RU-Rancho alumni hold many of the top leadership positions within the rural county of 150,000. Susanne routinely makes the hour-long drive to the satellite campus to meet with staff and address OICEE issues. Prior to her current position, she built solid relationships with several of the RU-Rancho administrators while serving in other main campus administrative roles.

As Director of OICEE, Susanne is responsible for the University's central compliance function as well as regulating ethical standards and addressing equity issues. Her main tasks are fostering an organizational culture that promotes ethical and equitable conduct, addressing concerns raised through different university channels, and ensuring the timely communication and coordination of investigations for responsible units. In her inaugural year as Director, she has begun working closely with many administrators in a variety of units on both campuses. Most commonly, she meets with leaders from the Athletic Department, Student Activities, Human Resources, Financial Operations, General Counsel, Facilities, and the Internal Audit Office to make sure that compliance issues are being managed in alignment with the University's shared governance model. Roxfort, like other large public universities, operates in an increasingly complex regulatory environment in which employees and students are required to behave in an ethical manner and comply with the school's policies, procedures and rules as well as federal, state and local laws. This creates the additional responsibility for Susanne to continually monitor the federal and state-level compliance and regulatory landscapes, identifying any emerging compliance or equity issue. Employees and students with concerns about campus practices are able to report directly to Susanne's office through an online anonymous reporting system implemented with the creation of OICEE. Although she is privy to the identities of those raising issues, she is required to respect pertinent confidentiality rights.

After a long day of work, Susanne often visits the main campus' Recreation and Wellness Center to partake in a fitness class or go for swim. The "Rec," as students and employees call it, was

expanded two years ago to include a new indoor pool complex as well as brand-new exercise equipment and state of the art rooms for yoga, aerobics, and spinning classes. It has become a popular destination for students, faculty, and staff despite the recent increase of the monthly membership fee from \$19 to \$29. Membership is included for students living in campus housing, however students not living on campus as well as faculty and staff are required to pay the monthly membership fee or a daily fee of \$5 to enter the facility. The daily and monthly fees have always been controversial but are firmly in place due to a complicated funding mechanism used to generate capital for building and maintaining the initial complex decades earlier.

This past Wednesday it was the third time Susanne noticed something suspicious while waiting in the long queue to enter the Rec. Student receptionists didn't check the membership cards of several young people and based on the interactions it seemed both were friends or part of a similar social group. This had become more routine in the past year as receptionists often let comparable groups of peers enter the gym without asking for identification while at the same time strictly checking the membership card and ID of every other guest. At first glance, Susanne assumed that the "free riders" and the receptionists were classmates but then noticed that some of the young adults wore t-shirts and hoodies with the logo of the nearby Capital Community College, or CCC as it is more often called.

It isn't unusual to see a student occasionally wearing CCC regalia as a significant number of students on campus are part of the state-sponsored "Path to Success" program offering guaranteed acceptance to Roxfort University upon the successful completion of a two-year program at CCC. Susanne realized that the students wearing CCC clothing could be upperclassman transfer students, however the older students most likely did not live in campus housing and therefore are required to pay the membership fees. She also thought some of the students might be friends of the transfer students but currently enrolled at CCC, taking advantage of the Rec facilities before they transfer themselves. Susanne believed the practice she witnessed provided a negative precedent and should be investigated. It was clearly against university policy

and may also contribute to an inequitable culture of favoritism, giving preferential treatment to particular groups based on some level of social relationship.

After speaking with Recreation and Wellness Center Director Waylon Morgan on the phone Thursday morning, he agreed to meet with Susanne to discuss the issue the following Wednesday. She was careful to consider possible equity issues arising from her actions as CCC students are more likely to be from historically underrepresented minority groups as well as first-generation college students. If actions by her are perceived to target a specific group of students, especially those from less privileged backgrounds, this may create an antagonistic student response and reignite the past controversy with the membership fee requirement. Further complicating the issue, when waiting in line at the Rec later that Thursday evening, she was shocked to see her niece Carmela, a former “Path to Success” transfer student and now Roxfort senior, working as a student receptionist and similarly letting a group of CCC brandished students enter the facility without checking any identification. Susanne remembered it was only the other day her sister Ruth was telling her how proud she was of her daughter Carmela, who had some problems in high school but was now successfully on a path to graduate college. Susanne felt she should proceed carefully at her meeting with Waylon next Wednesday.

The second case on the agenda was possibly more nefarious. Two incidents related to the University’s new parking garage were reported by students. Last year a large 6-story parking garage opened on the main campus to address a lack of faculty and staff parking spaces. The project was a P3 development, or public-private partnership, between the university and the local developer Park Smart, Inc. In what appeared to be a prudent cost-cutting move, Park Smart was charged with building and then maintaining the garage as well as providing parking enforcement officers. Similar to issues with the creation of the Rec, a complicated capital funding structure at the university also encourages P3 developments as decades old austerity measures make university-level capital project funding scarce and difficult to obtain. The permits and parking fees are kept high deliberately as the university administration hope to encourage the use of

public transportation as part of the regional sustainability initiative “Capital 2100” Similarly, the citations are especially prohibitive. The lack of a properly displayed parking permit or overstaying one’s allotted time comes with a penalty of \$100 with \$25 added to the citation if not paid within 7 calendar days. Semester-long permits are available for faculty and staff members to purchase while students and guests must buy daily or hourly tickets from the nearby parking meters.

The parking enforcement officers are employees of a private security company subcontracted by Smart Park, who began using them at its several downtown and airport parking garages after a major lawsuit against one of its own parking attendants. The contracted parking officers write handwritten citations, inputting them later the same day into a central computer system, most often at the end of their shifts. Susanne routinely parks in the new garage as it is located between her office and the Rec. In September, she voiced concerns to Facilities Director Greta Al-Shams about the handwritten citation reporting system but had not heard back. At the time, Greta suggested this was something that should be taken up with Smart Park or the private security company, but she would also look into it. Boggled down with several other issues and without an actual complaint at the time, Susanne did not pursue the issue with Greta any further.

The two student complaints happened on the same day and showed a similar pattern of corruption. In both instances, parking enforcement officers gave citations at the very minute the paid-time expired. As the students arrived at their vehicles, the same officers offered to eradicate the handwritten citations in return for a \$40 cash bribe. In both cases, the students refused to pay the bribes and reported the case through the OICEE anonymous portal. Susanne thought this might be a more common occurrence than the reporting suggested, with many students choosing to pay the bribe in order to avoid the high \$100 fee, perhaps also feeling wary about reporting the incident to OICEE for fear of getting into further trouble. She wondered if the garage security camera system, added after several vehicle thefts over the summer, recorded other instances of parking officers hanging around expiring meter vehicles or exchanging cash with students.

Susanne feared potentially damaging security camera footage may be difficult to obtain, or even erased, as it is directly handled by the private security company employees. She decided to again reach out to Greta.

The third suspicious case took place at RU-Rancho, where William “Bill” Cooper, the current Dean and also a personal friend of Susanne outside of work, brought the issue to her attention during an informal lunch while he was visiting the main campus. She and Bill had a very collegial relationship as they had worked together on several projects in the past while serving in other positions at the University. Moreover, their families grew up together in the same neighborhood in Capital City, so when Bill visits the main campus they regularly have an informal lunch together, often including spouses and sometimes children. Bill and his wife Estefania moved to an apartment in Rancho county the previous year after his promotion and are hoping to purchase property in the area to build their dream home. The recent move of Estefania’s widowed mother into their small Rancho apartment has accelerated this plan.

During the lunch, Bill explained to Susanne there was an unusual situation related to a renovation and expansion project at the satellite campus. The RU-Rancho administration building, part of the former high school built in the 1920’s, had been damaged during an earthquake a decade prior but was only recently deemed unsafe by the new County building inspector, an RU-Rancho alumnus. Prior to the closure, several portable classrooms had been added to house student affairs offices with many employees and student workers sharing cubicles. After the closure, additional portable classrooms were rented from a neighboring school district to serve as temporary administrative and student services offices. It was clear to anyone that the relatively small historic administration building needed a significant renovation and expansion. Despite the difficulty in securing capital funding at Roxfort, the urgency of the project motivated the University’s board of trustees to expedite approval, thereby giving Dean Cooper a green light to negotiate and execute a construction loan and contracts for a three-year renovation project.

The renovation and expansion loan down payment will be provided from previous fundraising efforts with the monthly notes being paid for mostly through an increase in student fees. When the renovation is complete, the expanded facility will also house a student union featuring several new gathering spaces as well as a hot food cafeteria, small gym, and renovated offices for student services and administration personnel. The cost of the project should not exceed \$12 million. Bill expressed to Susanne that employees, as well as the student body, want the project to be completed as soon as possible due to the current cramped conditions and an ongoing lack of adequate campus amenities. Bill also figures any significant delays in the project may create unwanted negative feelings toward the new administration. Unfortunately, chatting informally with a few banker friends in Capital City, Bill mentioned that each expressed concern with the project due to perceived difficulties with local officials in the remote county. He hoped this wouldn't be an issue in securing the loan.

The first suspicious incident occurred at the Rancho Country Club, a private 9-hole golf course and recreation facility where Bill went a few times a week to play tennis with several older faculty from RU-Rancho. Along with his regular partners, he occasionally played with executives from the county's business community and local government, many of whom were former students of the older faculty members. Gus Miller, an alumnus and now branch manager for a local Rancho Regional Bank, approached Bill after a tennis match in the club's sauna and started to talk about the planned campus renovation and expansion project. In a light-hearted manner, the jovial banker suggested that his bank would be the best choice as lender for the project. Others in the sauna, who Bill recognized as important county business and government figures, chuckled or smiled, but did not offer any thoughts on the matter. After several of the men in the sauna left, Gus continued with a sterner face, "Seriously Bill, I do believe that it would be very beneficial for the community and even for you if our bank provided the loan for the project. I really hope you will think about it." He went on to elaborate about his strong relationships with many important fellow RU-Rancho alumni, most of whom are benefactors to the satellite campus with some also serving as board members for the local bank. While hardly

able to cover his shock, Bill responded in a hushed tone while leaving the sauna, “Yes, sure Gus, each bank that offers favorable borrowing conditions will be taken seriously.”

Bill tried to forget about the incident until two days later when Gus called and invited he, Estefania, and his mother-in-law to a dinner at the most exclusive restaurant in the small community. Although it was not unusual for Bill to have lunch or dinner with area business and government leaders – especially alumni – he made sure to always pay for his food. Yet, this time Gus and his wife Araceli were especially assertive and insisted to pay the lavish dinner check. Bill resisted for a while but finally accepted the “gift,” if anything to avoid further awkwardness from the demonstrative Millers. During the dinner, Gus was careful to avoid mentioning the reconstruction and expansion project but instead talked a lot about very personal family-related topics. At one point of the conversation he suggested that he could arrange for Bill a VIP mortgage loan for a personal property purchase with an extremely low APR. Gus went on to explain how he had arranged similar loans for several of the area business and government leaders, many of whom Bill had met playing tennis. At this point, Bill now felt Gus was attempting to bribe him. He remained polite but finished his dinner rapidly and left the restaurant with his family.

He told Susanne this was the first time he mentioned the story to anyone. He was uncertain whether he should take any further steps in the case and asked for her professional opinion. Susanne noticed Bill seemed especially concerned about his relationship with the many powerful RU-Rancho alumni as well as the older faculty and staff at the satellite campus. She requested a little more time to think about it but promised to call Bill back in the next few days.

Assignment

Additional assignment reading:

Jancsics, D. (2019). Corruption as resource transfer: An interdisciplinary synthesis. *Public Administration Review*, 79(4), 523-537.

Please prepare your answers to the following questions in light of the information presented in the case study and the Jancsics (2019) article.

1. For each of the three corruption-related cases, what corruption type can be identified and who are the main beneficiaries of the corrupt act? Explain your choice (min. 250 words)
2. For each of the three corruption-related cases, identify the five attributes from the Jancsics corruption typology below. Explain your choice (min. 250 words)
 - i) The form of corruptly exchanged resources
 - ii) The relationship between the corrupt actors
 - iii) The motivation of each corrupt actor
 - iv) The function or purpose of corruption
 - v) The mechanisms coordinating each actors' behavior
3. What should Susanne's immediate action be for each of the three corruption-related cases? (min. 250 words)
4. What University policies should be developed to prevent similar corruption circumstances in the future? (min. 250 words)



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