Stakeholder Perceptions of the Efficacy of a Capstone Course Introduced to Assist Accounting Students in Developing Pervasive Skills

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signature: Signed by candidate
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Date: 15 February 2016

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Glossary of acronyms and key terms

APC	The Assessment of Professional Competence is the final qualifying exam for the South African Institute of Chartered Accountants (SAICA)
BAG	Business Analysis and Governance - the capstone course introduced for students studying towards becoming chartered accountants at UCT
Capstone course	A final year undergraduate course that seeks to integrate student knowledge and develop pervasive skills
M&A	Mergers and Acquisitions
PGDA	The Postgraduate Diploma in Accounting is the qualification required after undergraduate studies in order to write the SAICA qualifying exams
SAICA	The South African Institute of Chartered Accountants is the professional accounting body in South Africa for chartered accountants
UCT	The University of Cape Town, where the capstone course was introduced

Abstract

A capstone course, Business Analysis and Governance (BAG), compulsory for all students studying towards becoming chartered accountants, was introduced at the University of Cape Town (UCT) in 2012. It was designed to develop pervasive skills in response to the competency framework that was developed in 2008 by the South African Institute of Chartered Accountants (SAICA), the professional accounting body.

This study explored whether or not the capstone course has assisted in developing the pervasive skills of students. The effectiveness of specific interventions namely a Mergers and Acquisitions (M&A) project, the inclusion of current business research area questions in assessments as well as company analysis was also investigated.

Research was conducted in the critical theory tradition, in particular following the work done by the prominent psychologist, Kurt Lewin who is considered as one of the founders of social psychology. He is also often credited as being pivotal to the emergence of Action Research which was used in this research project. Action Research required an annual cycle of observation, action, reflection and planning over the initial four year period of the capstone course. The views of 1613 capstone course students from 2012 to 2015 were obtained from a questionnaire that comprised both multiple choice as well as discursive questions. The tutors for the course were also included in an annual focus group discussion which gathered their views. The academic members of staff who participated in teaching the course were also included in an additional annual focus group discussion. A follow up questionnaire was completed in 2015 by 77 students who completed the BAG course in 2012 and had recently written their final professional accounting exam.

All participants were asked to reflect on their perceptions of the development of pervasive skills. They were also asked to suggest ideas to improve the capstone course in subsequent years. The majority of the changes made in the capstone course were in the M&A project, current business research area questions and the company analysis interventions.

The findings from the analysis of the quantitative and qualitative data from the questionnaire as well as the focus group discussions showed that students believed that the capstone course had developed their pervasive skills. The majority of the interventions also had a positive impact on the perceived development of pervasive skills. The M&A project, in particular, was regarded as a catalyst for the development of a large range of pervasive skills. The findings

from the student questionnaires are supported by data gathered from SAICA, the UCT academic community, as well as from the tutors in the BAG course. Action Research was found to be an effective methodology to guide the refinement of the capstone course as well as developing new knowledge.

Based on the analysis of the data collected, the introduction of a capstone course such as Business Analysis and Governance is deemed to be an effective means of developing pervasive skills, as defined by SAICA, in students preparing to become chartered accountants.

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I am also acutely aware of how blessed I am to have a family that loves and supports me. Thank you Lee-Ann, Patrick and Joanna.

To God be the glory.

CHAPTER 1 – INTRODUCTION

1 Introduction to the study

The purpose of this chapter is to give a brief overview of the study. It introduces the study by exploring the background, rationale and theory that frame the development of the capstone course studied. The research question and positionality of the researcher is also introduced.

1.1 Background

This study explores the development of a capstone course, Business Analysis and Governance (BAG), that was introduced at the University of Cape Town (UCT), in 2012. This course is compulsory for both Bachelor of Commerce (B.Com) and Bachelor of Business Science (B.BusSc) students studying towards becoming chartered accountants (CAs). In order to register for the Post Graduate Diploma in Accounting (PGDA) students require 60% for BAG. I teach undergraduate and postgraduate accounting at UCT and have been the course convenor for BAG since its inception until 2015.

1.1.1 Introduction of the BAG capstone course at UCT

The introduction of a new competency-based framework by the South African Institute of Chartered Accountants (SAICA) resulted in academics in the Commerce Faculty at UCT conducting an extensive mapping exercise to determine the extent to which the College of Accounting was meeting the new requirements (SAICA, 2010). There were two significant issues that needed to be addressed.

The first issue was the need to enhance the pervasive skills of the students. SAICA has defined pervasive skills as those relating to ethics and professionalism, personal attributes and professional skills. These pervasive skills have been identified as being important by SAICA and are included in the new competency based framework (SAICA, 2010). Additionally, since assessment often drives student behaviour, SAICA changed the nature of the final qualifying exam to be implemented from 2014 to an Assessment of Professional Competence (APC) (SAICA, 2011). The APC consists of a case study and the assessment is focussed, in particular, on students' ability to demonstrate professional competence as opposed to technical competence (SAICA, 2014). Some of the pervasive skills required for the APC are the ability to research an industry, analyse complex business scenarios as well as clear communication skills (SAICA, 2010).

The second issue identified by UCT was the need to cover more management accounting and finance material at an undergraduate level. This was especially important for the Bachelor of Commerce (B.Com) students who are in their 3rd year of study as opposed to the Bachelor of Business Science students (B.BusSc) who are in their 4th year. The B.BusSc students take an additional year to qualify as CAs but they have the advantage of completing additional finance courses as well as a final-year strategy course. It was therefore felt that the B.Com students, in particular, required an additional course to highlight complex finance topics such as valuations, capital structure as well as mergers and acquisitions.

1.1.2 A description of the BAG capstone course

Given the need to enhance the pervasive skills of students as well as the desire to cover more management accounting and finance material, the decision was taken to introduce a new course at the final year undergraduate level. The decision had the support of the UCT College of Accounting across the different disciplines and a working group was tasked with designing the course. It is important to acknowledge that the UCT College of Accounting agreed with van Acker and Bailey (2011, p. 71) when they noted that “generic skills are too multi-layered and complex to simply be taught in one or even a few courses.” The onus for developing all the pervasive skills could not be placed on the capstone course only but needed to be carried by all the courses in a particular degree.

The design of the BAG capstone course was, however, not overtly informed by existing academic literature but was shaped by the ideas generated by the working group. The working group had a list of management accounting and finance content which needed to be reinforced as had been identified by the mapping exercise. It was the feeling of the team that the course did not need to introduce a lot of new content but rather should require students to apply knowledge already acquired to practical business scenarios. Governance topics were therefore added as it was felt that these were best tested in an integrated manner.

The focus of the working group then shifted to designing the assessment tasks that would test pervasive skills and that would not be too onerous to grade from a resource perspective given the large class expected (over 450 students). The focus on assessment was agreed as the next step in the design process for several reasons. The first reason was that there was a fear of an additional course placing too great an assessment burden on the students during their important final year of studies. The second reason was that students would be especially anxious about assessment and would need to receive clarity on assessment because there were no prior assessment practices which could be referred to. As Ramsden (1992, p. 187) points out “From our students’ point of view, assessment always defines the actual curriculum.”, thus the design thereof was a crucial element that the group needed to address. The teaching model was then aligned to prepare students for these assessments. That meant that tutorials would be of an appropriate standard to prepare students for assessment tasks and that the lecture material would need to be geared towards greater integration and inclusion of business issues faced by South African companies. Additionally, ideas to enhance pervasive skills, a mergers and acquisitions project, current business research area questions and company analysis were added to the course design.

The course is described as follows in the UCT student handbook for the commerce faculty (UCT, 2016, p. 101):

> ***Objective:*** *To enable students to integrate and contextualise the technical knowledge gained in their accounting courses within the South African business environment.*
>
> ***Course outline:*** *This is a capstone course which reflects on and integrates the technical subject matter included in the four core disciplines included in the Chartered Accountant Finance & Accounting B.Com and B.BusSc programmes (Financial Reporting, Managerial Accounting & Finance, Auditing and Taxation) in a highly contextualised and integrative manner. Inter-related aspects of these disciplines are traced through the Annual Financial Statements of several listed South African Companies, focussing on the analysis and interpretation of the results and disclosures; financial management and corporate governance of the selected companies, in the context of their business environments. Topic areas covered include the analysis and interpretation of company results, reports and disclosures in the context of the entity’s economic, industry, operating and business environment; preparation of financial forecasts and analysis thereof; valuations including consideration of relevant risks and assurance procedures; financial management, corporate financial distress; capital structure, dividend policy, financing and cash management, risk management, corporate governance, internal control, disclosures and sustainability reporting of the industries such as banking, mining, pension funds; report writing for a designated audience or from an appropriate role in relation to any of the broad areas covered in the course.*

A short video (4.30min) introducing the BAG course can be viewed at:

http://uctboardcourse.co.za/business-analysis-and-governance-bag/

1.1.3 The structure of the BAG capstone course

The BAG capstone course is worth 18 NQF credits at level 8. It is a full year course with two 45 minute lectures a week. Tutorials lasting 90 minutes each are presented every second week. Two hour tests are conducted in April and June and the final exam takes place in September to avoid the final exam timetable being too crowded at the end of the year. The final assessment task is a teamwork M&A project that needs to be completed throughout the year. The development of the M&A project is discussed in detail in **Chapter 5**.

Having provided some important context for the capstone course, the rationale for the study is explored.

1.2 Rationale

The capstone course was new and although it was designed by a team with the best of intentions, there were areas for development. The majority of the courses taught on the undergraduate chartered accountant programme have been developed over decades through much trial and error. It would therefore be expected that this new course would also need to be refined. During my studies in the Masters in Higher Education programme, I encountered work conducted by those using action research. The principles of action research seemed ideally suited for practitioner reflection and as a process that would help to develop the capstone course.

A major personal reason for conducting this study was my position as the course convenor and I wanted to improve the course every year. SAICA had also shown a great interest in the course and there was the potential for other universities to implement the course or a modified version of it. The University of Zululand and Walter Sisulu University for instance both implemented a version of the course from 2015 onwards and it was hoped that this current research would help ensure that they do not have to repeat the same mistakes that were made during the early years of implementation at UCT.

A further motivation was that all the universities that are accredited by SAICA to train chartered accountants are mandated to develop pervasive skills among their students. There is therefore a great need to share knowledge in this area among all universities. It was hoped that researching the capstone course and making information available would allow academics at other institutions to engage with our efforts and offer additional insights or questions that would result in further improvement to the course.

Another reason for the study was that students were initially very resistant to the addition of another course to their final year of undergraduate studies. Paying attention to the concerns of the students and redesigning the course would hopefully decrease this resistance over time. It was important that the capstone course had a positive overall impact on the students so that they were able to complete their chartered accounting studies successfully.

Finally, there was the desire to understand whether or not the capstone course met its original intention of filling the gaps found during the College of Accounting exercise of mapping curriculum to SAICA's competency framework. The BAG course was intended to help to develop pervasive skills as directed by SAICA. This study evaluated whether or not this has been the case and where possible improvements could have helped to ensure greater success in meeting these goals. Ultimately the capstone course was designed with achieving these objectives in mind and there was a need to evaluate whether or not that was the case. Furthermore, it is hoped that as problems were identified, ideas that lead to greater alignment with SAICA's objectives were generated and implemented.

I identify with van Acker and Baily (2011, p. 74) when they said:

> "Staff are at times confused and unsure about their role in producing graduates with professional skills. However, capstone courses are a key strategy for embedding graduate skills in the undergraduate business curriculum. Thus close attention needs to be paid – sector-wide, institutionally, at program level and course level – in order to heighten awareness of such courses, and of their key role in embedding graduate skills."

This study was therefore an attempt to pay close attention to this capstone course and make this process transparent and widely available so that interested parties can engage with our process of action and reflection.

1.3 Positionality and the researcher

I studied at UCT before becoming a chartered accountant, CA(SA), registered with SAICA. I returned as a lecturer and taught Financial Reporting for four years before becoming involved in the development and implementation of the BAG course.

At the same time as the development of BAG, I enrolled for a Master of Philosophy in Higher Education Studies at UCT. This involved coursework in the introductory years followed by a dissertation. During the coursework phase I became increasingly interested in implementing the ideas that I was exploring as a student in my field of practice. The idea therefore grew to apply action research to the development of the BAG course.

The collaborative nature of the development of BAG meant that there was a group of fellow academics who were prepared to form part of the focus groups. One colleague was also prepared to moderate the tutors' focus group, where it was felt that my position as the convenor might hinder the discussion among the tutors.

Being the course convenor meant that I had a vested interest in the success of the course as I had devoted a large amount of time and effort to its development. It would also form the basis for a programme to prepare our students for the SAICA qualifying exams and therefore it would hopefully not only be of interest to students but would also be beneficial to their professional development.

Starting an entirely new course, involving over 450 students at the final year undergraduate level, was enormously challenging. In addition, conducting a study to complete the Master of Philosophy in Higher Education Studies at the same time, made it even more so. The use of action research has, however, helped to provide the methodology to guide the development of the course.

1.4 Background to the development of research questions

As the course convenor, I was interested in many aspects related to BAG and a large opportunity for research existed in this area. The literature reviewed revealed that not many studies had been conducted into accounting capstone courses. This became the main area of focus of this study; and in particular the degree to which the course would lead to the development of students' pervasive skills (as defined by SAICA).

The study therefore responds to the following first research question:

> **Did the introduction of the capstone course lead to the development of students' pervasive skills?**

The second research question which follows from the first was:

> **Which particular interventions in the BAG course were beneficial for student learning?**

In an earlier paper published in Accounting Perspectives, Maughan (2013) looked at the assessment practices included in the BAG course in greater detail. The research questions above will focus on the broader areas of the development of pervasive skills and which interventions were the most beneficial for student learning.

1.5 Dissertation Outline

This dissertation consists of six chapters. In this first chapter I have provided context for the dissertation by describing the development of the capstone course as well as the research questions. In Chapter 2 I review the literature that helped to inform the study. Chapter 3 outlines both the research problem and the research questions. Chapter 4 provides a description of the research methodology which was followed to develop the course as well as to assess the development of pervasive skills. Chapter 5 looks at the findings from the action research cycles and includes a discussion of the research findings. The final chapter concludes the study and provides a discussion of the implications of this study. A list of references and appendices is included at the end of the dissertation. All raw data collected are available on a CD-ROM.

CHAPTER 2 – REVIEW OF RELATED LITERATURE

2 Introduction to the review of related literature

The literature review consists of three areas of focus. The first area focuses on critical theory as a theoretical framework and the action research methodology. The definition of action research and its appropriateness for this research study is then explored.

The second focus area examines the literature related to pervasive skills or graduate attributes. The development of pervasive skills was a major driver behind the development of the capstone course and therefore an understanding of this area is vital.

The third and final focus area consists of the literature related to capstone courses. It focuses on definitions of a capstone course and then the objectives of a capstone course. This allows for an understanding of the degree to which a capstone course can develop pervasive skills in students.

2.1 The critical theory theoretical framework

Studies in education have been conducted using a large number of different theoretical frameworks. These frameworks have been classified as empiricist, interpretive, critical and deconstructive although it should be noted that the definitions of many of these terms are contested. It is therefore important to establish the theoretical framework that will be adopted for this study at the onset of the literature review (Boote & Beile, 2005).

Critical theory has its roots in the 1930s with the work of Max Horkheimer, Theodor Adorno, Erich Fromm, and Herbert Marcuse. This group believed that the prevailing traditional framework of empiricism was insufficient. Horkheimer (1937) in particular critiqued the traditional empiricist framework which he associated with an orientation towards preserving the status quo and denying the existence of contradicting evidence. He rejected the notion that all research that is meaningful needs to be clearly defined, empirically proven and therefore practical in its application. In contrast, the critical theory that he articulated, would regard all knowledge creation as an act of social criticism, which translates itself into social action. As noted by Nielsen (1992, p. 265), critical theory "aims to give knowledge of society: its structures and its dynamics and its lifeworld…[thus] enabling us to determine what our true interests are."

Critical theory for instance would therefore encourage a broader approach towards open systems of analysis and the participation of many stakeholders in the process of knowledge creation. Horkheimer and his collaborators have become known as the Frankfurt School and they would be instrumental in the development of critical theory (Held, 1980). This development of critical theory would eventually lead to some key differences in approach compared with those of the traditional empiricist framework.

In broad terms, whilst the traditional/empiricist framework would advocate an approach modelled on the classical investigation of the physical sciences, critical theory would advocate studies that focus on the insights and judgements of the subjects. The belief within the empiricist tradition is explained by the belief that reality is unitary and can only be understood by empirical inquiry. A critical approach is, however, based on the belief that there are multiple realities arising from the perspectives of the participants, and that these different views of reality can be hard to understand through a lack of clear communication among participants. These differences would necessitate the development of new research methodologies that were aligned to the beliefs of critical theorists.

The work of prominent psychologist Kurt Lewin was conducted in the critical theory tradition. Lewin is considered to be one of the founders of social, organisational and applied psychology in the United States. His three-stage model of change, which involves unfreezing, change and freezing, is still widely used in organisational psychology. Lewin is also often credited as being pivotal to the emergence of action research (Carr & Kemmis, 2003) which was developed out of a desire to see research produce theory as well as make a difference in society (Lewin, 1948). It was Lewin who would coin the phrase action research and he would make use of this research methodology in numerous studies. (Rogers, 1994)

Cohen, Mannion and Morrison (2007) argue that critical theory attempts to unearth the underlying interests that are maintaining the status quo in certain situations. Critical theory does more than just identify interests; its intention is to transform both individuals and society. These authors note that critical educational research is practical and desires to bring about a more democratic society where individual and collective freedoms are exercised. At the heart of critical theory therefore is a desire to remove illegitimate power and to open the arena to more participants to identify and define what would be considered worthwhile knowledge.

The later work conducted by Habermas (1971), who is regarded as continuing the work of the Frankfurt School, provides a framework for understanding the methodologies that are adopted by action researchers, particularly the emphasis on emancipation (Young, 1990). Building on this foundation, many proponents of critical theory have embraced the principles of action research as a means to emancipate themselves from the artificial divide between theory and practice. This has in particular been demonstrated by Schön (1990) who developed a model of reflection-in-action that supplements action research.

The action research methodology will now be explored in greater detail. After a brief description, its suitability for this research study will be assessed. Then some criticisms of action research, as well as arguments rebutting these criticisms, will be presented.

2.2 Action research

2.2.1 A description of action research

Action research is described by McNiff and Whitehead (2006, p. 7)) as “a form of enquiry that enables practitioners everywhere to investigate and evaluate their work”. What makes action research distinctive is that it is undertaken by the practitioner rather than by a professional researcher (McKay & Marshall, 2001). McNiff and Whitehead (2006, p. 46) point out that “Practitioners should be regarded as competent professionals whose practical knowledge is key to developing human capabilities, their own and other people’s”. Action research involves the production of knowledge through the seeking of interventions that improve real-life practical problems (Elden & Chisholm, 1993).

Action research is an attractive approach precisely because I am a practitioner who is attempting to reflect on and improve the capstone course that I am convening. Action research has the potential to bring together the dual benefits of improving teaching practice and student learning. As van der Westhuizen (2008, p. 1301)) stated “The personal significance of this research is that I have learnt to improve my practice and student learning simultaneously”. According to McNiff and Whitehead (2006, p. 65) “most books on professional education simply do not mention the idea of theory generation, or that practitioners should get involved in it. The subject rarely exists as a subject for discussion” and so there could appear to be a dividing wall between practitioner and researcher. Proponents of action research however point out that such a dividing wall does not need to exist. Action research is commonly employed in classroom research as a process for practitioners to explore the efficacy of teaching and learning (Arhar, Holly & Kasten, 2001).

The action research cycle spiral is depicted as **Figure 1**, and it is used to present the findings of the study in **Chapter 5**. It starts with a **plan** which is a set of interventions designed to improve on what is already happening. These interventions are then **acted** upon and the effects are **observed**. **Reflection** then takes place and forms the basis for further planning. The spiral shape indicates that action research is intended to be a succession of cycles as opposed to a once-off event (Kemmis & Mc Taggert, 1988). There are slight variations on this process. Stringer (2013) advocates a Look, Think and Act approach. This involves building an idea of what is occurring in a particular context and gathering information (Look) and then interpreting and explaining (Think) and then resolving issues and problems that were observed (Act).

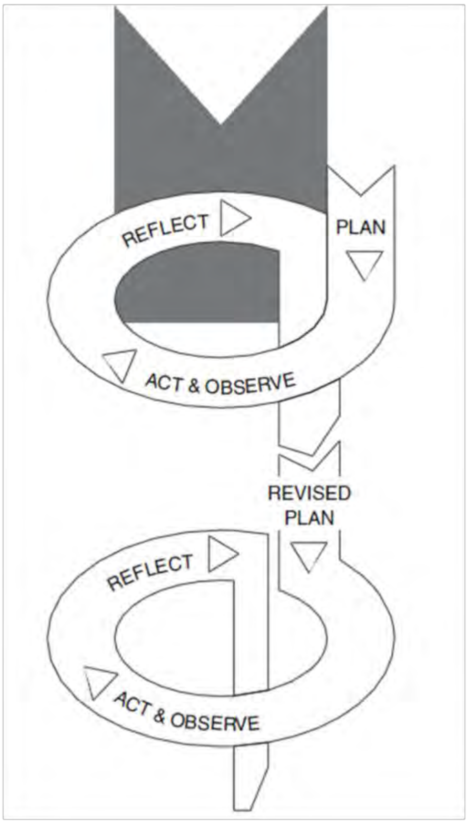

Figure 1: Action research Protocol after Kemmis and McTaggert (2000)

2.2.2 Why action research was considered appropriate for this study

Recently Kiener, Ahuna and Gray Tinnesz (2014) made use of action research to document the development of critical thinking in a capstone course in the field of human services. The study focussed on a capstone course that was implemented for the first time at a small private Midwestern university in the United States of America. The course was a required undergraduate professional programme capstone course, while the class comprised of six students and therefore is materially different to the large class size of the capstone course at

UCT. An aspect of the study was that the process of action research enabled the researchers not only to study the development of the students but it also created a lens to review their entire curriculum. Kiener et al. (2014, p. 119) note that:

> "Action research provides an excellent means to study curriculum in the context in which it is occurring. It also allows for immediate reflection and modifications to the teaching process to maximize learning. Systematically studying the capstone course provided information on student development but equally importantly it provided information on the entire program."

The experience of Kiener et al. (2014) would suggest that action research is an approach that enhances both student development and reflection on the entire program. Given the cohesion that is required between the subject disciplines in order to meet the SAICA competency framework, a tool that enhanced reflection on programme development was ideal.

Coetsee (2011, p. 97) writing in the South African Journal of Accounting Research made the point that "Many accounting academics are calling for a move away from mainstream accounting research to other research frameworks to develop a greater pool of accounting knowledge." Action research is a methodology that should be considered by accounting researchers in South Africa. It appears to be used widely in education (Davidowitz, Rollnick & Fakudze, 2003; Downhower, Melvin & Sizemore, 1990; Nihlen, 1992), among health professionals (Kember, 2001; Mubuuke & Leibowitz, 2013) as well as among information systems researchers (McKay & Marshall, 2001) and there is no reason to think that it could not equally well be applied by accounting practitioners and researchers. McNiff, Lomax and Whitehead (2003) have also pointed out that the scope of action research has expanded to include many different professions.

What is beneficial about action research is the emphasis that it places on the iterative process of planning, acting, observing and then reviewing before starting the cycle again. This means that evaluation is not regarded as an event but rather a process. The researcher is therefore always reflecting on what is happening and trying to improve on practice which was the aim of my research into this capstone course.

Action research also encourages the use of multiple perspectives. Jacobs, Brandt and Kruger (2006, p. 228) point out that a "A community of practice is the bedrock of powerful learning environments in which action and learning, improvisation and experimentation, tacit and explicit knowledge feed on each other". When trying to evaluate the effectiveness of a capstone course it is important to consider not only the views of the students in a particular course. Likewise it would be unwise to only listen to tutors or the academic staff involved. The collaborative process encouraged by action research helps to expose multiple perspectives that can be used to improve the capstone course. This is especially important given that in this instance the researcher is also the primary lecturer on the capstone course and might be prone to leaving his thoughts unexamined if they were not communicated within a wider group.

It is a challenging undertaking to evaluate the effectiveness of a capstone course no matter which tools are used to accomplish the task. What is appealing about action research is that the process is well-documented and transparent. The action research process can be quickly understood and the documentation of each step allows others to read about the problems identified, see which interventions have been attempted and then read what has been said by participants.

That does not mean that everyone will have the same views but the transparent nature of action research allows for great scrutiny. If practitioners want to be regarded as competent at evaluating their impact in the classroom, they need to be open to scrutiny. As McNiff and Whitehead (2006, p. 70) state "Practitioners have to make their evaluation processes visible, show that these are rigorous and robust, and produce strong evidence to show that they as practitioner-researchers are competent and capable."

2.2.3 Criticism of action research

Gronhaug and Olson (1999, p. 13), in exploring the merits and challenges of action research, stated that "in order to legitimate action research, detailed recording of observations and events to allow for detailed re-examination of reported findings is needed". This is a view supported by other researchers who are concerned that action research methodologies are at times haphazard (McKay & Marshall, 2001).

The work of Hunter (2007) includes a summary of the main criticisms levelled at action research. This included the work of Gustavsen (1993) who believes that action research often focusses on the action and its impact rather than upon the development of research practices and procedures that would be considered sound. Hunter (2007, p. 159) focusses on the crux of the issue when he states that critics often view "action research projects as merely an application to solve educational problems – at best generating formative improvements and methodologies, rather than valid research knowledge obtained in a rigorous way."

Orlikowski and Baroudi (1991) articulated three possible weaknesses that may be the major causes for why positivist researchers doubt that valid research knowledge can be obtained through action research. The first weakness is that action researchers cannot control the environment in which the research is conducted. There are often many interventions occurring at the same time and to isolate cause and effect is not possible. The second weakness relates to the generalisability of action research. Orlikowski and Baroudi believe that it is hard to develop models that have high external validity using action research. Finally there is the weakness of personal bias caused by action researchers becoming too attached as participants. Action research therefore requires the researcher to be aware of their personal biases and Orlikowski and Baroudi believe that this is not an easy undertaking.

At the core of these criticisms is the truth that action research fails the critical tests of validity as prescribed by positivist science (Susman & Evered, 1978). Many studies that criticise action research do so because of an inherent assumption that the positivist theoretical framework is the most appropriate for educational research. That assumption has been challenged by those who contend that the positivist theoretical framework is not always appropriate and that a critical theory perspective, and the use of action research, can be a more appropriate means of knowledge creation in the context of research into educational practices and issues (Carr & Kemmis, 2003).

2.2.4 A response to the criticism of action research

Susman and Evered (1978) specifically compared and contrasted what they term the "positivist science" and "action research" models and in so doing made the case that it is not appropriate to test the validity of the knowledge generated by action research according to the principles of positivist science.

Returning to the three possible weaknesses articulated by Orlikowski and Baroudi (1991), the first weakness related to the inability of action research to isolate cause and effect relationships is challenged by Susman and Evered (1978) on the basis that it is never truly possible to isolate events to the extent assumed by positivism. They further contend that all attempts to generalise research findings should be handled with care due to the complex nature of human relationships. Developing models that have high external validity and at the same time have a consistent practical impact is a weakness for both the positivist science and action research frameworks. As Susman and Evered (1978, p. 593) state; “any system as complex as a social system has a unique configuration of parameters which was not measured” and therefore the generalisability of any study is never as clear as positivists would suggest.

Finally there is the weakness of personal bias caused by action researchers becoming too attached as participants. Both action research and critical theory suggest that studies are enhanced when all stakeholders are included (Young, 1990). The belief that researcher detachment is the most appropriate means of knowledge creation makes the assumption that engagement with the context is illegitimate whereas others suggest this need not be the case (Cohen et al, 2007; Susman & Evered, 1978).

Action research does have its critics as well as its supporters with the fundamental difference between these parties often being in relation to the theoretical framework adopted. When a positivist framework is adopted, the criticism levelled by Orlikowski and Baroudi (1991) is consistent within that framework but this is not the case if the assumptions underpinning critical theory are accepted, as is the case with Susman and Evered (1978).

In this study, the theoretical framework adopted is critical theory, with action research as the methodology flowing out from it. This is consistent with the belief that participants can be researchers and vice versa and that knowledge can be created as practical problems are solved. Torbert (1972, p. 4) captures this process with the phrase "Inquiry in action can lead to learning from experience."

A major reason for the introduction of the BAG capstone was to develop the pervasive skills as required by SAICA, the accounting professional body. This review of the related literature will now focus on these pervasive skills and the body of research that has explored their development.

2.3 Pervasive skills

There is considerable literature that covers pervasive skills. This literature expands when terms, like “soft skills” and “graduate attributes”, are included. Albrecht and Sack (2000) noted the rise in the importance of soft skills with respect to the accounting profession in particular. They concluded that the workplace was in the process of being radically changed by technological developments as well as by globalisation and that the American accounting profession needed to emphasise soft skills to a greater extent. This has been a theme investigated by many other researchers in places like Australia (Kavanagh & Drennan, 2008), New Zealand (De Villiers, 2010; Low, Liu & Samkin, 2013), and the United Kingdom (Gammie, Gammie & Cargill, 2002) as well as in South Africa (Barac & Du Plessis, 2014; Smit & Steenkamp, 2015).

Smit and Steenkamp (2015) highlighted the changes made by SAICA to the competency framework in order to include pervasive skills. SAICA are not alone in placing an emphasis on the pervasive skills. The Canadian Institute of Chartered Accountants (CICA) pioneered the inclusion of pervasive skills as part of its competency framework (CICA, 2013, p. 21). According to their guidelines:

> "Pervasive qualities and skills enable a CA to function as a competent professional in an increasingly complex and demanding environment. The pervasive qualities and skills allow CAs to develop competence that can be transferred across different operating environments, different issues, and different roles."

There are many possible causes for this emphasis on the need to develop pervasive skills in accountants. These include the increase in non-routine tasks as well as the difficulty of information overload due to greater technological connectivity (Perman, 2014). The SAICA (2009, p. 4) guidelines state explicitly that "we had to develop a training programme that took the following environmental factors into account: … The impact of information and communication technologies on the work performed by CA(SA)s." These guidelines stated explicitly that the development of training programmes should take environmental factors into account.

Perman (2014, p. 38) points out that "many in highly specialised vocations [like accountants]… are taught in great detail how to do the activities of their job itself, but they aren't taught much about the process for managing their work, managing others, and leading others." It is exactly this "process for managing their work" that has been explicitly stated in the SAICA competency framework (SAICA, 2010). It involves obtaining relevant information, exploring alternative courses of action and then making a decision and communicating that decision. These are the additional skills that universities need to address, along with the technical disciplines already included in the curriculum.

Interventions that would lead to the development of pervasive skills are therefore required for South African universities (Smit & Steenkamp, 2015). The International Federation of

Accountants (IFAC) commissioned an academic study that investigated various educational interventions that would help to develop pervasive skills, with a particular focus on assessment practices (Gammie & Lines, 2004). These interventions, along with others, were mapped to the SAICA pervasive skills by Strauss-Keevy (2012) which highlighted a variety of options available to South African academics. These options included case studies, interactive lectures, guest speakers and presentations by students (Strauss-Keevy, 2012) as well as the incorporation of technology and research to a greater extent (Ehoff, 2010). These interventions were all considered by the UCT College of Accounting and it was decided to bring these elements together in a capstone course for final year undergraduate students. The nature and effectiveness of capstone courses has been extensively researched and this forms the final area of focus of this summary of the relevant literature.

2.4 Capstone courses

There are many definitions of a capstone course that have been proposed. Durel (1993, p. 223) states that “the capstone course typically is defined as a crowning course or experience coming at the end of a sequence of courses with the specific objective of integrating a body of relatively fragmented knowledge.” Holdsworth, Watty and Davies (2009, p. 2) also offer a definition:

> “The term ‘capstone’ is widely used to describe a course or experience that provides opportunities for a student to apply the knowledge gained throughout their undergraduate degree. This involves integrating graduate capabilities and employability skills, and occurs usually in the final year of an undergraduate degree.”

As pointed out by Bailey, van Acker and Fyffe (2012, p. 4),”in practice, our research found varied notions of what capstones are, and considerable variation in the extent to which these subjects reflect their intended purposes as defined in the literature.” The approach taken by these researchers was to focus on defining the features of a capstone course in terms of the opportunities that a capstone course provides for students. The first opportunity is to integrate the knowledge students have gained during the previous years of their studies and to see how all their subjects fit together. Secondly, there is an opportunity to consolidate key skills that they will require in their professional lives. These would be the pervasive skills like collaboration, communication and the ability to think critically. Bailey et al. (2012) suggested a third idea, that a capstone course should include an opportunity for a student to apply their knowledge to solving an authentic problem that simulates professional practice. Fourthly an opportunity to reflect and evaluate the experience should be incorporated, to encourage students to develop as reflective practitioners. Finally the capstone course should allow for a student to develop their professional identity and grow in confidence.

When reviewing these defining features, a capstone course clearly has an important role to play in preparing students for their future. As a convenor of a capstone course it is therefore important to regularly reflect on the extent to which the capstone course is giving students these opportunities and operating as intended.

Jervis and Hartley (2005) published one of the few studies focused on an accounting capstone course. The reason for introducing the capstone course was very similar to the reason behind this study in that it was in response to an American accounting body advocating the development of lifelong learning skills. In their review of the literature they found no previous studies which had focussed on an accounting capstone course.

The major difference between the Jervis and Hartley course and the capstone course described in this study is the difference in class size. The BAG capstone course described in this study had an average of 497 students over the four year period studied whereas the enrolment in the Jervis and Hartley course had student numbers between 15 and 20 annually. The approach taken in the Jervis and Hartley study was seminar based where students are encouraged to participate; this is not easily replicable in the large lecture venues required by the BAG course.

As Holdsworth et al. (2009, p. 9) point out:

> "The conclusions that Jervis and Hartley (2005) arrive at do not presume that their model of capstone course development is a perfect solution, as each university has its own constraints and curriculum foci. It is however a reasoned starting point for new capstone development."

Since the study by Jervis and Hartley was designed for a small cohort of students it was not used as a point of reference when the capstone course at UCT was developed and it can therefore be expected that some of their design considerations were not taken into account.

The need to reflect on the capstone course is also made more acute when reflecting on the literature that describes the challenges of presenting a capstone course. A problem that is particularly relevant is that large class sizes limit opportunities for discussion as well as engagement with tasks and pervasive skills development (Jervis & Hartley, 2005). The large class size also poses a further challenge which is the considerable workload for academics facilitating a capstone course. The additional tasks can include case study and research question development, both of which are included in the BAG capstone course. Jervis and Hartley also point out that the marking load is considerable with several or frequent oral presentations and project assignments in addition to the usual assessments. This was also the case with the BAG capstone course.

Subsequent to the Jervis and Hartley study, Johnson and Halabi (2011) conducted a study of capstone courses at 24 academic institutions in the United States of America. Four of these capstone courses were related to accounting and all of them highlighted the involvement of the accounting profession and how this helped the academics to present their course.

Along with including the profession to a greater extent, there are a number of educational practices that seek to develop pervasive skills. A capstone course, which incorporates many of these educational practices, could thus be an effective intervention. There are, however, not many examples relating to the development of an accounting capstone course for a large class (Burns, 2006; Marsden & Stanley, 2013). This study therefore has the potential to add significantly to the literature by focussing on the implementation of an accounting capstone course for a large class.

The key question arises however; did the introduction of a capstone course result in the development of pervasive skills? If it is the case that pervasive skills were developed, which particular interventions in the capstone course helped student learning the most?

These are questions that this study is looking to answer. In order to do so, critical theory provides the theoretical framework and action research will be the research methodology adopted.

The specific questions which form the basis for this study will be the focus of the next chapter.

CHAPTER 3 – RESEARCH QUESTIONS

3 Introduction

This chapter explored the research problem which resulted in the development of the capstone course, as well as the research questions which sought to better understand the impact of the capstone course on student learning.

3.1 Research Problem

Implementing a capstone course at the final year level in any degree is a high stakes intervention. In this particular context, it took place due to the need to address concerns that were identified in 2011 by the UCT College of Accounting at UCT. These observations, as well as the planned interventions for 2012, are outlined in **Table 1** below:

Factors observed in 2011 in relation to the CA(SA) programme at UCT	**Interventions implemented in the BAG course in 2012**
There was a lack of development of pervasive skills especially in preparation for the new APC	• The BAG capstone course was introduced to specifically develop pervasive skills whilst all courses encouraged to place emphasis on pervasive skills • Company analysis to be included in every assessment, with students given the company to be discussed 24 hours beforehand in order for them to work in teams and to carry out research • Research area question to comprise of 25% of every test to develop research skills
There was a need to cover more finance topics for B.Com students	Topics like Valuations, Dividends and Capital structure (among others) were included in the BAG syllabus
Subject disciplines were often taught and understood by students to be in situated in silos	• BAG lecturers and tutors were drawn from all four of the major disciplines namely Financial Reporting, Taxation, Corporate Governance and Management Accounting and Financial Management • Assessments were designed to require integrated thinking

Factors observed in 2011 in relation to the CA(SA) programme at UCT	**Interventions implemented in the BAG course in 2012**
The introduction of a capstone course could disadvantage students due to curriculum and/or timetable overload	• The teaching schedule for the capstone course was limited to two forty-five minute lectures a week and a 90 minute tutorial every second week • The BAG final exam to be written at the end of the 3rd quarter to free up the exam timetable at the end of the year
The BAG exam at the end of the 3rd quarter would leave little incentive for students to attend lectures in the 4th quarter	The 4th quarter was designed to focus on a Mergers and Acquisitions (M&A) project. Lectures and tutorials would focus on M&A during the 4th quarter

Table 1: A summary of the observations made in 2011, and subsequent interventions actioned in 2012, which resulted in the development of the BAG capstone course

In a personal communication with Prof Mark Graham, the Head of the UCT College of Accounting, in which he reflected on the development of the capstone course, Prof Graham said, “We know we will need to change 40% next year, we just don’t know which 40% it will be” (personal communication, 3 December 2011). This quotation sums up the research problem succinctly since there were bound to be areas for development after the first cycle of implementation of the new BAG course but identifying these in advance was not going to be easy.

It was not only the academic staff who knew that the course would need to be evaluated. During the first lecture of 2012 the course was introduced and described in detail and students were made aware that their comments would be welcomed to improve the course for the current and future years. It was therefore anticipated that the students would be prepared to negotiate strongly with the BAG capstone course convenor in comparison to the other course convenors in their final year and this proved to be the case. A high level of student participation could be seen in light of the high stakes nature of final year studies as well as the knowledge that the BAG capstone course was new and had not been established.

3.2 Research Questions

The need to develop pervasive skills was identified as a priority by the UCT College of Accounting and the BAG capstone course was developed in response to meet this need. This high stakes intervention required a considerable investment of resources by both academic staff and students. Its overall effectiveness could be roughly estimated or a systematic study could be undertaken in order to assess the impact of BAG.

This study sought to replace guesswork with a systematic approach to assessing the impact of BAG. In particular it focuses on understanding the extent to which the capstone course has met its primary goal of developing pervasive skills. The first research question therefore was:

> **Did the introduction of the capstone course lead to the development of students' pervasive skills?**

It was also of interest to the team the extent to which various interventions had played a role in student learning. The second research question therefore was:

> **Which particular interventions in the BAG course were beneficial for student learning?**

The interventions for 2012 were planned and actioned with the goal of helping to develop the pervasive skills of the students. This was the first action research cycle undertaken by the author. Throughout the year data was gathered after which an exercise in reflection would take place. Based on this reflection exercise, which would include students, tutors and academic staff, a new set of interventions would be planned and actioned in the following year in order to improve the capstone course and with the goal of developing pervasive skills to a greater extent. This cycle would be repeated annually and the systematic on-going collection of data from a variety of stakeholders would help to create knowledge for others interested in the development of pervasive skills, capstone courses and action research. As Hunter (2007, p.162) noted "When is action research successful? Precisely when all the stakeholders say it is." The research methodology used for the study, which will include a variety of the stakeholders, will be explained in the following chapter.

CHAPTER 4 – RESEARCH METHODOLOGY

4 Introduction

The research questions were presented in chapter 3; the research design is explained in greater detail in this chapter. The sources and nature of data collected are described. The limitations of the study are also presented.

4.1 Research Design

The action research process, as discussed in the literature review, was adopted. The research method therefore consisted of collecting data from stakeholders who were asked to reflect on the capstone course and to offer suggestions for improvement. The new interventions decided upon were then implemented and observed in the following year. This action research cycle was repeated three times, namely in 2012, 2013 and 2014.

4.2 Research Method

4.2.1. Selection of students, tutors and academic staff and methods of data collection

All the students registered for the capstone course in 2012, 2013, 2014 and 2015 were invited to participate in the study. The students were asked to complete an online questionnaire (see **Appendix 1**). The participation rates are shown in **Table 2** below.

	2012	2013	2014	2015
Total number of students	522	466	489	510
Completed questionnaire	465	412	443	430
Permission to use responses for this study granted	431	375	412	395
Study participation rate	**83%**	**80%**	**84%**	**77%**

Table 2: Student participation in online questionnaire

Students who granted permission for their response to be included in this study were then each assigned a unique number. This allocation resulted in numbers 1-431 (2012), 432-806 (2013), 807-1218 (2014) and 1219-1613 (2015).

Question 1 in the questionnaire asked for ethical clearance from the students requesting permission to use their responses in the research paper and as can be seen in **Table 2**, the majority of students agreed to participate in the study.

The tutors of the course for each year were also invited to reflect on the course once the academic year had been concluded. Their participation took the form of a focus group discussion and all the tutors who participated agreed to have their responses included in this study (see **Appendix 2** for the consent form which they signed).

Academic staff members who had either played a role in teaching and/or designing the course were then invited to participate in a further focus group discussion. The inclusion of academic staff is regarded as particularly important given that unintended consequences of the introduction of the capstone course might have had an impact on the other final year subjects. All the academics who participated agreed to have their responses included in this study (see **Appendix 3** for the consent form which they signed).

The following focus groups were conducted over the course of the project and the author can be contacted in order to obtain complete audio recordings:

	Date	**Time**	**Participants**
Tutors			
2012	31/10/12	60 mins	11 (85%)
2013	31/10/13	60 mins	13 (87%)
2014	22/10/14	60 mins	10 (67%)
2015	17/11/15	60 mins	13 (87%)
Academics			
2012	6/11/12	70 mins	7 (100%)
2013	14/11/13	60 mins	4 (67%)
2014	17/11/14	45 mins	3 (50%)
2015	27/11/15	10 mins	3 (50%)

Table 3: Tutor and academic participation in focus groups

All tutors and academics who participated in the focus groups granted permission for their response to be included in this study and were then each assigned a unique number. This allocation resulted in the unique tutor numbers being allocated as follows: numbers 1-11 (2012), 12-24 (2013), 25-34 (2014) and 35-47 (2015). The allocation for academics was done on a different basis because unlike the students and tutors, many of the academics were involved in multiple years. The total number of academics involved over the four years was eight and each academic was given a number that would remain the same for the entire project. The focus group interviews with tutors and academics were conducted after the completion of the student questionnaires. The views of the students therefore were considered by these groups, along with their own thoughts for each year.

There were specific questions included in the student questionnaire which were designed to obtain evidence for the first research question related to the development of pervasive skills. Additionally students were asked about the benefit of particular interventions. Finally students were explicitly asked to reflect on their experience of the capstone course and to provide ideas to improve the course. Students were therefore vital stakeholders in every action research cycle. The particular questions included in the student questionnaire to gather evidence to answer the research questions will now be discussed. The full set of questions can be found in **Appendix 1**.

Questions related to the development of students pervasive skills

Question 15:	The course has helped to develop my pervasive skills as defined by SAICA
Question 16.	Comment on which pervasive skills in particular have been developed by BAG (i.e. ethics, personal and professional skills)

Question 15 was specifically designed to gather student perception on the level to which the capstone course had developed their pervasive skills. This was a multiple choice question so that the results could be quantified.
Question 16 was designed to gather qualitative data from students by giving them an opportunity to comment on the pervasive skills that were developed.

Questions related to the interventions that were beneficial to student learning

Question 20:	The M&A project has contributed to my learning
Question 21	The research area question in every test contributed to my learning
Question 22	The company analysis in every test has contributed to my learning

Questions 20-22 probed students' perceptions of specific innovations in the capstone course which would have been new to them. The innovations were also the subject of many of the interventions in the subsequent years and students' responses therefore give insight into whether or not these interventions were regarded as being improvements. All these questions were multiple choice and the results could therefore be quantified.

Question 20 focussed on the Mergers and Acquisitions teamwork project. This project formed the focus of the development of pervasive skills and solicited the greatest response from the students.
Question 21 asked about the research question that was included in every test and required students to research current business issues that were supplied to them a month before the test.
Question 22 sought feedback on the business analysis that was included in every test. The students were given the name of the company on which the question would be based in advance and were therefore able to research their performance in advance of the test.

All the assessment tasks mentioned above contain unique elements when compared to the other undergraduate assessments that the students had experienced during their degree.

Student questions related to their views being included in the research aspect of the evaluation

Question 28	If you would like to make additional comments (positive or negative) about this course, please do so in the box below
Question 29	What do you think could be done differently in 201X to improve the capstone course

Question 28 was asked to categorise or classify problems that students might have identified. These could then be reflected upon by the tutors and academic staff during the focus group discussions. The question exposes aspects of the course that students regard as beneficial or unhelpful to obtain a balanced perspective. It might be the case, for instance, that a group of students dislike the teamwork project but others might make the comment that they really found teamwork to be beneficial. The question therefore specifically invites both positive and negative comments.
Question 29 takes the process a step further and invites students to provide ideas for what could be done differently in the following year. Action research encourages reflection, followed by action and that is what the order of questions is attempting to emulate. Once again there could be a range of responses that could contradict one another but they provide food for thought for both the tutor and academic staff focus groups.

4.2.2 Data analysis

Trying to improve a capstone course is not an easy process because what one person regards as an improvement might not be seen as an improvement for another participant. The data collected was contradictory at times and that is to be expected. The action research analysis therefore is not expected to deliver the uncontested truth about the capstone course but hopefully leads to overall improvements by providing a process that allows for diverse participants to engage.

The interventions that were implemented in light of the feedback received from students, tutors and academic staff, were reviewed in the subsequent year. The iterative nature of action research lends itself to this process of reflection. The nature of action research means that it is not easy to isolate the impact of every change but it is hoped that by collecting data from students, tutors and academic staff at least some useful conclusions about the impact of the interventions will be reached.

The student questionnaire contains items that can be analysed quantitatively over the years (Questions 20, 21 and 22). This analysis adds further data to the research findings and helps to measure student perception. An average score was calculated for the analysis of each of the multiple choice questions as shown in **Table 4**. It is important to note that the more favourable the student perception (i.e. the more students “strongly agree” with a statement) the lower the resulting average score.

Category	**Score**	**Number of responses**	**Average calculation**
Strongly agree	**1**	A	A x 1
Agree	**2**	B	B x 2
Neutral	**3**	C	C x 3
Disagree	**4**	D	D x 4
Strongly disagree	**5**	E	E x 5
Total		**F** = A+B+C+D+E	**G** = (Ax1)+(Bx2)+(Cx3)+(Dx4)+(Ex5)
Average			**G/F**

Table 4: Calculation of the average for multiple-choice questionnaire results

It is a more subjective matter to give the comments that students have made an appropriate weighting. A few comments, whether positive or negative, from such a large student body must not be disproportionately weighted but neither can they be ignored. For this reason, the meeting of tutors was held after the student evaluations were completed to elicit comment on matters arising from the students. Once again, even among tutors it is not always easy to gauge the level of consensus on some matters. The final step of asking academic staff for comments on the observations of students and tutors was the decision-making step to decide on the changes to be implemented in the following year. Thus each step of the process was designed to incorporate the information provided by the previous step.

4.2.3 The follow-up survey of the BAG 2012 class

The questionnaire completed by students at the end of their year of study captured student perception prior to entering the world of work. It could therefore be the case that the students' perceptions are inaccurate as well as untested by the rigours of the work environment. It was therefore decided to extend this study by contacting the 2012 cohort after they had completed 22 months of a training contract as well as the Assessment of Professional Competence (APC) examination set by SAICA.

The questionnaire was designed to be similar to the one conducted in 2012, to allow for comparison of the findings (see **Appendix 4**). Two additional questions were included in the 2015 questionnaire to assess the level of effectiveness of BAG in preparing students for the APC (Q7 and Q8) as well as their traineeship (Q8). **Table 5**, on the following page, contains a mapping of the questions posed in 2012 and then repeated in the 2015 questionnaire:

	2012 questionnaire	**2015 questionnaire**
Pervasive skills		
The BAG course has helped to develop my pervasive skills as defined by SAICA	Q15	Q2
Comment on which pervasive skills in particular have been developed by BAG (i.e. ethics, personal and professional skills)	Q16	Q6
The BAG course has helped me prepare for the APC	N/A	Q7
Please comment on the extent to which BAG has prepared you for your traineeship and the APC	N/A	Q8
Capstone course		
The M&A project has contributed to my learning	Q20	Q3
The research question in every test has contributed to my learning	Q21	Q4
The company analysis in every test has contributed to my learning	Q22	Q5

Table 5: Mapping of the questions posed in both the 2012 and 2015 questionnaires to the same cohort of students

The response rates for the two questionnaires (2012 & 2015) are shown in **Table 6** below.

	2012	**2015**
Total number of students	522	208
Number of students completing questionnaire	465	78
Permission to use responses for this study granted	431	77
Participation rate		
Out of students who completed APC in 2015		**37%**
Out of students who completed BAG in 2012	**89%**	**15%**

Table 6: Student participation in both the 2012 and 2015 questionnaires

The total number of students eligible to respond to the 2015 questionnaire decreased substantially from 522 in the BAG course 2012 to 208 in 2015. Those surveyed in 2015 were UCT students who completed the BAG course in 2012 and who had registered with SAICA to write the final qualifying exam, the Assessment of Professional Competence. The most likely causes for the decrease are the fact that not all the students who completed BAG in 2012 continued to pursue their CA(SA) studies. Another contributory factor could be that students did not pass their exams first time, either during postgraduate studies at UCT or the first qualifying exam with SAICA, and therefore were not eligible to write the APC in 2015. The subsequent survey was conducted via email, in contrast to the previous surveys which were conducted as part of the BAG course. This is a further probable reason for the lower response rate as responses to emails are often lower than other surveying methods (Kwak & Radler, 2002). Despite the low response rate to the follow-up survey, the responses do provide additional data as to students' perceptions of the BAG course from students after they have entered the work environment and written the SAICA APC.

4.2.4 Participation by the professional body and the university

Action research encourages the participation of many stakeholders. It was therefore decided to include the views of the professional body as well as UCT in this study so as to provide further data. SAICA, who developed the competency framework, provided comment on the course by attending and commenting on a paper presented at the SAAA conference (SAAA newsletter, 2015). SAICA also conducted an accreditation visit at UCT in 2015 and issued a report that gave feedback on the capstone course (SAICA, 2015).

UCT presents annual awards for teaching and learning. The Distinguished Teacher's Award is the highest teaching award at UCT and recognises excellent teaching. The Collaborative Educational Practice Award is open to UCT staff members who have collaborated on a particular project to enhance the teaching and learning environment. The project needs to have been sustained for several years and to have had a positive impact. The convenor of the capstone course applied for and received both of these awards; and in so doing was provided with feedback in the award citations that is included in this study (UCT daily news, 2013).

4.2.5 Validity concerns and limitations of the study

As the course convenor and lecturer on the course there is a real danger that my reflections are hampered by my lack of objectivity. It was therefore important to involve students, tutors and other academic staff to participate in the process. For the focus groups involving tutors, another facilitator was used to help create an environment where more junior members of staff are encouraged to share their perspectives and ideas even if they might not be in line with the thinking of the course convenor. This is however a limitation of the research and all findings must be regarded through this lens.

This study is unable to clearly isolate cause and effect relationships. The impact of interventions is explored and multiple perspectives gathered but at no point can it be precisely determined which factor has been responsible for the impact observed, however inferences and some tentative suggestions about correlations can be drawn. This is not to say that these might not be helpful to others looking to establish a capstone course in accounting but this study must not be viewed through the lens of providing conclusive evidence for a particular approach. It must also be noted that some interventions might help to improve a problem identified in a prior year but in so doing might have an unintended consequence that gives rise to a new set of problems in a subsequent year. This too is a further limitation of the research because these problems might not be identified at this stage.

There is also the limitation with respect to students recording their perceptions in the questionnaire in relation to what was actually experienced in the course. Even if this is the case, this data is still useful in that at very least the impact of interventions on student perceptions can be explored. It is also helpful that the students are in the final year of undergraduate studies and therefore have a greater level of maturity than would be the case if this was a first year course.

A further limitation is that the capstone course is partially designed to equip students for the world of work but this evaluation process occurs whilst they have just completed their undergraduate studies. There could be the tendency to evaluate certain practices unfavourably at this stage but that at a later stage the impact in their work environment might become apparent. This limitation has been addressed for the 2012 cohort of students using the comparison questionnaire that was sent to those that wrote the APC in 2015. It will however still apply to the other cohorts of students included in this study.

Finally, all universities that are accredited by SAICA need to teach pervasive skills, but this research is personalised and localised to a particular context and capstone course and so the findings should only be applied with prior critical reflection about the context.

CHAPTER 5 – ANALYSIS OF FINDINGS

5 Introduction

The action research cycle of observing, acting, reflecting and planning was implemented annually from 2012 until 2014. This chapter presents the findings and discussions from these action research cycles.

There were many possible approaches that could have been taken to presenting the information in this chapter. The full cycle for every year could have been presented which would show every change that was made in chronological order. The major disadvantage of this approach is that it is hard to compare the changes made over time with respect to each of the major interventions (M&A project, research area questions and company analysis questions). It was therefore decided to present the findings to allow the answers to the research questions to emerge. The analysis of the findings is therefore more readily accessible to the reader.

Analysis of the data revealed that student perception did change over these years. It is not possible to isolate the exact reasons for these changes as several interventions were introduced and these would all have played a role in these changes. The findings have been classified according to the main research question about the development of pervasive skills. The second research question, related to the interventions within the capstone course which contributed to student learning, is presented later in the chapter.

A comparison with the follow-up questionnaire conducted in 2015 is presented after the analysis of each of the data sets described above. The comparison between the data sets for 2012-2015 with the 2015 follow-up questionnaire provides evidence that student perception of the development of pervasive skills by the BAG capstone course improved over time.

5.1 Pervasive skills development

A key reason for developing the Business Analysis and Governance (BAG) course was to improve the pervasive skills, as defined by SAICA, of the students. The data suggests that the pervasive skills of the students were enhanced by the capstone course. The following evidence was gathered in support of this conclusion.

5.1.1 Findings from student questionnaires

This section will summarise the data collected from the multiple-choice questions posed in the student questionnaires. This quantitative data not only provides evidence of students' views but served as a useful starting point for the tutor and academic staff focus group discussions that followed. These focus group discussions are included later in the chapter, section 5.1.3, following a high level overview of students' perceptions over the four years.

The findings from the questionnaire are presented in **Table 7** below starting with a summary of the responses to question 15, "The course has helped to develop my pervasive skills as defined by SAICA".

	2012	**2013**	**2014**	**2015**
Strongly agree	152 (35%)	208 (55%)	239 (58%)	247 (63%)
Agree	219 (51%)	143 (39%)	151 (37%)	139 (35%)
Neutral	53 (12%)	20 (5%)	18 (4%)	6 (2%)
Disagree	7 (2%)	4 (1%)	3 (1%)	2 (0%)
Strongly disagree	0 (0%)	0 (0%)	1 (0%)	1 (0%)
Total	431 (100%)	375 (100%)	412 (100%	395 (100%)
Average	**1.8**	**1.5**	**1.5**	**1.4**

Table 7: Summary of responses to "The course has helped to develop my pervasive skills as defined by SAICA" (question 15).

It is pleasing to note the overall decrease in the average for this question in every year with a decrease of 22% over the period of the study. As noted in section 4.2.2., a lower average score means a more favourable student perception. A further observation is the continual growth in the percentage of those students who "Strongly agree" with the statement in question 15. The pattern of responses for 2013-2015 for the categories "Strongly agree" and "Agree" has been reversed compared with those for 2012. The growth in the proportion of students that "Strongly agree" has been 80% since the inception of the course, which is evidence of a strong upward trend. This indicates that according to student perception, the BAG capstone course has met its objective of developing the pervasive skills as defined by the professional body SAICA.

This same question was then posed to the students from the 2012 class shortly after they had written the Assessment of Professional Competence (APC) exam in 2015, to determine the extent to which 3 years of subsequent experience had changed their views. The results of the follow-up questionnaire, with a comparison to the 2012 results, are presented in **Table 8** on the following page.

	2012	2015
Strongly agree	152 (35%)	37 (48%)
Agree	219 (51%)	36 (47%)
Neutral	53 (12%)	1 (1%)
Disagree	7 (2%)	3 (4%)
Strongly disagree	0 (0%)	0 (0%)
Total	431 (100%)	77 (100%)
Average	**1.8**	**1.6**

Table 8: Summary of responses to "The course has helped to develop my pervasive skills as defined by SAICA" for the BAG 2012 class (question 15) compared to the 2015 follow-up questionnaire (question 3).

The table above indicates that the average score is lower than was the case in 2012 which would indicate that those who responded felt that with the benefit of work experience and hindsight, the course developed pervasive skills to a greater extent than they perceived when they were students. The percentage of respondents who chose the category, "Strongly agree", has also increased over this period of time. This would indicate that the impact of the capstone course is felt beyond the students' period of study and has played a role in developing long-term pervasive skills.

The positive findings with respect to students' perceptions on the development of pervasive skills should be seen in the light of their performance in what was an additional course in their curriculum. Results from the final examinations of the BAG capstone course show that students were able to cope with the increased workload associated with developing these pervasive skills. The vast majority of students were able to pass the course (a mark greater than 50%) as well as achieve a mark of 60%; required for progression into the Postgraduate Diploma in Accounting at UCT. **Table 9** below shows the percentage of students who achieved above 50% and 60% respectively.

	2012	2013	2014	2015
Students with a mark of 50% and above	99%	99%	99%	98%
Students with a mark of 60% and above	85%	93%	89%	82%

Table 9: Summary of the BAG capstone course student marks

5.1.2 Findings from the tutor focus group discussions

The views of the tutors have been favourable over the course of conducting the annual focus group discussions. While they always identified areas that required improvement, the tutors were of the opinion that the course was developing students' pervasive skills.

Tutors commented that the students often took some time to participate fully in the course but that there was an improvement over the course of the year, especially with respect to presentation skills, as shown in the quotation below.

> *"The participation definitely increased towards the end, especially when the groups became more cohesive, working towards their end product for the project, and we had all those group presentations. Even the people that were quiet earlier on in the year, I found them actually presenting quite significant portions of those final presentations, which I thought was quite nice." Tutor 24 (2013)*

It was also observed that BAG uniquely addressed the pervasive skills by including elements such as presentation skills and researching current business news. These elements were included in many of the assessment tasks and tutorials.

> *"This is the only course that I have seen that actually brings in an element of pervasive skills. So one of the core competencies of being a CA is that you can handle yourself well in the business environment. You know you present, you stay current with the news etc. and this doesn't happen in any other course." Tutor 18 (2013)*

Finally, the M&A project was often cited as being a unique intervention which helped students to experience a taste of the real world and to integrate the knowledge that they had accumulated over the course of their undergraduate studies.

> *"They felt like it (the M&A project) brought everything together in the end". Tutor 6 (2012)*

5.1.3 Findings from the academic staff focus group discussions

The major emphasis of all the academic staff focus group discussions was on what had worked in the previous year and what could be improved in the following year. As the course convenor, the author participated in all the academic staff focus group discussions. At no point was there ever a suggestion that the BAG course should be discontinued as the team felt that it was meeting its original intention. That is not to say that there was no room for improvement, but overall, for every year reviewed, the course was viewed as achieving its objective.

> *"To see that class give you [the course convener] such an ovation was a really moving thing and that is from someone who has been around for a long time." Academic staff 1 (2012)*

> *"I think Paul took on a risk here taking on this course and it's a lot of planning and it worked really, really well, so we need to thank you as well." Academic staff 2 (2012)*

> *"Well done Paul, I think this course is fantastic. It's gone brilliantly and when I look at the APC stuff, the students that come through this have such an advantage." Academic staff 1 (2015)*

It was also pleasing that from 2013 onwards there appeared to be evidence, from an academic staff perspective, that the capstone course had resulted in a positive difference in the subsequent year when many students enrol for the Postgraduate Diploma of Accounting (PGDA). Students appeared to start PGDA with a greater level of confidence with one another, having completed the M&A project together the year before. The students also appeared to be more interested in business news.

> *"I have noticed a positive difference in this year's PGDA class and the only factor that was substantially different was the BAG course… I certainly found this class more mature and self-starting and more willing to take responsibility and work with each other… I think it's probably BAG where they have had to work independently and have got use to not knowing that there isn't a definitive answer to everything, working in groups, I think that it's had a massive positive spin on the year." Academic staff 1 (2013)*

These comments only provide a perspective but given that lecturers quoted in this section have well over 30 years of experience each, it does provide some evidence that the course is making a contribution towards the development of pervasive skills in the undergraduate curriculum.

5.1.4 Findings from the professional body

Evidence that the BAG capstone course played a role in developing the pervasive skills of students included endorsement from the accounting professional body, SAICA. A paper, based on the preliminary findings of this study, was presented at the South African Accounting Association conference in 2015. After attending the presentation of the paper, Mandi Olivier, SAICA Senior Executive: Professional Development, said the following in the conference newsletter:

> *"I attended Paul Maughan's paper on the capstone course offered to final year B Comm students at UCT. This was an excellent presentation, but more importantly, the content of the paper was most relevant. Introduction of the BAG (read the paper if you don't know what this stands for) is a really exciting and innovative response to making sure graduates have the relevant skills required by employers to meeting the changing demands of the work place today. More innovative thinking and structuring of courses like these are recommended to engage students and make sure they obtain the relevant skills to future proof our graduates. Tracking these students performance in the work place is an area I will watch with much anticipation."* (SAAA newsletter, 2015, p. 2)

The quotation above highlights the importance SAICA place on the development of pervasive skills so that newly qualified accountants have the ability to meet the changing demands of the work environment. This endorsement of the capstone course by the SAICA Senior Executive for Professional Development provides evidence that pervasive skills are being developed. It is also encouraging that she regards the BAG course as being a relevant example for other institutions to consider.

Further evidence was obtained after a SAICA accreditation review was conducted at UCT between 29 September and 1 October 2015. The review panel consisted of peers from other SAICA accredited universities. The report of the review was presented to the Vice Chancellor of UCT on 26 November 2015 and extracts of the report that address the capstone course are presented below. These provide further evidence in support of the BAG course being instrumental in the development of students' pervasive skills (SAICA, 2015).

> *"Particularly noteworthy aspects of the programme include:*
> ***• Sustained innovation in the programme.*** *A culture exists in the College which results in constant reflection on all aspects of the programme in the context of changing student learning needs and developments in the accounting profession and in teaching and learning. The development of the Business Analysis and Governance (BAG) course is an excellent example of innovation and one which anticipated the focus recently placed by SAICA on professional competence through the introduction of the APC examination."* (p.4).

SAICA (2015) clearly views the BAG course as an "excellent example of innovation" and also that it plays a role in addressing the need to develop professional competence and to prepare students for the APC examination. A further extract of the report stated:

> *"The BAG course also addresses the pervasive qualities and skills in a wide variety of ways including through group work, communication, research, understanding the business environment, presentations, aspects of law, leadership, planning, and time management. Indeed most of the Professional Skills are addressed in BAG. Students speak very highly of BAG and there is no doubt that the course has added significantly to the educational experience offered to students of the accredited programme. The panel commends the College on this innovation."* (p 21-22).

As part of the review, the SAICA panel interviewed a sample of students from all the years of academic study without the presence of any academic staff from UCT. The extract above from the report therefore corroborates the views of the students collected from the questionnaire. The commendation of the College, by their academic peers who reviewed the capstone course, provides positive endorsement of the BAG course from the academic community.

5.1.5 Findings from the University of Cape Town

Further evidence for the effectiveness of the BAG capstone course was received from UCT when the course convenor, Paul Maughan, received the Distinguished Teacher's Award in 2013. This award was based largely on the innovative practices that were included in the course as well the evidence presented that highlighted the success of the course. The citation from UCT daily news (2013) included the following:

> *"Maughan was one of the main drivers behind the introduction of a capstone course, Business Analysis and Governance, for undergraduate students in the Chartered Accounting stream. It was designed in response to the introduction of a new competency framework by the South African Institute of Chartered Accountants to enhance pervasive skills, or what UCT refers to as 'graduate attributes'.*
>
> *The head of the college called the course an 'outstanding success' and said that in his 20 years at UCT he'd never seen undergraduate students engage in the way they had to any single course. The success was attributed to Maughan's ability to challenge students to deal with the real business world, and to encourage them to participate by using a variety of novel teaching methodologies."* (para. 7 & 8)

Additional confirmation of the effectiveness of the BAG course from UCT was received in 2015 when the team of academics who participated in the BAG course received the UCT award for collaborative practice (UCT daily news, 2015). The award is "open to two or more UCT staff members who have collaborated on a particular project to enhance the teaching and learning environment. The projects need to have been sustained for several years and to have had a positive impact." (para. 2)

The adjudication process required the completion of an application template to provide extensive details about the BAG course. This included student evaluations as well as evidence of reflection on teaching practice. In presenting the award, specific mention was made of the challenge of teaching large classes. The adjudication panel noted that despite this challenge the course had managed to have a positive impact on students.

> *"There was the logistical challenge of dealing with a class of 450 students, as well as the need to maintain a realistic load in the programme as a whole. They achieved this, inter alia, through designing tasks that required students to bring insights from all of their academic disciplines to the analysis of annual financial statements of several listed South African companies. The approach has been enthusiastically acclaimed by students and staff, and a sustainable teaching model has been put in place." (para.10 & 11)*

5.2 Interventions within the capstone course which were beneficial to student learning

The second research question focussed on the degree to which the interventions introduced as part of the BAG course contributed to student learning. Based on the data from the questionnaire, the three interventions that were found to be the most beneficial were the M&A project, research area question and the company analysis question. The action research cycles of observing, acting, reflecting and planning will now be discussed with particular emphasis on these innovative practices which were included in BAG. For each teaching intervention, the numerical data collected from the student questionnaires will be presented followed by a description of the action research cycles which include the views of students, tutors and academics. The major problems observed and the interventions planned for the following years are then presented in tabular format. Finally the results of the follow-up questionnaire with the students who wrote the 2015 APC are presented and discussed.

5.2.1 The M&A project findings

The M&A project was designed to develop pervasive skills, such as teamwork, communication, problem solving and ethics. Students were placed in teams consisting of four or five members and were allocated a company. Teams were required to submit various assignments, for example a valuation, based on their company. In the 4th term all the teams were required to conduct a merger or acquisition with another company. The teams who concluded the best deals would then be finalists in the M&A deal of the year competition. This competition required the finalists, whose names were not revealed until the last lecture of the course, to present their deal to the class as well as a panel of judges. Coronation Asset Managers provided prize money and also formed part of the judging panel. Further details of the M&A project are in **Appendix 5**; with the M&A companies listed in **Appendix 6**.

The findings of the questionnaire are presented in Table 10, starting with a summary of the responses to question 20, "The M&A project has contributed to my learning".

	2012	**2013**	**2014**	**2015**
Strongly agree	195 (45%)	112 (30%)	273 (66%)	279 (71%)
Agree	184 (43%)	182 (48%)	126 (31%)	98 (25%)
Neutral	30 (7%)	55 (15%)	9 (3%)	13 (3%)
Disagree	13 (3%)	19 (5%)	2 (0%)	4 (1%)
Strongly disagree	9 (2%)	7 (2%)	2 (0%)	1 (0%)
Total	431 (100%)	375 (100%)	412 (100%)	395 (100%)
Average	**1.7**	**2.0**	**1.4**	**1.4**

Table 10: Summary of responses to "The M&A project has contributed to my learning" (question 20)

Student perception of the M&A project has shown an upward trend over the study period. The percentage of students who "Strongly agree" with the statement has grown considerably in 2014 and 2015 and very few students classify themselves as "Neutral", "Disagree" or "Strongly disagree". Several changes occurred throughout the period of the study. Overall the changes were positively perceived by students (with an improvement of 18% from 2012 to 2015), however, the changes made in 2013 require further comment as there was a 15% decrease in the average score from 2012 to 2013. This change in response pattern will be discussed in the presentation of the findings from the 2013 action research cycle in section 5.2.2.2.

The same question was then asked to the students from the 2012 class that had just written the Assessment of Professional Competence (APC) exam in 2015. These findings are presented in **Table 11** on the following page:

	2012	**2015**
Strongly agree	195 (45%)	35 (45%)
Agree	184 (43%)	40 (52%)
Neutral	30 (7%)	2 (3%)
Disagree	13 (3%)	0 (0%)
Strongly disagree	9 (2%)	0 (0%)
Total	431 (100%)	77 (100%)
Average	**1.7**	**1.6**

Table 11: Summary of responses to "The M&A project has contributed to my learning" for the BAG 2012 class (question 20) compared to the 2015 follow-up questionnaire (question 3)

The perception of the M&A project has improved over time for this cohort of students. The data indicates that students feel more strongly that the M&A project has contributed to their learning after three years of participating in the BAG capstone course. This is particularly pleasing as the M&A project is designed to simulate the real world experience of professionals and the data would indicate that it has been successful at doing so. In 2015, a higher percentage of students classified themselves as "Agree", which was the cause for the modest upward trend in the average score.

5.2.2 The M&A project: students' views

The most successful innovative practice within the capstone course was the M&A project. This is reflected in the average of the student perceptions (see **Table 10**) as well as within the comments collected by students, tutors and academics. The project was regarded as being "true to life" and included many elements that would enhance pervasive skills. These real life elements include teamwork, negotiation skills, presentation skills as well as the need to maintain confidentiality as expected of a professional working on an M&A deal.

> *"A great project indeed - a real life business perspective is always a good contributor to an individual's learning." Student 39 (2012)*

5.2.2.1 The 2012 action research cycle for the M&A project

While the overall perception of the M&A project was positive, there were, however, several concerns raised by all parties related to the amount of time required to complete the project as well as the tight deadlines experienced by students at the end of the year. There was also agreement that the marks allocated for the project were too low given the amount of effort required. Specific comments that typify most of those raised by students in 2012 were as follows:

> *"What an exciting project! I feel it is an unfortunate time to have it though. Earlier in the year I would have known less but I would have had more time to carry out research and revel in my excitement about my company. I think having the project earlier in the year would allow me to learn more from it." Student 105 (2012)*
>
> *"Useful project. But for all the time it took, it should be given a much higher mark allocation in our year mark." Student 11 (2012)*
>
> *"The project has definitely contributed to my learning, however, the amount of work that is needed for the case study exceeds the marks allocated. There are too many hand-ins, presentations, etc to do when it only counts 15% of our mark in total when we have exams around the corner that weight 60%." Student 30 (2012)*

These views were corroborated by the tutors and academic staff.

> *"I feel like it could run throughout a number of months and pick up some of the other topics. Like when they do valuations, they can apply it to their company. If they get their company earlier they could actually make it more applicable" Tutor 7 (2012)*

Based on these observations, significant changes were made to the M&A project in 2013. These are summarised in **Table 12** below:

What was observed in 2012 in relation to the M&A project	**Interventions implemented in 2013**
Project was too concentrated in the 4th quarter	• M&A project started in 1st quarter • The deliverables were spread out over the year • Introduction of a guest lecture by Coronation (sponsor of a prize) to launch the M&A deal competition • Inclusion of a Sector Night, with guest speakers comprising a number of investment analysts • Final project hand-in a week earlier than in 2012

What was observed in 2012 in relation to the M&A project	**Interventions implemented in 2013**
Project had too few marks allocated to the year mark	• Mark allocation for the project increased from 15% to 25% of the year mark • Sponsorship of R20 000 prize money was obtained for the M&A deal of the year to further incentivise students
Project had too many small companies in 12 different sectors	• International companies chosen for greater depth • Only 8 sectors included

Table 12: Summary of observations and interventions for the M&A project after the action research cycle of 2012

5.2.2.2. The 2013 action research cycle for the M&A project

As noted earlier, the student perception of the M&A project was less positive in 2013 despite all the changes designed to improve the course shown in **Table 12**. Of all of these changes the biggest change, that of having the project start in the 1st quarter, lead to unintended negative consequences. The most important factor influencing the students' perceptions was found to be their experience of teamwork. In 2012, the project was condensed into the 4th quarter and it was therefore over rather quickly whilst in 2013 the teams had to work together for many months. Over this extended period of time the need to work well as a team became more of an issue.

> "The *project could have been over a shorter period of time especially for people who were in groups where it was hard to co-operate and communicate with one another it gets a bit tiring and make you feel like just doing the minimum." Student 684 (2013)*

Both the tutors and academic staff focus group discussions revealed that participants regarded students' experience of teamwork to be valuable, even when it presented challenges such as the non-performance of some team members. It was, however, identified that more scaffolding should be incorporated into the capstone course to prepare and equip students for these challenges. Some students recommended that they be allowed to choose their own team members. The decision was, however, taken that this would not be beneficial as this is not the case when students work in teams during their traineeship. The system of creating teams was maintained for the entire four year period and in later years consisted of students being able to choose a partner after which their tutor would place these self-selected pairs together in order to create a team. The tutors were instructed to create teams that would maximise diversity as the best way to develop important pervasive skills in the students.

A further concern raised was that some companies that were included in the project were not as exciting or high profile as others. This resulted in some teams being discouraged for the entire year as the low profile nature of the company allocated to them meant that they perceived their chances of concluding a successful deal as low. The added incentive of a R20 000 prize added energy to student efforts, but that also meant that the consequences of not having an exciting or high-profile company were felt more acutely. The following comment was consistent with this view:

> "The *biggest issue I have with the course is that the companies each team was given was NOT on an equal playing field. When the companies were allocated I already knew from that point that the company I was given would not make a good deal, and I knew which teams had the best chance of success (such as Google)… The stress that came about as a result of trying to do a deal was unnecessary and made the last few weeks very unpleasant. In fact, the entire year was made that much less enjoyable by this ongoing project. I think it should be made shorter, if it is to continue in future." Student 642 (2013)*

At the same time there was an overwhelming majority of students who expressed appreciation for the unique opportunity the M&A project provided to acquire pervasive skills.

> *"The M&A project, though sometimes tedious and time consuming, it gives us something other courses don't, it allows us to make decisions like the directors of the company do and it exposes us to the environment directors and managers are work in." Student 524 (2013)*

The views of the 2013 students were discussed in the tutor and academic staff focus groups and many of their concerns were supported. Additionally it was noted that the M&A project generated many opportunities for students to reflect on their experience. From 2014 onwards, a personal reflection was added to the M&A project final hand-in requirements in order to give students the opportunity to reflect on what they had experienced and learnt throughout the year.

The template for this reflection is provided in **Appendix 5**. The individual reflections of the students were assessed and the marks included in their M&A project grade.

The action research cycle was instrumental in helping to develop the M&A project further. **Table 13** below highlights the main observations and interventions that were decided upon at the end of the 2013 action research cycle for the M&A project.

What was observed in 2013	**Interventions implemented in 2014 to take the 2013 reflections into account**
The companies included in the M&A project were not regarded as equally exciting	• Greater representation of international companies • Only 4 exciting sectors (Retail, Financial, Industrial and Technology) to be included • The best deal in each sector would qualify as a finalist, thereby giving greater profile to all sectors
Some teams struggled to work together over the course of the whole year	• Greater emphasis on teamwork skills in lectures and with readings on VULA (the UCT online learning tool) • Tutors trained specifically on how to deal with teamwork problems as they arise
The final hand-in didn't include space for personal reflection	The final hand-in now included a two page personal reflection that asked questions related to teamwork, ethics and professional attributes (i.e. pervasive skills)

Table 13: Summary of observations and interventions for the M&A project after the action research cycle of 2013

5.2.2.3 The 2014 action research cycle for the M&A project

A major change in 2014 was that for the first time since inception of the BAG course, the tutors had all completed the course in previous years. The tutors in 2012 and 2013 had all generally tried their best but it was difficult for them as they had not completed the course themselves. From 2014 onwards this was no longer the case and it made a substantial difference to have tutors who were knowledgeable about the subject and structure of the course. This was a major contributor to the success of the course from this year onwards. In the words of some of the tutors:

> *"I think we had more direction, we knew where the course was going." Tutor 32 (2014)*
>
> *"I think the biggest thing is that we had insight into the M&A project, we know the difficulties and we can sort of guide them along." Tutor 34 (2014)*

In 2014 the M&A project was viewed much more favourably by students than was the case in the previous year (see **Table 10**). With all the tutors having completed the M&A project, this helped to generate additional student interest. It also appeared that the guidance provided around teamwork in lectures helped, along with the narrower focus on four sectors which included only exciting and high-profile international and South African companies. This narrowed focus on only four sectors enabled more options for M&A activity for all teams and thereby motivated more students. It was, however, still the view of the students and focus groups that the financial sector was more limited in its ability to conclude innovative M&A deals due to its highly regulated nature. This was addressed in 2015 by removing this sector from the M&A project.

Another observation related to the conduct of some of the teams not being in line with the Code of Professional Conduct of CA(SA)s. This was highlighted when reading the personal reflections of some of the students. There were allegations of a breach of trust as teams who had reached verbal agreements then decided to renege on these agreements. The inclusion of the space for personal reflection was viewed as a success as it highlighted these disagreements and also gave the students an opportunity at the end of the year to gather their thoughts and reflect on the lessons learnt. It also clarified the need to place greater emphasis on the ethical considerations of M&A activity.

The difficulties experienced by some students with teamwork continued in 2014. It is expected that there will always be some resistance to the way in which teams are created for the project as some students are more concerned with achieving a good mark than developing their pervasive skills. The following student comment summarises this view especially well:

> *"I had a lot of difficulty with the group I was allocated. Although* this contribut*ed greatly to my learning because I had a lot of difficulty, this is bad for my mark and how well I have done for the course. And quite frankly, I care more about the mark than about growing as*

a person. The mark I get for this project will not reflect the effort I put in." Student 862 (2014)

The overall feedback received from students was overwhelmingly positive and many made reference to the development of pervasive skills.

"It is the best project I have ever been able to do. I have learnt more from this project about real world finance and business and deals than I could have anticipated. It's a brilliant way to put the theoretical side of what we learn into practice. Having a specific company also helps in that I genuinely became interested in my company's performance relative to its competitors, and I was motivated to follow its latest happenings in the news." Student 926 (2014).

"Strongly Agree doesn't even come close to how much I learnt through the M&A deal. We were thrown into a company we'd never heard of, in an American economy that was wildly uncertain and to top it off we had to understand a bank's financial statements! However, dealing with these challenges and getting through the deal has taught me so, so much on a personal and professional level." Student 937 (2014).

"This was the only project that forced me to utilize my theory learnt in every course that I studied at university from finance to tax." Student 978 (2014).

"More SAICA pervasive skills were revealed here; eg ethics and professional conduct" Student 1091 (2014).

Many students expressed the view that this aspect of the capstone course generated the most learning (as further evidenced by the average score in the multiple-choice question in **Table 10**) and that it sparked their interest in their future careers.

"The M&A project was the best part about the course. It was honestly such an amazing experience, fun and exciting as well as challenging and stressful at times. I got a brief overview of how the world of business and investments operates and I must say that it got me pretty excited about my career" Student 1123 (2014).

The final action research cycle was completed in 2014. **Table 14** on the following page highlights the main observations and interventions that were decided upon at the end of the 2014 cycle for the M&A project.

What was observed in 2014	Interventions were implemented in 2015 to take reflections from 2014 into account
The Financial sector is not ideal for M&A activity due to its regulated and specialised nature	The Transportation sector (planes, trains and motor cars) replaced the Financial sector
The alleged behaviour of some of the teams showed a lack of ethical conduct	The tutors formed an Ethics commission that could be approached if teams believed that a breach of the Code of Professional Conduct had occurred.

Table 14: Summary of observations and interventions for the M&A project after the action research cycle of 2014

5.2.3 The research area question findings

In order to provide greater detail on the nature of the research area questions, the research area questions for 2015 can be found in **Appendix 7**. The findings of the questionnaire are presented below starting with a summary of the responses to question 21, "The research area in every test contributed to my learning".

	2012	**2013**	**2014**	**2015**
Strongly agree	174 (41%)	228 (61%)	247 (60%)	251 (64%)
Agree	196 (45%)	133 (36%)	140 (35%)	126 (32%)
Neutral	32 (7%)	9 (2%)	18 (4%)	13 (3%)
Disagree	17 (4%)	4 (1%)	5 (1%)	4 (1%)
Strongly disagree	12 (3%)	1 (0%)	2 (0%)	1 (0%)
Total	431 (100%)	375 (100%)	412 (100%)	395 (100%)
Average	**1.8**	**1.4**	**1.5**	**1.4**

Table 15: Summary of responses to "The research area in every test contributed to my learning" (question 21)

Here the student perception changed markedly in a positive way between 2012 and 2013 and then remained relatively stable. For example, the average percentage of students who chose the “Strongly Agree” option increased from 40% in 2012 to 60% in 2013. The overall improvement in student perception of the research area was 22%.

This same question was then posed to the students from the 2012 class who had wrote the Assessment of Professional Competence (APC) exam in 2015, to see if after 3 years of subsequent experience their views had changed. The findings of the follow-up questionnaire, with a comparison to the 2012 results, are presented in **Table 16**.

	2012	**2015**
Strongly agree	174 (41%)	44 (57%)
Agree	196 (45%)	30 (39%)
Neutral	32 (7%)	3 (4%)
Disagree	17 (4%)	0 (0%)
Strongly disagree	12 (3%)	0 (0%)
Total	431 (100%)	77 (100%)
Average	**1.8**	**1.5**

Table 16: Summary of responses to “The research area in every test contributed to my learning” for the BAG 2012 class (question 21) compared to the 2015 follow-up questionnaire (question 4)

The overall improvement of 17% indicates that the perceived value of the research area assessment practice improved over time. This is seen specifically in the number of students who now “Strongly agree” with the statement, which has grown to become the majority of the respondents in 2015. The research intensive nature of the APC, where students have five days to research the case study provided, might be a factor in the change in response patterns. This will be discussed further in section 5.2.7. It is pleasing that more students believe that this aspect of the BAG capstone course has contributed to their learning over the subsequent 3 years.

5.2.4 Discussion of the research area question

This intervention was perceived as valuable to student learning. Many students commented that the need to research current affairs was challenging but that they learnt a great deal during the course of the year.

> *"Research question have forced me to do research on things I never had an interest in but has in the process taught me a lot. It has made me take an interest in new things and broaden my general knowledge." Student 1282 (2015).*

Students were encouraged to form teams to share what they had discovered when conducting research and it was pleasing to note that many students adopted this approach.

> *"At first I didn't like the research component because I wasn't sure how it would be tested, however, in the end it taught me how* to organise myself into a research *group and work well with others." Student 1412 (2015).*

There appeared to be a lack of understanding of its purpose among those who did not perceive value in the research area question. Some students believed that the current affairs issues being researched fell into another category of knowledge that was not as valuable as the knowledge taught in the four core accounting disciplines.

> *"It contributed to my general knowledge but not to my academic learning" Student 1291 (2015).*

These and similar comments from students once again emphasised the need to stress the importance of the pervasive skills and to continue to highlight the need to be aware of the business environment and not simply the technical skills required of a CA(SA).

5.2.4.1 The 2012 action research cycle for the research area question

The research area questions were designed to require students to read and research complex and topical issues. Students were given research questions in 2012 that outlined which questions they would be asked in the test. A degree of uncertainty was introduced as only one of the three research questions would ultimately be included in the test. Nevertheless this became problematic because in some cases students would obtain "model solutions" that they would memorise before writing the test. There could be no guarantee that these solutions had been developed by the student themselves and therefore they could have bypassed the entire research phase by obtaining help from a friend. As noted by several students, this could become more a test of memorization as opposed to a test of pervasive skills.

> *"The problem for me with the research question is that it seems as though it tests who can remember what they wrote down the best instead of testing your actual researching capabilities." Student 40 (2012).*

"It's kind of just a memory dump - and I tend to forget the knowledge thereafter." Student 93 (2012).

Since this was not the intention of the design of the research area question, the intervention described below was introduced in 2013. The students were provided with research areas that consisted of key words and not the entire question that would be included in the test. There were two research areas (and not three as in previous years) as the lack of detail provided introduced sufficient uncertainty. It was felt that this would allow for greater focussed research. **Table 17** below summarises this intervention after the first cycle of action research.

What was observed in 2012	**Interventions implemented in 2013 to take reflections in 2012 into account**
Answers to the research questions were memorised in advance	Research areas with key words introduced and specific questions only revealed at the test
Three research areas	Two Research areas

Table 17: Summary of observations and interventions for the research area question after the action research cycle of 2012

5.2.4.2 The action research cycle for the research area question in subsequent years

After the interventions described above, there were no more changes to the format of the research area questions. This decision was based on the findings that the student, tutor and academic staff perspectives stayed relatively constant in 2014 and 2015. Research areas have included the Greek financial crisis, the legitimacy of Herbalife's business model, the Berkshire Hathaway succession plan, the introduction of e-tolls, the collapse of the African Bank, the new B-BBEE codes in South Africa and the corporate governance problems at SAA.

The two research areas for every test have generally consisted of an international and a South African area to encourage students to expand their knowledge base. Students have generally enjoyed reading more widely about these current affairs.

"I really enjoyed the research topics and found them very useful both in the course and outside the course" Student 829 (2014).

"Always relevant and interesting. Inspired me to do further research and see the implications in other aspects of my degree." Student 937 (2014).

5.2.5 The company analysis question findings

Appendix 8 provides details of the nature of the company analysis question, and shows the company analysis questions that were included in the course in 2015.

The findings of the questionnaire are presented in **Table 18** below starting with a summary of the responses to question 22, "The company analysis in every test has contributed to my learning"

	2012	**2013**	**2014**	**2015**
Strongly agree	189 (44%)	223 (59%)	217 (53%)	236 (60%)
Agree	206 (48%)	134 (36%)	168 (41%)	142 (36%)
Neutral	27 (6%)	15 (4%)	21 (5%)	13 (3%)
Disagree	7 (2%)	3 (1%)	5 (1%)	4 (1%)
Strongly disagree	2 (0%)	0 (0%)	1 (0%)	0 (0%)
Total	431 (100%)	375 (100%)	412 (100%)	395 (100%)
Average	**1.7**	**1.5**	**1.6**	**1.5**

Table 18: Summary of responses to "The company analysis in every test has contributed to my learning" (question 22)

The trend presented was that of an overall improvement in student perception of the company analysis question. Those that "Strongly agree" with this statement formed the majority of the respondents from 2013 onwards and the response rate for this category reached 60% in 2015. This upward trend suggests that the changes made during the action research cycles have helped to develop the company analysis questions over time.

This same question was then posed to the students from the 2012 class who had written the Assessment of Professional Competence (APC) exam in 2015, to see if after 3 years of work experience their views had changed. The findings from the follow-up questionnaire, together with a comparison to the 2012 results, are presented in **Table 19** on the following page.

	2012	2015
Strongly agree	189 (44%)	46 (60%)
Agree	206 (48%)	28 (36%)
Neutral	27 (6%)	2 (3%)
Disagree	7 (2%)	1 (1%)
Strongly disagree	2 (0%)	0 (0%)
Total	431 (100%)	77 (100%)
Average	**1.7**	**1.5**

Table 19: Summary of responses to “The company analysis in every test has contributed to my learning” for the BAG 2012 class (question 23) compared to the 2015 follow-up questionnaire (question 5)

Consistent with the other findings obtained, the student perception of the company analysis component of BAG has improved over time for this cohort with 60% of respondents choosing the category, Strongly Agree. Analysing a company is an important aspect of being an accounting professional thus change in perception is pleasing as it would indicate that this aspect of the BAG course is providing students with skills which they can use in their careers.

5.2.6 Discussion of the company analysis question

In 2011 SAICA announced that the final qualifying exam would be an Assessment of Professional Competence, APC, instead of a conventional examination. The major change in this assessment is that the APC would now take the form of a case study as opposed to a five hour paper which was distributed and written on the same day. The case study scenario is released five days prior to writing the APC. Students then receive additional information on the day of writing along with the tasks that are required to be completed. The nature of this assessment is markedly different to how students were assessed in 2011 and therefore an intervention was planned to better prepare students for the APC as described below.

In every assessment, BAG students would be given the name of the company 24 hours before writing the paper. The students were then encouraged to research the company, its industry as well as its recent financial performance; the test would then have 50% of the marks based on the company researched. This intervention was intended to improve research skills, students’ ability to work in teams as well as the quality of student responses to analysis questions as they would have had time to better understand the nature of the company in the assessment.

Overall the perception was that this intervention helped student learning and generated interest in the performance of companies.

> *"After I started doing this for this course - I am now more interested than ever to look at a company and its financial statements because now I know exactly where to look and what information I require." Student 1267 (2015).*

A further pleasing aspect was that many students worked in teams during the research period in order to help each other to gain a better understanding of the company. This mirrors the approach that will be taken by students writing the APC and is greatly encouraged in order to develop pervasive skills.

> *"This was good practice for all our accounting courses because everything we learn in them was in the company reports. Also helped me to realise the importance of working in teams or group because there were so many issues to cover for one person." Student 1391 (2015).*

5.2.6.1 The 2012 action research cycle for the company analysis question

In 2012 the major area for improvement identified with respect to the company analysis question was the need to extend the research period provided to students. Some students felt that the time period did not allow for enough time to completely understand the complexities of recent financial performance. It also was a difficultly when the timing of assessments was close to that of other courses as some students may have had to write another test the day before BAG, which would limit their research time, compared to their peers who might not have had the same assessment pressures. It was therefore decided to allow for 72 hours of research before every assessment.

Another observation was that many students queried their company analysis mark believing that they had made valid points about the company that were not awarded marks by the person marking the assignment. With a large class of over 500 students this resulted in a large amount of additional work for academic staff as they had to review the work of students who queried the manner in which the company analysis question was marked. It was decided that the intervention designed for 2013 would award all students an extra 2 marks for the analysis question. If a student then chose to query their mark they would forfeit those additional marks. This intervention resulted in a dramatic reduction in student complaints and has been applied ever since.

A summary of the major observations and interventions, after the 2012 action research cycle, is provided below:

What was observed in 2012	**Interventions implemented in 2013 to take reflections from 2012 into account**
The company used in the assessment only being released 24 hours before meant undue pressure on students	The company is released 72 hours before a test
There were a large number of student requests for a remark due to the subjective nature of company analysis	All students would receive 2 extra marks to take into account the subjective nature of analysis. Should students query their mark, these additional marks would be forfeited

Table 20: Summary of observations and interventions for the company analysis question after the action research cycle of 2012

5.2.6.2 The 2013 action research cycle for the company analysis question

While students appreciated having an extended time for research there was, however, another significant change that was required for successful implementation of the company analysis question. It was observed in 2013 that the students started to anticipate the nature of the question asked. This resulted in pre-prepared answers being memorised and delivered on the day. It appeared that something of a “formula” had been established for how to perform well in a BAG analysis question.

> *“I did find that towards the end of the course I was preparing the company analysis beforehand and attempting to reproduce it during the tests/exams. I also found that rather than trying to understand the company that was being tested, my commentary looked to rather match that of previous memos as in the past tests any "extra" information I had added didn't receive marks.” Student 511 (2013).*

> *“Sometimes it becomes a bit repetitive and it’s all about what points will be on the memo and give you marks and not necessarily about sitting down and actually properly understanding the business and its financials - so maybe test the company analysis*

differently in every test i.e. not always a du pont with the same generic points under each heading." Student 640 (2013).

It was therefore decided in 2014 that multiple perspectives would be included when asking students to analyse the company. A further change was that there would no longer be a single 40 mark question but rather a series of shorter questions that would require students to have researched the company in greater depth.

A summary of the major observations and interventions, after the 2013 action research cycle, is provided below:

What was observed in 2013	**Interventions implemented in 2014 to take reflections from 2013 into account**
The company analysis question became predictable and students started to anticipate the questions and wrote prepared answers	• Multiple perspectives required for analysis questions (investor, auditor, provider of finance) • The question was no longer a single 40 mark question but rather consisted of shorter questions that required better understanding of the company

Table 21: Summary of observations and interventions for the company analysis question after the action research cycle of 2013

5.2.6.3 The 2014 action research cycle for the company analysis question

The changes listed in **Table 21** were communicated to BAG students in 2014 but unhappiness was caused by the fact that all their tutorial questions for this section were based on previous BAG test questions which did not have this new broader assessment practice. Some of the initial feedback from students was therefore not positive as they felt that they had been unprepared for the new format. The negative feedback was reduced over the course of the year but it was still seen in the slightly lower ranking, between 2013 and 2014. In 2015 there were tutorial questions relating to the new assessment format available to the students (the past questions from 2014) and that removed the uncertainty of the new format. The overall trend presented in **Table 18**, was that of improvement over time with respect to the benefit to student learning of the company analysis question thus no major interventions were planned for 2015.

5.2.7. Discussion of the findings from the 2015 follow-up questionnaire

As previously discussed, it was decided to canvass the views of the 2012 cohort who had written the APC in 2015. A summary of the multiple-choice question responses, provided previously in full, is provided below:

	Average	
	2012	**2015**
The course has helped to develop my pervasive skills as defined by SAICA	1.8	1.6
The M&A project has contributed to my learning	1.7	1.6
The research area in every test contributed to my learning	1.8	1.5
The company analysis in every test has contributed to my learning	1.7	1.5

Table 22: Summary of responses from the 2012 BAG class as well as the subsequent response from the same class in 2015

The participation rate was lower for the 2015 questionnaire and this analysis is prone to survivorship and response bias whereby only those students who benefited from the course participated in the subsequent questionnaire. Nevertheless it is pleasing to see that in the three years since completing the BAG course, students reported that, from their perspective, the course helped to develop their pervasive skills. Their comments provide a rich description of their perceptions of the BAG course several years after having completed it as a student. Interestingly the research area innovation showed the greatest change and this is probably due to the direct link to the APC, which places a large emphasis on research during the five day pre-release period for the case study.

> *"The aspects of how BAG is tested, with the research component, is very relevant to the APC case study and how to research. BAG also prepares you to think across all subject areas, in the same way that you have to consider all aspects of a trigger for APC." APC student 51 (2015).*

> *"BAG helped immensely as it exposed me to researching a particular company and expressing my views. It helped to contextualise the theory and provide a real life application. The research skills which were developed in BAG were very useful in preparing for APC in general." APC student 5 (2015).*

Besides the research skills developed, there was retrospective appreciation for the role that BAG played to prepare students for the new APC. The integrated nature of the BAG course and the APC require a new set of skills that are perhaps not appreciated at the time that students are completing their undergraduate degrees.

> *"In developing the BAG course you have created a proxy of the final SAICA APC program. In my final year at UCT I could not appreciate how fundamental and appropriate these skills were in arming me with the tools to take a giant leap closer to the ultimate goal and coveted "CA/SA". Students will always criticise both school and varsity, questioning how exercises and theories are at all relevant to their ultimate profession. If I can say in brief, BAG is as real a taste that you will have of the direction you have chosen and the skills you will require to achieve that milestone. As I sit and wait for my Board 2 results, I can only think that the best source of preparation I received at Varsity was from this unique and integrated course." APC student 8 (2015).*

> *"When the BAG course was initially introduced to me, I must admit that I was completely disinterested and annoyed at the prospect of adding yet another course to an already busy third year. However, looking back now, as vital as our main stream courses are (Financial Reporting, Tax, Corporate Governance and MAF (Management Accounting and Finance)) are, BAG was the most useful course at university. The reason for that is quite simple. BAG brought everything together and demonstrated the application of the theory in the real world, incorporating all the personal and professional skills required. As such, when it came to the APC, I feel that we had an edge regarding the integration of various subject matters and issues in the case study and we knew how to research and which information sources to use." APC student 27 (2015).*

Some students responded with suggestions and comments that have been addressed by subsequent interventions.

> *"Certain aspects were more "copy paste" than I would've expected - for example, the company analysis in the tests was simple enough that you could use the previous test solution and reword it for your company and change the numbers." APC student 67 (2015).*

This was addressed from 2014 onwards with the introduction of multiple perspectives as well as the movement away for a single question but rather four or five smaller questions that required a deep understanding of the company.

There were some further ideas for improvement from the students who wrote the APC examination in 2015 which will be considered for the BAG class of 2016. Some participants suggested greater emphasis on business writing (for instance emails, reports, memos) as is the case in the APC:

> *"Align it more to APC, triggers case studies. Do writing in various formats as required by APC." APC student 68 (2015).*

> *"Prepare students for transactional writing." APC student 39 (2015).*

Another suggestion was to include more emphasis on ethics in the BAG course. This has been included to a greater extent in the M&A project, with the personal reflection component, but there is still scope for increased ethics in the research area questions for instance.

> *"The implementation of BAG was honestly a great idea and course for students that can only be truly realised now. I know that we were the first class to do it, and couldn't believe how "unfair" it was for us to have yet another course at the time. But looking back it equipped me with skills to take on the APC that I didn't realise. I would however suggest incorporating more ethics into BAG. Each of the other subjects are quite specific (accounts, tax, MAF etc) and BAG should have the ability to incorporate more ethical issues that can make students more comfortable with these issues because it comes up in each of the papers." APC student 22 (2015).*

Overall it was pleasing that those students who participated in the follow-up questionnaire had a more positive perception than when they were students in 2012 that the BAG course had helped them to develop pervasive skills and that the innovative interventions had contributed to their learning. While the sample size is smaller than for the evaluation of the 2012 BAG course, they do add to the evidence to support the effectiveness of the BAG course over time.

CHAPTER 6 – CONCLUSIONS

6 Introduction

This final chapter revisited the original reasons for developing the capstone course and reflected upon the data analysis described in the previous chapter to answer the research questions detailed in Chapter 3. It also highlighted the significance of this study as well as offered recommendations for academics who are looking to develop the pervasive skills of their students.

6.1 Revisiting the original plan of action for the capstone course

As highlighted in **Chapter 3**, (see **Table 1**), the BAG course was developed and implemented in response to several observations that were made in 2011 by the UCT College of Accounting regarding the newly published competency framework from SAICA. This framework required the development of pervasive skills and UCT saw the need to introduce a capstone course in response to this requirement. The capstone course would cover more finance content, emphasise integrated thinking and would also be designed not to overload students in their final year of undergraduate studies. These original observations and the interventions designed in response will now be discussed at a high level before giving a more detailed discussion of the M&A project, research area questions and company analysis questions.

The BAG course was designed to cover more finance topics for B.Com students (like valuations, dividends and capital structure). Some B.BusSc students however felt that these topics were covered more extensively in their other finance courses and that there was an unnecessary overlap with the BAG course. On the other hand there were some B.Com students who felt that certain topics, especially valuations, were covered at a level that they were not able to attain due to a lack of background knowledge. This tension was maintained throughout the four year period and does require continued attention. The BAG capstone course has two distinct cohorts of students participating and striking the right balance, as noted above, is not easy. It is beyond the scope of this study to provide further investigation of these matters but it could be an avenue for future research.

The BAG capstone course was also designed to help students to apply integrated thinking as opposed to thinking in the silos of four traditional disciplines. The course has continued to be taught by academics and tutors from Financial Reporting, Taxation, Corporate Governance and Management Accounting and Financial Management. The research area questions in particular have been selected to encourage students to link all the different subjects taught during their undergraduate studies. There were changes made to the assessment practices over the course of the four years. For example, research area questions were released as key words, as opposed to complete questions to encourage students to read widely on the current business issues covered. Another example is that students were allocated companies for the M&A project in the first quarter, as opposed to the final quarter of the academic year to spread out assessment tasks over the year and encourage students to keep up to date with the latest company news. All these changes were documented when the particular interventions were discussed in **Chapter 5**.

A design consideration was that the capstone course should not prejudice students due to curriculum and/or timetable overload. The introduction of a new course did result in an increased workload for all students from 2012 onwards but students' examination results for the course, see **Table 9**, were impressive. The evidence would suggest that students have been able to manage the extra course with high pass rates maintained across all their final year courses as well as in the BAG course itself. The BAG exam is currently written after the 3rd quarter and this has minimised the workload around the time of the final exams at the end of the 4th quarter. The additional work required by the introduction of a capstone course has however made it even more important for students to develop their professional skills (time management in particular) and this has served to place the focus on the pervasive skills.

The final concern was that the examination for the BAG course at the end of the 3rd quarter would leave little incentive for students to attend lectures in the 4th quarter. The M&A project was therefore designed and conducted in the 4th quarter in 2012. In 2012 the students, tutors and academic staff all identified that the M&A project was too concentrated in the 4th quarter and adjustments were made to alleviate this congestion. The M&A project is now conducted over the course of the year with deliverables spread out accordingly. The M&A project, as well as the research area question and company analysis questions, were all regarded as developing student learning.

6.2 Revisiting the research questions

This study sought to replace guesswork with a systematic approach to assessing the impact of the implementation of the BAG capstone course. It focused on understanding the extent to which BAG has met its primary goal of developing pervasive skills. The first research question therefore was:

Did the introduction of the capstone course lead to the development of students' pervasive skills?

In answering this first research question, the evidence gathered from the professional body, UCT, tutors, academic staff and students, shows that the BAG capstone course has met its objective of developing the pervasive skills of final year undergraduate students at UCT. All stakeholders are overwhelmingly supportive of the capstone course and it is their perception that it has helped to develop pervasive skills as defined by SAICA.

The findings from this study show that the introduction of the BAG is an effective means of responding to the call from Smit & Steenkamp (2015) for interventions that develop pervasive skills. It was suggested by Strauss-Keevy (2012) that a capstone course would help to develop pervasive skills and the BAG course contains many of the attributes of the capstone accounting course developed by Jervis and Hartley (2005), namely the emphasis on research and case studies.

Despite the BAG course being much larger in class size compared to the student group in the Jervis and Hartley study, both capstone courses appear to have met the objective of developing pervasive skills.

The second research question follows from the first namely:

Which particular interventions in the BAG course were beneficial for student learning?

The data collected from students, tutors, academics and the professional body all pointed towards the M&A project, research area questions and company analysis assessments as effective means of developing pervasive skills. They will now each be discussed in some detail.

The M&A project in particular is a unique intervention that offers a large range of elements to academics interested in developing pervasive skills. It incorporates teamwork, negotiation among students, personal communication, personal reflection, reinforcement of the importance of ethical conduct and many more elements. Students were engaged in the M&A project and cited it as providing unique benefits as well as providing an opportunity to bring all their skills together.

Johnson and Halabi (2011) noted in their study that the involvement of professionals was important for the successful implementation of a capstone course. In the current study, this role was taken by the company, Coronation Asset Managers, through their involvement in the M&A project. The M&A project was also praised by SAICA as well as UCT who awarded the Collaborative Education Award to the BAG lecturers in large part due to the success of the M&A project.

The research area question, which required students to research topical business issues, was also viewed as a teaching intervention that resulted in student learning. Students are often told to read widely and keep up to date with the latest business news but by incorporating topical news items in the assessments of the BAG capstone course, greater engagement with current affairs was achieved.

Finally, the company analysis question was also regarded as beneficial to student learning. It provided time for students to research and analyse a company prior to writing an assessment based on the performance of the company. This appeared to generate interest in the performance of companies among students.

Another aspect was that many students worked in teams during the research period in order to help each other to gain a better understanding of the company. This mirrors the approach that will be taken by students writing the APC and is greatly encouraged in order to develop pervasive skills.

6.3 Significance of the current research

As noted in the summary of related literature, there has been little research conducted into the development of an accounting capstone course for large classes. The size of the BAG class over the period of study averaged 497 students. This large class size has presented many challenges but these have not impacted on the perceived development of pervasive skills. It has been beyond the scope of this study to focus on the specific interventions that have been modified for large classes (like use of the online learning platform as well as the video recording of lectures) but this could be an area for future research. Teaching a large class capstone course is challenging but it is not impossible and this study provides an example of how it can be achieved.

Starting in 2015, both Walter Sisulu University and the University of Zululand have introduced an accounting capstone course. The University of Witwatersrand has also introduced certain elements of the BAG course but have not introduced a separate course. The author of this study has been involved in the development of all of these interventions because the BAG course is unique among SAICA accredited universities.

Introducing the teaching of pervasive skills or a capstone course is not a case of “one size fits all” because the student profile differs widely between all of these institutions mentioned above. The process of conducting this study has, however, been instrumental in documenting the steps that UCT has taken and this has helped to inform the interventions at these other institutions. The completed study can now serve as a useful starting point for any other SAICA accredited institutions that are looking to explore a means of improving the development of pervasive skills. This study is unique in that it captures the development of the original accounting capstone course to be implemented at a SAICA accredited university.

This study has made use of action research as a means of both knowledge creation and enhancement of teaching practice. The action research cycle spiral starts with a **plan** which is a set of interventions designed to improve on what is already happening. These interventions were articulated in **Chapter 3** and had the overarching goal of developing pervasive skills. These interventions were then **acted** upon and the effects **observed** every year as described in **Chapter 4** through student evaluations, tutor and academic focus groups. **Reflection** then takes place and forms the basis for the **plan** for the following iteration (Kemmis & Mc Taggert, 1988) of the BAG capstone course, as articulated in **Chapter 5**. The development of the BAG capstone course has benefitted from this repeated action research spiral, as was the case for Kiener, Ahuna and Gray Tinnesz (2014) in the development of their capstone course.

Action research has been used extensively in a variety of other fields, like education (Davidowitz, Rollnick & Fakudze, 2003; Downhower, Melvin & Sizemore, 1990; Nihlen, 1992), among health professionals (Kember, 2001; Mubuuke & Leibowitz, 2013) as well as among information systems researchers (McKay & Marshall, 2001). This study adds to the body of knowledge in action research by focussing in particular on the field of accounting education.

The study is also significant in that it also focussed on specific innovative teaching practices like the M&A project, research area questions and company analysis assessments. If the creation of a capstone course is not possible, these can be incorporated within existing courses that seek to develop pervasive skills. This study is significant for the reasons mentioned above but these must be considered in conjunction with the limitations that have already been highlighted in **Chapter 4**.

6.4 Recommendations

This study focussed on the development of pervasive skills, as well as the impact of interventions that were beneficial to student learning (M&A project, research area questions and the company analysis questions). The scope of future research work could be extended to include analysis of the data according to the demographic profile of the students in the course.

Throughout the study the data for both B.BusSc and B.Com students has been collected. This data could be sorted according to the programme of study and significant differences could be investigated. This could be fruitful for other universities which only offer a B.Com programme and would like to focus on the views of these students in particular. This research may also uncover the extent to which an overlap exists between the courses taught in the B.BusSc programme and the BAG course.

Further research opportunities also exist in the area of language and the development of pervasive skills. The data is available to explore whether students who have English as a second language have a different perception of the BAG course compared to first language speakers. Possible gender differences may also be a factor and could therefore offer another fruitful avenue for research and knowledge creation. A final avenue for research that opened up in 2015 is to investigate the experiences of Walter Sisulu University, University of Zululand and the University of Witwatersrand as they are either starting a capstone course or have incorporated elements of the capstone course into an existing course. The views of the students and academic staff could be canvassed and contrasted to the UCT experience.

Besides those avenues for future research, the major recommendation of this study is that other SAICA accredited universities should consider incorporating a capstone course, or at least elements of a capstone course, to assist in the development of students' pervasive skills. This study does not present the final word on the development of pervasive skills and as such the more other universities and academics engage around the issues raised in this study, the more knowledge can be created and shared.

This study makes no claim to universality; the limitations were articulated in **Chapter 4**, but the use of action research has certainly aided in the development of the capstone course. It is recommended that any other academics who want to reflect upon their practice and produce meaningful research, also consider action research.

6.5 Closing remarks

The challenge of developing pervasive skills is immense. The world of work is changing rapidly and students need to be flexible and adaptable to the many challenges they will face during their careers. Professional bodies are therefore increasingly incorporating pervasive skills into their assessment practices. SAICA have articulated these pervasive skills in the competency framework and test them explicitly in the new APC. In response to these changes, UCT conducted a mapping exercise that resulted in the development of a capstone course as a significant intervention.

This research has followed the development of the BAG course over its first four years. The views of students, tutors and academic staff have all been recorded over this period. Additionally, a targeted portion of the original 2012 class who completed the new APC in 2015, were also included to gather data on their impression of the course three years later.

The findings from this study show that a capstone course is an effective means of developing pervasive skills in students. This is supported by data gathered from the professional body SAICA, the UCT academic community as well as from students.

The rigorous action research steps of observation, action, reflection and then planning helped to develop the BAG course over these initial years. The majority of the interventions took place in the M&A project, research area and company analysis aspects of the course. The key observations and interventions were documented and although some interventions had a negative effect, the overall impact by the majority of the interventions was favourable.

The BAG capstone course has overcome some significant challenges related to a crowded curriculum, student opposition to an additional final year undergraduate course as well as the development of innovative assessment practices. While major innovations are not anticipated in the future, the observation and reflection aspects of action research will still be applied to improve the course in subsequent years with the help of input from students, tutors, academics and students who have completed the course. This well-documented journey of the College of Accounting at UCT is likely to assist other academics who are tasked with developing pervasive skills and especially those that have chosen to make use of a capstone course. This research is particularly relevant for South African academic institutions that are accredited by SAICA and the author looks forward to future correspondence with anyone who would like to share their experiences or obtain any further information.

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APPENDICES

APPENDIX 1 – QUESTIONNAIRE COMPLETED BY PARTICIPATING STUDENTS

The College of Accounting is committed to offering teaching of high standards. Thank you for taking the time to help us evaluate whether we are achieving our goals. Note that your evaluation will not be accepted unless you respond to every question with an asterisk (*) next to it. Your answers are anonymous but a record will be kept of the fact that you have completed the evaluation.

Please remember that when critiquing the service delivered by a person (ie a lecturer, your tutor or an administrator) that he/she will be reading your comments. Some students in the past have made negative personal comments, which can be deeply hurtful. Please therefore ensure that, while being honest, your comments are constructive and helpful. If in doubt a good check would be to ask yourself how you would respond if the person asked you in conversation for your frank opinion of the service they have provided to you.

* 1.

This is the course evaluation for ACC4000H.

In addition to evaluating the course, you are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research study is being performed and what it will involve.

The research study is focused on evaluating ACC4000H. All students are therefore requested to complete this course evaluation and to agree that the data can be used for the research study. You are all expected to participate in the course evaluation but it is your choice whether or not you agree to participate in the research study. If you choose to do so you will remain anonymous and your responses will be used as data in the research study which will be made available to parties interested in ACC4000H beyond UCT (i.e. SAICA and other universities). The evaluation questions will be exactly the same whether you choose to participate or not. No additional action will be required of you should you choose to participate in the research study. The benefit of your participation is that the data for the study will be richer and the findings will be disseminated to a wider audience.

The research is being conducted by Paul Maughan in completion of his Masters in Higher Education degree at UCT. Should you require further information please contact him (paul.maughan@uct.ac.za)

- Yes, I choose to have my responses included anonymously in the research study
- No, I choose not to have my responses included in the research study.

* 2.

Which degree are you currently registered for?

- (•) BA
- ( ) BBusSci
- ( ) BCom
- ( ) BSc
- ( ) PG Dip
- ( ) Other

* 3.

Are you an EDU (Education Development Unit) student?

- ( ) Yes
- ( ) No

* 4.

What is your gender?

- ( ) Male
- ( ) Female

5.

Do you consider English to be your ....

- ( ) 1st Language?
- ( ) 2nd Language?
- ( ) 3rd or 4th Language, etc?

6.

Which of the following best describes your ethnic background? (This question is not compulsory, but if you choose to answer, we will be able to use your response for our research on student transformation)

- Black South African
- Chinese South African
- Coloured South African
- Indian South African
- White South African
- International student
- I choose not to answer

Questions about your experience of the course

7.

Approximately what percentage of **lectures** for this course have you attended so far?

- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

8.

Approximately what percentage of **tutorials** for this course have you attended so far?

- 0%
- 10%
- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%
- 90%
- 100%

9.

Roughly what mark do you expect to obtain for this course?

- 85 - 100%
- 75 - 84%
- 70 - 74%
- 60 - 69%
- 50 - 59%
- 40 - 49%
- 30 - 39%
- 0 - 29%

10.

Rate the level of difficulty in this course.

- Very difficult and hard to understand
- Challenging but fine
- Average
- Not at all difficult
- Too easy

11.

How is the amount of work associated with this course making you feel?

- Confident: I am managing well
- I am coping
- Worried and anxious
- Overwhelmed

12.

With this course, are you motivated to ...

- Do your best?
- Do more work than usual?
- Do the usual amount of work?
- Put in less effort than usual?

13.

Do you have a sense of the overall direction of the course?

- Yes
- No

14.

Do you approach the material on this course by aiming to understand the concepts and principles, or simply by memorizing how to produce answers like the suggested solutions?

- I always aim to understand the concepts and principles
- I sometimes aim to understand the concepts and principles
- Mostly I just memorize how to produce answers like the suggested solutions

15.

The course has helped to develop my pervasive skills as defined by SAICA

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

16 .

Comment on which pervasive skills in particular have been developed by BAG (ie ethics, personal and professional skills)

For the remainder of the evaluation, please rate your agreement with the statements. If you would like to make additional comments (positive or negative) about this lecturer, please do so in the box below.

17.

The course is well planned and managed

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

18.

Course handouts (notes, slides, readings, etc.) have contributed to my learning (Answer "n/a" if you have not yet received any course handouts)

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- N/A

Add a comment

19.

Tutorial assignments have contributed to my learning (Answer "n/a" if you have not yet attempted any tutorial assignments)

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- N/A

Add a comment

20.

The M&A project has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

21.

The research question in every test has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

22.

The company analysis in every test has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

23.

The Vula site for the course is used effectively (Answer "n/a" if this is one of the first times that you have used the Vula site)

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- N/A

Add a comment

24.

Important information about this course is clearly communicated to me

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

25.

The method of distribution of documentation for this course is effective

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

Add a comment

26.

My interactions with the course secretary for this course have been positive (Answer "n/a" if you have not interacted with the course secretary)

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- N/A

Add a comment

27.

My interactions with the Accounting Reception staff have been positive (Answer "n/a" if you have not interacted with the Accounting Reception staff)

- strongly agree
- agree
- neutral
- disagree
- strongly disagree
- N/A

Add a comment

28 .

If you would like to make additional comments (positive or negative) about this course, please do so in the box below

29 .

What do you think could be done differently in 201X to improve the BAG course?

APPENDIX 2 – ETHICAL CLEARANCE DOCUMENT SIGNED BY PARTICIPATING TUTORS

DATE

To all the ACC4000H tutors,

This is a focus group for the purpose of conducting a course evaluation for ACC4000H. In addition to evaluating the course, you are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research study is being performed and what it will involve.

The research study is focused on evaluating ACC4000H. All tutors are therefore requested to complete this course evaluation and to agree that the data can be used for the research study. You are all expected to participate in the course evaluation but it is your choice whether or not you agree to participate in the research study. If you choose to do so you will remain anonymous and your responses will be used as data in the research study which will be made available to parties interested in ACC4000H beyond UCT (i.e. SAICA and other universities). The evaluation questions will be exactly the same whether you choose to participate or not. No additional action will be required of you should you choose to participate in the research study. The benefit of your participation is that the data for the study will be richer and the findings will be disseminated to a wider audience.

The research is being conducted by Paul Maughan in completion of his Masters in Higher Education degree at UCT. Should you require further information please contact him (paul.maughan@uct.ac.za)

Please circle your choice below:

Yes, I choose to have my responses included anonymously in the research study

No, I choose not to have my responses included in the research study

Name:____

Signature:____

APPENDIX 3 – ETHICAL CLEARANCE DOCUMENT SIGNED BY PARTICIPATING ACADEMIC STAFF

DATE

To all the invited lecturers,

This is a focus group for the purpose of conducting a course evaluation for ACC4000H. In addition to evaluating the course, you are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research study is being performed and what it will involve.

The research study is focused on evaluating ACC4000H. You are therefore requested to complete this course evaluation and to agree that the data can be used for the research study. It is your choice whether or not you agree to participate in the research study. If you choose to do so you will remain anonymous and your responses will be used as data in the research study which will be made available to parties interested in ACC4000H beyond UCT (i.e. SAICA and other universities). No additional action will be required of you should you choose to participate in the research study. The benefit of your participation is that the data for the study will be richer and the findings will be disseminated to a wider audience.

The research is being conducted by Paul Maughan in completion of his Masters in Higher Education degree at UCT. Should you require further information please contact him (paul.maughan@uct.ac.za)

Please tick next to your choice below:

☐ Yes, I choose to have my responses included anonymously in the research study

☐ No, I choose not to have my responses included in the research study

Name:____

Signature:____

APPENDIX 4 – QUESTIONNAIRE COMPLETED BY BAG 2012 STUDENTS WHO WROTE THE APC IN 2015

1. You are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research study is being performed and what it will involve.

The research study is focused on evaluating ACC4000H. All former BAG students are therefore requested to complete this survey and to agree that the data can be used for the research study. If you choose to participate you will remain anonymous and your responses will be used as data in the research study which will be made available to parties interested in ACC4000H beyond UCT (i.e. SAICA and other universities). The benefit of your participation is that the data for the study will be richer and the findings will be disseminated to a wider audience.

The research is being conducted by Paul Maughan in completion of his Masters in Higher Education degree at UCT. Should you require further information please contact him (paul.maughan@uct.ac.za)

- Yes, I choose to have my responses included anonymously in the research study
- No, I choose not to have my responses included in the research study.

2. Now with the benefit of hindsight (as someone who is busy with traineeship to become a CA(SA)) please reflect on how BAG has played a role in the development of your pervasive skills.

The course has helped to develop my pervasive skills as defined by SAICA

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

3.

The M&A project has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

4.

The research question in every test has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

5.

The company analysis in every test has contributed to my learning

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

6.

Comment on which pervasive skills in particular have been developed by BAG (ie ethics, personal and professional skills)

7.

The BAG course has helped me prepare for the APC

- strongly agree
- agree
- neutral
- disagree
- strongly disagree

8.

Please comment on the extent to which BAG has prepared you for your traineeship and the APC

9.

Are there any other comments you would like to make about the BAG course?

APPENDIX 5 – M&A PROJECT FOR 2015

ACC4000H TEAMWORK PROJECT

The BAG teamwork project will be a highlight of your year if you choose to work hard and engage with what is happening in South African and International business. The project will be the sole focus of the 4th quarter where all the lectures and tutorials will cover the important aspects of Mergers and Acquisitions (M&A) activity.

Before then you will all be placed in teams and all the members of your team will be in the same tutorial as you. Every team will be allocated to a listed company. **For the year you are representing that company at all times.** You must follow its progress and gain a thorough understanding of its operations.

This is a real world teamwork project. That means that the current share prices on the JSE, NASDAQ etc. are the share prices that you need to take into account when dealing with one another. The annual financial statements currently available are the ones that you need to be analysing. Any news that you hear through the financial press is news that you must take into account. Unlike the real world however, you will only be allowed to conduct **one deal** with another company. In other words you could acquire another company **OR** be acquired by a company **OR** merge with a company.

The design of the Teamwork Project

It is important that you pay careful attention to the assessment of this project (see below). **The project consists of many small steps that if taken carefully will result in the project being enjoyable and engaging.** It is not possible to pull a few all-nighter's right at the end and hope to perform well.

The project will be assessed in the following manner:	**Note**	**%**	
Display card	**A**	3	✓
Company introduction	**B**	7	✓
Company valuation	**C**	10	✓
Class participation	**D**	10	
Individual work	**E**	20	
Tutorial presentations	**F**	10	
Final hand-in	**G**	40	
Total		**100**	
Bonus or Penalty	**H**	**+-10**	

The following **timeline** summarises what needs to happen when, the key is working consistently:

Deliverable date	Required
Tutorial 1 – starting 21 Sep	**Strategic update presentation 1**
Tutorial 2 – starting 28 Sep	**Strategic update presentation 2**
12h00 (midnight) - 3 Oct	No more M&A deals can be conducted
12h00 (noon) – 6 Oct	**Final hand-in** (including analysis of M&A opportunities + reflections from each individual in the team)
16h00-17h30 – 7 Oct	**Grand Finale** with Guest MC G-Unit Modack and the esteemed judging panel (Gibson, Graham, Watson, Parsons, Maughan etc.) in NSLT to decide who walks away with R50 000 in Coronation unit trusts. Additionally the JSE Trading Competition and other Awards (decided upon by Berkshire, JP Morgan and Remgro) will be announced. Award nominations can be sent to hanyani.mabaso@uct.ac.za

Note	Explanation
D	**Class participation** During the course of the year teams will be asked questions during lectures and tutorials. These questions will be related to your company (i.e. recent result announcements, newspaper articles etc.) It is vitally important therefore that team members stay up-to-date with their company's news. Team responses will be graded as follows: 0 – Weak attempt/Not present in the lecture 5 – Average attempt 10 – Thoughtful and value added attempt These responses will be averaged over the course of the year to calculate the final team mark.

E	**Individual work**

Analysis of M&A opportunities

Every company involved in the project will be on VULA under **Resources > M&A Company introductions**. All team members (**as individuals**) will need to decide which company they believe would be appropriate for:

i) A merger of equals **OR**

ii) An acquisition by your company **OR**

iii) A deal whereby this company acquires your company

Team members are NOT allowed to perform an analysis on the same company and therefore this must be decided on a first come first served basis amongst the team members. Emailing all the members of the team the name of the company that you intend to perform an analysis on is sufficient. Your tutor's decision is final in the case of a dispute.

The company chosen for analysis needs to make strategic sense and if you are in doubt it is best to contact your tutor. If the company is not strategically aligned, the student will be heavily penalised with a **deduction of up to 50%** of their final mark for this section.

Evidence of thoughtful analysis as to reason why this is an ideal candidate for M&A activity, especially - Strategic - Legal - Financing aspects	40
Brief analysis of the financial statements of the other company	20
Clearly explained and credible synergies	20
A broad indication of the proposed terms of the deal	10
Presentation and appropriate professional language	10
Total	100*

*This will be divided by 10 to get the individual mark

Personal reflection

A key part of this project is to work in a team under sometimes stressful conditions. This personal reflection component is designed for you to reflect on your experience.

Honest assessment of your experience of working in a team. What worked well? What challenges were faced? Give specific examples.	30
Ethical challenges faced during the project and your response to them.	10
What 3 things did you learn about yourself during this project?	30
What are the 3 key lessons that you want to take with you into your professional life?	20
Presentation and appropriate professional language	10
Total	100*

*This will be divided by 10 to get the individual mark

This **individual work** will need to be submitted along with the Final Hand-in on 7 October by 12h00 (noon) at the College of Accounting reception. The analysis of an M&A opportunity is limited to **1 page** and the Personal reflection **2 pages** (no additional Appendices allowed). It is advised that the M&A analysis is completed far in advance of the hand-in date so that the team can move forward with any possible M&A activity based on your analysis.

The mark awarded for this section will only apply to the student performing the analysis and therefore it needs to be clearly indicated in your final hand-in.

F **Tutorial presentations**

Strategic update presentation 1 - Week beginning 21 September

Each team needs to present the ideas that they have generated through the “Analysis of M&A opportunities” aspect of the project. Every team member must present the company that they are investigating. The total presentation will be 10 minutes + 5 minutes of Q&A. Each team will also be marked on the quality of the questions that they ask the other teams presenting.

Analysis of M&A opportunities	10
Quality of questions asked of the other teams presenting	20
Evidence of teamwork	10
Presentation skills (eye contact, clear articulation etc.)	10
Total	50*

*This will be divided by 10 to get the team mark

<table>
<tr><td></td><td>Strategic update presentation 2 - <u>Week beginning 28 September</u>
This tutorial will attempt to simulate a “status update” meeting where all the other teams in the tutorial are investment bankers. What happens in the tutorial stays in the tutorial and everyone in attendance needs to keep all discussions confidential. It would however be wise to share all M&A ideas equally passionately so as not to give hints as to the definite direction of your company (because of the possible 10% penalty). If you have already concluded a deal, your presentation will be more geared towards explaining the deal as opposed to obtaining advice from the rest of the tutorial teams.

The presentation will be 10 minutes + 5 minutes of Q&A. Each team will also be marked on the quality of the questions and comments that they provide the other teams presenting.
<table>
<tr><td>Status of negotiations update</td><td>10</td></tr>
<tr><td>Quality of questions asked of the other teams presenting</td><td>20</td></tr>
<tr><td>Evidence of teamwork</td><td>10</td></tr>
<tr><td>Presentation skills (eye contact, clear articulation etc.)</td><td>10</td></tr>
<tr><td>Total</td><td>50*</td></tr>
</table>
*This will be divided by 10 to get the team mark
The feedback and advice received during these tutorial presentations must be incorporated in the final hand-in.</td></tr>
<tr><td>G</td><td>Final hand-in
The goal of the project is for you to engage in real time M&A activity. You are encouraged to pursue deals that make sense for your shareholders (and reject deals that don’t make sense!). The lectures are designed to help you in this process as strategic considerations, accurate valuations, thorough due diligence, competition commission legislation and accounting issues all are factors to consider.</td></tr>
</table>

A clear record of all the offers received and made	10
Clear reasoning for the deal concluded, especially - Strategic - Legal - Financing If no deal is concluded, a discussion of efforts made to conclude a deal and reflection on why a deal was not successful.	40
Evidence of good negotiation skills	10
Conclusion that includes a reflection on mistakes made	10
Presentation and use of professional language	10
Concluded a merger or acquisition that makes sense	20
Total	100*

*This will be divided by 2.5 to get the team mark

Remember that the individual work performed by all team members (see **E**) will also need to be included in the final hand-in.

The final hand-in cannot be longer than 5 pages (of a reasonably-sized font, with no additional Appendixes allowed) excluding all the analysis performed by individual members. It must be handed in by 12h00 on 6 October at the reception to the College of Accounting. A plagiarism declaration must be signed by all team members.

Concluding a successful merger or acquisition

In this simulation, a company can only conclude one deal. In other words it has to choose to merge with a company, acquire a company or be acquired by a company but it can't choose more than one of these actions. It can of course choose to do nothing but then forgoes 20% of the final hand-in mark.

In order for a M&A to be considered concluded, all the team members of both teams need to sign an agreement before midnight on 3 October (i.e. no deals can be concluded from Sunday 4 October onwards). The agreement must mention the price agreed as well as the form that the payment shall take (i.e. share swap, cash etc.). This agreement must be included in the final

<table>
<tr><td></td><td>hand-in for both teams and therefore two copies should be signed (this is the only Appendix allowed). Once an agreement has been reached, you must immediately announce the deal on VULA >Chat>M&A deal announcements - both teams need to send separate announcements that explain the deal to their shareholders. This is to prevent word leaking before it is announced (see H below) and it also ensures that other companies that might have been pursuing a deal with you are aware that that is not going to happen.

The 20% mentioned above might not be awarded to both teams if it is felt that a team has concluded a deal that is severely unfavourable to shareholders. You must be keen to conduct an M&A but not on terms that destroy value for your shareholders.</td></tr>
<tr><td>H</td><td>Bonus or Penalty
A vital part of any M&A action is that it remains confidential so as not to influence the share price prior to the deal being announced. It is therefore vital that all teams keep a close watch on their communication during this time.

A bonus can be earned by a team that has its ear close to the ground. Any team can submit a document to the M&A hotline (paul.maughan@uct.ac.za) with the following details:
1. The names of the companies involved in suspected M&A action
2. The source of the information for this suspicion
3. The name of the team submitting this tip-off (with all members of the team signing the document)

If this suspected M&A deal is concluded after the email
The company reporting it will receive a bonus 10%. At the same time both of the companies whose deal was discovered will receive a penalty of minus 10%. The only exception will be if the reporting company had no evidence to suspect M&A activity other than logical reasoning.

If this suspected M&A deal is NOT concluded after the email
The company reporting it will receive a penalty of minus 10%.
Companies can only lose or gain a maximum of 10%.</td></tr>
</table>

The roles of the Academic Trainees

The Competition Commission

Students who are intending to make a deal that can potentially discourage competition in the market should get approval from the competition commission. Students should fill a query form that will be made available on Vula and submit it to the commissioner's office. The returned query form should be attached to the final hand in of the project.

Students should only enquire from the competition commissioner if there is a potential that their deal will discourage competition or encourage anti-competitive behaviours.

The Role of the Competition Commission

- Ensure that small- and medium-sized BAG companies have an equitable opportunity to participate in the BAG M&A project.
- Implement measures to increase market transparency.
- Investigate and evaluate alleged anti-competitive conduct.
- Conduct formal inquiry in respect of the general state of competition in a market.
- Authorise, with or without conditions, prohibit or refer mergers and acquisitions which it receives notice of.

Ethics Committee

The ethics committee must facilitate appropriate attention to the ways in which the BAG teams conduct mergers and acquisition, specifically its value system surrounding ethical standards. Students can file a complaint to the Ethics Committee if any of the students doing Mergers and Acquisitions are breaching the fundamental principles of the SAICA Code of Professional Conduct. Those found guilty will be asked to provide baked goods to the offended parties and issue a formal apology via a SENS announcement.

Fundamental principles of ethical behaviour

- Honesty
- Professional competence and due care
- Confidentiality
- Professional conduct

How to file a complaint

1. **Complaining against another party**

   Fill a complaint form provided on VULA and send it to the ethics committee during office hours**.**

2. **Withdrawal of a Complaint**

   Send an email to the committee and cancel your compliant and give reasons for cancelling your complaint.

The BAG Times reporters

The BAG Times reporters will post a weekly newsletter about what is happening in BAG. They will talk about everything from potential BAG deals, and what the teams are up to. Students should keep confidential information from the journalists but you can share confidential information with them as long as you make it clear that it is “off the record”.

The information that you share with the competition commission and ethics committee will remain confidential (there is no need to make a verbal confidentiality contract with them). The hotline and email address of The BAG Times will be made available on VULA. You can give them any news that is ‘hot’. (E.g. ABC Ltd left computers open in the com labs). You can also write articles about BAG and M&A’s and they will be published in the newsletter.

THE DARK SIDE

The following penalties will apply:

- **Minus 5%** from your **total mark** for the project (i.e. not just that section that the deliverable relates to) for every day that a deliverable is late.
- **Minus 5%** from your **total mark** for the project (i.e. not just that section that the deliverable relates to) for missing a tutorial in the 4th quarter and you as an individual will receive zero for the tutorial. Only medical certificates will be accepted (these need to be submitted to Fatima Driver within a week of the missed tutorial).
- Should a team member not contribute sufficiently to the project, that team member can be reported to paul.maughan@uct.ac.za . For instance if they miss team meetings, fail to assist with deliverables, contribute few M&A activity ideas etc. The report from the other team members must include clear examples of how the team member has failed to participate sufficiently. The person reported will then have a chance to provide evidence that they have actively participated at a sufficient level of quality. If the person is judged not to have contributed sufficiently, they will receive a **deduction from their final group mark ranging from 20% to 100%** depending on the severity of their underperformance.
- Since this project is for the whole year it is vitally important that you work hard to function well as a team. The following resources might be helpful:
  - When Teams Work Best
    - http://leadershiphq.files.wordpress.com/2011/02/when-teams-work-best1.pdf
  - Tips for Better Team Work?
    - http://humanresources.about.com/od/teambuilding/f/team_work.htm

These and other resources will be added under **Resources >M&A Company introductions**

FREQUENTLY ASKED QUESTIONS – from previous years

- Paul Maughan (07-Aug-2013 15:37 SAST) I received the following good question via email: "Should a large international company look only to being realistic in terms of the current (real) M+A strategy they follow (even if this precludes Africa) - or is it advisable to look for deals outside of their scope if it can be justified on some return metric? What is your suggestion? Is there a weighting to 'realism' outside of these returns potentially generated?"

It is hard to give a definitive answer to your question. Realism is important but isn't the be all and end all. How we decide the finalists is through their "SENS" announcements (because the projects are handed in on the Tuesday and the finale is the next day). We shortlist 10 deals and then read the projects. If the deal is fairly predictable, we will look for depth of analysis and thought into structuring the deal. If it is innovative (albeit never going to happen in real life) we are looking for clear justification for why synergy will be created. The best of course is innovative and well thought through but that is hard to find.

This project is artificial in that you are punished for not doing a deal even if in real life you would not want to. In the end some companies will eventually do deals that make little strategic sense but that would be because they negotiated badly as opposed to lacking the options to do a good deal.

- Paul Maughan (27-Aug-2013 10:46 SAST) I received the following good question via email: As a group we are interested in possibly acquiring smaller firms as well as potentially being acquired by a larger firm. One of our main considerations is the option of being acquired by a firm we spoke to tonight. In light of this however, I am not sure how to go about doing the analysis of M&A opportunities that is required as a part of the project.

What my group has is 3 possible acquisitions and then one possible deal in which we are acquired. How would we go about doing the analysis for the company we hope to acquire us? Do we leave that company out and simply value firms we would consider acquiring. Or, do we value the firm that we want to acquire us and see how we would add value to their firm after the acquisition.

My response is that if you analyse the "being acquired" option the focus shifts from you having to do a valuation of the company, to analysing why the deal would make sense from their perspective + analysing whether or not they would be able to finance it. It effectively becomes an exercise in making the case for the company that might acquire you – i.e. you are answering the question "What would convince their board of directors to buy you + do we have the finance to do the deal? "

- DATATEC LIMITED 4 (27-Aug-2013 13:33 SAST) With regards to the next submissions, I am a bit unclear about the difference between the individual submissions and the group submission. Is the group's merger/acquisition supposed to be one of the choices chosen by one of us or should it be different?
- Paul Maughan (28-Aug-2013 16:05 SAST) @DATATEC Good question. Who the company ends up signing with could be a company not covered by any of the individuals in the team (or it could be). The idea of the individual 3 page report is that you each have to at least investigate an option so that when the negotiations start, you have got some options.

- Paul Maughan (28-Aug-2013 16:08 SAST) ANOTHER QUESTION RECEIVED VIA EMAIL: I was just hoping to get some clarity with regard to the individual M&A proposals. Does each group member have a 3 page limit or is the limit for all the individual proposals combined? MY RESPONSE: Each individual has a 3 page limit (so should be 12-15 pages depending on the size of your group) + then the 5 page final handin

- SHOPRITE HOLDINGS LIMITED 4 (19-Sep-2013 20:10 SAST) For the individual hand-in, If i am looking to analyse a division within the holding company, would i have to analyse the division only or analyse the entire group?

- Paul Maughan (20-Sep-2013 07:29 SAST) @SHOPRITE If you want to acquire that company or merge with it, you need to look at the whole group - but obviously with not as much detail as the division. If you think they should buy you, then there is less reason to look at their whole group.

- BIDVEST GROUP LIMITED 4 (20-Sep-2013 18:17 SAST) Are we required to have communicated with the company that we are using for our tut this week before we present on them?

- Paul Maughan (23-Sep-2013 10:48 SAST) @BIDVEST Not at all. How you play the negotiations is completely up to you.

- EOH HOLDINGS LIMITED 4 (03-Oct-2013 11:30 SAST) @ Mike, Clarity on the 5 pages, does each group hand in their OWN 5 page report,or will there be ONE 5 page report from BOTH teams that made a deal.?

- Paul Maughan (03-Oct-2013 12:57 SAST) @EOH Important question - each group has their own 5 page report - telling the story of how they negotiated offers, rejections, strategies etc) and then finally the deal that was concluded (evidence of negotiation skill, synergies etc.). Attached is the contract and also all the individual 3-page reports.

- BIDVEST GROUP LIMITED 4 (04-Oct-2013 14:08 SAST) For the 5 page hand in do we need a seperate section for the 20 marks allocated in the rubric for concluding a deal and why it makes sense ? I feel we would be repeating what we have under Clear reasoning for the rejection of any offers received and for offers made to other companies that did not and did result in an M&A, especially
- Strategic
- Legal
- Financing aspects ?

- Paul Maughan (04-Oct-2013 15:11 SAST) @BIDVEST Thanks for raising this. The 20 marks will be awarded if the deal makes sense and you didn't make any glaring errors. If there were BIG problems then these marks will be reduced but yes there is no need for a separate section - although you could structure it that way if you wanted to

- NASPERS LIMITED 2 (05-Oct-2013 09:14 SAST) @Mike does the agreement we include as an appendice have to include anything more than the covenants, terms and legal structure of the deal? i.e. Can we leave the proposed operational benefits for the 5 page document, or should we include it in the appendix as well?

- Paul Maughan (07-Oct-2013 08:05 SAST) @NASPERS It makes sense to leave the benefits in the 5 page doc - the appendix is just the contract that both of you signed

FROM 2012

- Paul Maughan (19-Sep-2012 16:12 SAST) If you are in doubt about the competition commission approving your deal, do some research. There are links to websites under Resources > M&A's project > M&A's helpful links

- Paul Maughan (19-Sep-2012 16:15 SAST) You can do a deal with another company with the intention of offloading parts of it afterwards in order to satisfy the competition commission or for strategic considerations. In other words you would stipulate in the contract with them that afterwards you would restructure the entity. The deal would still need to have strategic reasons though that go beyond just trying to clear the competition commission.

- Paul Maughan (19-Sep-2012 16:17 SAST) If you want permission to miss a tutorial, email fatima.driver@uct.ac.za. You are still required to contribute to your team presentation even though you will not be there. Your team mates will be contacted to confirm that this was the case. If not, you will receive 0% for that deliverable.

- Paul Maughan (19-Sep-2012 16:32 SAST) If you are a subsidiary of another company - AngloPlat for example - you do not need to get permission from Anglo before doing a deal. If you are Anglo, you must negotiate as if AngloPlat is part of you but you can't tell them what to do when it comes to this project.

- TONGAAT HULETT LIMITED 1 (19-Sep-2012 23:25 SAST) Is the bonus mark limited to 10%?
- Paul Maughan (20-Sep-2012 12:44 SAST) @TONGAAT It is limited to 10% so you can only report someone once. It either works out for you, or you lose 10%!

- WILSON BAYLY HOLMES-OVCON LIMITED 2 (21-Sep-2012 20:41 SAST) So Paul, do we gain or lose 10% per tip off we provide or can we only provide one tip off?
- Paul Maughan (22-Sep-2012 19:03 SAST) @WBHO You are limited to one tip-off, use it wisely!

- FIRSTRAND LIMITED 2 (24-Sep-2012 00:32 SAST) Can you report that a certain company will make a deal with you? just thinking of ways to get this 10%
- Paul Maughan (24-Sep-2012 08:59 SAST) @FIRSTRAND That would not work because you need to actually conclude a deal. If you do conclude a deal however, you will then lose 10 percent because you leaked confidential information

APPENDIX 6 – M&A PROJECT COMPANIES FOR 2015

Retail (Food, Apparel, Luxury)	Industrial / Transportation
Tesco	VW
Whole Foods Market Inc	BMW
Pick 'n Pay	Daimler
Shoprite	Tata Motors
Steinhoff	Ford
Spar	GM
Ocado	Renault
Marks and Spencer	Peugeot
Woolworths	Fiat Chrysler
Truworths	Tesla
Mr Price	Union Pacific
Foschini	Canadian National Railway
PVH	CSX Corp
H&M	Norfolk Southern
GAP	Canadian Pacific
Inditex	Kansas City Southern
Richemont	Delta Airlines
LVMH	American Airlines
Hermes	Southwest Airlines
Kate Spade	United Continental
Kering	Ryanair
Swatch	Easyjet
Michael Kors	International Consolidated Airlines Group
Prada	Lufthansa
Ralph Lauren	Fedex
Hugo Boss	UPS
Luxottica	
L Brands	
Tiffany	

Consumer / Brands	**TMT (Tech, Media, Telecoms)**
Nestle	Apple
Unilever	Google
Procter and Gamble	Microsoft
Reckitt Benckiser	IBM
Loreal	Facebook
Estee Lauder	Twitter
Colgate Palmolive	LinkedIn
Mondelez	TripAdvisor
Coty	Expedia
Tiger Brands	Priceline
Anheuser-Busch Inbev	Baidu
Heineken	Naspers
Carlsberg	Alibaba
Diageo	eBay
Pernod	JD.com
Brown Forman	Schibsted
SABMiller	Amazon
AVI	Asos
Constellation Brands	Vodafone
Yum Brands	Verizon Communications Inc
McDonalds	Charter communications
Restaurant Brands International	Liberty Global
Spur	Walt Disney
Famous Brands	Discovery communications
Jack in the Box	Netflix
Starbucks	Viacom
Chipotle Mexican Grill	CBS
Krispy Kreme	
Domino's Pizza	

Companies in shaded blocks are listed on the JSE. All other companies are listed elsewhere.

APPENDIX 7 – RESEARCH AREA QUESTIONS FOR 2015

BAG RESEARCH AREAS – APRIL TEST

- Explore these 2 areas for the April Test
- The test will include a 20 mark question based on one of the research areas (you shouldn't spot because you will not have a choice)
- You can share research, work in teams etc.
- There will be new research areas for every test, we want you to develop your research skills

RESEARCH AREA 1

Load shedding - BHP smelter contract, impact on business, risk management

RESEARCH AREA 2

Petrol price in SA – oil price, rand/dollar exchange rate, fuel levies, road accident fund

APRIL QUESTION (20 MARKS: 30 MINUTES)

1. Explain how a low oil price will affect the performance of the South African economy. Illustrate your points with some examples. **(4 marks)**

2. Movements in the Retail petrol price in South Africa are determined by movements in the Crude Oil price and movements in the Rand/Dollar exchange rate, as well as other factors.

Using the table below, calculate and discuss the movement in the **Rand price** of Crude Oil and compare it to the movement in the Retail petrol price (coastal, unleaded) from 5 March 2014 to 4 March 2015.

Why is the percentage change in the Retail price of petrol (coastal, unleased) not the same as the percentage change in the Rand Crude Oil price?

Include in your answer a discussion of why the global Crude Oil price has dropped.

	5 March 2014	**4 March 2015**
Crude Oil price (WTI, $)	$101.82	$51.53
Rand/$ exchange rate	R10.7554/$	R11.7877/$
Retail petrol price (coastal, unleaded)	R14.32	R11.27

(10 marks)

3. As previously mentioned, the Rand has weakened considerably over the last year.
   a. How will this weakening of the Rand against the Dollar affect the following South African companies?
      i. Lonmin, one of the world's largest producers of platinum group metals with an almost entirely South African workforce. **(2 marks)**
      ii. Takealot.com, an online electronics retailer that sells internationally-sourced products to South African consumers. **(2 marks)**
   b. How could Takealot.com reduce its foreign currency risk? Suggest two ways. **(2 marks)**

Bonus question: What do you expect will be the US Dollar price of Crude Oil at the end of 2015? Please provide reasons to justify your answer. **(2 marks)**

BAG RESEARCH AREAS – JUNE TEST

- Explore these 2 areas for the June Test
- The test will include a 20 mark question based on one of the research areas (you shouldn't spot because you will not have a choice)
- You can share research, work in teams etc.
- There will be new research areas for every test, we want you to develop your research skills

RESEARCH AREA 1

New BEE code – changes, business opportunities, risk management

RESEARCH AREA 2

Grexit – Eurozone collapse, impact on business, ECB, IMF

JUNE QUESTION (20 MARKS: 30 MINUTES)

1. On the 25th of January 2015 the SYRIZA party was voted into power by the Greek people. What were the two main economic promises that Alexsis Tsipras and his party used to entice the public to vote for them? **(2 marks)**

2. Why did these SYRIZA election promises create conflict with the IMF, ECB and Germany? **(4 marks)**

3. If Greece was to leave the Euro and revert back to the Greek **"drachma"** what would you expect to see happen to the Greek economy? Your answer should include a discussion on inflation levels, interest rates, the banks, the overall Greek economy and the value of the new currency relative to the Euro.

(7 marks)

4. Lavipharm is a large pharmaceutical company operating from Greece. The majority of their products are imported from other EU nations and sold to the Greek public. As a financial manager for the company, what would be the **key** business risks facing your company if Greece was to leave the Euro? What measures would you put in place to try and manage these risks?

Use the table layout below in your response:

Key Business Risk	Explanation of Risk	How you would manage the risk
1.		
Etc.		

(7 marks)

Bonus question: Which investment bank helped the Greek government enter into the Euro by concealing the true level of national debt with the use of currency swap derivatives that had fictional exchange rates attached to them? **(1 mark)**

BAG RESEARCH AREAS – FINAL EXAM

- Explore these 2 areas for the Final Exam
- The test will include a 20 mark question based on one of the research areas (you shouldn't spot because you will not have a choice)
- You can share research, work in teams etc.
- There will be new research areas for every test, we want you to develop your research skills

RESEARCH AREA 1

Uber – legislation, employees, business model, insurance

RESEARCH AREA 2

Lewis Stores – unsecured lending, insurance, National Credit Regulator

FINAL EXAM QUESTION **(20 MARKS: 30 MINUTES)**

1. You are an intern at an investment bank. Your supervisor is interested in the growth that is taking place in the so called 'sharing economy' and is particularly interested in finding out more relating to Uber. Provide him with a **brief description** of Uber's business model. **(4 marks)**

2. You are a member of the risk management committee at Uber South Africa. **Draft the 'Strength and Weaknesses' section of a SWOT analysis** which you will present in the next committee meeting. The Chairperson of the committee has indicated that that he does not want to be overburdened with information. You are therefore required to present the three Strengths and three Weaknesses that you believe to be the most relevant to Uber. Your analysis should focus exclusively on Uber's South African operations. *(Note that any Strengths and Weaknesses after your first 3 will not be marked.)* **(6 marks)**

3. As part of Uber's growth strategy, the company is considering expanding its operation into a new country. Given your answers in parts 1-2, as well as what you know from your research, **critically discuss** what considerations management should take into account when expanding its operations into a new country. **(4 marks)**

4. In Hillary Clinton's recently unveiled economic plan she heavily criticized Uber and the sharing economy as "a major contributor to the rise in income inequality".
   a. In what ways could Uber contribute to the rise in income inequality? **(3 marks)**
   b. Do you agree with Clinton's statement? Explain why or why not. **(3 marks)**

APPENDIX 8 – COMPANY ANALYSIS QUESTIONS FOR 2015

APRIL QUESTION **(40 MARKS: 60 MINUTES)**

Murray and Roberts Ltd (M&R) is described on its website as "South Africa's leading engineering and construction services company. It has delivered infrastructure throughout South and Southern Africa for more than 110 years and is today recognised as an international engineering and construction group."

Attached are extracts from the interim results of M&R for the year ended 31 December 2014. A few ratios, calculated by your assistant, are attached as well (you can assume that these are correct and have been correctly adjusted for the fact that they are interim results).

REQUIRED

1. Conduct a SWOT analysis of M&R. **(10 marks)**

2. You are employed by a well-known South African **investment company** that has become interested in M&R. You have been asked by your boss to write a memo based on M&R's recent performance as well as any further research you have conducted. You have been asked to focus on:
   a. Profitability **(6 marks)**
   b. Leverage **(5 marks)**
   c. Liquidity **(8 marks)**
   d. Return on Equity **(3 marks)**

   Logic & correct format (3 marks)

2. What are the **possible** reasons for the M&R **'Taxation expense'** being significantly lower than 28% in 2014? **(5 marks (including 2 marks for the main cause of the movement))**

Bonus mark: M&R's share price has fallen 37% in the past year. Which SA listed construction company has seen its share price drop 72% in the past year? **(1 mark)**

JUNE QUESTION **(30 MARKS: 45 MINUTES)**

York Timber Holdings Limited (York) is a JSE listed company. According to its website "The core business of the group is sawmilling. Our log mills convert round softwood into a wide range of sawn lumber products such as structural timber, scaffolding, furniture components, wood laminates, kitchen cupboard parts, brush and broom handles as well as wood chips for pulp and paper. We market sawn lumber to the construction, furniture, packaging and other industries, as well as to timber merchants generally, partly through a network of independent timber agents."

Attached are extracts from the interim results of York for the year ended 31 December 2014. A few ratios, calculated by your assistant, are attached as well (you can assume that these are correct and have been correctly adjusted for the fact that they are interim results).

REQUIRED

1. Why has York seen such a jump in profitability? What are some of your concerns with this improvement? **(6 marks)**
2. Inventories have grown faster than Revenue – what has been the cause of this and why is it a concern? **(5 marks)**
3. York has seen a decline in **Cash and cash equivalents** for every period in review. Starting with R158.6m on 30 June 2013, York now has R40.3m on 31 December 2014. What have been the major causes of these movements and what insight can you provide for every 6 month period starting 30 June 2013? **(8 marks)**
4. These interim results are unaudited. What line item on the Balance Sheet would you most want audited as an investor and why? **(4 marks)**
5. What is the current dividend policy for York Timbers? Do you agree with this decision? **(4 marks)**
6. In 2007, what unfortunate event caused great damage to York and resulted in a major rights issue. What lesson did York management learn from this event? **(3 marks)**

Bonus mark: Name another JSE listed company that operates in the same industry as York? **(1 mark)**

FINAL EXAM QUESTION **(40 MARKS: 60 MINUTES)**

City Lodge Hotels Limited (City Lodge) is a JSE listed company. According to its website "The City Lodge Hotels group is a multi-brand chain offering a variety of locations, features and budget choices to business and leisure travellers."

Attached are extracts from the final results of City Lodge for the year ended 30 June 2015. A few ratios, calculated by your assistant, are attached as well (you can assume that these are correct).

REQUIRED

1. Conduct a SWOT analysis for City Lodge. **(10 marks)**
2. Why has the *"Share of profit from joint ventures"* dropped to R1.618m (2014: R21.327m)? **(4 marks)**
3. You are required to provide a simple explanation of the City Lodge BEE deal to a potential investor. This investor would specifically like an explanation of the two largest line items related to BEE that are reflected on the Statement of Financial Position. **(6 marks)**
4. These final results are unaudited. What line item on the Balance Sheet would you most want audited as an investor and why? **(3 marks)**
5. What is the current dividend policy for City Lodge? Do you agree with this decision? **(4 marks)**
6. In both years under review, City Lodge has increased interest-bearing borrowings. Why does City Lodge consider debt financing a good option at the moment? **(4 marks)**
7. Discuss the recent performance by City Lodge in Kenya. **(4 marks)**
8. Explain, with reasons, the two trends in the Statement of Cash Flows that are the most concerning from an investor point of view? **(2 x 2 = 4 marks)**
9. What is the most important statistic/ratio in the hotel industry that is not reflected in the financial statements? **(1 mark)**