

***Exemplar Book on Effective Questioning***

***Business Studies***

**Compiled by the Statistical Information and Research (SIR) Unit**

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## PREFACE

The National Senior Certificate (NSC) examinations are set and moderated in part using tools which specify the types of cognitive demand and the content deemed appropriate for Business Studies at Grade 12 level. Until recently, the level of cognitive demand made by a question was considered to be the main determinant of the overall level of cognitive challenge of an examination question.

However, during various examination evaluation projects conducted by Umalusi from 2008-2012, evaluators found the need to develop more complex tools to distinguish between questions which were categorised at the same cognitive demand level, but which were not of comparable degrees of difficulty. For many subjects, for each type of cognitive demand a three-level degree of difficulty designation, *easy*, *moderate* and *difficult* was developed. Evaluators first decided on the type of cognitive process required to answer a particular examination question, and then decided on the degree of difficulty, *as an attribute of the type of cognitive demand*, of that examination question.

Whilst this practice offered wider options in terms of *easy*, *moderate* and *difficult* levels of difficulty for each type of cognitive demand overcame some limitations of a one-dimensional cognitive demand taxonomy, other constraints emerged. Bloom's Taxonomy of Educational Objectives (BTEO) (Bloom, Engelhart, Furst, Hill, & Krathwohl, 1956) and the Revised Bloom's Taxonomy are based on the assumption that a cumulative hierarchy exists between the different categories of cognitive demand (Bloom et al., 1956; Bloom, Hastings & Madaus, 1971). The practice of 'levels of difficulty' did not necessarily correspond to a hierarchical model of increasing complexity of cognitive demand. A key problem with using the level of difficulty as an attribute of the type of cognitive demand of examination questions is that, questions recognised at a higher level of cognitive demand are not necessarily categorised as more difficult than other questions categorised at lower levels of cognitive demand. For example, during analyses a basic recognition or recall question could be considered more difficult than an easy evaluation question.

Research further revealed that evaluators often struggled to agree on the classification of questions at so many different levels. The finer categorization for each level of cognitive demand and the process of trying to match questions to pre-set

definitions of levels of difficulty made the process of making judgments about cognitive challenge overly procedural. The complex two-dimensional multi-level model also made findings about the cognitive challenge of an examination very difficult for Umalusi Assessment Standards Committee (ASC) to interpret.

In an Umalusi Report, *Developing a Framework for Assessing and Comparing the Cognitive Challenge of Home Language Examinations* (Umalusi, 2012), it was recommended that the type and level of cognitive demand of a question and the level of a question's difficulty should be analysed separately. Further, it was argued that the ability to assess cognitive challenge lay in experts' abilities to recognise subtle interactions and make complicated connections that involved the use of multiple criteria simultaneously. However, the tacit nature of such judgments can make it difficult to generate a common understanding of what constitutes criteria for evaluating the cognitive challenge of examination questions, despite descriptions given in the policy documents of each subject.

The report also suggested that the Umalusi external moderators and evaluators be provided with a framework for thinking about question difficulty which would help them identify where the main sources of difficulty or ease in questions might reside. Such a framework should provide a common language for evaluators and moderators to discuss and justify decisions about question difficulty. It should also be used for building the capacity of novice or less experienced moderators and evaluators to exercise the necessary expert judgments by making them more aware of key aspects to consider in making such judgments.

The revised Umalusi examination moderation and evaluation instruments for each subject draw on research and literature reviews, together with the knowledge gained through the subject workshops. At these workshops, the proposed revisions were discussed with different subject specialists to attain a common understanding of the concepts, tools and framework used; and to test whether the framework developed for thinking about question difficulty 'works' for different content subjects. Using the same framework to think about question difficulty across subjects will allow for greater comparability of standards across subjects and projects.

An important change that has been made to the revised examination evaluation instrument is that the analysis of *the type of cognitive demand* of a question and

analysis of *the level of difficulty* of each question are now treated as two separate judgments involving two different processes. Accordingly, the revised examination evaluation instrument now includes assessment of difficulty as well as cognitive demand.

## LIST OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Full name</b>
ASC	Assessment Standards Committee
BTEO	Bloom's Taxonomy of Educational Objectives
CAPS	Curriculum Assessment Policy Statement
DBE	Department of Basic Education
FET	Further Education and Training
IEB	Independent Examinations Board
NSC	National Senior Certificate
NQF	National Qualifications Framework
QAA	Quality Assurance of Assessment
QCC	Qualifications, Curriculum and Certification
SIR	Statistical Information and Research

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This exemplar book was prepared by Dr Carina America.

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## **1. INTRODUCTION**

The rules of assessment are essentially the same for all types of learning because, to learn is to acquire knowledge or skills, while to assess is to identify the level of knowledge or skill that has been acquired (Fiddler, Marienau & Whitaker, 2006). Nevertheless, the field of assessment in South Africa and elsewhere in the world is fraught with contestation. A review of the research literature on assessment indicates difficulties, misunderstanding and confusion in how terms describing educational measurement concepts, and the relationships between them, are used (Frisbie, 2005).

Umalusi believes that if all role players involved in examination processes can achieve a common understanding of key terms, concepts and processes involved in setting, moderating and evaluating examination papers, much unhappiness can be avoided. This exemplar book presents a particular set of guidelines for both novice and experienced Business Studies national examiners, internal and external moderators, and evaluators to use in the setting, moderation and evaluation of examinations at the National Senior Certificate (NSC) level.

The remainder of the exemplar book is organised as follows: First, the context in which the exemplar book was developed is described (Part 2), followed by a statement of its purpose (Part 3). Brief summaries of the roles of moderation and evaluation (Part 4) and cognitive demand (Part 5) an assessment. Examination questions selected from the NSC Business Studies examinations of assessment bodies, the Department of Basic Education (DBE), and/or the Independent Examinations Board (IEB) are used to illustrate how to identify different levels of cognitive demand as required by the Curriculum and Assessment Policy Statement (CAPS) Business Studies document (Part 6). Part 7 explains the protocols for identifying different levels of difficulty within a question paper. Application of the Umalusi framework for determining difficulty

described in Part 7 is illustrated, with reasons, by another set of questions from a range of Business Studies examinations (Part 8). Concluding remarks complete the exemplar book (Part 9).

## **2. CONTEXT**

Umalusi has the responsibility to quality assure qualifications, curricula and assessments of National Qualification Framework (NQF) levels 1 - 5. This is a legal mandate assigned by the *General and Further Education and Training Act (Act 58 of 2001)* and the *National Qualification Framework Act (Act 67 of 2008)*. To operationalize its mandate, Umalusi, amongst other things, conducts research and uses the findings of this research to enhance the quality and standards of curricula and assessments.

Since 2003, Umalusi has conducted several research studies that have investigated examination standards. For example, Umalusi conducted research on the NSC examinations, commonly known as 'Matriculation' or Grade 12, in order to gain an understanding of the standards of the new examinations (first introduced in 2008) relative to those of the previous NATED 550 Senior Certificate examinations (Umalusi, 2009a, 2009b). Research undertaken by Umalusi has assisted the organisation to arrive at a more informed understanding of what is meant by assessing the cognitive challenge of the examinations and of the processes necessary for determining whether the degree of cognitive challenge of examinations is comparable within a subject, across subjects and between years.

Research undertaken by Umalusi has revealed that different groups of examiners, moderators and evaluators do not always interpret cognitive demand in the same way, posing difficulties when comparisons of cognitive challenge were required. The research across all subjects also showed that

using the type and level of cognitive demand of a question *only* as measure for judging the cognitive challenge of a question is problematic because cognitive demand levels on their own do not necessarily distinguish between degrees of difficulty of questions.

The new Umalusi framework for thinking about question difficulty described in this exemplar book is intended to support all key role players in making complex decisions about what makes a particular question challenging for Grade 12 examination candidates.

### **3. THE PURPOSE OF THE EXEMPLAR BOOK**

The overall goal of this exemplar book is to ensure the consistency of standards of examinations across the years in the Further Education and Training (FET) sub-sector and Grade 12, in particular. The specific purpose is to build a shared understanding among teachers, examiners, moderators, evaluators, and other stakeholders, of methods used for determining the type and level of cognitive demand as well as the level of difficulty of examination questions.

Ultimately, the common understanding that this exemplar book seeks to foster is based on the premise that the process of determining the type and level of cognitive demand of questions and that of determining the level of difficulty of examination questions are two separate judgements involving two different processes, both necessary for evaluating the cognitive challenge of examinations. This distinction between cognitive demand and difficulty posed by questions needs to be made in the setting, moderation, evaluation and comparison of Business Studies examination papers.

The exemplar book includes an explanation of the new Umalusi framework which is intended to provide all role-players in the setting of Business Studies examinations with a common language for thinking and talking about

question difficulty. The reader of the exemplar book is taken through the process of evaluating examination questions; first in relation to determining the type and level of cognitive demand made by a question, and then in terms of assessing the level of difficulty of a question. This is done by providing examples of a range of questions which make different types of cognitive demands on candidates, and examples of questions at different levels of difficulty.

Each question is accompanied by an explanation of the reasoning behind why it was judged as being of a particular level of cognitive demand or difficulty, and the reasoning behind the judgements made is explained. The examples of examination questions provided were sourced by Business Studies evaluators from previous DBE and the IEB Business Studies question papers, pre- and post- the implementation of CAPS during various Umalusi workshops.

This exemplar book is an official document. The process of revising the Umalusi examination evaluation instrument and of developing a framework for thinking about question difficulty for both moderation and evaluation purposes has been a consultative one, with the DBE and the IEB assessment bodies. The new framework for thinking about question difficulty is to be used by Umalusi in the moderation and evaluation of Grade 12 Business Studies examinations, and by all the assessment bodies in the setting of the question papers, in conjunction with the CAPS documents.

#### **4. MODERATION AND EVALUATION OF ASSESSMENT**

A fundamental requirement, ethically and legally, is that assessments are fair, reliable and valid (American Educational Research Association [AERA], American Psychological Association [APA] and National Council on Measurement in Education [NCME], 1999). Moderation is one of several quality assurance assessment processes aimed at ensuring that an assessment is fair,

reliable and valid (Downing & Haladyna, 2006). Ideally, moderation should be done at all levels of an education system, including the school, district, provincial and national level in all subjects.

The task of Umalusi examination **moderators** is to ensure that the quality and standards of a particular examination are maintained each year. Part of this task is for moderators to alert examiners to details of questions, material and/or any technical aspects in examination question papers that are deemed to be inadequate or problematic and that therefore, challenge the validity of that examination. In order to do this, moderators need to pay attention to a number of issues as they moderate a question paper – these are briefly described below.

Moderation of the technical aspects of examination papers includes checking correct question and/or section numbering, and ensuring that visual texts and/or resource material included in the papers are clear and legible. The clarity of instructions given to candidates, the wording of questions, the appropriateness of the level of language used, and the correct use of terminology need to be interrogated. Moderators are expected to detect question predictability, for example, when the same questions regularly appear in different examinations, and bias in examination papers. The adequacy and accuracy of the marking memorandum (marking guidelines) need to be checked to ensure that they reflect and correspond with the requirements of each question asked in the examination paper being moderated.

In addition, the task of moderators is to check that papers adhere to the overall examination requirements as set out by the relevant assessment body with regard to the format and structure (including the length, type of texts or reading selections prescribed) of the examination. This includes assessing compliance with assessment requirements with regard to ensuring that the content is examined at an appropriate level and in the relative proportions (weightings) of content and/or skills areas required by the assessment body.

The role of Umalusi examination **evaluators** is to perform analysis of examination papers after they have been set and moderated and approved by the Umalusi moderators. This type of analysis entails applying additional expert judgments to evaluate the quality and standard of finalised examination papers before they are written by candidates in a specific year. However, the overall aim of this evaluation is to judge the comparability of an examination against the previous years' examination papers to ensure that consistent standards are being maintained over the years.

The results of the evaluators' analyses, and moderators' experiences provide the Umalusi Assessment Standards Committee (ASC) with valuable information which is used in the process of statistical moderation of each year's examination results. Therefore, this information forms an important component of essential qualitative data informing the ASC's final decisions in the standardisation of the examinations.

In order for the standardisation process to work effectively, efficiently and fairly, it is important that examiners, moderators and evaluators have a shared understanding of how the standard of an examination paper is assessed, and of the frameworks and main instruments that are used in this process.

## **5. COGNITIVE DEMANDS IN ASSESSMENT**

The *Standards for educational and psychological testing* (AERA, APA, & NCME, 1999) require evidence to support interpretations of test scores with respect to cognitive processes. Therefore, valid, fair and reliable examinations require that the levels of cognitive demand required by examination questions are appropriate and varied (Downing & Haladyna, 2006). Examination papers should not be dominated by questions that require reproduction of basic

information, or replication of basic procedures, and under-represent questions invoking higher level cognitive demands.

Accordingly, the Grade 12 CAPS NSC subject examination specifications state that examination papers should be set in such a way that they reflect proportions of marks for questions at various level of cognitive demand. NSC examination papers are expected to comply with the specified cognitive demand levels and weightings. NSC examiners have to set and NSC internal moderators have to moderate examination papers as reflecting the proportions of marks for questions at different levels of cognitive demand as specified in the documents. Umalusi's external moderators and evaluators are similarly tasked with confirming compliance of the examinations with the CAPS cognitive demand levels and weightings, and Umalusi's revised examination evaluation instruments continue to reflect this requirement.

Despite that, subject experts, examiners, moderators and evaluators are familiar with the levels and explanations of the types of cognitive demand shown in the CAPS documents, Umalusi researchers have noted that individuals do not always interpret and classify the categories of cognitive demand provided in the CAPS the same way. In order to facilitate a common interpretation and classification of the cognitive demands made by questions, the next section of this exemplar book provides a clarification of each cognitive demand level for Business Studies followed by illustrative examples of examination questions that have been classified at that level of cognitive demand.

## 6. EXPLANATIONS AND EXAMPLES OF QUESTIONS ASSESSED AT THE DIFFERENT COGNITIVE DEMAND LEVELS IN THE BUSINESS STUDIES TAXONOMY ACCORDING TO CAPS

The taxonomies of cognitive demand for each school subject in the CAPS documents are mostly based on the Revised Bloom's Taxonomy (Anderson and Krathwohl, 2001) but resemble the original Bloom's taxonomy in that categories of cognitive demand are arranged along a single continuum. Bloom's Taxonomy of Educational Objectives (BTEO) (Bloom, Engelhart, Furst, Hill, & Krathwohl, 1956) and the Revised Bloom's Taxonomy imply that each more advanced or successive category of cognitive demand subsumes all categories below it. The CAPS Taxonomies of Cognitive Demand make a similar assumption (Crowe, 2012).

**Note:**

In classifying the type and level of cognitive demand, each question is classified at the highest level of cognitive process involved. Thus, although a particular question involves recall of knowledge, as well as comprehension and application, the question is classified as an 'analysis' question if that is the highest level of cognitive process involved. If 'evaluating' is the highest level of cognitive process involved, the question as a whole should be classified as an 'evaluation' question. On the other hand, if one of more sub-sections of the question and the marks allocated for each sub-section can stand independently, then the level of cognitive demand for each sub-section of the question should be analysed separately.

The CAPS documents for many subjects also give examples of descriptive verbs that can be associated with each of the levels of cognitive demand. However, it is important to note that such 'action verbs' can be associated with more than one cognitive level depending on the context of a question.

The Business Studies CAPS document states that Grade 12 NSC Business Studies examination papers should examine three levels of cognitive demand (Table 1).



**TABLE 1: THE TAXONOMY OF COGNITIVE DEMAND LEVELS FOR THE BUSINESS STUDIES NSC EXAMINATIONS**

Level of cognitive demand	Type of cognitive demand	Explanation of categorization Questions which require students:
Basic thinking skills	Knowledge and Comprehension	Basic thinking skills (e.g. factual recall, low-level application and low-level comprehension)
		<p><b>Knowledge/Remembering</b> refers to the ability to retrieve information from memory. It includes the ability to recall, recognise, locate, identify, extract or retrieve explicitly stated or readily observable information. Remembering also includes details, facts, formulas, terminology, definitions and other representations from memory.</p> <p><b>Comprehension/Understanding</b> refers to the ability of learners to see the relationships between ideas, and the way in which concepts are organised or structured. The ideas and concepts may be contained in explanations, models or theories which they have learnt, or it may be in new material which is presented to them. They demonstrate understanding when they are able to re-organise information, data, ideas, facts or details that is explicitly stated or observable in material provided, or which has been learnt in a different way or form from what was presented (e.g. summarise the main idea, restate the main ideas in their own words, paraphrase, categorise, draw, classify, explain or consolidate the information).</p>
Moderately high thinking skills	Application and analysis	Moderately high thinking skills (e.g. more advanced application, interpretation and low-level analysis)
		<p><b>Application</b> refers to the ability of learners to use their knowledge in a new situation or in a new way, or to transfer knowledge learned in one situation to another. The learners demonstrate this ability when they:</p> <ul style="list-style-type: none"> <li>• use, perform or follow a procedure/rule/method/operation. These may be simple, or more complex, with several steps,</li> <li>• use understanding of business concepts, facts, or processes as a basis for interpreting given details, relationships, patterns and results in unfamiliar contexts or material.</li> </ul> <p><b>Analysis:</b> Analysis refers to the ability of learners to engage in more abstract interpretation or reasoning, or use conjecture, background knowledge and understanding, clues or implicit information, facts, details, ideas or concepts, in the material provided, or from memory as a basis for forming hypotheses, predicting consequences, deducing reasons, suggesting a possible explanation, inferring causes, drawing conclusions, interpreting relationships, patterns, results, or ideas.</p>
Higher order thinking skills	<b>Synthesis</b> and <b>Evaluation</b>	Higher-order thinking skills (e.g. advanced analytical skills, synthesis and evaluation)

	<p><b>Synthesis</b> refers to the ability to integrate, combine, organise and/or produce separate elements into a unified whole. This involves a complex consolidation after careful analysis of the various elements of the problem(s)/challenge(s) presented.</p> <p><b>Evaluation</b> refers to the ability to make critical judgment, for example, on qualities of accuracy, consistency, acceptability, desirability, worth, plausibility, or probability of a given argument, or proposed solution, outcome or strategy, using background knowledge of the subject and/or evidence/information provided by sources to motivate the judgment.</p>
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**Source: CAPS** (DBE, 2011a, p.45)

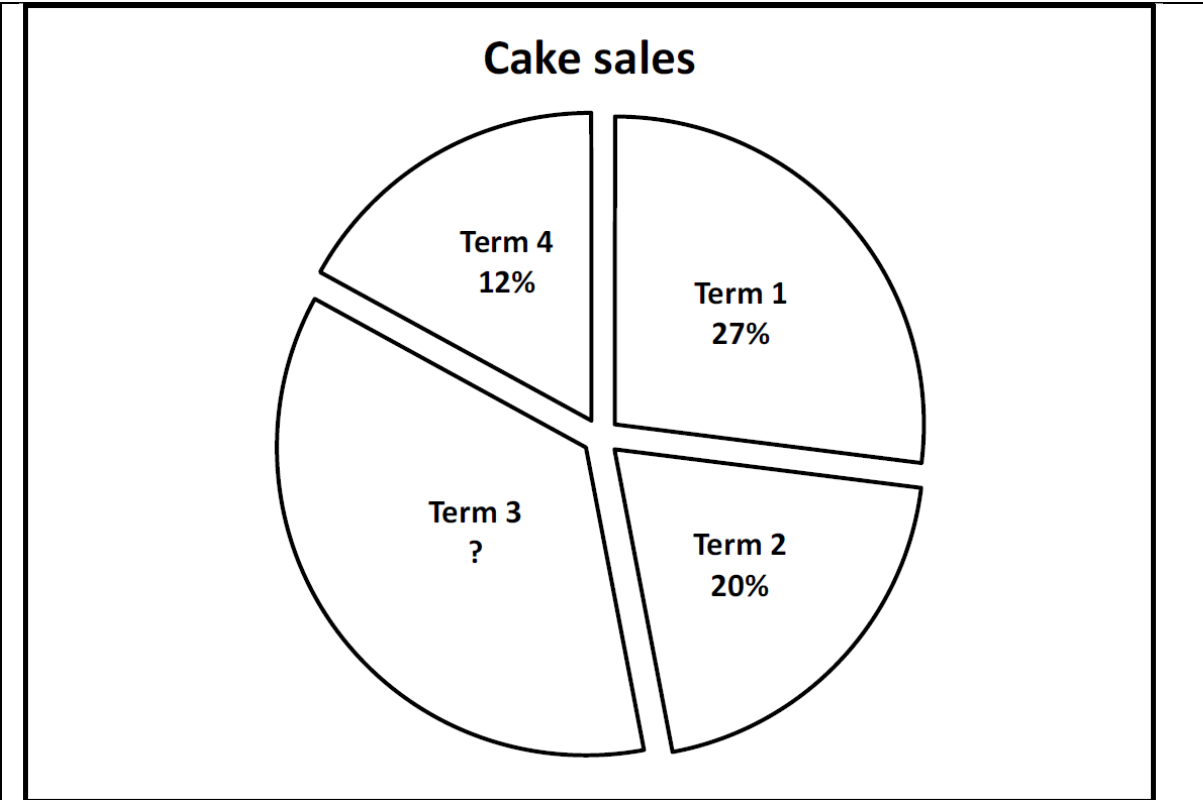
To facilitate the reading of this section, each of the above cognitive demand levels in the Business studies Taxonomy is explained, and the explanation is followed by at least **three** examples of questions from previous Business studies NSC examinations classified at each of the levels of cognitive demand shown in Table 1, above. These examples were selected to represent the **best and clearest** examples of each level of cognitive demand that the Business studies experts could find. In the discussion below each example question explains the reasoning processes behind the classification of the question at that particular type of cognitive demand (Table 2 to Table 4).

**Note:**

Be mindful that analyses of *the level of cognitive process* of a question and *the level of difficulty* of each question are to be treated as two separate judgments involving two different processes. Therefore, whether the question is easy or difficult should not influence the categorisation of the question in terms of the type and level of cognitive demand. Questions should NOT be categorised as higher order evaluation/synthesis questions because they are difficult questions. Some questions involving the cognitive process of recall or recognition may be more difficult than other recall or recognition questions. Not all comprehension questions are easier than questions involving analysis or synthesis. Some comprehension questions may be very difficult, for example explanation of complex scientific processes. For these reasons, you need to categorise the level of difficulty of questions separately from identifying the type of cognitive process involved.

**TABLE 2: EXAMPLES OF QUESTIONS AT LEVEL 1: KNOWLEDGE AND COMPREHENSION**

<b>Example 1:</b>
<b><u>Question 2.3, p.6. DBE, November 2013</u></b> State TWO methods that businesses can apply to reduce employees' stress levels (4).
<b><u>Discussion:</u></b> This question requires basic recall of how to cope with stress in a business setting.
<p><b><u>Memorandum/Marking guidelines</u></b></p> <ul style="list-style-type: none"> <li>• Coaching. √√</li> <li>• Mentoring. √√</li> <li>• Engaging in wellness programmes. √√</li> <li>• Providing incentives and rewards/recognition. √√</li> <li>• Offering market related salary packages. √√</li> <li>• Counselling employees. √√</li> <li>• Improving/re-designing/simplifying tasks. √√</li> <li>• Motivating employees. √√</li> <li>• Taking part in decision-making. √√</li> <li>• Good communication. √√</li> <li>• Team-building exercises. √√</li> <li>• Staff development programmes. √√</li> <li>• Improving work environment. √√</li> <li>• Treating employee's equally. √√</li> <li>• Any other relevant answer related to stress reduction methods.</li> </ul> <p>NOTE: Mark first TWO (2) only</p>
<b>Example 2:</b>
<b><u>Question 2.2.1, p.6. DBE, March 2013</u></b>  The graph below represents the sales volume of cakes at Stanger Manor School during the four school terms for 2011.



Identify the type of graph illustrated above (2).

**Discussion:**

The candidate is expected to identify/name a simple type of graphical presentation that he or she would have been repeatedly exposed to in the FET-phase.

**Memorandum/Marking guidelines**

2.2.1 Pie graph/ Pie chart ✓✓ (2)

**Example 3:**

**Question 1.1.10, p 5 DBE, March 2013**

These forms of ownership do NOT have separate legal personalities and the owners are liable for the debts of the business:

- A. Close corporation and partnership
- B. Sole proprietorship and private company
- C. Partnership and sole proprietorship
- D. Public company and close corporation (2)

**Discussion:**

The candidate has to recall and understand the types of ownerships and distinguish how legal personality and liability apply in each instance. The candidate must recall the key characteristics of each form of ownership.

**Memorandum/Marking guidelines**

1.1.10 C ✓✓

**Example 4:**

**Question 2.3, p.6 DBE, November 2010**

State FIVE functions/services of the Johannesburg Securities Exchange (10)

**Discussion:**

The candidate has to recall from memory information about the functions of the JSE without elaboration.

**Memorandum/Marking guidelines**

- Keeps investors informed by publishing the share prices in the newspaper. √√
- Serves as a link between investors and entrepreneurs. √√
- Serves as a barometer of economic conditions. √√
- Encourages financial institutions to invest surplus funds in shares. √√
- Serves as a disciplined market for securities. √√
- Encourages new investments by businesses/individuals/previously disadvantaged. √√
- Protection of investors/regulatory requirements. √√
- The JSE is obliged to cater for the previously disadvantaged. √√
- Ensures that the market operates in a transparent manner. √√
- Opportunities for venture capital. √√
- Encourages short term investment. √√
- Any other relevant answer related to functions of JSE.

Take particular note of repetition in terms of examples provided. (Any 5 x 2) (10)

**TABLE 3: EXAMPLES OF QUESTIONS AT LEVEL 2: APPLICATION AND ANALYSIS**

**Example 1**

**Question 3.3, p. 7 DBE, November 2013**

Anele invested R5 000 for three years, at 10% interest per year, compounded annually, with Capital Bank (Show ALL workings.)

3.3.1 Calculate the amount Anele will receive after three years (6)

3.3.2 Calculate the amount of interest that Anele will earn (4)

**Discussion:**

The question requires that the candidates apply the concept of compound interest based on a scenario given. The candidates have to recall, understand and apply a standard procedure and steps when doing the calculations.

**Memorandum/Marking guidelines**

3.3.1 LO2 AS7 Investments

$$R5\ 000 + R500 (R5\ 000 \times 10\%) = R5\ 500\sqrt{\sqrt{}}$$

$$R5\ 500 + R550 (R5\ 500 \times 10\%) = R6\ 050\sqrt{\sqrt{}}$$

$$R6\ 050 + R605 (R6\ 050 \times 10\%) = R6\ 655\sqrt{\sqrt{}}$$

OR

$$P (1+i)^{n\sqrt{\sqrt{}}}$$

$$5\ 000(1+0,1)^3 \text{ OR } 5\ 000(1,1)^3 \text{ OR } 5\ 000(1,331) \sqrt{\sqrt{}}$$

$$= R6\ 655\sqrt{\sqrt{}}$$

NOTE:

1. Allocate full marks (6) if the answer is correct and no workings are shown.
2. If calculations were shown correctly, but the final answer is wrong, award a maximum of FOUR marks.
3. If the answer is incorrect, award a maximum of TWO marks for the understanding of concept and method.
4. If there are no workings shown and the answer is incorrect, allocate a ZERO mark.

(6)

3.3.2 LO2 AS7

$$\begin{aligned} & R6\ 655 \text{ (answer from 3.3.1)} - R5\ 000\sqrt{\sqrt{}} \\ & = R1\ 655\sqrt{\sqrt{}} \end{aligned}$$

NOTE:

1. Award full marks (4) if answer is correct.
2. If the answer is incorrect, award a maximum of TWO (2) marks for the understanding of concept, method and accuracy.
3. If there are no workings shown and the answer is incorrect, allocate a ZERO mark.

(4)

**Example 2:**

**Question 2.6.1 and 2.6.2, p. 7 DBE, November 2010**

#### HILTON RANCH DIVERSIFIES

Hilton Ranch is a cattle farm near Vryburg in North West. Hilton Ranch recently opened the Fresh Meat butchery, which is also situated in Vryburg. The butchery is very popular for its delicious homemade biltong and sausages.

Ringo Ltd. Manufactures a wide range of veterinary products for use on Hilton Ranch, as well as on other cattle farms across the country.

Read the case study below and answer the questions that follows.

2.6.1 Identify the sectors that the various business enterprises mentioned above belong to. Motivate your answer. (9)

2.6.2 Discuss the extent to which Hilton Ranch can control the micro business environment of the three sectors identified in QUESTION 2.6.1 (9)

**Discussion:**

The first part of this question (2.6.1) is a comprehension question; here candidates have to state the sectors based on the scenario given. In order to identify this, they have to understand the business sectors and be able to make the linkages to the information presented in the scenario.

In question 2.6.2, an explanation of the relationship between the sectors and the microenvironment is required. In this question, they have to apply the knowledge to the previous question and the additional information in the scenario. This question requires an analysis of the relationship between an entity and the microenvironment. The second question is therefore a middle-order question, which is linked to the first question.

**Memorandum/Marking guidelines**

2.6.1 Option 1

- Hilton Ranch ✓ – Primary sector ✓ - breeding cattle ✓/cattle farming ✓/natural resources. ✓
- Ringo LTD ✓ – Secondary sector ✓ - process raw materials ✓/manufacturing veterinary products. ✓
- Fresh Meat Butchery ✓ - Secondary sector ✓ - manufacturing home-made biltong and sausages. ✓
- Fresh Meat Butchery ✓ - Tertiary sector ✓ - selling home-made biltong and sausages. ✓
- Ringo Ltd – Tertiary sector – providing veterinary products to other cattle farms. (Any 3 x 3) (9)

Option 2

- Primary sector ✓✓ - breeding cattle ✓/cattle farming ✓
- Secondary sector ✓✓ - manufacturing veterinary products. ✓
- Secondary sector ✓✓ - manufacturing homemade biltong and sausages. ✓
- Tertiary sector ✓✓ - selling homemade biltong and sausages. ✓ farms.

(Any 3 x 3) (9)

2.6.2 Option 1

- Hilton Ranch/Primary Sector ✓
- Full control over the breeding of cattle. ✓✓ Ringo LTD/Secondary Sector ✓
- No/Limited control over the micro environment. ✓✓ Fresh Meat butchery/Secondary Sector ✓ - Full control over the supply of meat. ✓✓
- Fresh Meat butchery/Tertiary Sector ✓
- Full control over the selling of meat. ✓✓ (9)

NOTE: - Identification of sector. (One mark)

- Reason. (Two marks) (3 x 3)

Option 2

- Primary sector ✓: full control. ✓✓
- Secondary sector ✓: Limited/no control/Full control ✓✓
- Tertiary sector ✓: Full control /no control ✓✓

(3 x 3) (9)

**Example 3:**

**Question 2.1.4, p. 7, DBE, March 2010 (adapted)**

**LABOUR MATTERS – DRUGS AND SUBSTANCE ABUSE**

The management of Laduma Ltd was suspicious about the behaviour of certain factory workers whom they suspected of being under the influence of either drugs or alcohol.

During the past seven months, three employees who were allegedly using drugs on duty, were dismissed by management immediately. This was a concern, because it led to serious conflict between management and employees in the workplace, lower productivity and low morale amongst the workforce.

The three dismissed workers submitted written statement to the union claiming that they did not use drugs while on duty.

The company met with the union through the workplace forum and was requested to reinstate the three employees. Laduma Ltd. had no policy in place, a formal disciplinary hearing was not held regarding their dismissal and there was no evidence provided by the company as reasons for their dismissal.

2.1.1 Analyse the nature of the conflict at Laduma Ltd. (10)

2.1.2 Provide well-reasoned suggestions to avoid the conflict that arose between staff and management as a result of the dismissal. (10)

**Discussion:**

The question requires the candidate to understand, interpret and unpack the elements of this conflict and the role of workplace forums in this case. The candidate has to analyse the situation at Laduma and devise well-argued suggestions to deal with this conflict.

**Memorandum/Marking guidelines**

2.1.1

- Suspicions of workers using drugs/alcohol. √√
- Dismissal of workers without evidence. √√
- Lack of policy guidelines. √√
- Wrong disciplinary procedures. √√
- Acknowledge that there is conflict between the employees. √√
- Identify the causes of conflict √√
- Arrange a meeting between the conflicting parties and management √√
- Devise strategies to resolve the conflict √√
- Find a way forward by requesting parties to adhere to a memorandum of understanding √√

(Any other relevant step in resolving conflicts. Accept any order.) (any 5 x 2) (10)

2.1.1

- The business must first set(formulate) written policy on drugs and alcohol usage during office hours. √√
- Communicate this policy to all workers when they sign the employment
- contract. √√



- If the worker uses drugs for the first time, he/she must be warned verbally in the presence of the workplace forum/union member. √√
  - Should the same worker repeat the offence, he/she must be served with charges and appear before the management of the company and workplace forum rep. √√
  - During the hearing, the worker shall be given a chance to state his case.
  - If found guilty, the worker shall be dismissed. √√
  - If the worker is not satisfied he/she can refer the case to the CCMA. √√
- (Any other relevant answer related to dismissal procedures.)  
(any 5 x 2) (10)

**TABLE 4: EXAMPLES OF QUESTIONS AT LEVEL 3: SYNTHESIS AND EVALUATION**

**Example 1:**

**Question 2.3.3, p6, DBE, November 2012**  
Read the case study below and answer the questions that follow:

**SMART CREATIONS CLOTHING (SCC) MANUFACTURER**

Smart Creations Clothing Manufacturer is situated in a rural area. They manufacture a range of clothing aimed at a target market in the 18- to 28-year age range, earning an income of more than R130 000 a year. Recently, management has noticed a decline in sales and that their customers, the large clothing retailers, can import clothing from China at a much cheaper price.

Smart Creations Clothing Manufacturer had to retrench staff to stay in business. Employees were unhappy with management as they did not follow the correct procedure.

Some of the machinery at Smart Creations is outdated. The new computerised machinery from Japan is too expensive because of the unfavourable exchange rate.

Use the PESTLE model to identify the challenges facing Smart Creations Clothing Manufacturer. Suggest a strategy that may be implemented to overcome each challenge. Question 2.3.3 must be answered according to the headings in the table below:

PESTLE FACTOR	CHALLENGE	STRATEGY TO OVERCOME THE CHALLENGE
<b>Economic</b>		
<b>Social</b>		
<b>Legislation</b>		

(12)

**Discussion:**

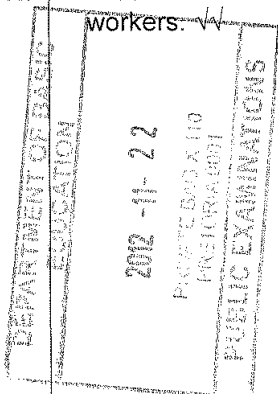
The candidate is required to apply the PESTLE-model to analyse the challenges in the case and devise strategies to overcome each challenge. This entails demonstrating and understanding of a complex model and its application in this case context, with the view to formulate/creating solutions to each problem.

**Memorandum/Marking guidelines**

2.3.3 LO1AS5

PESTLE FACTOR	CHALLENGE	STRATEGY TO OVERCOME CHALLENGE
Economic	- Unfavourable exchange rate. ✓✓ (2)	- Purchase machinery from local manufacturers ✓✓/Negotiate favourable prices with overseas/alternative suppliers. ✓✓ - Lease expensive machinery. ✓✓ - Any other relevant strategy relating to unfavourable exchange rate. (2)
	- Expensive machinery. ✓✓ (2)	- Purchase machinery from local manufacturers. ✓✓ - Buy less expensive machines. ✓✓ - Become labour intensive. ✓✓ - Use other methods for production. ✓✓ - Budget for more expensive machinery ✓✓ - Any other relevant strategy relating to expensive machinery. (2)
	- Decline in sales ✓✓ (2)	- (It must be a macro strategy) - Forming partnerships with overseas businesses ✓✓(2)

<b>Social</b>	<ul style="list-style-type: none"> <li>- Demographics - target market between 18- and 28-year age range with an income of more than R130 000. ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>- Review target market - cater for more groups and all income levels. ✓✓</li> <li>- Revise marketing strategy. ✓✓</li> <li>- Find other customers, perhaps smaller exclusive boutiques. ✓✓</li> <li>- Can also export to customers overseas (must broaden his/her target market to other countries). ✓✓</li> <li>- Market penetration. ✓✓</li> <li>- Market development. ✓✓</li> <li>- Horizontal integration. ✓✓</li> <li>- Improve the quality of the products by quality assurance. ✓✓</li> <li>- Engage in an advertising campaign. ✓✓</li> <li>- Advertise his business in local newspaper✓✓/national newspapers. ✓✓</li> <li>- Offer specials on certain days. ✓✓</li> <li>- Offer incentives on the products e.g. trade discount, quantity discounts and seasonal discount. ✓✓</li> <li>- Any other relevant strategy relating to target market.</li> </ul>
	<ul style="list-style-type: none"> <li>- Retrenchment / unemployment</li> </ul>	<ul style="list-style-type: none"> <li>- "Buy SA products" campaign. ✓✓</li> <li>- Retrain/skills development. ✓✓</li> <li>- Restructure business. ✓✓</li> </ul>

<b>Legislation</b>	<ul style="list-style-type: none"> <li>- Procedure to retrench workers: ✓✓</li> </ul> 	<ul style="list-style-type: none"> <li>- Must follow the correct procedure in terms of BCEA for retrenchment. ✓✓</li> <li>- Before it takes the drastic action of retrenchments, the company should explore all other possible alternatives, such as offering them alternative positions in the company. ✓✓</li> <li>- If the workers have to be retrenched, the company has an ethical obligation to reduce their suffering as much as possible and to help them find alternative employment. ✓✓</li> <li>- Negotiating with staff, and keeping them informed, reduces anxiety (which affected productivity and profitability). ✓✓</li> <li>- Consult with workplace forum/trade union ✓✓</li> <li>- Any other relevant strategy relating to retrenchment procedure.</li> </ul>
<b>Legislation/ Economic</b>	<ul style="list-style-type: none"> <li>- Cheap Chinese imports ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>- Lobby Government to look into ways of controlling the importing of cheap clothing, example import quotas or increase import duties/boycott Chinese products ✓✓</li> <li>- Volume production/mass production ✓✓</li> <li>- Any other relevant strategy relating to cheap imports.</li> </ul>

Sub max for Economic (4)  
 Sub max for Social (4)  
 Sub max for Legislation (4)  
 (Max) (12)

**Example 2:**

**Question 4.3.2 p. 8, DBE November 2013 (adapted)**

EMPLOYMENT CONTRACT

Name of Employee: Tshepo Mabe

Gender: Male

Age: 30 years

TERMS AND CONDITIONS OF THE CONTRACT

- Annual leave is based on employee performance
- Working hours: As per operational hours of the business.

4.3.2 Critically evaluate the terms and conditions of the contract in the scenario above. Make recommendations that are in line with the Basic Conditions of Employment Act, 1997 (Act 75 of 1997). (16)

**Discussion:**

In order to answer this question, the candidate must know what an employment contract is (low-level comprehension), the specific details required to draw up a contract (interpretation of given information and providing more information). The candidate is specifically expected to judge the existing contract in relation to the Basic Conditions of Employment Act (BCEA). Based on this judgment, the candidate has to provide recommendations to improve the contract to align it to the Act.

**Memorandum/Marking guidelines**

Employment contract

Evaluation

- The terms and conditions of employment are not in accordance with labour legislation/BCEA. √√
- Employees are entitled to leave regardless of work performance. √√
- Hours of work that are not specified could lead to labour exploitation. √√
- Any other relevant answer related to evaluation of leave and working hours.

Sub max (6)

Recommendation

- Employees are entitled to 21 days annual leave or 1 day after every 17 days worked. √√
- Working hours are restricted to 8 or 9 hours per day in a 45-hour work week, depending on the employment contract. √√
- A meal interval of 60 minutes after every 5 hours worked, should be allowed. √√
- The contract is incomplete e.g. maximum of 10 hours overtime per week. This must be specified in the contract. √√
- The business will experience many disputes where the contract is not clear/specific. √√
- Any other relevant answer related to recommendation of leave and working hours.

Sub max (6)

Evaluation (6)  
Recommendations (6)  
**(Max) (12)**

**Example 3:**

**Question 5.1.6. p. 9. IEB, Paper 1, November 2011**

The SPAR Group Ltd has a current ratio {Current assets: Current liabilities} of 1,06:1. Explain to the SPAR management team whether you feel that this result is problematic or not. (4)

**Discussion:**

This question requires understanding, interpreting and making a judgment (evaluation) of results based on a formula. Sound arguments need to be provided whether the current ratio is problematic or not. The candidate has to make a comparison of the ratio to the industry norm. In the explanation for this argument, the candidate must understand the formula and the specific terminology required to substantiate the answer.

**Memorandum/Marking guidelines**

Candidates can argue that having a current ratio of 1, 06:1 is not problematic OR that it is problematic.

**Arguments that the current ratio is not problematic:**

- The business has more current assets than current liabilities, so it should be able to meet its short term financial obligations. √√
- Management can focus their attention on improving profitability or return on investment as its liquidity is stable. √√
- This ratio shows stability in the business' short-term outlook. √√
- The business is not facing a liquidity risk. √√

(Consider any other relevant arguments indicating that the current ratio is not problematic)

**Arguments that the current ratio is problematic:**

- Depending on the norm for the current ratio for the SPAR Group Ltd, the company may not be able to meet its short-term financial obligations. √√
- This would have ripple effects on profitability and solvency. √√
- You should not only focus on one result, but rather look at the ratio over a number of years and consider the trend – a decreasing trend might force you to reconsider your financial strategy. √√
- The SPAR Group Ltd does have the majority of its profits coming from the sale of stock. Reconsider using the acid test ratio as a performance tool as opposed to the current ratio or in combination. Keep your options open. √√

(Consider any other relevant arguments indicating that the current ratio is problematic)

(Any 2 arguments X 2 = 4)

To accomplish the goal of discriminating between high achievers, those performing very poorly, and all candidates in between, examiners need to vary the challenge of examination questions. Until recently, the assumption has been that 'alignment' with the allocated percentage of marks for questions at the required cognitive demand levels meant that sufficient examination questions were relatively easy; moderately challenging; and difficult for candidates to answer.

However, research and candidate performance both indicate that a range of factors other than type of cognitive demand contributes to the cognitive challenge of question. Such factors include the level of content knowledge required, the language used in the question, and the complexity or number of concepts tested. In other words, cognitive demand levels on their own do not necessarily distinguish between degrees of difficulty of questions.

This research helps, to some extent, explain why, despite that some NSC examination papers have complied with the specified cognitive demand weightings stipulated in the policy, they have not adequately distinguished between candidates with a range of academic abilities in particular between higher ability candidates. As a result, examiners, moderators and evaluators are now required to assess the difficulty of level of each examination question in addition to judging its cognitive demand.

Section 7 below explains the new protocol introduced by Umalusi for analysing examination question difficulty.

## 7. ANALYSING THE LEVEL OF DIFFICULTY OF EXAMINATION QUESTIONS

When analysing the level of difficulty of each examination question, there are six important protocols to note. These are:

1. Question difficulty is **assessed independently** of the type and level of **cognitive demand**.
2. Question difficulty is assessed against **four levels of difficulty**.
3. Question difficulty is determined against the assumed capabilities of the **envisaged** Grade 12 Business Studies NSC examination **candidate**.
4. Question difficulty is determined using **a common framework** for thinking about question difficulty.
5. Question difficulty entails **distinguishing unintended sources of difficulty** or ease **from intended sources of difficulty** or ease.
6. Question difficulty entails identifying **differences** in levels of difficulty **within a single question**.

Each of the above protocols is individually explained and discussed below.

### 7.1 Question difficulty is assessed independently of the type and level of cognitive demand

As emphasised earlier in this exemplar book, the revised Umalusi NSC examination evaluation instruments separate the analysis of the type of cognitive demand of a question from the analysis of the level of difficulty of each examination question. Cognitive demand describes the *type of cognitive process* that is required to answer a question, and this does not necessarily equate or align with the *level of difficulty* of other aspects of a question, such as the difficulty of the content knowledge that is being assessed. For example, a recall question can ask a candidate to recall very complex and abstract scientific content. The question would be categorised as Level 1 in terms of the cognitive demand taxonomy but may be rated as 'difficult' (Level 3 Table 5 below).

**Note:**

Cognitive demand is just one of the features of a question that can influence your comparative judgments of question difficulty. The type and level of cognitive process involved in answering a question does not necessarily determine how difficult the question would be for candidates. Not all evaluation/synthesis /analysis questions are more difficult than questions involving lower-order processes such as comprehension or application.

## 7.2 Question difficulty is assessed at four levels of difficulty

The revised Umalusi NSC examination evaluation instruments require evaluators to exercise expert judgments about whether each examination question is 'Easy', 'Moderately challenging', 'Difficult' or 'Very difficult' for the envisaged Grade 12 learner to answer. Descriptions of these categories of difficulty are shown in Table 5.

**TABLE 5: LEVELS OF DIFFICULTY OF EXAMINATION QUESTIONS**

1	2	3	4
<b>Easy</b> for the envisaged Grade 12 student to answer.	<b>Moderately challenging</b> for the envisaged Grade 12 student to answer.	<b>Difficult</b> for the envisaged Grade 12 student to answer.	<b>Very difficult</b> for the envisaged Grade 12 student to answer.  The skills and knowledge required to answer the question allow for the top students ( <i>extremely</i> high-achieving/ability students) to be discriminated from other high achieving/ability students).



**Note :**

The fourth level, 'very difficult' has been included in the levels of difficulty of examination questions to ensure that there are sufficient questions that discriminate well amongst higher ability candidates.

### **7.3 Question difficulty is determined against the assumed capabilities of the ideal 'envisaged' Grade 12 Business studies NSC examination candidate**

The revised Umalusi NSC examination evaluation instruments require evaluators to exercise expert judgments about whether each examination question is 'Easy', 'Moderately challenging', 'Difficult' or 'Very difficult' for the '**envisaged**' Grade 12 learner to answer (Table 5). In other words, assessment of question difficulty is linked to a particular target student within the population of NSC candidates, that is, the Grade 12 candidate of average intelligence or ability.

The Grade 12 learners that you may have taught over the course of your career cannot be used as a benchmark of the 'envisaged' candidate as we cannot know whether their abilities fall too high, or too low on the entire spectrum of all Grade 12 Business studies candidates in South Africa. The revised Umalusi NSC examination evaluation instruments thus emphasise that, when rating the level of the difficulty of a particular question, your conception of the 'envisaged' candidate needs to be representative of the entire population of candidates for all schools in the country, in other words, of the overall Grade 12 population.

Most importantly, the conception of this 'envisaged' candidate is a learner who has been taught the whole curriculum adequately by a teacher who is qualified to teach the subject, in a functioning school. There are many disparities in the South African education system that can lead to very large differences in the implementation of the curriculum. Thus this 'envisaged' learner is not a typical South African Grade 12 learner – it is an intellectual construct (an imagined person) whom you need to imagine when judging the

level of difficulty of a question. This ideal 'envisaged' Grade 12 learner is an aspirational ideal of where we would like all Business studies learners in South Africa to be.

**Note:**

The concept of the **ideal envisaged Grade 12 candidate** is that of an imaginary learner who has the following features:

- a. Is of average intelligence or ability.
- b. Has been taught by a competent teacher.
- c. Has been exposed to the entire examinable curriculum.

This ideal learner represents an imaginary person who occupies the middle ground of ability and approaches questions *having had all the necessary schooling*.

#### **7.4. Question difficulty is determined using a common framework for thinking about question difficulty**

Examiners, moderators and evaluators **in all subjects** are now provided with a common framework for thinking about question difficulty to use when identifying sources of difficulty or ease in each question, and to provide their reasons for the level of difficulty they select for each examination question.

The framework described in detail below provides the main sources of difficulty or 'ease' inherent in questions. The four sources of difficulty which must be considered when thinking about the level of difficulty of examination questions in this framework are as follows.

1. '**Content difficulty**' refers to the difficulty inherent in the subject matter and/or concept/s assessed.
2. '**Stimulus difficulty**' refers to the difficulty that candidates confront when they attempt to read and understand the question and its source material. The demands of the reading required to answer a question thus form an important element of 'stimulus difficulty'.

3. **'Task difficulty'** refers to the difficulty that candidates confront when they try to formulate or produce an answer. The level of cognitive demand of a question forms an element of 'Task difficulty', as does the demand of the written text or representations that learners are required to produce for their response.
4. **'Expected response difficulty'** refers to difficulty imposed by examiners in a marking guideline, scoring rubric or memorandum. For example, mark allocations affect the amount and level of answers students are expected to write.

This framework derived from Leong (2006) was chosen because it allows the person making judgments about question difficulty to grapple with nuances and with making connections. The underlying assumption is that judgment of question difficulty is influenced by the interaction and overlap of different aspects of the four main sources of difficulty. Whilst one of the above four sources of difficulty may be more pronounced in a specific question, the other three sources may also be evident. Furthermore, not all four sources of difficulty need to be present for a question to be rated as difficult.

The four-category conceptual framework is part of the required Umalusi examination evaluation instruments. Each category or source of difficulty in this framework is described and explained in detail below (Table 6). Please read the entire table very carefully.

**TABLE 6: FRAMEWORK FOR THINKING ABOUT QUESTION DIFFICULTY**

<b>CONTENT/CONCEPT DIFFICULTY</b>
<p><b>Content/concept difficulty</b> indexes the difficulty in the <b>subject matter, topic or conceptual knowledge</b> assessed or required. In this judgment of the item/question, difficulty exists in the <b>academic and conceptual demands</b> that questions make and/or the <b>grade level</b> boundaries of the various 'elements' of domain/subject knowledge (topics, facts, concepts, principles and procedures associated with the subject).</p>
<p><b>For example:</b></p>

Questions that assess '**advanced content**', that is, subject knowledge that is considered to be in advance of the grade level curriculum, are *likely* to be difficult or very difficult for most candidates. Questions that assess subject knowledge which forms part of the core curriculum for the grade are *likely* to be moderately difficult for most candidates. Questions that assess '**basic content**' or subject knowledge candidates would have learnt at lower grade levels, and which would be familiar to them are *unlikely* to pose too much of a challenge to most candidates.

Questions that require general everyday knowledge or knowledge of 'real life' experiences are *often* easier than those that test more **specialized school knowledge**. Questions involving only concrete objects, phenomena, or processes are *usually* easier than those that involve more **abstract constructs, ideas, processes or modes**.

Questions which test learners' understanding of theoretical or **de-contextualised issues or topics**, rather than their knowledge of specific examples or contextualised topics or issues *tend* to be more difficult. Questions involving familiar, contemporary/current contexts or events are *usually* easier than those that are more **abstract or** involve '**imagined**' events (e.g. past/future events) or **contexts** that are **distant from learners' experiences**.

Content difficulty may also be varied by changing **the number of knowledge elements or operations assessed**. *Generally*, the difficulty of a question increases with the number of knowledge elements or operations assessed. Questions that assess learners on two or more knowledge elements or operations are *usually* (but not always) more difficult than those that assess a single knowledge element or operation.

Assessing learners on **a combination of knowledge elements or operations that are seldom combined** *usually* increases the level of difficulty.

#### **EXAMPLES OF INVALID OR UNINTENDED SOURCE OF CONTENT DIFFICULTY**

- Testing obscure or unimportant concepts or facts that are not mentioned in the curriculum, or which are unimportant to the curriculum learning objectives.
- Testing very advanced concepts or operation that candidates are extremely unlikely to have had opportunities to learn.

#### **STIMULUS DIFFICULTY**

**Stimulus difficulty** refers to the difficulty of the linguistic **features of the question** (linguistic complexity) and the challenge that candidates face when they attempt to read, interpret and understand the words and phrases in the question AND when they attempt to read and understand the **information or 'text' or source material (diagrams, tables and graphs, pictures, cartoons, passages, etc.) that accompanies the question**.

**For example:**

Questions that contain words and phrases that require only simple and straightforward comprehension are *usually* easier than those that require the candidate to understand **subject specific phraseology and terminology** (e.g. idiomatic or grammatical language not usually encountered in everyday language), or that require more technical comprehension and specialised command of words and language (e.g. everyday words involving different meanings within the context of the subject).

Questions that contain information that is 'tailored' to an expected response, that is, questions that contain no irrelevant or distracting information, are *generally* easier than those that require candidates to select relevant and appropriate information or **unpack a large amount of information** for their response. A question **set in a very rich context** can increase question difficulty. For example, learners may find it difficult to select the correct operation when, for example, a mathematics or accountancy question is set in a context-rich context.

Although the level of difficulty in examinations is *usually* revealed most clearly through the questions, text complexity or the degree of **challenge or complexity in written or graphic texts** (such as a graph, table, picture, cartoon, etc.) that learners are required to read and interpret in order to respond can increase the level of difficulty. Questions that depend on reading and selecting content from a text can be more challenging than questions that do not **depend on actually reading the accompanying text** because they test reading comprehension skills as well as subject knowledge. Questions that require candidates to **read a lot** can be more challenging than those that require limited reading. Questions that tell learners where in the text to look for relevant information are *usually* easier than those where **learners are not told where to look**.

The level of difficulty may increase if texts set, and reading passages or other **source material** used are challenging for the grade level, and make **high reading demands** on learners at the grade level. Predictors of textual difficulty include

- **semantic content** - for example, if vocabulary and words used are typically outside the reading vocabulary of Grade 12 learners, 'texts' (passage, cartoon, diagram, table, etc.) are *usually* more difficult. 'Texts' are *generally* easier if words or images are made accessible by using semantic/context, syntactic/structural or graphophonic/visual cues.
- **syntactic or organisational structure** - for example, sentence structure and length. For example, if learners are likely to be *familiar with the structure* of the 'text' or resource, for example, from reading newspapers or magazines, etc. 'texts' are *usually* easier than when the structure is unfamiliar.
- **literary techniques** - for example, abstractness of ideas and imagery - and **background knowledge required**, for example, to make sense of allusions.
- if the **context** is **unfamiliar** or remote, or if candidates do not have or are **not provided with access to the context** which informs a text (source material, passage, diagram, table, etc.) they are expected to read, and which informs the question they are supposed to answer and the answer they are expected to write, then constructing a response is *likely* to be more difficult than when the context is provided or familiar.

Questions which require learners to **cross-reference different sources** are *usually* more difficult than those which deal with one source at a time.

Another factor in stimulus difficulty is presentation and visual appearance. For example, type face and size, use of headings, and other types of textual organisers etc. can aid '**readability**' and make it easier for learners to interpret the meaning of a question.

#### EXAMPLES OF INVALID OR UNINTENDED SOURCES OF STIMULUS DIFFICULTY

- Meaning of words unclear or unknown.
- Difficult or impossible to work out what the question is asking.
- Questions which are ambiguous.
- Grammatical errors in the question that could cause misunderstanding.
- Inaccuracy or inconsistency of information or data given.
- Insufficient information provided.
- Unclear resource (badly drawn or printed diagram, inappropriate graph, unconventional table).
- Dense presentation (too many important points packed in a certain part of the stimulus).

#### TASK DIFFICULTY

**Task difficulty** refers to the **difficulty that candidates confront when they try to formulate or produce an answer.**

#### For example:

In most questions, to generate a response, candidates have to work through the steps of a solution. *Generally*, questions that **require more steps in a solution** are more difficult than those that require fewer steps. Questions involving only one or two steps in the solution are *generally* easier than those where several operations required for a solution.

Task difficulty may also be mediated by the **amount of guidance present in the question.** Although question format is not necessarily a factor and difficult questions can have a short or simple format, questions that provide guided steps or cues (e.g. a clear and detailed framework for answering) are *generally* easier than those that are more open ended and require candidates to form or tailor their **own response strategy** or argument, work out the steps **and maintain the strategy for answering** the question by themselves. A high degree of prompting (a high degree of prompted recall, for example) *tends* to reduce difficulty level.

Questions that test specific knowledge are *usually* less difficult than **multi-step, multiple-concept or operation questions.**

A question that requires the candidate to **use a high level of appropriate subject specific, scientific or specialised terminology in their response** *tends* to be more difficult than one which does not.

A question requiring candidates to **create a complex abstract (symbolic or graphic) representation** is *usually* more challenging than a question requiring candidates to create a concrete representation.

A question requiring writing a one-word answer, a phrase, or a simple sentence is *often* easier to write than **responses that require more complex sentences, a paragraph or a full essay or composition.**

Narrative or descriptive writing, for example where the focus is on recounting or ordering a sequence of events chronologically, is *usually* easier than **writing discursively (argumentatively or analytically)** where ideas need to be developed and ordered logically. Some questions reflect task difficulty simply by '**creating the space**' for **A-grade candidates** to demonstrate genuine insight, original thought or good argumentation, and to write succinctly and coherently about their knowledge.

Another element is the **complexity in structure of the required response.** When simple connections between ideas or operations are expected in a response, the question is *generally* easier to answer than a question in which the significance of the relations between the parts and the whole is expected to be discussed in a response. In other words, a question in which an unstructured response is expected is *generally* easier than a question in which **a relational response** is required. A response which involves **combining or linking a number of complex ideas or operations** is *usually* more difficult than a response where there is no need to combine or link ideas or operations.

On the other hand, questions which require continuous prose or extended writing *may* also be easier to answer correctly or to get marks for than questions that require no writing at all or single letter answer (such as multiple choice), or a brief response of one or two words or short phrase/s because they **test very specific knowledge.**

The **cognitive demand** or **thinking processes** required form an aspect of task difficulty. Some questions test thinking ability, and learners' capacity to deal with ideas, etc. Questions that assess inferential comprehension or application of knowledge, or that require learners to take ideas from one context and use it in another, for example, *tend* to be more difficult than questions that assess recognition or retrieval of basic information. On the other hand, questions requiring recall of knowledge are *usually* more difficult than questions that require simple recognition processes.

When the **resources for answering** the question are included in the examination paper, then the task is *usually* easier than when candidates have to **use and select their own internal resources** (for example, their own knowledge of the subject) or transform information to answer the question.

Questions that require learners to take or **transfer** ideas, **skills or knowledge from one context/subject area and use them in another** *tend* to be more difficult.

#### **EXAMPLES OF INVALID OR UNINTENDED SOURCES OF TASK DIFFICULTY**

- Level of detail required in an answer is unclear.
- Context is unrelated to or uncharacteristic of the task than candidates have to do.
- Details of a context distract candidates from recalling or using the right bits of their knowledge.
- Question is unanswerable.

- Illogical order or sequence of parts of the questions.
- Interference from a previous question.
- Insufficient space (or time) allocated for responding.
- Question predictability or task familiarity. If the same question regularly appears in examination papers or has been provided to schools as exemplars, learners are likely to have had prior exposure, and practised and rehearsed answers in class (for example, when the same language set works are prescribed each year).
- Questions which involve potential follow-on errors from answers to previous questions.

### EXPECTED RESPONSE DIFFICULTY

**Expected response difficulty** refers to difficulty imposed by examiners in a **mark scheme and memorandum**. This location of difficulty is more applicable to 'constructed' response questions, as opposed to 'selected' response questions (such as multiple choice, matching/true-false).

#### For example:

When examiners expect few or no details in a response, the question is *generally* easier than one where the mark scheme implies that **a lot of details are expected**.

A further aspect of expected response difficulty is the clarity of the **allocation of marks**. Questions are *generally* easier when the allocation of marks is explicit, straight-forward or logical (i.e. 3 marks for listing 3 points) than when the **mark allocation is indeterminate or implicit** (e.g. when candidates need all 3 points for one full mark or 20 marks for a discussion of a concept, without any indication of how much and what to write in a response). This aspect affects difficulty because candidates who are unclear about the mark expectations in a response may not produce sufficient amount of answers in their response that will earn the marks that benefit their ability.

Some questions are more difficult/easy to mark accurately than others. Questions that are **harder to mark and score objectively** are *generally* more difficult for candidates than questions that require simple marking or scoring strategies on the part of markers. For example, recognition and recall questions are *usually* easier to test and mark objectively because they usually require the use of matching and/or simple scanning strategies on the part of markers. More complex questions requiring analysis (breaking down a passage or material into its component parts), evaluation (making judgments, for example, about the worth of material or text, or about solutions to a problem), synthesis (bringing together parts or elements to form a whole), and creativity (presenting own ideas or original thoughts) are *generally* harder to mark/score objectively. The best way to test for analysis, evaluation, synthesis and creativity is usually through extended writing. Such extended writing *generally* requires the use of more cognitively demanding *marking* strategies such as interpreting and evaluating the logic of what the candidate has written.

Questions where **a wide range of alternative answers or response/s** is possible or where the correct answer may be arrived at through different strategies *tend to*



be more difficult. On the other hand, questions may be so open-ended that learners will get marks even if they engage with the task very superficially.

#### **EXAMPLES OF INVALID OR UNINTENDED SOURCES OF EXPECTED RESPONSE DIFFICULTY**

- Mark allocation is unclear or illogical. The weighting of marks is important in questions that comprise more than one component when components vary in levels of difficulty. Learners may be able to get the same marks for answering easy component/s of the item as other learners are awarded for answering the more difficult components.
- Mark scheme and questions are incongruent. For example, there is no clear correlation between the mark indicated on the question paper and the mark allocation of the memorandum.
- Question asked is not the one that examiners want candidates to answer. Memorandum spells out expectation to a slightly different question, not the actual question.
- Impossible for candidate to work out from the question what the answer to the question is (answer is indeterminable).
- Wrong answer provided in memorandum.
- Alternative correct answers from those provided or spelt out in the memorandum are also plausible.
- The question is 'open' but the memo has a closed response. Memo allows no leeway for markers to interpret answers and give credit where due.

The framework described above does not provide you with explicit links between the different sources of difficulty, or show relationships and overlaps between the different categories and concepts in the framework. This is because it is impossible to set prescribed rules or pre-determined combinations of categories and concepts used for making judgments about the source of difficulty in a particular examination question.

The intention behind the framework is to allow you to exercise your sense of judgment as an expert. The complexity of your judgment lies in your ability as an expert to recognise subtle interactions and identify links between different categories of a question's difficulty or ease. For example, a question that tests specific knowledge of your subject can actually be more difficult than a multi-step question because it requires candidates to explain a highly abstract concept, or very complex content. In other words, although questions that test specific knowledge are *usually* less difficult than multiple-concept or operation questions, the level of difficulty of the content knowledge required to answer

a question can make the question more difficult than a multi-step or multi-operation question.

Not all one-word response questions can automatically be assumed to be easy. For example, multiple-choice questions are not automatically easy because a choice of responses is provided – some can be difficult. As an expert in your subject, you need to make these types of judgments about each question.

**Note:**

It is very important that you become extremely familiar with the framework explained in Table 6, and with each category or source of difficulty provided (i.e. content difficulty, task difficulty, stimulus difficulty, and expected response difficulty). You need to understand the examples of questions which illustrate each of the four levels (Table 7 to Table 10). This framework is intended to assist you in discussing and justifying your decisions regarding the difficulty level ratings of questions. You are expected to **refer to all four categories or sources of difficulty** in justifying your decisions.

When considering question difficulty ask:

- How difficult is the **knowledge** (content, concepts or procedures) that is being assessed for the envisaged Grade 12 candidate? (*Content difficulty*).
- How difficult is it for the envisaged Grade 12 candidate to formulate the answer to the question? In considering this source of difficulty, you should **take into account the type of cognitive demand** made by the task. (*Task difficulty*).
- How difficult is it for the envisaged Grade 12 candidate to **understand the question and the source material** that need to be read to answer the particular question? (*Stimulus difficulty*).
- What does the **marking memorandum and mark scheme** show about the difficulty of the question? (*Expected response difficulty*).

## **7.5 Question difficulty entails distinguishing unintended sources of difficulty or ease from intended sources of difficulty or ease**

Close inspection of the framework for thinking about question difficulty (Section 7.4, Table 6) above, shows that, for each general category or source of difficulty, the framework makes a distinction between 'valid' or intended, and 'invalid' or unintended sources of question difficulty or ease. Therefore, defining question difficulty entails identifying whether sources of difficulty or ease in a question were intended or unintended by examiners. Included in Table 6 are

examples of unintended sources of difficulty or ease for each of the four categories.

Valid difficulty or 'easiness' in a question has its source in the requirements of the question, and is **intended** by the examiner (Ahmed and Pollit, 1999). Invalid sources of difficulty or 'easiness' refer to those features of question difficulty or 'easiness' that were **not intended** by the examiner. Such unintended 'mistakes' or omissions in questions can prevent the question from assessing what the examiner intended, and are likely to prevent candidates from demonstrating their true ability or competence, and can result in a question being easier or more difficult than the examiner intended.

For example, grammatical errors in a question that could cause misunderstanding for candidates are unintended sources of question difficulty because the difficulty in answering the question could lie in the faulty formulation of the question, rather than in the intrinsic difficulty of the question itself (for example, because of stimulus difficulty). Candidates "may misunderstand the question and therefore not be able to demonstrate what they know" (Ahmed and Pollit, 1999, p.2). Another example is question predictability (when the same questions regularly appear in examination papers or textbooks) because familiarity can make a question which was intended to be difficult, less challenging for examination candidates.

Detecting unintended sources of difficulty or ease in examinations is largely the task of moderators. Nevertheless, evaluators also need to be vigilant about detecting sources which could influence or alter the intended level of question difficulty that moderators may have overlooked.

**Note:**

When judging question difficulty, you should distinguish **unintended sources of question difficulty or ease** from those sources that are intended, thus ensuring that examinations have a range of levels of difficulty. The framework for thinking about question difficulty allows you to systematically identify technical and other problems in each question. Examples of problems might be: unclear instructions, poor phrasing of questions, the provision of inaccurate and insufficient information, unclear or confusing visual sources or illustrations, incorrect use of terminology, inaccurate or inadequate answers in the marking memorandum, and question predictability. You

should **not** rate a question as difficult/easy if the source of difficulty/ease lies in the 'faultiness' of the question or memorandum. Instead, as moderators and evaluators, you need to alert examiners to unintended sources of difficulty/ease so that they can improve questions and remedy errors or sources of confusion before candidates write the examination.

### **7.6 Question difficulty entails identifying differences in levels of difficulty within a single question**

An examination question can incorporate more than one level of difficulty if it has subsections. It is important that the components of such questions are 'broken down' into their individual levels of difficulty.

**Note:**

Each subsection of a question should be analysed separately so that the percentage of marks allocated at each level of difficulty and the weighting for each level of difficulty can be ascertained as accurately as possible for that question.

## **8. EXAMPLES OF QUESTIONS AT DIFFERENT LEVELS OF DIFFICULTY**

This section provides at least **three** examples of questions from previous Business studies NSC examinations (Table 7 to Table 10) categorised at each of the four levels of difficulty described in Section 7 (Table 5) above. These examples were selected to represent the **best and clearest** examples of each level of difficulty that the Business studies experts could find. The discussion below each example question tries to explain the reasoning behind the judgments made about the categorisation of the question at that particular level of difficulty.

**TABLE 7: EXAMPLES OF QUESTIONS AT DIFFICULTY LEVEL 1 – EASY**

<p><b>Example 1:</b></p>
<p><b><u>Question 1.1.9, p 4. DBE, November 2012</u></b></p> <p>Filling vacancies in a business enterprise with existing employees is known as ...</p> <ul style="list-style-type: none"><li>A. advertising</li><li>B. internal recruitment</li><li>C. external recruitment</li><li>D. job specification.</li></ul>
<p><b><u>Discussion:</u></b></p> <p>The question is deemed <b>easy</b> because:</p> <ul style="list-style-type: none"><li>• Stimulus difficulty: The question is direct and easy to understand. The distractors in the options provided are all related content and distinctive to the HR function. These distinctions are baseline knowledge for learners, and the answer can be easily recognised.</li><li>• Content difficulty: Grade 12 Business studies candidates should all be familiar with the four terms (list of options) and the definition involved.</li><li>• Task difficulty: The task entails reading the multiple-choice question and simply identifying the correct option from four options. Candidates only have to match the definition in the stem question with one of the terms listed. It is a simple recall and recognition task.</li><li>• Expected response difficulty: Two marks are awarded for writing one answer; so, the mark allocation is straightforward.</li></ul> <p>This question is easy with regard to all four sources of difficulty.</p>
<p><b><u>Memorandum/Marking guidelines</u></b></p> <p>1.1.9 B ✓✓</p>
<p><b>Example 2:</b></p>
<p><b><u>Question 2.3, p 6. DBE, November 2013</u></b></p> <p>State TWO methods that businesses can apply to reduce employees' stress levels (4).</p>

### **Discussion:**

The question is deemed **easy** because:

- Stimulus difficulty: The candidates should have no difficulty in understanding the question and what is expected from them. The question is phrased in simple basic language which should be easily comprehensible by a Grade 12 candidate.
- Content difficulty: The candidate can draw on basic business studies content knowledge.
- Task difficulty: The candidate simply has to write two statements. This task is easy and straightforward.
- Expected response difficulty: The marking of this question is straightforward – two marks per method - with a range of possible answers as well as an 'open' option (Any other relevant answer related to stress reduction methods).

This question is easy with regard to all four sources of difficulty

### **Memorandum/Marking guidelines**

Stress reduction methods

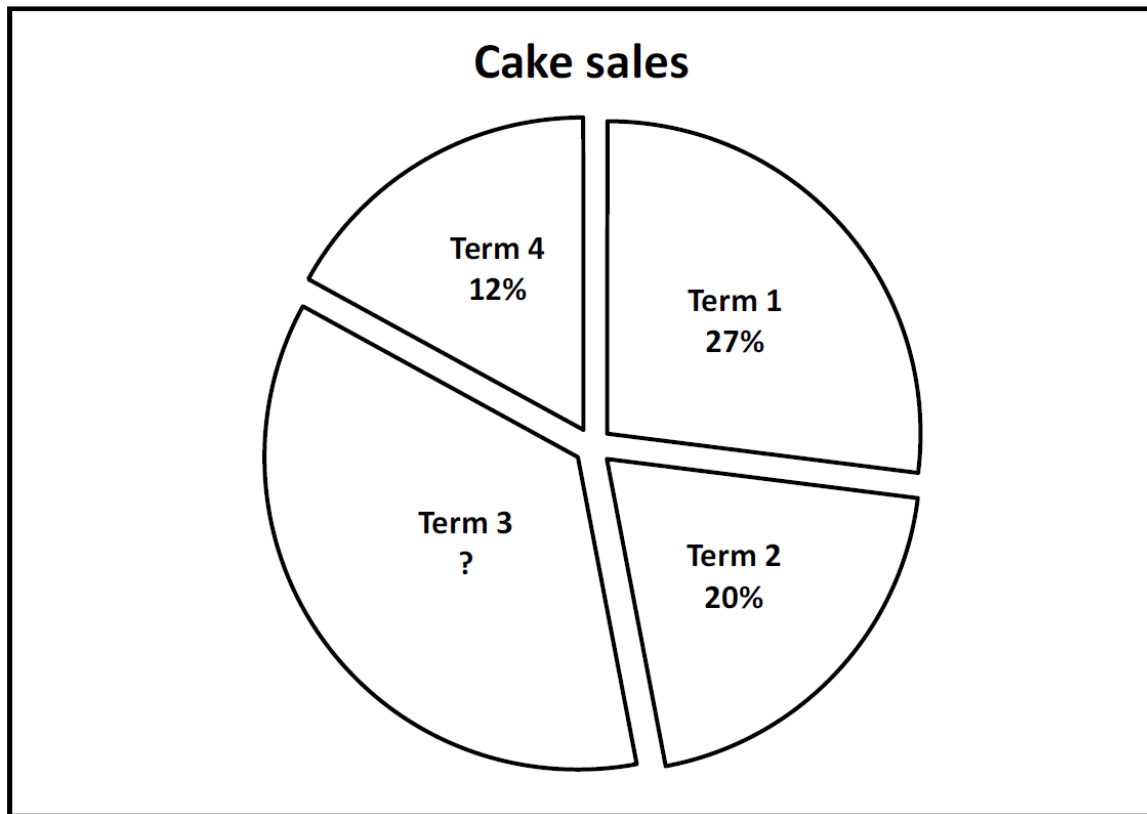
- Coaching. √√
- Mentoring. √√
- Engaging in wellness programmes. √√
- Providing incentives and rewards/recognition. √√
- Offering market related salary packages. √√
- Counselling employees. √√
- Improving/re-designing/simplifying tasks. √√
- Motivating employees. √√
- Taking part in decision-making. √√
- Good communication. √√
- Team-building exercises. √√
- Staff development programmes. √√
- Improving work environment. √√
- Treating employee's equally. √√
- Any other relevant answer related to stress reduction methods.

NOTE: Mark first TWO (2) only (2 x 2) (4)

### **Example 3**

#### **Question 2.2, p 6. DBE, March 2013**

The graph below represents the sales volume of cakes at Stanger Manor School during the four school terms for 2011.



2.2.1 Identify the type of graph illustrated above (2)

**Discussion:**

The question is deemed **easy** because:

- Stimulus difficulty: The question is structured within the reading vocabulary of the candidates and the context is familiar (e.g. cake sales as part of market day). The presentation of the graph is necessary for learners to deduce the answer.
- Content difficulty: this is a simple basic pie graph that needs to be identified.
- Task difficulty: the candidate has to write one word, which makes this task easy.
- Expected response difficulty: there are two marks allocated for a one-word response.

This question is therefore easy with regard to all four levels of difficulty.

**Memorandum/Marking guidelines**

2.2

2.2.1 Pie graph/ Pie chart √√ (2)

2.2.2 Term 3 √√ (2)

Term 1 (27%) + Term 2 (20%) + Term 3 (x) + Term 4 (12%) = 100% √ (4)

X = 100% - 59%√ (6)

X = 41%√√ (2)

**OR**

41%√√√ and term 3√√ (no workings) (4) (6)

NOTE:

1. Award a maximum of 2 marks for the understanding of concept and method.
2. If there are no workings shown and the answer is incorrect allocate 0 marks.
3. Allocate full marks if the answer is correct and no workings are shown.

Term (2)

Calculation (4)

2.2.3

- Intensify marketing efforts/advertising/review pricing structure. √√
- Offer seasonal specials e.g. buy one cake and get one free. √√
- Diversification of products. √√
- Any other relevant strategy on how to improve poor sales performance

(Any 2 x 2) (4)

**TABLE 8: EXAMPLES OF QUESTIONS AT DIFFICULTY LEVEL 2 – MODERATE**

**Example 1:**

**Question 1.1.10, p 5. DBE, March 2013**

These forms of ownership do NOT have separate legal personalities and the owners are liable for the debts of the business:

1. Close corporation and partnership
2. Sole proprietorship and private company
3. Partnership and sole proprietorship
4. Public company and close corporation (2)

**Discussion:**

The question is deemed **moderate** because:

- Stimulus difficulty: The two-pronged nature of the question makes it moderately difficult. The first part is stated in the negative (do not have separate ...) and the second part deals with liability. The candidate may have to read the question a few times to understand it.
- Content difficulty: The facts and concepts associated with forms of ownership is not regarded as basic content, neither as advanced content. There is a certain level of specialised knowledge and concepts particular to forms of ownership which is very theoretical.
- Task difficulty: Once the candidate understands the question (stimulus difficulty) then the selection of the appropriate option is easy.



- Expected response difficulty: This is a selected response question (multiple-choice) and the mark allocation is two marks or zero – therefore no difficulty in the manner in which the answer is presented in the memorandum.

This question is therefore moderate with regard to stimulus and content sources of difficulty.

### **Memorandum/Marking guidelines**

1.1.10 C √√ (2)

### **Example 2:**

#### **Question 2.1.4, p. 7. DBE, March 2010**

#### **LABOUR MATTERS – DRUGS AND SUBSTANCE ABUSE**

The management of Laduma Ltd was suspicious about the behaviour of certain factory workers whom they suspected of being under the influence of either drugs or alcohol.

During the past seven months, three employees who were allegedly using drugs on duty, were dismissed by management immediately. This was a concern, because it led to serious conflict between management and employees in the workplace, lower productivity and low morale amongst the workforce.

The three dismissed workers submitted written statement to the union claiming that they did not use drugs while on duty.

The company met with the union through the workplace forum and was requested to reinstate the three employees. Laduma Ltd. had no policy in place, a formal disciplinary hearing was not held regarding their dismissal and there was no evidence provided by the company as reasons for their dismissal.

2.1.4 Outline ways that Laduma Ltd could use to avoid the conflict that arose between staff and management as a result of the dismissal. (10)

### **Discussion:**

The question is deemed **moderate** because:

- Stimulus difficulty: The question provides text that has to be read carefully consisting of four paragraphs.
- Content difficulty: The content is basic and familiar.
- Task difficulty: Candidates are expected to unpack issues such as dealing with conflict, as well use the correct terminology to construct an argument for the operations of workplace forums within the context of the case.
- Expected response difficulty: The mark allocation is two marks for each suggestion.

This question is therefore moderate with regard to stimulus, task and content difficulty, but easy with regard to expected response difficulty.

### **Memorandum/Marking guidelines**

#### 2.1.4

- The business must first set (formulate) written policy on drugs and alcohol usage during office hours. √√
- Communicate this policy to all workers when they sign the employment contract. √√
- If the worker uses drugs for the first time, he/she must be warned verbally in the presence of the workplace forum/union member. √√
- Should the same worker repeat the offence, he/she must be served with charges and appear before the management of the company and workplace forum rep. √√
- During the hearing, the worker shall be given a chance to state his case.
- If found guilty, the worker shall be dismissed. √√
- If the worker is not satisfied he/she can refer the case to the CCMA. √√

(Any other relevant answer related to dismissal procedures.)

(any 5 x 2) (10)

### **Example 3:**

#### **Question 8, p 10. DBE November 2013**

Zama (Pty) Ltd is a business that was established five years ago. The business has not been performing well in the following areas:

- The target market has not been reached.
- It is unable to manage debts.
- It has failed to attract and retain skilled employees.
- The image of the business is not promoted.
- Outdated methods of record-keeping are still being used.

Recommend THREE ways in which Zama (Pty) Ltd. can improve the quality of performance in each of the challenges that appear in the scenario above. Also discuss how the quality of performance of the general management function will ensure the success of the business. (40)

### **Discussion:**

The question is deemed **moderate** because:

- Stimulus difficulty: The scenario given is succinct and clear; easy for the Grade 12 learner to comprehend.
- Content difficulty: This construct TQM is complex/difficult content as it requires the understanding of the relationships between quality and the various business functions.
- Task difficulty: The task is to construct arguments for each challenge which makes it moderately difficult. The candidates are expected to give recommendations to improve on these challenges. In addition, they must discuss the general management function to ensure the success of the business.
- Expected response difficulty: The expected response is an extended writing piece. Mark allocation is for an essay type question with sub-sections.

This question is therefore moderate with regard to task, content and expected response sources of difficulty.

## **Memorandum/Marking guidelines**

### 8.1 Introduction

- Top management is ultimately responsible for quality of performance. ✓
- Senior executives need to be able to guide and direct in order to improve performance. ✓
- Everyone employed in a business has a role to play in realising the goal of quality performance. ✓
- Quality cannot always be achieved when one person in a business works towards a particular/personal goal. ✓
- Any other relevant introduction related to quality of performance within business.

(Any 3 x 1) (3)

### 8.2.1 Target market.

- Win customers by satisfying their needs/wants. ✓✓
- Build positive relationships with identified target market. ✓✓
- Conduct market analysis. ✓✓
- Identify competitive edge. ✓✓
- Differentiate products. ✓✓
- Constantly review value issues. ✓✓
- Communicate effectively with customers in order to get feedback from customers about their experiences of the products and services sold. ✓✓
- Co-ordinate distribution with the production and advertising strategies. ✓✓
- Use pricing techniques to ensure a competitive advantage. ✓✓
- Measure the gaps between customer expectations and their actual experiences so that problems regarding quality of products can be diagnosed and addressed. ✓✓
- Make adjustments and changes to products and services based on feedback received from customers. ✓✓
- Use aggressive advertising campaigns to increase/sustain the market share. ✓✓
- Any other relevant answer related to quality of performance in reaching the target market. Sub max (6)

### 8.2.2 Manage debts

- Implement a credit granting and collection policy/set credit limits. ✓✓
- Compile realistic budgets and have good budget control. ✓✓
- Determine the need for funds. ✓✓
- Acquire funding from suitable sources. ✓✓
- Apply funds effectively. ✓✓
- Keep debts within acceptable limits. ✓✓
- Profitability ratios must be prepared by the financial manager and presented to management to analyse and make decisions. ✓✓
- Take legal action against non-paying debtors/clients. ✓✓
- Any other relevant answer related to quality of performance in managing debts.

Sub max (6)

### 8.2.3 Attract and retain skilled employees.

- Find the most suitable person for the job. ✓✓

- Appoint a person to the position where his/her capabilities can be used to the advantage of a business. √√
- Continuous training and development of staff. √√
- Appropriate training and development programmes can lead to stable staff/low rate of staff turnover. √√
- Make use of learnership programmes. √√
- Have a clearly spelt out job specification and job description. √√
- Offer attractive remuneration packages. √√
- Any other relevant answer related to quality of performance in attracting and retaining skilled employees.

Sub max (6)

#### 8.2.4 Image of the enterprise.

- Promote a positive image by liaising with the relevant stakeholders. √√
- Release regular press statements. √√
- Through publicity, the business enjoys a positive image in society. √√
- The business must attain a respectable position in society. √√
- Other management functions are influenced by public relations e.g. improved customer relations. √√
- Engage in CSR and other broader social responsibility projects. √√
- Counter negative publicity. √√
- Any other relevant answer related to quality of performance in promoting the image of the business.

Sub max (6)

#### 8.2.5 Outdated methods of record-keeping.

- Collect and capture data at all times. √√
- Ensure that captured data or information is accurate. √√
- Process the data and information timeously. √√
- Make information available to management so that they can react to opportunities and threats. √√
- Apply technology efficiently. √√
- Create a proper filing system for debtors, creditors, salaries, stock, etc. √√
- Quick handling of complaints in an effective manner. √√
- Change to e-filing (electronic filing)/e-information (electronic information)/e-communication (electronic communication). √√
- Training in current administration developments. √√
- Any other relevant answer related to quality of performance in improving record-keeping methods.

Sub max (6)

(Max) (30)

#### 8.3 General management.

- Develop, implement and monitor strategic plans. √√
- Efficient organisation and allocation of business resources to allow for the successful achievement of long-term and short-term plans. √√
- Ensure that structured standards and norms are in place so that control mechanisms can be implemented. √√
- Learn about and understand changes in the business environment on an on-going basis. √√
- Set direction and establish priorities for the business. √√
- Communicate shared vision, mission and values effectively. √√

- Be prepared to set an example of the behaviour they expect from employees in terms of ethics as well as productivity. √√
- Ensure that employees have the resources needed to do their work (effective allocation of resources). √√
- Be proactive and always seek to improve comparative advantage over competitors. √√
- Any other relevant answer related to the quality of performance within the general management function.

(Max) (10)

#### 8.4 Conclusion

- Business must always focus on satisfying customers' needs. √√
- Always strive to maintain quality of performance in its overall business operations. √√
- Keep abreast with current business developments. √√
- The functions should not operate in isolation/are closely interrelated. √√
- Continuous monitoring and evaluating of the performance management systems/Total Quality Management Systems (TQMS). √√
- Any other relevant conclusion related to the quality of performance within the above-mentioned challenges and general management function.

(Any 1 x 2) (2)

[40]

#### NOTE:

1. Candidates should be awarded marks when examples demonstrate understanding.
2. If another approach is used in answering this question, take into consideration the sub max's as indicated above.

#### BREAKDOWN OF MARKS

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

#### DETAILS

#### MAXIMUM

#### TOTAL

Introduction	3
Max	32
Recommendations	30
Quality of performance of the General Management function	10
Conclusion	2
INSIGHT	
Layout	2
Analysis, interpretation	2
Synthesis	2
Originality, examples	2
TOTAL MARKS	40

**TABLE 9: EXAMPLES OF QUESTIONS AT DIFFICULTY LEVEL 3 – DIFFICULT**

<p><b>Example 1</b></p>
<p><b><u>Question 4.3, p. 8. DBE November 2013</u></b></p>
<div style="border: 1px solid black; padding: 10px;"> <p>EMPLOYMENT CONTRACT</p> <p>Name of Employee: Tshepo Mabe</p> <p>Gender: Male <span style="float: right;">Age: 30 years</span></p> <p>TERMS AND CONDITIONS OF THE CONTRACT</p> <ul style="list-style-type: none"> <li>• Annual leave is based on employee performance</li> <li>• Working hours: As per operational hours of the business.</li> </ul> </div>
<p>4.3.2 Critically evaluate the terms and conditions of the contract in the scenario above. Make recommendations that are in line with the Basic Conditions of Employment Act, 1997 (Act 75 of 1997). <span style="float: right;">(10)</span></p>
<p><b><u>Discussion:</u></b></p> <p>The question is deemed <b>difficult</b> because:</p> <ul style="list-style-type: none"> <li>• Stimulus difficulty: moderately difficult Question 4.3.1 the second part deals with how it relates to the Basic Conditions of Employment Act (BCEA).</li> <li>• Content difficulty: the content required for the analysis and explanations of the labour legislation and Acts is quite extensive. This implies that candidates must be knowledgeable <i>about the ACT</i> and of how it is being implemented.</li> <li>• Task difficulty: The candidate has to write an evaluative comment in which the criteria in the contract is analysed and judged in terms of the prescriptions in the ACT.</li> <li>• Expected response difficulty: the openness of the question means that the candidate must determine on his/her own the expected length of the response and the extent to which a full answer has been provided.</li> </ul> <p>This question is therefore difficult with regard to three levels: content, task and expected response levels of difficulty.</p>
<p><b><u>Memorandum/Marking guidelines</u></b></p> <ul style="list-style-type: none"> <li>• Employees are entitled to 21 days annual leave or 1 day after every 17 days worked. √√</li> <li>• Working hours are restricted to 8 or 9 hours per day in a 45 hour work week, depending on the employment contract. √√</li> <li>• A meal interval of 60 minutes after every 5 hours worked, should be allowed. √√</li> <li>• The contract is incomplete e.g. maximum of 10 hours overtime per week. This must be specified in the contract. √√</li> <li>• The business will experience many disputes where the contract is not clear/specific. √√</li> <li>• Any other relevant answer related to recommendation of leave and working hours.</li> </ul> <p style="text-align: right;">(Max) (10)</p>

## Example 2:

### Question 6.6, p 11. IEB, November 2011

#### SPAR Group Ltd

- 1 Back in 1932 in the Netherlands, an inspired wholesaler with a vision for the future named Adriaan van Well, changed the world of retail shopping as we know it with the development of his organisation DESPAR. Translated into English this means 'all will benefit from united co-operation'. Indeed this is exactly what Adriaan van Well managed to achieve.
- 2 With the emergence of grocery chains in the 1960s in South Africa, a group of 8 wholesalers were given exclusive rights to the SPAR name in 1963, to service 500 small retailers. The three friendly store formats, which are, **SPAR** (for neighbourhood shopping), **SUPERSPAR** (for one-stop, competitively priced, bulk shopping) and **KWIKSPAR** (for every day convenience), cater more than adequately for customers' shopping preferences.
- 3 SPAR operates under 'voluntary trading' principles which means that while the group encourages retailers to take advantage of SPAR's trading power, retailers can source goods from local traders. This explains why each store has its own regional personality. Today, the SPAR Group Ltd operates 6 distribution centres (DCs) that supply goods and services to almost 800 SPAR stores in South Africa.
- 4 There is more to SPAR than their famous supermarkets. Rewarding career paths can be found in the finance, sales, marketing, logistics, information technology and human resources fields. Some of the career streams available at SPAR include:
  - **Finance:** debtors, creditors, accounting, administration, bookkeeping, payroll, insurance;
  - **Marketing:** advertising, promotions, customer care, sponsorships and special events;
  - **Information Technology:** support, programming, business analysis, software development and testing, retail systems, training and problem solving;
  - **Human Resources:** training, industrial relations, general HR, staff benefits, organisational development.
- 5 The SPAR Group Ltd listed on the JSE Ltd in 2005. In 2010, a year of slow economic recovery, the group produced a satisfactory financial performance. Comparable earnings per share of 543.7 cents increased by 12.1%. The annual dividend declaration increased by 12.4% to 500 cents per share. The financial department showed a commitment to ratio analysis as a preferred technique for the analysis of quality of performance.
- 6 A brand is nothing without its people. The special men and women that house its heart and soul drive it forward. SPAR looks for people who believe in themselves, have the entrepreneurial spirit and believe in the value of others. In the SPAR family, support is given to each other through tried and tested conflict resolution techniques, so that teamwork and pride in their work is at the forefront.
- 7 For many years, SPAR has played an active and meaningful role in socio-economic development. Together with a wide range of sponsorships and donations, SPAR continues to reach underprivileged people with various initiatives. This bodes well for SPAR's corporate social responsibility investment index. So when last did you shop at SPAR???

[Adapted from < <http://www.spar.co.za>>, downloaded July 2010]

Answer the question in the table provided in the Answer Booklet supplied. The SPAR management team is faced with business ethics at different levels. Discuss, with a different example for each, an ethical issue that the team will face from:

6.6.1 an individual level

6.6.2 an organisational level; and

6.6.3 a professional level (9)

[Diagram included]

Different levels	Ethical issue
6.6.1 Individual level	
6.6.2 Organisational level	
6.6.3 Professional level	

**Discussion:**

The question is deemed **difficult** because:

- Stimulus: The candidate has to read an extended piece of text (case study) in which a number of issues are presented.
- Content difficulty: The candidate has to reflect on ethical and professional behaviour such as taxation, pricing of goods, unfair advertising which is relatively complex, etc. When this content needs to be integrated and understood in relation to the case, it renders the content difficult.
- Task: The candidate has to apply critical thinking skills using examples related to the issues in the case study to construct an answer.
- Expected response difficulty: The openness of the question means that the candidate must determine on his/her own the expected length of the response and the extent to which a full answer has been provided.

This question is therefore difficult with regard to three levels of difficulty: stimulus, task and expected response.

**Memorandum/Marking guidelines**

Different Levels	Ethical Issue
6.6.1 Individual level	This refers to ethical considerations for people as individuals i.e. the individuals' moral code of conduct; how he/she acts in an ethical manner. ✓ <b>Examples of issues:</b> to cheat on an expense account; to call in sick when one is not sick; to accept a bribe; plagiarism. ✓✓ (Consider any other relevant answers at individual level) (Any 3 points X 1 = 3)
<b>6.6.2 Organisational level</b>	This refers to ethical considerations within the parameters of the organization, whether there is an ethical alignment to the mission, vision of the business.



	<p><b>Examples of issues:</b> Asking an employee to perform an illegal act to earn profit, pressure individuals to overlook wrongdoings of peers in the interests of the business. ✓✓ (Consider any other relevant answers at organisational level) (any 3 points X 1 = 3)</p>
<p><b>6.6.3 Professional level</b></p>	<p>This refers to a code of conduct that lays down the groundwork for behaviour in a profession. This code will provide guidelines on what is considered ethical and therefore acceptable when conducting business. ✓ <b>Examples of issues:</b> An accountant advising clients to deduct questionable items for tax purposes: A lawyer offering SPAR a plea bargain when the result would benefit the lawyers' career and not necessarily SPAR. ✓ (Consider any other relevant answers at professional level) (Any 3 points X 1 = 3)</p>
<p><b>(9 marks)</b> <b>(Candidates must give an example for each level - 2 marks) (1 mark for explanation)</b></p>	
<p><b>Example 3</b></p>	
<p><b>Question 2.4, p 6. DBE November 2013</b></p> <p>2.4 Identify a specific business strategy in each of the scenarios below:</p> <p>2.4.1 The Virgin Group of companies owns, among others, Virgin Records (music industry), Virgin Atlantic (airline industry) and Virgin Active (leisure industry).</p> <p>2.4.2 Foster D started its business in Saudi Arabia and has entered the South African cell phone market.</p> <p>2.4.3 Toyota SA (a car manufacturing business) gained ownership of Raylite car batteries.</p> <p>2.4.4 Grace Ltd sold all its assets in an attempt to pay creditors.</p> <p>2.4.5 Sizwe Clothing Stores has taken over Easy Clothing Stores. (5 X 2)</p>	
<p><b>Discussion:</b></p> <p>The question is deemed <b>difficult</b> because:</p> <ul style="list-style-type: none"> <li>• Stimulus difficulty: The instruction is clear and candidates should not have difficulty in understanding each scenario.</li> <li>• Content difficulty: The concept 'business strategy' is a complex concept because it comprises of several elements.</li> <li>• Task difficulty: Although the final answer is a short succinct statement, the candidate has to engage a process of high level critical thinking to arrive at the required acceptable business strategy.</li> <li>• Expected response difficulty: The mark allocation is explicit – two marks per correct answer.</li> </ul> <p>This question is therefore difficult with regard to content and task levels of difficulty.</p>	
<p><b>Memorandum/Marking guidelines</b></p>	

Business Strategies

2.4.1 Conglomerate Diversification/Conglomerate. √√ (Diversification√)

2.4.2 Market development. √√ (Intensive√)

2.4.3 Backward vertical integration/Backward integration. √√

(Accept Vertical Integration√√ / Vertical√/Integration. √)

2.4.4 Liquidation. √√ (Defensive.√)

2.4.5 Horizontal integration.√ √ (Horizontal√/Integration.√)

(5 x 2) (10)

**TABLE 10: EXAMPLES OF QUESTIONS AT DIFFICULTY LEVEL 4 – VERY DIFFICULT**

**Note:**

During the development of the exemplar book some subject specialist argued that there is a faint line between a difficult and a very difficult question. It was also evident that in some subjects, question papers did not have questions that could be categorised as very difficult. In order to cater for this category, subject specialists were requested to adapt existing questions and make them very difficult or create their own examples of very difficult question. However, it was noted that in some instances attempts to create very difficult questions introduced invalid sources of difficulty which in turn rendered the questions invalid. Hence Umalusi acknowledges that the very difficult category may be problematic and therefore requires especially careful scrutiny.

**Example 1:**

**Question 6.1.2, p 9. IEB Paper 1, November 2011(adapted)**

### SPAR Group Ltd

- 1 Back in 1932 in the Netherlands, an inspired wholesaler with a vision for the future named Adriaan van Well, changed the world of retail shopping as we know it with the development of his organisation DESPAR. Translated into English this means 'all will benefit from united co-operation'. Indeed this is exactly what Adriaan van Well managed to achieve.
- 2 With the emergence of grocery chains in the 1960s in South Africa, a group of 8 wholesalers were given exclusive rights to the SPAR name in 1963, to service 500 small retailers. The three friendly store formats, which are, **SPAR** (for neighbourhood shopping), **SUPERSPAR** (for one-stop, competitively priced, bulk shopping) and **KWIKSPAR** (for every day convenience), cater more than adequately for customers' shopping preferences.
- 3 SPAR operates under 'voluntary trading' principles which means that while the group encourages retailers to take advantage of SPAR's trading power, retailers can source goods from local traders. This explains why each store has its own regional personality. Today, the SPAR Group Ltd operates 6 distribution centres (DCs) that supply goods and services to almost 800 SPAR stores in South Africa.
- 4 There is more to SPAR than their famous supermarkets. Rewarding career paths can be found in the finance, sales, marketing, logistics, information technology and human resources fields. Some of the career streams available at SPAR include:
  - **Finance:** debtors, creditors, accounting, administration, bookkeeping, payroll, insurance;
  - **Marketing:** advertising, promotions, customer care, sponsorships and special events;
  - **Information Technology:** support, programming, business analysis, software development and testing, retail systems, training and problem solving;
  - **Human Resources:** training, industrial relations, general HR, staff benefits, organisational development.
- 5 The SPAR Group Ltd listed on the JSE Ltd in 2005. In 2010, a year of slow economic recovery, the group produced a satisfactory financial performance. Comparable earnings per share of 543.7 cents increased by 12.1%. The annual dividend declaration increased by 12.4% to 500 cents per share. The financial department showed a commitment to ratio analysis as a preferred technique for the analysis of quality of performance.
- 6 A brand is nothing without its people. The special men and women that house its heart and soul drive it forward. SPAR looks for people who believe in themselves, have the entrepreneurial spirit and believe in the value of others. In the SPAR family, support is given to each other through tried and tested conflict resolution techniques, so that teamwork and pride in their work is at the forefront.
- 7 For many years, SPAR has played an active and meaningful role in socio-economic development. Together with a wide range of sponsorships and donations, SPAR continues to reach underprivileged people with various initiatives. This bodes well for SPAR's corporate social responsibility investment index. So when last did you shop at SPAR???

[Adapted from <<http://www.spar.co.za>>, downloaded July 2010]

- 6.1.2 Mark wants to invest R1 million and is faced with two investment options
- Option A: 12-month Fixed Deposit at a commercial bank earning simple interest at 6% per annum.
- Option B: Invest in SPAR shares. (For more details, refer to paragraph 5 of the case study).
- Analyse each option available to mark. Develop a set of criteria by which you evaluate each option and present a well-motivated argument for the choice of investment.
- (9)

		Risk of Investment	Return Offered
	Option A: Fixed deposit		
	Option B: Shares in SPAR		

(9)

**Discussion:**

The question is deemed **very difficult** because:

- Stimulus: The candidate has to read an extended piece of text (case study) in which a number of issues are presented.
- Content difficulty: The candidates are required to know a range of investment opportunities, distinguish between and know the relevance of these investment opportunities to both individuals and businesses. This content is generally difficult for Grade 12 learners. The essence of this content is to evaluate the different investment options.
- Task: The task requires high level analysis of complex data. On the basis of this analysis the candidate then has to make evaluative judgment based on this analysis. The candidate then has to synthesise the answers to come up with to evaluate the investment options based on given information.
- Expected response difficulty: The openness of the question.

This question is very difficult with regard to task sources of difficulty.

**Memorandum/Marking guidelines**

	<b>Risk of Investment</b>	<b>Return Offered</b>
<b>Option A: Fixed deposit</b>	<ul style="list-style-type: none"> <li>• The risk on this type of investment is usually low, ✓</li> <li>• as you are assured in fixed rate of return, based on the terms of your agreement ✓</li> <li>• Investing in a fixed deposit at a commercial bank is a relatively safe investment as the bank has reserve funds to cover losses.</li> </ul> (Consider any other relevant answers on fixed deposit) (Any 2 points X 1 = 2 marks)	<ul style="list-style-type: none"> <li>• The return offered is usually low in comparison to other classes of investment ✓</li> <li>• You can expect to get the capital amount of the investment together with the interest on maturity. ✓</li> <li>• You would expect to get (6% X R1 million = R60 000)</li> </ul> (Consider any other relevant answers on fixed deposit) (Any 2 points X 1 = 2 marks)
<b>Option B: Shares in SPAR</b>	<ul style="list-style-type: none"> <li>• Investing in shares carries a medium to high risk ✓</li> <li>• This is because the value of the shares is influenced by market forces beyond the investors' control. ✓</li> </ul> (Consider any other relevant answers on shares) (Any 2 points X 1 = 2 marks)	<ul style="list-style-type: none"> <li>• The return offered is an EPS of 543, 7 cents and a DPS of 500 cents. ✓</li> <li>• The return offered needs to be compared with other shares in the same class as SPAR and the dividend growth that the shareholder is expecting. ✓</li> </ul> (Consider any other relevant answers on shares) (Any 2 points X 1 = 2 marks)
One mark for motivation of choice ✓		(1)
		(9 marks)
<b>Example 2:</b>		

**Question 5, p. 10. DBE, Nov 2010**

**MAKHAYA TALI'S WINERY**

Makhaya Tali started his winery business on a small farm he inherited from his late father. It is situated outside the town of Franschhoek in the Cape Winelands. He wants to use improved farming techniques and marketing methods to increase the farm's income.

His business is facing the following challenges:

- He applied for a loan of R1 million to buy multipurpose equipment. This will replace some of the old vineyard and cellar equipment and enable him to produce wines of the highest international quality, as well as grape juice.
- He will utilise some of these funds to open a wine shop on the farm. The wine shop will buy local, handcrafted packaging material.
- Due to an increase in interest rates by the South African Reserve Bank, he has to pay higher interest.
- Employees are demanding higher wages and salaries, which will result in a decline in the business profits.
- Competitors in the vicinity are selling similar types of wine.

- He is unable to advertise his wine beyond the borders of the province.
- The recession/slowdown in the economy has affected most of the countries worldwide.
- There has been a steady increase in the cost of fuel. (40)

Analyse the elements of each challenge and devise strategies to overcome these challenges. Advise Makhaya Tali on how to evaluate the effectiveness of the strategies.

[40]

**Discussion:**

The question is deemed **very difficult** because:

- Stimulus difficulty: The information in the case study is clear.
- Content difficulty: The business strategies topic is a culmination of the work covered in the FET-phase and entails highly complex content knowledge.
- Task difficulty: The difficulty of the task is in the evaluation and synthesis of this information. The very difficult part is to apply advanced problem-solving techniques to formulate business strategies and predicting contingencies.
- Expected response difficulty: The openness of the question, the length and the extent of detail required.

This question is therefore very difficult with regard to task and expected response sources of difficulty.

**Memorandum/Marking guidelines**

**QUESTION 5 LO1 AS 2**

**5.1 Introduction**

- A strategy is to be developed to overcome the specific challenge which is faced by the management team. ✓
- When devising a strategy keep the vision and mission of an organization in mind. ✓
- It is important to create a plan in which you include all steps, which might be necessary to change the challenge into success. ✓
- It is a plan of action for a business to achieve its goals. ✓
- Short-term and long-term goals in line with the vision and mission of the organization. ✓
- Vision is to use improved farming techniques and marketing methods to increase the farm's income capacity. ✓
- Any other relevant introduction related to business environment.

**(any 3 x 1)(3)**

**NOTE:**

- LEARNERS MAY PROVIDE ANSWERS IN ESSAY FORM WITH THE USE OF HEADINGS AND SUBHEADINGS. THE CONTENT OF THE FOLLOWING TABLE MUST THEREFORE BE USED AS A GUIDE TO MARK THE LEARNER'S RESPONSE.
- THE BUSINESS ENVIRONMENT MUST BE LINKED TO THE CHALLENGE.

CHALLENGE	STRATEGY	ENVIRONMENT	TOTAL
-----------	----------	-------------	-------

<p>1. Applied for a loan of R1million. √√</p> <p>Extension of the product line e.g. grape juice. √√</p> <p>Wines of international quality. √√</p>	<ul style="list-style-type: none"> <li>• Reduce loans. √√</li> <li>• Negotiate with the banks. √√</li> <li>• Additional cash</li> <li>• Investment by the owner. √√</li> <li>• Divestiture: √√</li> <li>• Sell part of his business as a way of raising funds. √√</li> <li>• Any other relevant answer.</li> </ul> <ul style="list-style-type: none"> <li>• Product development. √√</li> <li>• Producing new product for the current market, e.g. grape juice.</li> <li>• Concentric diversification. √√</li> <li>• Using the same equipment to produce a different product i.e. grape juice. √√</li> <li>• Any other relevant answer.</li> </ul> <ul style="list-style-type: none"> <li>• Research on quality√√</li> <li>• International marketing√√</li> <li>• Form quality circles√√</li> <li>• Any other relevant answer</li> </ul>	<p>Macro √√</p> <p>Market/Micro√√</p> <p>Micro/Market/Macro√√</p>	
<p>2. Buy multi-purpose equipment. √√</p> <p>Establish a wine shop on the farm.</p>	<ul style="list-style-type: none"> <li>• Obtain quotations from different suppliers of equipment and negotiate the most reasonable price. √√</li> <li>• Outsourcing. √√</li> <li>• Type of equipment should meet the requirements of the business. √√</li> <li>• Purchase second hand machinery. √√</li> <li>• Any other relevant answer.</li> </ul> <ul style="list-style-type: none"> <li>• Forward integration√√</li> <li>• Selling the product directly to the public from the wine shop. √√</li> <li>• Use local handcrafted packaging for his products. √√</li> <li>• Any other relevant answer.</li> </ul>	<p>Micro/Market/Macro √√</p> <p>Micro/ Market √√</p>	
<p>3. Increase in interest</p>	<ul style="list-style-type: none"> <li>• Negotiate with other banks for lower interest rates. √√</li> </ul>	<p>Macro √√</p>	
<p>4. Employees demanding higher wages</p>	<ul style="list-style-type: none"> <li>• Increase in productivity</li> <li>• Defensive Strategy: √√</li> </ul>	<p>Micro√√</p>	

and salaries. ✓✓  Decline in profits. ✓✓	<ul style="list-style-type: none"> <li>• Negotiate with unions on the question of retrenchment. ✓✓</li> <li>• Increase production/reduce fixed costs.</li> <li>• Any other relevant answer.</li> <li>• Monitor expenses and authorise only essential expenses. ✓✓</li> <li>• Increase mark up. ✓✓</li> <li>• Engage in</li> <li>• Aggressive marketing strategy. ✓✓</li> <li>• Any other relevant answer.</li> </ul>	Micro ✓✓	
5. Competitors selling similar types of wine. ✓✓	<ul style="list-style-type: none"> <li>• Market penetration: ✓✓</li> <li>• Selling wines and grape juice at a discounted price to attract customers. ✓✓</li> <li>• Any other relevant answer.</li> </ul>	Market ✓✓	
6. Not advertising beyond the town of Franschhoek. ✓✓	<ul style="list-style-type: none"> <li>• Market development: ✓✓</li> <li>• Advertise in the Provincial newspaper. ✓✓</li> <li>• Sponsorships ✓✓</li> <li>• Radio broadcasts. ✓✓</li> <li>• Encourage wine tasting. ✓✓</li> <li>• <b>Excursions.</b> ✓✓</li> <li>• Any other relevant answer.</li> </ul>	Market/Micro ✓✓	
7. Recession /slowdown. ✓✓	<ul style="list-style-type: none"> <li>• Propose a 3-day working week for the winery until the economy recovers. ✓✓</li> <li>• Engage in aggressive marketing strategies. ✓✓</li> <li>• Any other relevant answer</li> </ul>	Micro/Macro ✓✓	
8. Increase in fuel costs. ✓✓	<ul style="list-style-type: none"> <li>• Monitor use of vehicles through a log book. ✓✓</li> <li>• Proper planning of delivery routes/logistics. ✓✓</li> <li>• Buy more fuel-efficient vehicles. ✓✓</li> <li>• Lobby Govt. to stabilise fuel prices. ✓✓</li> <li>• Cut down on the number of vehicles in operation and use vehicles only for essential deliveries/collection. ✓✓</li> <li>• Outsourcing the transport operation of the business. ✓✓</li> <li>• Any other relevant answer.</li> </ul>	Micro/Macro ✓✓	
<b>6 x 2 = 12</b>	<b>6 x 2 = 12</b>	<b>8. x 2 = 12</b>	<b><u>36</u></b>



### 5.3 Advice on evaluation of Strategies:

5.3.1 Examine the underlying basis of business strategy. √√

- Monitor and obtain regular feedback on the implementation of the above strategies. √√

5.3.2 Measure the business performance against original objectives. √√

Should the performance of the business not be in line with the proposed strategies then amend strategies or provide alternative strategies. √√

5.3.3 Take corrective action. √√

- This corrective action must be taken in view of the above mentioned. √√
- Any other relevant answer related to the advice on the evaluation of strategies. **(Any 3 x 2) (6)**

### 5.4 Conclusion

- Makaya Tali must carefully implement the above-mentioned strategies. √√
- He must also obtain regular feedback in order to make an informed decision on whether to consider alternative strategies. √√
- Any relevant conclusion related to strategies. **(Any 1 x 2) (2)**

#### Breakdown of mark allocation:

Details	Maximum	Reduced to	Subtotal	Total
Introduction			3	
Mark ANY 6 challenges from the case study (IN ANY ORDER)	6x2			
Mark ANY 6 strategies based on the above challenges	6x2			
Mark the environment linked to the above challenges	6x2			
Evaluation of strategies	6	6	27	Max 32
<b>Conclusion</b>			2	
<b>INSIGHT</b>				
Layout				2
Analysis, interpretation				2
Synthesis				2
Originality, examples				2
<b>TOTAL MARKS</b>				<b>40</b>

LASO – For each component

Allocate 2 marks if all requirements are met.

Allocate 1 mark only if some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

**Example 3:**

**Question 6, p 9. DBE March 2014**

Joe is a hardworking, self-employed builder. His business is experiencing financial problems and Joe buys building material from suppliers who deliver poor quality products. Joe is struggling to manage both his business and his building projects. He wants to tender for large building contracts in order to create more jobs and expand his business.

6.1 Advise Joe on how to become a successful entrepreneur so that he can expand business.

You must include the following aspects in your answer:

- Explain any FIVE entrepreneurial qualities that Joe must have in order to successful.
- Identify and discuss possible problem areas in Joe's business as indicated in case study.
- Suggest recommendations for each problem area that is identified.
- Comment on the sustainability and profitability of the business with regard Joe's plans to apply for tenders.

(40)

**Discussion:**

The question is deemed **very difficult** because:

- Stimulus difficulty: the question is clear.
- Content difficulty: Learners must be able to devise/formulate strategies of how a business can respond to the challenges of its environment.
- Task difficulty: The analysis should be done based on limited information and without guidance using a tool, such as the SWOT-analysis, PESTLE, etc. The task is therefore very specific and requires of learners to tailor their own response strategy. The answers require a high level of specialised terminology and applying complex evaluative processes to come to the solutions. The learners must apply argumentative discursive writing using relational responses. The very difficult part is to apply advanced problem-solving techniques to formulate sustainability and profitability and predicting contingencies.
- Expected response difficulty: The openness of the question, the length and the extent of detail required.

This question is therefore very difficult with regard to task and expected response sources of difficulty.

**Memorandum/Marking guidelines**

**QUESTION 6**

**6.1 Introduction**

- Joe is hardworking/uses all his energy to complete a job. ✓
- Only works for himself, so he is motivated to be successful. ✓
- Thorough knowledge of the operations of the business will lead to sustainability and profitability. ✓

- Good entrepreneurial characteristics and a well organised/managed business will be successful/sustainable/profitable. ✓
- Any other relevant introduction related to entrepreneurial characteristics/sustainability/profitability. (Any 3 x 1) (3)

### 6.2 Entrepreneurial characteristics/qualities

- Ability to make sound decisions ✓ depends on prior knowledge and experience. ✓
- Ability to think creatively/do things in a new way ✓ to solve problems. ✓
- Believes in own abilities ✓ so that they can reach their goals. ✓
- Willingness to take risks ✓ and to make difficult decisions. ✓
- Takes responsibility for his/her actions ✓ and accepts positive and negative outcomes. ✓
- Motivates/directs people ✓ to create a positive working environment. ✓
- Concerns for the well-being of the workforce ✓ by showing interest in personal issues. ✓
- Has self-discipline ✓ and remains focussed. ✓
- Has a positive attitude ✓ and will not be discouraged by setbacks. ✓
- Can formulate the mission and vision ✓ and links it with the aims of the business. ✓
- Changes difficulties into challenges ✓ and has the ability to be resilient. ✓
- Has a clear vision ✓ and is able to achieve long term goals. ✓
- Flexible ✓ - has the ability to adapt to change. ✓
- Good management ✓ and communication skills. ✓
- Ability to see an opportunity ✓ and to change it into a profitable business. ✓
- Good planner ✓ and organiser. ✓
- Any other relevant answer related to the characteristics/qualities of an entrepreneur.

**MAX (10)**

NOTE: Mark first FIVE (5) only

### 6.3

Problem area	Discuss/Explain Recommendation	Recommendation
Financial problems ✓✓ (2)	<ul style="list-style-type: none"> <li>• Inadequate financial control. ✓✓</li> <li>• Cash flow problems. ✓✓</li> <li>• Limited capital to grow/expand, because Joe is a sole trader. ✓✓</li> <li>• Business may close down because of bad debts. ✓✓</li> <li>• Any other relevant answer related to possible financial problems.</li> <li>• Sub max (2)</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare budgets to control the use of funds. ✓✓</li> <li>• Cut down on unnecessary expenses. ✓✓</li> <li>• Buy supplies on credit. ✓✓</li> <li>• Find loans/overdrafts at reasonable interest rates. ✓✓</li> <li>• Improve the management of finance and debts. ✓✓</li> <li>• Any other relevant answer related to solving possible financial problems.</li> <li>Sub max (2)</li> </ul>

<p>Suppliers' products of poor quality/not up to standard. √√ (2)</p>	<ul style="list-style-type: none"> <li>• Cannot afford good quality materials. √√</li> <li>• Joe is buying from unsuitable suppliers. √√</li> <li>• May result in poor quality finished products. √√</li> <li>• Joe might harm his business's image. √√</li> <li>• Any other relevant answer related to suppliers' quality of products.</li> </ul> <p>Sub max (2)</p>	<ul style="list-style-type: none"> <li>• Negotiate better credit terms with suppliers. √√</li> <li>• Joe should switch to suppliers that deliver quality materials. √√</li> <li>• Using high quality materials may result in high quality finished products. √√</li> <li>• Ensure high quality finished products to attract customers. √√</li> <li>• Any other relevant answer related to improving the quality of products.</li> </ul> <p>Sub max (2)</p>
<p>Struggling to manage his business and building projects. √√ (2)</p>	<ul style="list-style-type: none"> <li>• Joe has few managerial skills. √√</li> <li>• Joe is not able to plan/organise all his projects. √√</li> <li>• Joe may not be able to address problems due to lack of time. √√</li> <li>• Joe may not reach deadlines. √√</li> <li>• Any other relevant answer related to lack of management/organising skills.</li> </ul> <p>Sub max(2)</p>	<ul style="list-style-type: none"> <li>• Attend management training courses/workshops. √√</li> <li>• Use management mentoring/coaching services. √√</li> <li>• Time management may enable Joe to handle his business and more projects. √√</li> <li>• Plan thoroughly and administer the business efficiently. √√</li> <li>• Have an action plan. √√</li> <li>• Address problems as they emerge. √√</li> <li>• Proper planning and prioritising in order to reach deadlines. √√</li> <li>• Any other relevant answer related to solving managerial problems.</li> </ul> <p>Sub max (2)</p>

NOTE: The recommendation must be linked to the problem area/case study.

Sub max: Identification of problem areas (6)

Sub max: Discussion of problem areas (6)

Sub max: Recommendations (6)

(Max) (18)

**6.4 Sustainability and profitability of the business with regard to Joe's plans to tender for large contracts**

Sustainability of the business	<ul style="list-style-type: none"><li>• Obtaining large tenders may lead to a successful and sustainable business. √√</li><li>• Joe's business will be able to exist in the long term if he gets large contracts. √√</li><li>• Obtaining a government tender may expose Joe to other business opportunities. √√</li><li>• Obtaining large contracts may result in creating more jobs/employment opportunities. √√</li><li>• Any other relevant answer related to the sustainability of Joe's business</li></ul> Sub max (4)
Profitability of the business	<ul style="list-style-type: none"><li>• Careful funding of the large projects may ensure a sound return on Joe's business investment. √√</li><li>• If Joe's business obtains large contracts, he will earn more income resulting in higher profits. √√</li><li>• Large contracts may attract more investors, which may enable Joe's business to expand. √√</li><li>• Any other relevant answer related to the profitability of Joe's business</li></ul> Sub max (4)

NOTE:

1. The above facts must be related to tendering.
2. Candidates could argue from a qualifying/not qualifying (for tenders) point of view.

Max (8)

**6.5 Conclusion:**

- Joe must manage his business more efficiently so that he can be able to finish his projects on time/reach deadlines. √√
- Joe will improve the sustainability/profitability of his business, if he organises his projects effectively to take on more contracts. √√
- Any other relevant conclusion related to entrepreneurial characteristics/ managing business problems in order to be more successful/sustainable/ profitable. (Any 1 x 2) (2)

**NOTE:**

1. Candidates should be awarded marks when examples demonstrate understanding.
2. If another approach is used in answering this question, take into consideration the sub max's as indicated above.

	Max 3	Total
Introduction	<b>3</b>	<b>MAX 32</b>
Entrepreneurial characteristics	<b>10</b>	
Identifying and explaining of business problem areas in case study and making applicable recommendations	<b>18</b>	
Comment on sustainability and profitability	<b>8</b>	
Conclusion	<b>2</b>	
<b>INSIGHT</b>		
Layout	<b>2</b>	<b>2</b>
Analysis, interpretation	<b>2</b>	<b>2</b>
Synthesis	<b>2</b>	<b>2</b>
Originality, examples	<b>2</b>	<b>2</b>
<b>TOTAL MARKS</b>	<b>40</b>	<b>40</b>

LASO – For each component:

Allocate 2 marks if all requirements are met.

Allocate 1 mark if only some of the requirements are met.

Allocate 0 marks where requirements are not met at all.

**[40]**

## **9. CONCLUDING REMARKS**

This exemplar book is intended to be used as a training tool to ensure that all role players in the Business Studies Examination are working from a common set of principles, concepts, tools and frameworks for assessing cognitive challenge when examinations are set, moderated and evaluated. We hope that the discussion provided and the examples of questions shown by level and type of cognitive demand and later by level of difficulty assist users of the exemplar book to achieve this goal.

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