

2 Managers, leadership and decision making

Hamish McTavish

REVISED

- a Scientific decision making is a systematic approach, collecting facts and applying logical decision-making techniques. There is no systematic approach with intuition and it results in quicker decisions. It relies more on 'gut feeling'. (4 marks)
- b expansion = $(25 \times 0.6) + (2 \times 0.4) - 2.5 = 15 + 0.8 - 2.5 = \text{£}13.3\text{m}$ (2 marks)
 diversification = $(35 \times 0.75) + (5 \times 0.25) - 5.5 = 26.25 + 1.25 - 5.5 = \text{£}22\text{m}$ (2 marks)
 difference = $22 - 13.3 = \text{£}8.7\text{m}$ (2 marks)
- c Potential problems might include divisions in the boardroom and lack of support from others, which might filter through to the rest of the company and limit the success. The other shareholders may not believe in his decision tree, which they may argue is based on poor data. Hamish has also alienated many of his shareholders by not showing them much respect in the decision-making process thus far. Good answers are likely to develop a chain of argument (analysis) linking ideas together in the context of McTavish Ltd.

Level	Descriptor	Marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed in depth, focusing on the question set and applied to the context in detail.	9–7 marks
2	Such answers will demonstrate knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development.	6–4 marks
1	Such answers will demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application.	3–1 marks

- d This answer requires a balanced approach with a well-supported judgement. Reasons to support might include the need to win over other shareholders. A scientific/quantitative approach provides numbers that can be very persuasive if correct. If he continues to run his

business autocratically, shareholders may threaten to pull their investment.

Reasons against might include bias: Hamish might be overly optimistic in his numbers — what are the probabilities based on? The business has already done well, so Hamish has good intuition about his business.

Evaluation is likely to revolve around the difficulties Hamish faces. He has no need to adopt this approach as he has a majority vote, but he would prefer to have the support of others so probably the right move would be to get at least some directors on side.

Level	Descriptor	Marks
4	Such answers will demonstrate excellent knowledge and understanding of the key issues. Lines of argument (analysis) will be well developed, in depth, focused on the question set and applied to the context in detail. Any judgements will clearly and effectively answer the question set and be fully supported by the evidence presented.	16–13 marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed, focusing on the question set and applied to the context in question. Any judgements made will address the question set, have some balance and be supported by evidence.	12–9 marks
2	Such answers will demonstrate some knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development. Any judgements made will have some supporting evidence but may not be fully focused on the question set and may be lacking in balance.	8–5 marks
1	Such answers will demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application. Any judgements made are likely to be assertions with little or no supporting evidence.	4–1 marks