

2 Managers, leadership and decision making

- 1 Four key aspects of a leader's role are setting objectives; organising the way work is performed; motivating and communicating; analysing and appraising performance.
- 2 Autocratic leaders make decisions without consulting others.
Democratic leaders make the final decision but include others in the process.
Laissez-faire leaders allow team members freedom if they do their work and meet deadlines.
- 3 On one end (left), the leader chooses to solve a problem alone. The subordinate simply responds. On the other end (right), the leader passes all responsibility to the subordinate. The subordinate takes their own action.
- 4 In country club management, the emphasis is on people and there is little concern for the task. In impoverished management, the manager has little concern for either the people or the task.
- 5 Three influences on leadership style are the leader's personality and skills; the nature of the industry; the culture of the business.

	Setting objectives	Communicating with staff
Autocratic	Sets own objectives	One-way communication
Democratic	Encourages participation	Two-way communication
Laissez-faire	Uncoordinated approach. Leader may neglect such duties	Horizontal communication (although little communication may actually occur)

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 - i Autocratic. Quick decisions with little time for discussion.
 - ii Laissez-faire. Intelligent employees who can be left to get on with their work. A laissez-faire leader allows team members freedom in doing their work and meeting deadlines.
 - iii Democratic. Continues the reputation of empowering employees. A democratic leader

makes the final decision but involves others in the process.

- 8 Application of logic; likely to reduce the risks.
- 9 It's quick; data may be incorrect.
- 10 A decision tree requires the following three key pieces of information: the cost of each decision; the financial outcome; the probability.
- 11 Decision trees have the benefit that they make managers think about and quantify outcomes, which can help reduce risk in decision making. They do, however, have the drawback that they can be open to a manager's bias — outcomes and probabilities may be made more favourable in order to have a particular decision accepted.
- 12 A coffee shop may have to respond to the prices of rival firms. They also have to look at their use of disposable plastic and where they source their coffee from (fair trade?).
- 13 They may have to change their supplier if there are resource constraints, or they may have to change the material that they use to make the majority of their furniture. They have to consider their packaging and wastage due to environmental concerns.
- 14 Any five of the following: consumers, shareholders, employees, government, suppliers, local community.
- 15 Cutting costs may lead to shareholders getting more profit but employees facing more job losses and consumers seeing lower quality.
- 16 Relocating to a less developed country might see lower costs and increased profits for shareholders. However, the government will see less tax revenue and there will be a loss of jobs in the local community.
- 17 Mendelow categorises stakeholders according to the amount of power they have and their level of interest.
- 18 Leadership style; state of the economy; business objectives; government.
- 19 Customer help/support telephone line; regular social media updates.
- 20 Regular workers' meetings; encouraging workers to be members of trade unions