

IB Business Management 2.3

## Analytical and Intuitive Decision-Making

Higher Level worksheet | Trimester assessment practice

<b>Focus</b>	Compare data-driven analysis with intuitive judgement and apply both approaches to strategic decision-making.
<b>Suggested time</b>	60 minutes
<b>Marks</b>	40 marks
<b>Instructions</b>	Answer all questions. Use business terminology accurately. In the case-study and extended-response sections, apply your answer to the context provided. Students may respond on separate lined paper or digitally.

### Section A: Multiple choice

- Which sequence best represents an analytical decision-making process? (1 mark)
  - Choose quickly, gather evidence later, ignore review.
  - Define the issue, identify options, compare outcomes, implement, review.
  - Delegate the decision, then create objectives.
  - Start with intuition, then avoid data.
- A major advantage of analytical decision-making is that it can: (1 mark)
  - Eliminate all uncertainty.
  - Reduce uncertainty by comparing evidence-based alternatives.
  - Replace the need for managerial judgement.
  - Guarantee employee commitment.
- Which is the best example of intuitive decision-making? (1 mark)
  - Using historic data, forecasts, and cost estimates to choose a warehouse site.
  - Selecting a menu item mainly on the owner's past knowledge of customer tastes.
  - Running an employee survey before hiring a supervisor.
  - Comparing several financing options using ratios.
- A limitation of relying only on analytics is that managers may underweight: (1 mark)
  - Historical sales figures.
  - Brand image and employee morale.
  - Rent and salary costs.
  - Operational efficiency data.
- Real-time dashboards are most useful because they: (1 mark)
  - Remove the need for managers.
  - Provide up-to-date evidence that can support faster decisions.
  - Always predict the future accurately.
  - Work only in airlines and banks.
- The strongest overall view of decision-making in modern firms is that managers should: (1 mark)
  - Always trust intuition more than evidence.
  - Always trust data more than experience.
  - Combine structured evidence with judgement and context awareness.
  - Avoid making decisions under uncertainty.

### Section B: Short answer

- Explain one advantage of data-driven decision-making when opening a new branch. [2 marks]

8. Explain one limitation of intuitive decision-making. [3 marks]
9. Distinguish between analytical and intuitive decision-making. [5 marks]

## Section C: Data response / case study

### Case study: NovaRetail

NovaRetail operates small convenience stores near transport hubs. The chief operating officer is choosing between two sites for a new branch. Location A has stronger measured footfall and lower annual rent. Location B is next to a new residential development that is not yet fully occupied, and a local manager believes the area will grow faster than the data currently suggests.

The board wants a recommendation but is divided over how much weight to give the local manager's judgement.

### Comparison of two possible branch locations

Measure	Location A	Location B
Average daily footfall	2,400	1,650
Annual rent	\$220,000	\$250,000
Distance to nearest competitor	80 metres	300 metres
Local manager confidence rating	5/10	9/10

- 10a. Identify one reason why Location A appears attractive from the available data. [2 marks]
- 10b. Explain one limitation of relying only on the data in the table. [4 marks]
- 10c. Recommend how the board should make this decision. [6 marks]

## Section D: Extended response

11. Evaluate whether senior managers should trust analytics more than experience when making strategic decisions. [12 marks]

In your response, use relevant business concepts, consider more than one side where appropriate, and reach a supported judgement.

## Answer key and marking guidance

Accept any other valid, well-applied point. Where relevant, reward the use of case material and precise business terminology.

### Section A answers

Q	Answer	Guidance
1	B	Analytical decision-making follows a structured sequence from diagnosis to review.
2	B	Data and structured comparison improve decision quality but do not remove all uncertainty.
3	B	Intuition relies on experience, pattern recognition, and judgement.
4	B	Some important factors are qualitative and difficult to measure.
5	B	Dashboards improve the availability and speed of information.
6	C	Effective decisions often blend analysis with experience.

### Section B answers

#### Question 7 [2 marks]

- Managers can compare likely demand, costs, and risks across locations more objectively.
- Evidence may reduce the chance of choosing a weak site based only on opinion.

#### Question 8 [3 marks]

- Intuition may be biased by past experiences that do not fit the current market.
- A manager may overlook contradictory evidence or become overconfident.
- This is especially risky where financial stakes are high.

#### Question 9 [5 marks]

- Analytical decision-making uses structured evidence, comparison of options, and often quantitative tools.
- Intuitive decision-making relies more on experience, pattern recognition, and professional judgement.
- Analytical approaches may be slower but more transparent; intuitive approaches may be faster but harder to justify.
- Strong answers should present at least two clear points of difference.

### Section C answers

#### Question 10a [2 marks]

- It has higher daily footfall, which may translate into more customer visits.
- It also has lower annual rent, reducing fixed costs.

#### Question 10b [4 marks]

- The data may not capture future growth around Location B, especially if the housing development expands.
- The local manager's judgement may reflect qualitative knowledge not visible in the table.
- Customer type, store fit, and neighborhood change are not fully captured by current metrics alone.

#### Question 10c [6 marks]

- A strong answer will combine analytics with informed judgement rather than rely on one source alone.
- The board could use the current data to shortlist Location A, but test the assumptions behind Location B through targeted local research.
- A justified recommendation may still choose A for lower risk, or B if growth potential is convincingly argued; reward evidence-based balance and clear reasoning.

### Section D marking guidance

**Question 11 [12 marks]: Evaluate whether senior managers should trust analytics more than experience when making strategic decisions.**

**Indicative content**

- Analytics improve transparency, comparison, and justification, especially where large sums of money are involved.
- Experience can identify weak spots in the data and help interpret ambiguous or incomplete evidence.
- Some strategic choices involve brand fit, culture, or future shifts that numbers capture poorly.
- The strongest evaluation should argue for a blend of analysis and judgement, while recognizing contexts where one may deserve greater weight.

Band	Descriptor
0	No relevant response or answer not worthy of credit.
1–3	Limited knowledge and minimal application. Response is largely descriptive.
4–6	Some understanding with partial application. Analysis is present but thin or unbalanced. Judgement may be unsupported.
7–9	Good understanding and application. Relevant analysis with some balance and a reasoned conclusion.
10–12	Strong, well-applied analysis and evaluation. Clear synthesis of evidence, counter-arguments, and a justified judgement.

Marking note: For higher bands, reward balanced analysis, applied examples or case references, and a clear supported judgement.