UNIT 7: Information for Decision Making

Recommended prior knowledge: It is assumed that this is the last unit to be studied and students will then benefit from having understood the issues involved in the collection of marketing and other data.

The unit in context: Decision making is the key to successful business operations. It would be inappropriate to consider all decision making techniques at the end of the course so several important topics in this unit have already been considered earlier in the specification such as critical path analysis (Unit 3 of the Scheme of Work) and investment appraisal (Unit 6). Other material in this unit could also be taught within the schemes for other units e.g. presentation of information would fit in well after the section on market research (Unit 2 of the Scheme of Work).

Outline: Business managers make many tactical and strategic decisions. This unit covers the information needed to take effective decisions and the techniques that can be adopted to improve the quality of decisions.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) Sources and reliability of information			
Students should be able to: i.) make references to the main national and international sources of information. ii.) understand the likely limitations and possible unreliability of such information sources.	• this could be taught at the same time as market research data sources (See Unit 2 of the scheme of Work) • the limitations of national and international sources of data e.g. economic data, are those that relate to all secondary data. • stress that using such data as a basis for business decision making is potentially risky and businesses should also plan for other eventualities.	• Stimpson Chapter 31 pp474/475 • Barratt and Mottershead Chapter 12 • Jewell Chapter 15	Refer back to market research sites in Unit 2 of the Scheme of Work.
b) Collection of information			
Students should be able to make reference to the techniques of market research referred to in Unit 2 of the Scheme of Work			

c) Presentation of information			
Students should be able to: i.) interpret and construct the main forms of numerical data presentation *ii.) evaluate the effectiveness of each of these methods of data presentation*	• best introduced by using examples of published statistical data and discussing how it has been presented – and whether these are the most appropriate ways. Students will gain from some experience in using these techniques but do not spend too long on this. Perhaps, if a class project has been undertaken on starting a small business then the market research data collected for this could be presented in a variety of suitable ways.	• Stimpson Chapter 8 and Chapter 31. • Barratt and Mottershead Chapter 13 • Jewell Chapter 5	Use newspaper articles that contain statistical data to show how it should (or perhaps should not) be presented. The Financial Times web site, www.ft.com is very useful but try own country papers too.
d) Data analysis and evaluation			
Students should be able to: i.) calculate the mean, mode and median from ungrouped frequency distributions ii.) calculate the mean from grouped frequency distributions iii.) analyse and evaluate the use of these measures of central tendency in given situations.	• straightforward calculations will be required here – and, just as importantly, the results should be analysed and interpreted from a business viewpoint. Stress the usefulness or possible limitations of these measures of average.	• Stimpson Chapter 31 and Activity on p479. Revision questions p488. • Barratt and Mottershead Chapter 14 and mini case study p157. • Jewell Chapter 5	Use general business studies web sites for examples and exercises. Cost benefit analysis could be considered descriptively by studying any major investment e.g. a public sector investment in roads or airports, and analyzing the wider consequences. Use newspaper sites or Government sites for information.
iv.) construct simple decision trees. *v.) calculate expected values from decision trees* *vi.) evaluate this technique*	• *keep decision trees simple – some texts go into too much detail for this specification. Students should be able to construct a tree from data given.*	• *Stimpson Chapter 31 and activities p486, 489 – 491* • *Barratt and Mottershead Chapter 15 and mini case study p175*	

vii.) understand the purpose of cost benefits analysis and undertake simple cost benefit analysis from given data *viii.) use linear programming (blending) model to answer simple resource allocation problems.* *ix.) evaluate both cost benefit analysis and linear programming (blending) techniques.*	• *the importance of combining probability and economic outcomes/payoffs is crucial.* • *spend some time on evaluating this technique – students should not accept the results it gives as being a 100% guideline for business decisions.* • *introduce cost-benefit analysis by looking at a major (possibly public sector) investment project. Discuss the distinctions between private and external costs and benefits.* • *simple blending exercises to demonstrate how the technique can be used to help identify the optimum use of limited resources.* • *as always, students should be able to judge and weigh up the usefulness of both cost benefit analysis and the blending technique.*	• *Jewell Chapter 31 and end of chapter exercises.*	