

The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 401 : MANAGERIAL DECISION MAKING

DATE: 8TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

THE PSYCHOLOGY OF DECISION MAKING IN THE MIND OF A FINANCIAL ANALYST

Decision making is a fundamental cognitive process that influences every aspect of human life. From ordinary daily choices to high stakes decisions, the psychology behind decision making is complex and involves cognitive biases, heuristics, emotions, and social influences. This case study examines the decision making process of a financial analyst, who faced a critical investment decision during Covid 19 outbreak. Mary is a seasoned financial analyst at a leading investment firm. She has over a decade of experience in analyzing market trends and making investment recommendations. In early 2020, Mary's firm faced a dilemma - whether to invest in a tech startup that showed potential for exponential growth but carried significant risks. The decision had high stakes, as it could either yield substantial profits or result in major losses for the firm.

In her thought process, Mary relied on recent news about similar startups that had either succeeded or failed. Because recent failures were more prominent in her memory, she exhibited a bias toward perceiving this investment as riskier than it objectively was. Her initial impression of the startup's valuation anchored her expectations, making it difficult to reassess its true potential objectively. Mary experienced a fear of losing the firm's capital, which made her more hesitant about the investment. Despite her fear, she also felt hopeful due to the potential benefit, which made her consider the investment more favorably than an entirely rational analysis might suggest.

The investment team, which she chaired, was divided, with some members strongly advocating for the investment and others cautioning against it. Mary felt pressure to conform to the dominant opinion. Mary's supervisor, a senior partner, was enthusiastic about the startup, influencing her decision toward approval despite her initial reservations. Given the high pressure environment, Mary had been making multiple complex decisions throughout the day. This cognitive load contributed to decision fatigue, making her more likely to rely on heuristics rather than systematic

analysis. After extensive deliberation, Mary decided to recommend a partial investment, allocating a limited portion of the firm's funds to the startup while reserving additional capital for future reassessment. This compromised balanced risk with opportunity, addressing both her cognitive biases and the firm's strategic interests. Mary's case highlights the intricate psychological factors that influence decision-making in an organization. By understanding biases, emotional influences, and social pressures, individuals can develop strategies to make more rational and informed choices. This case underscores the importance of self-awareness and structured decision-making frameworks in high stakes environments.

Required:

- a) In the context of the case study, discuss how cognitive biases influenced Mary's investment decision. **(10 Marks)**
- b) Demonstrate the emotional and psychological factors that played a role in Mary's decision making **(10 Marks)**
- c) Analyze how teams can minimize biases like **groupthink** in such situations. **(5 Marks)**

QUESTION TWO

- a) Explain how decision-making and problem-solving differ in an organizational context. **(9 Marks)**
- b) Decision making is the most important activity that managers do in an organization. Assuming you are a manager, discuss this statement **(6 Marks)**

QUESTION THREE

You have been appointed the Head of decision making **think tank** in your organization. Describe the stages in the decision making process to the board of management. **(15 Marks)**

QUESTION FOUR

Eclectic or interdisciplinary approaches to decision making is very important.

- a) Examine how organizations can apply eclectic approaches to decision making in high stakes environments. **(6 Marks)**
- b) Analyze what challenges can arise when using an eclectic approach to decision making. **(9 Marks)**

QUESTION FIVE

- a) Discuss the key factors that contribute to the success of strategic decisions in managerial decision-making **(9 Marks)**
- b) Implementation of strategic decisions is very critical for the success of the organization. Assess how managers can measure the success of such decisions **(6 Marks)**

QUESTION SIX

- a) Explain how personal and organizational values influence decision making in organizations. **(5 Marks)**
- b) Examine the challenges that may arise when values conflict in decision making in organizations. **(5 Marks)**
- c) Evaluate how organizations can integrate values into their decision-making frameworks to ensure ethical and effective choices. **(5 Marks)**