

# XAT Decision Making

## Sample Paper – 10

Duration: 48 Minutes

Maximum Marks: 21

### Instructions

- This paper contains **21** Multiple Choice Questions (Single Correct Answer), modelled on the Decision Making section of **XAT** (Xavier Aptitude Test), conducted by XLRI.
- Each correct answer carries **+1 mark**, with **0.25 marks deducted** for every incorrect answer. (In the actual XAT you may leave up to **8** questions across Part 1 unattempted without penalty; thereafter each blank costs **0.10** marks.)
- The paper has **six caselets**, each describing a business or ethical situation and followed by a few questions.
- Choose the **most appropriate** option, that is, the action that is honest, fair to all stakeholders, and still workable. Decide **only** from the facts in the caselet; do not invent details.
- Attempt this practice paper in one timed sitting of about **48 minutes**. Use of mobile phones and electronic gadgets is prohibited.

### Caselet I

*Directions (Q1–Q4): Read the following situation and answer the questions that follow.*

Naina is the HR head at a mid-sized company. She receives an anonymous written complaint alleging that Vikram, a senior and well-regarded manager, has been harassing a junior employee. The note gives some specific details but names no complainant. Vikram is influential and brings in major clients, and he is popular with the leadership. Naina must decide how to handle the complaint fairly, protecting a possible victim while not condemning Vikram before the facts have been established.

**Q1.** What is the most appropriate course of action for Naina?

- (A) Ignore the complaint because it is anonymous and carries no signature.



- (B) Immediately suspend and publicly name Vikram on the basis of the note alone.
- (C) Quietly warn Vikram so he can prepare his defence, then let the matter drop.
- (D) Investigate the complaint discreetly and impartially, protect confidentiality, and give Vikram a fair chance to respond before drawing any conclusion.

**Q2.** The central dilemma Naina faces is best described as:

- (A) whether the company should employ senior managers at all.
- (B) whether Vikram brings in enough clients to justify keeping him.
- (C) whether an HR department is really necessary in the firm.
- (D) running a fair, confidential process that protects a possible victim without condemning a senior manager before the facts are known.

**Q3.** Which of the following would be the **least** appropriate action?

- (A) Investigating the complaint discreetly and impartially.
- (B) Dismissing the complaint unread simply because it is anonymous.
- (C) Keeping the details confidential during the inquiry.
- (D) Giving Vikram a fair opportunity to respond to the allegation.

**Q4.** Choosing to ignore the complaint purely because it is anonymous would mainly rest on the assumption that:

- (A) an unsigned complaint cannot contain any truth worth investigating.
- (B) Vikram is certainly guilty exactly as the note alleges.
- (C) the junior employee only wants public attention.
- (D) HR has unlimited time to investigate every note it receives.

### Caselet II

*Directions (Q5–Q7): Read the following situation and answer the questions that follow.*



Tanvi runs a chemical plant whose oldest production line is highly profitable but releases far more emissions than a newer, cleaner method would. Switching to the cleaner process would lower profits for a couple of years but would reduce harm to the surrounding community and meet tightening standards expected soon. The old line currently breaks no law, yet complaints from residents about air quality are rising. Tanvi must decide whether to keep the profitable process or invest in the cleaner one.

- Q5.** What is the most appropriate course of action for Tanvi?
- (A) Keep the polluting line running indefinitely because it is legal and profitable.
  - (B) Shut the whole plant down at once and lay off every worker.
  - (C) Plan a phased switch to the cleaner process, accepting lower short-term profit to reduce harm and meet the coming standards.
  - (D) Hide the emissions data from the community and the regulators.
- Q6.** Continuing the polluting process would most heavily affect which stakeholder?
- (A) The residents of the surrounding community who breathe the emissions.
  - (B) The firm's advertising agency.
  - (C) Shareholders living in a distant country.
  - (D) The suppliers of the plant's packaging material.
- Q7.** Which principle best guides a fair decision here?
- (A) Whatever is currently legal is automatically the right thing to do.
  - (B) Profit today always outweighs any future cost to others.
  - (C) A profitable practice should not be continued when a workable, cleaner alternative can prevent avoidable harm.
  - (D) A firm owes nothing at all to the community around it.

### Caselet III

*Directions (Q8–Q11): Read the following situation and answer the questions that follow.*



Rohit, a division head, must fund exactly one of two projects with a fixed budget. Project Safe is expected to return **Rs. 20 lakh** with near-certainty. Project Bold has a **40% chance** of returning **Rs. 80 lakh** and a **60% chance** of returning nothing. The firm is financially stable and can absorb a single failure, and Rohit's team is capable of executing either project well. He must decide which one to back.

- Q8.** Based purely on expected monetary return, which project is more attractive?
- (A) Project Safe, because its Rs. 20 lakh return is guaranteed.
  - (B) Project Bold, whose expected return of Rs. 32 lakh exceeds Project Safe's Rs. 20 lakh.
  - (C) Both projects have exactly the same expected return.
  - (D) Neither can be compared without a great deal more data.
- Q9.** Given that the firm is financially stable and can absorb a single failure, what is the most appropriate choice for Rohit?
- (A) Always pick Project Safe, because taking any risk at all is irresponsible.
  - (B) Toss a coin between the two projects so as to stay neutral.
  - (C) Fund Project Bold, since its higher expected return justifies a risk the stable firm can absorb, while being transparent about the odds.
  - (D) Fund Project Bold but conceal its failure risk from senior management.
- Q10.** The central dilemma Rohit faces is best described as:
- (A) the trade-off between a certain modest gain and a larger but uncertain reward.
  - (B) whether his team is competent enough to work at all.
  - (C) whether the firm should be given any budget in the first place.
  - (D) whether risk exists in business at all.



- Q11.** Which of the following would be the **least** appropriate way for Rohit to decide?
- (A) Weighing the expected returns against the firm's capacity to bear a loss.
  - (B) Choosing Project Bold and concealing its failure odds from the board.
  - (C) Discussing the risk openly with senior management before committing.
  - (D) Reviewing similar past projects to gauge realistic odds.

### Caselet IV

*Directions (Q12–Q14): Read the following situation and answer the questions that follow.*

A children's education charity led by Kabir is offered a very large donation by a wealthy businessman whose past dealings are widely seen as dishonest, though he has never been convicted of anything. The money could fund schooling for hundreds of children. Some trustees fear the gift could tarnish the charity's name and appear to launder the donor's image; others argue that the children's need outweighs such worries. Kabir must decide how to respond to the offer.

- Q12.** What is the most appropriate course of action for Kabir?
- (A) Accept the money at once, since more funding for children is always good.
  - (B) Weigh the benefit against the reputational and ethical risks, check that the funds are lawful, and set clear conditions before deciding.
  - (C) Reject it outright without any inquiry, simply because the donor is disliked.
  - (D) Accept it secretly so that no one learns where the money came from.
- Q13.** The central dilemma for Kabir is best described as:
- (A) whether children need education at all.
  - (B) whether the charity should ever accept any donations.
  - (C) balancing the real good the money could do for children against the ethical and reputational risk of taking it from a tainted donor.



(D) whether the donor is wealthier than the trustees themselves.

**Q14.** Which principle best guides Kabir's decision?

- (A) Any money is good money, whatever its source may be.
- (B) A charity should refuse all large donations as a matter of principle.
- (C) The end always justifies the means that are used to reach it.
- (D) Accept help that genuinely serves the mission only when doing so does not compromise the organisation's integrity or invite legitimate suspicion.

### Caselet V

*Directions (Q15–Q18): Read the following situation and answer the questions that follow.*

Farhan runs a small grocery shop. After paying a supplier's delivery agent in cash for a consignment, he counts his money and realises that the agent, by mistake, handed back **Rs. 2,000** too much in change. The agent has already left and has not noticed the error. The supplier is a large firm, and Farhan happens to be short of money this month. No one would know if he simply kept the extra amount. He must decide what to do.

**Q15.** What is the most appropriate action for Farhan?

- (A) Contact the supplier or the agent and return the extra Rs. 2,000, since it is not his money.
- (B) Keep the money quietly, reasoning that the large firm will not miss it.
- (C) Keep it but feel guilty and say nothing to anyone.
- (D) Spend it quickly so the mistake can no longer be traced.

**Q16.** Which principle best supports returning the money?

- (A) Whoever finds money may always keep it.
- (B) Money received through another's error is not rightfully yours, regardless of whether anyone would ever find out.
- (C) Honesty matters only when other people happen to be watching.



(D) A large firm's money belongs to whoever is holding it at the time.

**Q17.** Deciding to keep the extra change would mainly rest on the assumption that:

(A) because the error is unlikely to be discovered, keeping the money is acceptable.

(B) the supplier had actually intended to give him a discount.

(C) the agent will certainly return to collect the amount.

(D) Rs. 2,000 is more than the whole consignment was worth.

**Q18.** Which of the following would be the **least** appropriate response by Farhan?

(A) Returning the extra amount to the supplier promptly.

(B) Informing the agent that a counting error had occurred.

(C) Keeping the money and destroying the record of the transaction.

(D) Setting the extra amount aside until the supplier can be reached.

### Caselet VI

*Directions (Q19–Q21): Read the following situation and answer the questions that follow.*

Ishaan leads a software team facing a firm launch deadline. Testing has revealed a minor bug that does not affect safety or any core function but occasionally shows a wrong label on a secondary screen. Fixing it properly would delay the launch by two weeks, disappointing customers who were promised the date. Shipping on time means releasing a product the team knows is slightly flawed. Ishaan must decide whether to ship on time or to delay the launch.

**Q19.** What is the most appropriate course of action for Ishaan?

(A) Ship on time and say nothing about the bug, since it is only minor.

(B) Delay the launch indefinitely until the product is perfect in every way.

(C) Ship on time and blame any complaints on the customers themselves.



(D) Ship on time while openly informing customers of the minor issue and a scheduled fix, or delay if such disclosure is not acceptable.

**Q20.** The central tension Ishaan faces is:

- (A) meeting the promised deadline versus releasing a product with a known, though minor, flaw.
- (B) whether software teams should exist at all.
- (C) whether customers deserve any product whatsoever.
- (D) whether deadlines are ever important in business.

**Q21.** Which principle best guides Ishaan's decision?

- (A) Always hide known flaws so as to protect the launch date.
- (B) Never release anything until it is completely flawless.
- (C) Customer trust does not matter once a sale has been made.
- (D) Be transparent about known limitations so customers can make an informed choice, balancing timeliness with honesty.



**Detailed Solutions**

Q1.

**Solution**

**What is asked:** the most appropriate way to handle the anonymous complaint.

**Reasoning:** A serious allegation deserves a fair, discreet inquiry rather than being ignored or acted on blindly. Option D investigates impartially, keeps matters confidential, and lets Vikram respond before any conclusion. It protects a possible victim and treats the accused fairly.

**Why the other options are wrong:**

- Option A: Ignoring the note because it is anonymous may leave real harassment unchecked.
- Option B: Naming and suspending Vikram on an unproven note is unfair and premature.
- Option C: Warning him to prepare and then dropping it protects the powerful, not the truth.

**Final Answer:** Investigate discreetly and fairly, then conclude  $\Rightarrow$  **D**

**Answer: (D)** [Go Back to Q1](#)

Q2.

**Solution**

**What is asked:** the central dilemma.

**Reasoning:** Naina is pulled between running a fair, confidential process that shields a possible victim and not condemning a senior manager before the facts are known. That balance is the real conflict. Option D names it exactly.

**Why the other options are wrong:**

- Option A: Whether to employ senior managers at all is far outside the case.
- Option B: Vikram's client value is a distraction, not the dilemma.
- Option C: Whether HR is necessary is not the question here.

**Final Answer:** A fair, confidential process versus premature judgement  $\Rightarrow$  **D**

**Answer: (D)** [Go Back to Q2](#)



Q3.

**Solution**

**What is asked:** the least appropriate action.

**Reasoning:** Throwing away the complaint unread merely because it is anonymous risks ignoring genuine harassment. It is the one option that fails a possible victim outright. So option B is least appropriate.

**Why the other options are wrong:**

- Option A: An impartial, discreet investigation is exactly right.
- Option C: Keeping details confidential protects everyone involved.
- Option D: Giving Vikram a chance to respond is basic fairness.

**Final Answer:** Dismissing the complaint unread is least appropriate  $\Rightarrow$  **B**

**Answer: (B)** [Go Back to Q3](#)

Q4.

**Solution**

**What is asked:** the assumption behind ignoring an anonymous complaint.

**Reasoning:** Someone would drop the note only if they believed an unsigned complaint could hold no truth worth checking. That belief is the hidden assumption. Option A states it.

**Why the other options are wrong:**

- Option B: Assuming Vikram guilty is the opposite of ignoring the note.
- Option C: The complainant's motive is not what ignoring assumes.
- Option D: Unlimited time would argue for investigating, not ignoring.

**Final Answer:** An unsigned complaint can hold no truth worth checking  $\Rightarrow$  **A**

**Answer: (A)** [Go Back to Q4](#)



Q5.

**Solution**

**What is asked:** the most appropriate action on the polluting process.

**Reasoning:** A phased switch accepts some short-term profit loss to cut avoidable harm and meet the standards that are coming anyway. Option C is both responsible and workable, keeping the plant alive while reducing emissions.

**Why the other options are wrong:**

- Option A: “Legal and profitable” ignores rising harm and tightening rules.
- Option B: Shutting everything down needlessly destroys jobs.
- Option D: Hiding emissions data is dishonest and unlawful in spirit.

**Final Answer:** Phase in the cleaner process ⇒

**Answer:** (C) [Go Back to Q5](#)

Q6.

**Solution**

**What is asked:** the stakeholder most affected by continued pollution.

**Reasoning:** The residents around the plant breathe the emissions and bear the most direct harm to their health. Option A identifies them.

**Why the other options are wrong:**

- Option B: An advertising agency is barely touched by the emissions.
- Option C: Distant shareholders feel it only faintly, through profit.
- Option D: Packaging suppliers are not the ones harmed by the air.

**Final Answer:** The surrounding community’s residents ⇒

**Answer:** (A) [Go Back to Q6](#)

Q7.

**Solution**

**What is asked:** the principle that best guides the decision.

**Reasoning:** When a workable cleaner option exists, continuing to pollute for profit is avoidable harm. Option C captures this: do not keep a harmful practice when a practical alternative can prevent the harm.



**Why the other options are wrong:**

- Option A: “Legal equals right” ignores harm the law has not yet caught.
- Option B: Profit does not always outweigh harm to others.
- Option D: A firm does owe some duty to its neighbours.

**Final Answer:** Do not continue avoidable harm when a cleaner path exists  $\Rightarrow$

**Answer:** (C) [Go Back to Q7](#)

Q8.

**Solution**

**What is asked:** which project is better on expected monetary return.

**Reasoning:** Expected return of Project Safe is Rs. 20 lakh (near-certain). Expected return of Project Bold is  $0.40 \times \text{Rs. } 80 \text{ lakh} = \text{Rs. } 32 \text{ lakh}$ . Since Rs. 32 lakh exceeds Rs. 20 lakh, Bold is more attractive on expected value. Option B.

**Why the other options are wrong:**

- Option A: Certainty is not the same as a higher expected return.
- Option C: The two expected returns are not equal (32 versus 20).
- Option D: The figures given are enough to compare them.

**Final Answer:** Bold, with expected return Rs. 32 lakh  $>$  Rs. 20 lakh  $\Rightarrow$

**Answer:** (B) [Go Back to Q8](#)

Q9.

**Solution**

**What is asked:** the most appropriate choice given the firm can absorb one failure.

**Reasoning:** Bold has the higher expected return, the firm can survive a single failure, and the odds can be stated openly. Option C backs Bold on merit while staying transparent about the risk. That is a sound, honest decision.

**Why the other options are wrong:**

- Option A: Refusing all risk wastes a favourable, affordable bet.
- Option B: A coin toss abandons reasoned judgement.
- Option D: Choosing Bold but hiding its risk is dishonest to management.

**Final Answer:** Fund Bold on merit, with full transparency  $\Rightarrow$



**Answer: (C)** [Go Back to Q9](#)

Q10.

### Solution

**What is asked:** the central dilemma Rohit faces.

**Reasoning:** The choice is between a sure, modest gain and a bigger reward that is uncertain. That trade-off between certainty and expected size is the heart of the case. Option A names it.

**Why the other options are wrong:**

- Option B: The team's competence is given, not in doubt.
- Option C: The firm's right to a budget is not the issue.
- Option D: That risk exists is obvious and not the dilemma.

**Final Answer:** Certain modest gain versus larger uncertain reward  $\Rightarrow$  **A**

**Answer: (A)** [Go Back to Q10](#)

Q11.

### Solution

**What is asked:** the least appropriate way to decide.

**Reasoning:** Picking Bold and hiding its failure odds from the board deceives the people accountable for the money. It is the one clearly improper approach. So option B is least appropriate.

**Why the other options are wrong:**

- Option A: Weighing returns against loss capacity is exactly right.
- Option C: Discussing risk openly with management is prudent.
- Option D: Learning from past projects sharpens the estimate.

**Final Answer:** Concealing the failure odds from the board is least appropriate  $\Rightarrow$

**B**

**Answer: (B)** [Go Back to Q11](#)



Q12.

**Solution**

**What is asked:** the most appropriate response to the tainted donation.

**Reasoning:** A responsible leader neither grabs the money blindly nor rejects it on impulse. Option B weighs benefit against reputational and ethical risk, checks the funds are lawful, and sets conditions. That is careful and workable.

**Why the other options are wrong:**

- Option A: Taking it at once ignores real reputational and ethical risk.
- Option C: Rejecting without inquiry throws away help the children need on mere dislike.
- Option D: Accepting it secretly is exactly the concealment that invites suspicion.

**Final Answer:** Weigh benefit and risk, verify legality, set conditions ⇒

**Answer: (B)** [Go Back to Q12](#)

Q13.

**Solution**

**What is asked:** the central dilemma for Kabir.

**Reasoning:** The tension is between the real good the money would do for children and the ethical and reputational risk of taking it from a tainted donor. Option C states this balance precisely.

**Why the other options are wrong:**

- Option A: Whether children need education is not in question.
- Option B: Whether to accept any donations at all is too broad.
- Option D: The donor's relative wealth is irrelevant to the dilemma.

**Final Answer:** Good done for children versus risk from a tainted donor ⇒

**Answer: (C)** [Go Back to Q13](#)



Q14.

**Solution**

**What is asked:** the principle that best guides the decision.

**Reasoning:** Kabir should accept help that truly serves the mission only when it does not compromise the charity's integrity or invite fair suspicion. Option D balances the mission against integrity.

**Why the other options are wrong:**

- Option A: "Any money is good money" ignores how the source can taint the cause.
- Option B: Refusing all large gifts on principle would starve the mission needlessly.
- Option C: "The end justifies the means" licenses exactly the harm at issue.

**Final Answer:** Serve the mission without compromising integrity  $\Rightarrow$

**Answer: (D)** [Go Back to Q14](#)

Q15.

**Solution**

**What is asked:** the most appropriate action on the excess change.

**Reasoning:** The extra Rs. 2,000 is not Farhan's money; it was handed over by mistake. Option A returns it to the supplier or agent, which is the honest and straightforward thing to do.

**Why the other options are wrong:**

- Option B: "The firm will not miss it" does not make the money his.
- Option C: Keeping it while feeling guilty is still keeping what is not his.
- Option D: Spending it fast to hide the error compounds the wrong.

**Final Answer:** Return the extra Rs. 2,000, since it is not his  $\Rightarrow$

**Answer: (A)** [Go Back to Q15](#)



Q16.

**Solution**

**What is asked:** the principle that supports returning the money.

**Reasoning:** Money handed over by another's error does not become yours just because you hold it, and honesty does not depend on being observed. Option B states this cleanly.

**Why the other options are wrong:**

- Option A: "Finders keepers" does not apply to another's clear mistake.
- Option C: Honesty only when watched is not honesty at all.
- Option D: Holding a firm's money does not make it your own.

**Final Answer:** Money from another's error is not rightfully yours ⇒ **B**

**Answer: (B)** [Go Back to Q16](#)

Q17.

**Solution**

**What is asked:** the assumption behind keeping the extra change.

**Reasoning:** Farhan would keep the money only if he judged that, since the error is unlikely to surface, keeping it is acceptable. That reasoning is the hidden assumption. Option A states it.

**Why the other options are wrong:**

- Option B: Nothing suggests the supplier meant to give a discount.
- Option C: If the agent were sure to return, keeping it would make no sense.
- Option D: The size of the consignment is not what keeping assumes.

**Final Answer:** Low chance of discovery makes keeping it acceptable ⇒ **A**

**Answer: (A)** [Go Back to Q17](#)



Q18.

**Solution**

**What is asked:** the least appropriate response.

**Reasoning:** Keeping the money and destroying the record deliberately hides a known error and covers the tracks. It is the clearly dishonest choice. So option C is least appropriate.

**Why the other options are wrong:**

- Option A: Returning the amount promptly is exactly right.
- Option B: Telling the agent about the error is honest.
- Option D: Setting it aside until the supplier is reached is responsible.

**Final Answer:** Keeping it and destroying the record is least appropriate ⇒  C

Answer: (C) [Go Back to Q18](#)

Q19.

**Solution**

**What is asked:** the most appropriate action on the launch decision.

**Reasoning:** The honest, workable path is to ship on time only with open disclosure of the minor issue and a scheduled fix, and otherwise to delay. Option D respects both the deadline and the customer's right to know.

**Why the other options are wrong:**

- Option A: Shipping and staying silent hides a known flaw from customers.
- Option B: Waiting for perfection means never launching.
- Option C: Blaming customers for a known bug is both false and unfair.

**Final Answer:** Ship with disclosure and a fix, or else delay ⇒  D

Answer: (D) [Go Back to Q19](#)



Q20.

**Solution**

**What is asked:** the central tension Ishaan faces.

**Reasoning:** Ishaan must weigh keeping the promised deadline against releasing a product he knows carries a minor flaw. That is the real conflict. Option A names it.

**Why the other options are wrong:**

- Option B: Whether software teams should exist is absurdly broad.
- Option C: Whether customers deserve a product at all is not the issue.
- Option D: Whether deadlines matter in general is not the specific tension.

**Final Answer:** Meeting the deadline versus shipping a known minor flaw ⇒ **A**

**Answer: (A)** [Go Back to Q20](#)

Q21.

**Solution**

**What is asked:** the principle that best guides the decision.

**Reasoning:** Being open about known limitations lets customers make an informed choice, balancing timeliness against honesty. Option D captures this balanced principle.

**Why the other options are wrong:**

- Option A: Hiding flaws to protect the date is deceptive.
- Option B: Insisting on flawlessness makes any release impossible.
- Option C: Trust does matter well beyond the moment of sale.

**Final Answer:** Be transparent about limits, balancing speed and honesty ⇒ **D**

**Answer: (D)** [Go Back to Q21](#)



## Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	D	2	D	3	B	4	A	5	C
6	A	7	C	8	B	9	C	10	A
11	B	12	B	13	C	14	D	15	A
16	B	17	A	18	C	19	D	20	A
21	D								

