

XAT Decision Making

Sample Paper – 9

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.

Nikhil is the procurement head at a manufacturing firm sourcing a key component. A local supplier quotes **Rs. 120 per unit** and employs about **200 people** from the surrounding town, while a foreign supplier offers a comparable component at **Rs. 95 per unit**. The foreign bid would cut costs sharply, but shifting the whole order abroad could force the local supplier to lay off much of its workforce. Component quality from both is broadly similar, and the board is pressing Nikhil to reduce costs this year.

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

- (A) Move the entire order abroad at once to capture the full Rs. 25 per-unit saving.



- (B) Reject the foreign bid outright and refuse to ever consider foreign suppliers again.
- (C) Hide the foreign quote from the board so no one questions staying with the local supplier.
- (D) Negotiate with the local supplier to close the price gap, or split the order, weighing the cost saving against local jobs and quality openly before the board.

Q2. The central dilemma Nikhil faces is best described as:

- (A) the tension between cutting costs for the firm and protecting local jobs and the community.
- (B) whether the foreign supplier's quality can ever be trusted at all.
- (C) whether Nikhil should be given a larger procurement budget.
- (D) whether manufacturing firms should operate in small towns at all.

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

- (A) Negotiating with the local supplier to narrow the price gap.
- (B) Presenting both quotes and their jobs impact honestly to the board.
- (C) Awarding the whole order abroad in secret and letting the local supplier find out on its own.
- (D) Splitting the order between the two suppliers to balance cost and jobs.

Q4. The Rs. 25 per-unit difference, taken together with the roughly 200 local jobs at stake, most strongly supports:

- (A) weighing the cost saving against the livelihood impact rather than deciding on price alone.
- (B) moving abroad immediately, because a Rs. 25 per-unit gap always outweighs every other factor.
- (C) ignoring the price gap entirely, since jobs are the only thing that matters.



- (D) concluding that the local supplier must be inefficient and should be dropped.

Caselet II

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

Sunita manages a department where Ramesh has worked loyally for over twenty years. Once a strong performer, his output has slipped noticeably in the past year, and younger colleagues now quietly cover part of his work. Ramesh is a few years from retirement, is respected by the team, and is going through a difficult period at home. His decline is real and is beginning to affect the department's results, yet his past contribution to the company has been significant.

- Q5.** What is the most appropriate way for Sunita to handle the situation?
- (A) Terminate Ramesh immediately, since his current output no longer meets the standard.
 - (B) Ignore the decline completely out of respect for his long service.
 - (C) Speak with Ramesh privately, understand his situation, and agree a supported plan to improve or a dignified change of role.
 - (D) Criticise him publicly in a team meeting to pressure him into improving.
- Q6.** If the decline is left unaddressed, which stakeholder is most directly affected?
- (A) The company's shareholders in distant cities.
 - (B) Ramesh's former teachers.
 - (C) The firm's advertising agency.
 - (D) The younger colleagues who keep covering his work, and the department's overall results.
- Q7.** Which principle best guides a fair decision here?
- (A) Long service by itself should shield an employee from any accountability.



- (B) Loyalty deserves respect, but genuine performance issues should still be addressed fairly and with dignity.
- (C) Older employees should always be replaced by younger ones.
- (D) A manager should avoid all difficult conversations for as long as possible.

Caselet III

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

DataNest, a growing tech firm, has collected detailed user data through its free app. A broker offers a large sum to buy this data for targeted advertising. The firm's lawyers confirm the sale would be legal under current rules and the app's fine-print terms, which users accepted without really reading. However, most users would be uncomfortable if they knew their personal information was being sold. The revenue would help the cash-short firm, but public trust in the brand could suffer badly if the practice ever came to light.

- Q8.** What should the firm most appropriately do?
- (A) Sell the data at once, since the lawyers have confirmed it is legal.
 - (B) Sell the data but delete the records afterwards so no trace remains.
 - (C) Decline or pause the sale, review what users would reasonably expect, and seek revenue in ways users would accept.
 - (D) Sell the data quietly and deny it if anyone ever asks.
- Q9.** The central dilemma the firm faces is best described as:
- (A) the tension between a legal, profitable option and what users would consider fair and reasonably expect.
 - (B) whether the firm's lawyers are competent enough to advise it.
 - (C) whether the app should start charging a subscription fee.
 - (D) whether users are capable of reading terms and conditions at all.
- Q10.** Which principle best guides the firm here?
- (A) Being legal is not enough; a firm should also act in ways its users would reasonably accept.



- (B) Anything permitted by law is automatically the right thing to do.
- (C) Short-term cash should always outweigh long-term trust.
- (D) User expectations never really matter to a business.

Q11. Which of the following would be the **least** appropriate action?

- (A) Explaining clearly to users how their data may be used and offering them a genuine choice.
- (B) Selling the data secretly while publicly assuring users that their information is never shared.
- (C) Seeking alternative revenue that does not rely on selling personal data.
- (D) Pausing the decision to consult users and independent advisers first.

Caselet IV

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

A village cooperative manages a shared canal, but this year's poor rains have left far less irrigation water than its farmer members need. Larger farms want water in proportion to their land, while smaller farmers fear their crops will fail entirely without a basic share. The cooperative's committee, led by Kavita, must divide the limited water. Every member depends on the harvest for the year's income, and any plan will leave someone with less than they had hoped.

Q12. What is the most appropriate way for the committee to divide the water?

- (A) Give all the water to the largest farms, since they produce the most.
- (B) Let each farmer take as much as they can on a first-come, first-served basis.
- (C) Route the water only to the committee members' own fields.
- (D) Agree a transparent sharing rule in open discussion that secures a basic share for every farm and allocates the rest fairly.

Q13. The core tension in this decision is:

- (A) whether the cooperative should build a second canal this week.



- (B) which of the farmers is the hardest working.
- (C) whether farming is a worthwhile occupation at all.
- (D) the tension between allocating water by landholding and ensuring even the smallest farmers survive the season.

Q14. Which of the following would be the **least** appropriate action?

- (A) Holding an open meeting so that every member's need is heard.
- (B) Guaranteeing each farm a minimum share before dividing the remaining surplus.
- (C) Letting the committee quietly divert extra water to their own fields first.
- (D) Recording the agreed rule so it can be applied fairly in future dry years.

Caselet V

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

A clothing brand's new advertisement is suddenly accused online of being culturally insensitive, and a wave of angry posts spreads within hours. Some of the criticism is fair, some is exaggerated, and a few posts are plainly false. The marketing head, Farah, must decide how to respond quickly. Staying silent could look dismissive, while an ill-judged reply could make things worse. Customers, employees and the brand's reputation are all watching how the company reacts.

Q15. What is the most appropriate response for Farah?

- (A) Stay completely silent and hope the anger fades on its own.
- (B) Respond promptly with a calm, honest statement that acknowledges the fair criticism, corrects clear falsehoods, and explains the next steps.
- (C) Attack the critics online and accuse all of them of lying.
- (D) Delete the advertisement and pretend the whole matter never happened.

Q16. The central dilemma Farah faces is best described as:



- (A) responding fast enough to show the brand is listening while being careful not to make matters worse.
- (B) whether social media should be allowed to exist at all.
- (C) whether Farah personally deserves a promotion.
- (D) whether the brand should stop making clothes.

Q17. Choosing to stay completely silent would mainly rest on the assumption that:

- (A) the backlash will fade quickly on its own and silence will cost the brand nothing.
- (B) every single post about the brand is completely true.
- (C) the brand has already lost all of its customers.
- (D) the advertisement was certainly illegal.

Q18. Which response would be the **least** appropriate?

- (A) Acknowledging the valid concerns and apologising where an apology is genuinely due.
- (B) Correcting the clearly false claims with facts, calmly.
- (C) Buying fake positive posts to bury the criticism and mislead the public.
- (D) Reviewing how the advertisement was approved so that it does not recur.

Caselet VI

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

Arun and Vikram are equal partners in a small trading business. While reviewing the accounts, Arun finds that Vikram has been charging a few modest personal expenses, a family dinner and some fuel, to the business over several months. The amounts are small, but they are real and were never disclosed. Vikram is otherwise hard-working and central to the firm's success, and the two have been friends for years. Arun must now decide how to handle what he has found.

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



- (A) Say nothing so as to keep the peace, since the amounts are small.
- (B) Raise it with Vikram privately, ask for an explanation, and agree clear expense rules and repayment so that trust is restored.
- (C) Report Vikram to the police immediately for fraud.
- (D) Start charging his own personal expenses to the business to even the score.

Q20. The central dilemma Arun faces is best described as:

- (A) whether the business should switch to a different bank.
- (B) which of the two partners works longer hours.
- (C) whether trading businesses are profitable in general.
- (D) balancing a valued partnership and long friendship against the need to address a real breach of trust.

Q21. Which principle best guides a fair decision here?

- (A) Small dishonesty should always be overlooked if the person is otherwise useful.
- (B) Even minor breaches of trust should be addressed openly and fairly, while giving the person a chance to explain and put it right.
- (C) A single small mistake justifies ending a long partnership at once.
- (D) Partners should never look closely at each other's spending.



Detailed Solutions

Q1.

Solution

What is asked: the most appropriate course of action on the sourcing choice.

Reasoning: The honest and workable choice is to weigh cost against local jobs and quality in the open. Option D negotiates with the local supplier or splits the order and lays the trade-off before the board. It respects the cost pressure without abandoning the community or hiding anything.

Why the other options are wrong:

- Option A: Shifting everything abroad at once maximises saving but ignores 200 livelihoods and other factors.
- Option B: A blanket refusal to consider foreign suppliers ignores the board's genuine cost concern.
- Option C: Hiding the foreign quote from the board is dishonest.

Final Answer: Negotiate or split, weigh cost against jobs openly ⇒ **D**

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

Q2.

Solution

What is asked: the central dilemma.

Reasoning: Nikhil is pulled between cutting costs for the firm and protecting local jobs and the town. That trade-off is what drives the whole caselet. Option A names it exactly.

Why the other options are wrong:

- Option B: The caselet says quality is broadly similar, so trust in quality is not the core issue.
- Option C: Nikhil's budget size is not the dilemma.
- Option D: Whether firms should exist in small towns is far outside the situation.

Final Answer: Cost savings versus local jobs and community ⇒ **A**

Answer: (A) [Go Back to Q2](#)



Q3.

Solution

What is asked: the least appropriate action.

Reasoning: Awarding the whole order abroad in secret and letting the local supplier discover it alone is both unfair and dishonest. It is the one option that fails openness and basic decency. So option C is least appropriate.

Why the other options are wrong:

- Option A: Negotiating to narrow the price gap is constructive.
- Option B: Presenting both quotes and their jobs impact honestly is exactly right.
- Option D: Splitting the order balances cost and jobs.

Final Answer: Awarding abroad in secret is least appropriate ⇒ C

Answer: (C) [Go Back to Q3](#)

Q4.

Solution

What is asked: what the price gap and jobs figure together support.

Reasoning: A Rs. 25 per-unit saving set against roughly 200 livelihoods is precisely the kind of trade-off that should be weighed, not settled on one number. Option A draws this balanced inference from the data.

Why the other options are wrong:

- Option B: Claiming price “always” outweighs everything ignores the jobs at stake.
- Option C: Ignoring the price gap entirely ignores the real cost pressure.
- Option D: The data does not show the local supplier is inefficient; quality is similar.

Final Answer: Weigh the saving against the livelihood impact ⇒ A

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



Q5.

Solution

What is asked: the most appropriate way to handle a loyal but slipping employee.

Reasoning: The fair and workable route is a private, understanding conversation that pairs support with a real plan. Option C addresses the genuine performance problem while treating Ramesh with dignity.

Why the other options are wrong:

- Option A: Immediate termination throws away twenty years of service and ignores his circumstances.
- Option B: Ignoring the decline lets the department's results keep suffering.
- Option D: Public criticism humiliates him and is neither fair nor effective.

Final Answer: Private talk, support, and a plan or dignified role change ⇒

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

Q6.

Solution

What is asked: the stakeholder most directly affected if the decline is ignored.

Reasoning: The younger colleagues already cover part of Ramesh's work, and the department's results are starting to suffer. They bear the most direct, day-to-day burden. Option D identifies them.

Why the other options are wrong:

- Option A: Distant shareholders feel only a faint, indirect effect.
- Option B: His former teachers are unrelated to the workplace.
- Option C: The advertising agency has nothing to do with this.

Final Answer: The colleagues covering his work and the department's results ⇒

Answer: (D) [Go Back to Q6](#)



Q7.

Solution

What is asked: the principle that best guides a fair decision.

Reasoning: Loyalty earns respect, but a real performance problem still has to be addressed, done fairly and with dignity. Option B holds both truths together.

Why the other options are wrong:

- Option A: Long service does not exempt anyone from all accountability.
- Option C: “Always replace older with younger” is unfair and discriminatory.
- Option D: Avoiding difficult conversations lets the problem fester.

Final Answer: Respect loyalty, yet address performance fairly and with dignity ⇒

B

Answer: (B) [Go Back to Q7](#)

Q8.

Solution

What is asked: the most appropriate action on the data-sale offer.

Reasoning: Legal does not settle the matter; the firm should pause, check what users would reasonably expect, and find revenue they would accept. Option C protects user trust and is still workable.

Why the other options are wrong:

- Option A: Selling just because it is legal ignores what users would find unfair.
- Option B: Deleting records afterwards does not undo selling data users never meant to share.
- Option D: Selling quietly and lying about it is plainly dishonest.

Final Answer: Decline or pause, respect user expectations, seek acceptable revenue ⇒ **C**

Answer: (C) [Go Back to Q8](#)



Q9.

Solution

What is asked: the central dilemma.

Reasoning: The firm is caught between a legal, profitable sale and what its users would consider fair and reasonably expect. That is the real conflict. Option A states it.

Why the other options are wrong:

- Option B: The lawyers' competence is not in question; their advice is clear.
- Option C: A subscription fee is a possible tactic, not the dilemma.
- Option D: Whether users read terms is a side detail, not the core tension.

Final Answer: A legal, profitable option versus what users would find fair ⇒

[Go Back to Q9](#)

Q10.

Solution

What is asked: the principle that best guides the firm.

Reasoning: Legality is a floor, not the whole test; a firm should also act in ways its users would reasonably accept. Option A captures this.

Why the other options are wrong:

- Option B: "Legal therefore right" ignores fairness and trust.
- Option C: Putting short-term cash above trust is exactly the trap here.
- Option D: Saying user expectations never matter is false for a consumer app.

Final Answer: Legal is not enough; act as users would reasonably accept ⇒

[Go Back to Q10](#)

Q11.

Solution

What is asked: the least appropriate action.

Reasoning: Selling the data secretly while publicly assuring users it is never shared adds an outright lie to the breach of trust. It is the clearly worst option. Option B.



Why the other options are wrong:

- Option A: Explaining the use and offering a genuine choice is honest and fair.
- Option C: Seeking revenue that does not sell personal data is constructive.
- Option D: Pausing to consult users and advisers is prudent.

Final Answer: Selling in secret while publicly denying it ⇒

[Go Back to Q11](#)

Q12.

Solution

What is asked: the most appropriate way to divide the scarce water.

Reasoning: A transparent rule agreed in open discussion, one that secures a basic share for every farm and then allocates the rest fairly, treats all members justly. Option D is both fair and workable.

Why the other options are wrong:

- Option A: Giving everything to the largest farms lets the smallest farmers' crops fail.
- Option B: First-come, first-served rewards speed, not fairness, and invites conflict.
- Option C: Diverting water to committee members' fields is self-serving and corrupt.

Final Answer: An open, transparent rule with a guaranteed basic share ⇒

[Go Back to Q12](#)

Q13.

Solution

What is asked: the core tension in the decision.

Reasoning: The committee must weigh allocation by landholding, which the larger farms want, against making sure even the smallest farmers survive the season. That trade-off is the heart of the caselet. Option D names it.

Why the other options are wrong:

- Option A: Building a second canal this week is not on the table.
- Option B: Who works hardest is not the issue.
- Option C: Whether farming is worthwhile is far outside the case.

Final Answer: Allocation by land versus survival of the smallest farmers ⇒ **D**

Answer: (D) [Go Back to Q13](#)

Q14.

Solution

What is asked: the least appropriate action.

Reasoning: Letting the committee quietly divert extra water to their own fields first abuses their position and betrays the members who trusted them. It is the clearly worst option. Option C.

Why the other options are wrong:

- Option A: An open meeting so every need is heard is fair.
- Option B: Guaranteeing each farm a minimum share protects the vulnerable.
- Option D: Recording the rule for future dry years is sensible.

Final Answer: The committee secretly taking water first ⇒ **C**

Answer: (C) [Go Back to Q14](#)

Q15.

Solution

What is asked: the most appropriate response to the online backlash.

Reasoning: A prompt, calm, honest statement that owns the fair criticism, corrects clear falsehoods, and sets out next steps shows the brand is listening without inflaming things. Option B is measured and workable.

Why the other options are wrong:

- Option A: Complete silence looks dismissive and cedes the story to critics.
- Option C: Attacking all critics as liars pours fuel on the fire.
- Option D: Quietly deleting the ad and pretending it never happened dodges accountability.

Final Answer: A prompt, calm, honest statement with next steps ⇒ **B**



Answer: (B) [Go Back to Q15](#)

Q16.

Solution

What is asked: the central dilemma Farah faces.

Reasoning: She must respond fast enough to show the brand is listening, yet carefully enough not to make things worse. That balance of speed and care is the real tension. Option A states it.

Why the other options are wrong:

- Option B: Whether social media should exist is not the decision.
- Option C: Farah's promotion is irrelevant to the response.
- Option D: Whether the brand should stop making clothes is absurd here.

Final Answer: Responding fast enough to listen without making it worse \Rightarrow **A**

Answer: (A) [Go Back to Q16](#)

Q17.

Solution

What is asked: the assumption behind staying completely silent.

Reasoning: Choosing silence only makes sense if one believes the anger will die down by itself and that saying nothing costs the brand nothing. That is the hidden assumption. Option A states it.

Why the other options are wrong:

- Option B: The caselet says some posts are false, so silence does not assume every post is true.
- Option C: Silence does not assume all customers are already lost.
- Option D: Nothing suggests the ad was illegal; that is not the assumption.

Final Answer: The backlash will fade on its own and silence costs nothing \Rightarrow **A**

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



Q18.

Solution

What is asked: the least appropriate response.

Reasoning: Buying fake positive posts to bury the criticism deceives the public and compounds the original problem. It is the clearly worst option. Option C.

Why the other options are wrong:

- Option A: Acknowledging valid concerns and apologising where due is honest.
- Option B: Calmly correcting false claims with facts is fair.
- Option D: Reviewing how the ad was approved prevents a recurrence.

Final Answer: Buying fake posts to mislead the public ⇒ C

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

Q19.

Solution

What is asked: the most appropriate course of action on discovering the partner's dishonesty.

Reasoning: The fair and workable route is to raise it privately, hear Vikram out, and agree clear rules and repayment so trust can be rebuilt. Option B addresses the real breach without destroying the partnership.

Why the other options are wrong:

- Option A: Saying nothing lets a real, undisclosed breach of trust stand.
- Option C: Going straight to the police over small, undisclosed expenses is disproportionate.
- Option D: Charging his own expenses to "even the score" just doubles the wrong.

Final Answer: Raise it privately, seek an explanation, agree rules and repayment ⇒ B

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



Q20.

Solution

What is asked: the central dilemma Arun faces.

Reasoning: Arun must balance a valued partnership and long friendship against the need to confront a real, if minor, breach of trust. That is the true tension. Option D names it.

Why the other options are wrong:

- Option A: Switching banks has nothing to do with the issue.
- Option B: Who works longer hours is beside the point.
- Option C: General profitability of trading is not the dilemma.

Final Answer: A valued partnership and friendship versus a real breach of trust
⇒

Answer: (D) [Go Back to Q20](#)

Q21.

Solution

What is asked: the principle that best guides a fair decision.

Reasoning: Even a small breach of trust should be addressed openly and fairly, while giving the person a genuine chance to explain and put it right. Option B strikes this balance.

Why the other options are wrong:

- Option A: Overlooking dishonesty because someone is useful lets it recur.
- Option C: Ending a long partnership over one small lapse is disproportionate.
- Option D: Never examining each other's spending removes basic accountability.

Final Answer: Address even minor breaches fairly, with a chance to explain ⇒

Answer: (B) [Go Back to Q21](#)



Answer Key

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

