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# XAT DECISION

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# MAKING MCQs

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Practice Questions  
With Explanations!



An accounting software designing firm has found out that a financial software it had launched recently had a few bugs. The product has already been bought by more than a million customers. The company realized that bugs could cost their customers significantly. However, if it informs the customers about the bug, it fears losing credibility.

What would be the most ethical option for the company?

- (1) Apologize and fix the bug for all its customers even if it has to incur losses.
- (2) Do not tell customers about bugs and remove them only when customers face problems, even if it means losses for the customers.
- (3) Keep silent and do nothing.
- (4) Keep silent but introduce an improved product that is bug free at the earliest.
- (5) Take the product off the market and apologize to customers.

The city of Indore has a population of 10 million, 2 million amongst whom were rich, 3 million poor and 5 million belonged to the middle class. Beauty Cosmetics manufactures and sells beauty products to the rich class at a premium price. Its products are very popular with customers. Many people from middle and poor segments of population aspire to buy these products but could not afford them because of high prices. Of late, sales growth is stagnating in the rich segment.

Which of the following is the best option for Beauty Cosmetics to maximize long term profits?

- (1) Sell the same products at lower prices to middle and poor classes.
- (2) Sell its products under different brand names to middle and poor classes.
- (3) Sell similar products, of different quality standards with different brand names, to middle classes and poor classes.
- (4) Continue to target rich and hope that today's middle class would be tomorrow's rich class.
- (5) Target middle class as it is the largest segment and forget about the rich.

MobiTech Pvt. Ltd. is operating in seven north-eastern states of the country. The organization has a history of participative decision making, wherein people deliberately open about pros and cons of every important decision, and a broad consensus is taken before taking the final decision. In MobiTech every employee gets a salary proportional to the sales achieved. A new General Manager (GM) joined during the beginning of this month and challenged the organization's sole focus on sales to determine salaries. He urged the top management to include two more additional parameters in determining the salaries of the employees, viz. collection of information about competitors and the quality of relationship with the retailers.

The top management of MobiTech refused to implement the proposal of new GM from the beginning of next month.

Which of the following could be the most justified reason for the management's refusal?

- (a) To ensure that no manager will get credit for a major change soon after joining.
- (b) To avoid attracting criticism for their failure to implement a similar scheme.
- (c) His past experience is limited to seven north-eastern states only.
- (d) The GM is new to the organization and he would require some time to implement the new plan.
- (e) The top management would need time to deliberate and get consensus.

Alkesh, the highest earning employee for the last 6 years, vehemently opposes the GM's proposal.

Which of the following could be most likely reason for him to oppose the proposal?

- (1) He considers the proposal as a serious threat to his favourable position in MobiTech.
- (2) He is not interested in collecting the information regarding competitors.
- (3) No clarity regarding the relative importance of the three parameters.
- (4) He is not interested in maintaining quality relationship with retailers.
- (5) He may need to work harder to earn the highest salary.

Vidhyasagar Memorial Elocution Competition (VMEC) in Delhi Public School (DPS) has a history of forty years. Apart from the founder's day and annual day celebrations, it is the most important event of the school. In recent times, due to the increased popularity of reality shows on television channels, and for various other reasons, the elocution competition lost its appeal. Interest of both students and parents has been eroding over a period of time.

To ensure sufficient audience, Mr. Shivan, Head of English Department, introduced choral recitation for junior section as a part of elocution competition. Three classes, each consisting of forty students, get short-listed for the final performance of choral singing on the day of VMEC. Most of the parents and family members of these students attend the function to encourage them. This initiative increased the number of people attending the elocution competition.

Some teachers are unhappy with the emphasis given on the elocution competition, since they are expected to be present at the school on the day of competition, which normally happens on a weekend to accommodate the working parents. The teachers were not granted leave on the day of competition and they used to be unhappy regarding this aspect.

Mrs. Abraham, the principal of DPS, is aware that some of her teachers are unhappy. She wants to be seen as fair and just.

Which option is the best one that she should exercise?

- (1) Introduce separate music and dance competitions in same format as the elocution competition.
- (2) Appropriately compensate those teachers who volunteer to come for the extra day.
- (3) Appoint a committee of teachers, parents and management representatives to come up with possible suggestions within a deadline.
- (4) Appoint a committee of teachers to come up with possible suggestions, and ensure that majority of committee members are staunch supporters of the current practices.
- (5) Exercise the authority of the principal because she wants to retain all traditions.

A group of unhappy teachers have come up with a list of action plans for the consideration of their colleagues.

The action plans are listed below:

- I. Exposing Mr. Shivan's intentions behind the inclusion of choral recitation.
- II. Conduct an open house discussion to gauge the unhappiness and to identify possible solutions.
- III. Introduce music and dance competitions in same format as elocution competition
- IV. Demand compensation for their work on the day of VMEC.

Mr. Navneet, one of the senior teachers and a well wisher of DPS, is asked to go through the action plans and make recommendations that benefits DPS the most. He would recommend:

- (1) Options I and II
- (2) Options II and IV
- (3) Options I and III
- (4) Options I and IV
- (5) Options I, II, and IV



Prof. Varman, the chairperson of the Academic Committee (AC), was trying to understand the implications of decisions taken by the Placement Committee of students (PC) on placement issues. It was alleged that Chitranshu, a final year student, inflated his grades in his bio-data that was sent to the recruiters. The President of PC requested the AC to debar Chitranshu from the campus recruitment process.

When the matter was brought up for discussion in AC, one of the professors remarked that Chitranshu too should be allowed to defend himself. When Chitranshu arrived for the meeting the situation became even more difficult.

Chitranshu raised the issue that many other students who had misrepresented grades to get coveted jobs had gone scot-free. He alleged that these students were close to the President of PC and therefore, no action was taken against them. He stated that somebody has deliberately manipulated his grades in the bio-data.

This allegation confused the members and it was decided to adjourn the meeting. Prof. Varman was to decide on the next course of action.

If you were Prof. Varman what in your opinion would be the most appropriate action?

(1) Debar Chitranshu and the President of PC from the placement process as they have failed to uphold the rules of the PC.

(2) Suspend Chitranshu and the President of PC.

(3) Constitute a committee to find facts and investigate the matter and ask them to submit a report to you within a week's time.

(4) Apprise the corporate recruiters of the situation and assure them that corrective actions will be taken.

(5) Both options 3 and 4.

Prof. Varman found that there were many such cases of grade inflation. He was giving final touches to the report when his attention was diverted by a phone call on his personal cell phone. It was from an unlisted number. The caller told him that it will be in his as well as in the interest of the college if the report is not presented to the Director. The caller also told him that these findings will change nothing only result in bad publicity for the college.

The caller identified himself as a well wisher of the college before hanging up. Consider yourself in Prof. Varman's shoes and choose an appropriate decision from the following choices.

- (1) Disregard the phone call and do not share its details with others.
- (2) Understand the implications of the phone call and go for a leave.
- (3) Call up the Director, tell him about the phone call, and excuse yourself from the responsibility.
- (4) Talk to the Director and seek his opinion.
- (5) Constitute a different committee to investigate the "phone call", carry on with normal activities.

The Public Relations Department of an organization has spent only 4 crores of its allocated 16 crores on publicity. There are 2 months left in the financial year. Due to shortage of officers, the Assistant Director, Operations has been given an additional charge of publicity. Because of his other commitments, he is unable to find time to undertake tasks such as baseline study, ascertaining communication needs, testing proposed messages and media channels, deciding optimum periodicity, measuring impact, etc.

He also argues spending the rest of the budget is unnecessary because their regular programs are already widely known. His boss, the Director, however, feels that only by utilizing the entire budget can a similar amount be demanded the next year. He also thinks that there is nothing like enough publicity.

Which of these is the best course of action for the department?

- (1) Surrender the budget right away so it can be utilized by other departments.
- (2) Hire a specialized external agency which will study the gaps and needs within a fortnight and follow it's recommendations.
- (3) Request higher authorities to reallocate the remaining amount to other departments of the organization.
- (4) Repeat the advertising done so far 3 times over and thus exhaust the entire amount.
- (5) Rely on the operational experience of the Director and the Assistant Director and start spending the optimal amount right away.

Which of these new developments, if true, would most justify a larger utilization of the advertising budget?

- (1) Advertising agencies have announced a 25% reduction in rates.
- (2) An internal committee of the organization has made strong recommendations to improve service delivery.
- (3) The findings of a baseline study on assessing communication needs are now available.
- (4) The organization has approved a new major scheme for immediate implementation.
- (5) A new Assistant Director has been posted to exclusively look after publicity.

Thanks a lot for watching!

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