

# XAT Decision Making



1. A database software manufacturing company found out that a product it has 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 its customers significantly. However if it informs the customers about the bug, it feared losing credibility. What would be the most ethical option for the company?
  - (a) Apologize and fix up the bug for all customers even if it has to incur losses.
  - (b) Do not tell customers about bugs and remove only when customers face problems, even if it means losses for the customers.
  - (c) Keep silent and do nothing.
  - (d) Keep silent but introduce an improved product that is bug free at the earliest.
  - (e) Take the product off the market and apologize to customers.
2. Marathe is a vice President in a construction equipment company in the city of Mumbai. One day, his subordinate Bhonsle requested that Kale, a project manager, be transferred to the Chennai office from the Mumbai office. In Chennai, Kale would work alone as a researcher. Bhonsle gave the following reasons for his request: "Kale is known to frequently fight with his colleagues. Kale is conscientious and dedicated only when working alone. He is friendly with seniors, but refuses to work with colleagues, in a team. He cannot accept criticism and feels hostile and rejected. He is over-bearing and is generally a bad influence on the team."

Marathe called upon Gore, another project manager, and sought further information on Kale. Gore recalled that colleague, Lakhote (who was also Kale's former boss) had made a few remarks on his appraisal report about Kale being not fit for further promotion as he was emotionally unstable to work in groups though he had seven years of work experience. Lakhote had described Kale as too authoritative to work under anyone. Lakhote had further told Gore that Kale had an ailing wife, and an old mother, who does not want to stay with his wife

Consider the following solutions to the problem mentioned above:

1. Marathe should transfer Kale to Chennai office
2. Marathe should try and verify the facts from other sources as well
3. Kale should be sacked
4. Kale should be demoted
5. Marathe should suggest Kale to visit a family counselor

Which of the following would be the most appropriate sequence of decisions in terms of immediacy: starting from immediate to a longer term solution.

- (a) 2, 1, 5
  - (b) 1, 4, 2
  - (c) 2, 3, 4
  - (d) 2, 5, 1
  - (e) 2, 5, 4
3. Prof. Vijya, the chairperson of the Faculty Academic Committee (FAC), was trying to understand the implications of decisions taken by the Student Placement Committee (SPC) on placement issues.

It was alleged that Biswajit, a final year student, inflated his grades in his bio-data that was sent to the recruiters. The President of SPC requested the FAC to debar Biswajit from the campus recruitment process. When the matter was brought up for discussion in FAC, one of the professors remarked that Biswajit too should be allowed to defend himself. When Biswajit arrived for the meeting the situation became even more challenging.

Biswajit raised the issue that many other students who had misrepresented grades to get coveted jobs and had gone scot-free. He alleged that these students were close to the President of SPC 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. Vijya has to decide on the next course of action.

It was found that a large section of the students have been indulging in such practices. Unfortunately, the HR manager of a much coveted campus recruiter, who is an alumnus of the college came to know about this. Considering yourself in the position of that HR manager, what would be your reaction?

- (a) Express your displeasure and stop any further recruitment from the college.
- (b) Talk to your Contact in the college and try to find out the truth.
- (c) Do not change anything and continue the process as if nothing has happened.
- (d) Ask the college to send a fresh set of bio-data as you wanted verified grades of the students.
- (e) Ask the SPC to resend the details of the shortlisted students including their verified grades.

4. Answer the question based on the letter below.

To the Chairman:

Dear Mr. Sailesh,

At the December 3, 2011 meeting, it was decided that no two officers would hold positions on the same committee. It has recently come to my attention that both Chaitanya Rao and Ajit Singh will be serving in some capacity on the Cultural Committee, and both have been nominated for officer status. As you know, this is in direct disregard for the rules as voted by the Members Council last December 3, 2011. I would hope that sufficient action be taken by the Disciplinary Committee (on which committee both of the above are members) so that this problem will be remedied.

Sincerely,  
Arvind Singh

If both the nominations are confirmed, which of the following exhaustively and reasonably, describes actions that may occur in the near future?

- (a) Arvind resigns his membership.
- (b) Either Rao or Ajit resigns his membership.
- (c) Ajit resigns his committee post on the Cultural Committee.
- (d) Rao resigns his position on the Cultural Committee.
- (e) Either Rao or Ajit resigns his position from the Cultural Committee, and the other resigns his position on the Disciplinary Committee.

5. Dr. Puneet is worried about the test results of his patient, Ms. Benita. Ms. Benita was an old rich widow with no dependents. The results indicate that Ms. Benita has the potentially fatal Lymphangioleiomyomatosis (LAM) disease. LAM is rare and difficult to diagnose. People with LAM often need oxygen and lung transplants as the disease continues its course. According to the test results, Ms. Benita might have got it. Dr. Puneet explained the situation to Ms. Benita carefully. Without naming the disease, he explained that the disease was progressive and would need treatment using drugs which were still at the experimental stage. Even then, the chance of success was not too bright. If the treatment was unsuccessful, then they would have to get ready for a lung transplant. The lung transplant itself was a risky course of treatment. Even if successful, she would require constant medical support and treatment. Ms. Benita looked blank. She asks Dr. Puneet for his advice about the course of action. He nods gravely, "I'm afraid, Ms. Benita, I think there is only one course we can take." What should be Dr. Puneet's advice?
- (a) Tell Ms. Benita the details of the disease.
  - (b) Conduct another test to confirm the diagnosis.
  - (c) Leave the matter: anyway the outcome cannot be changed.
  - (d) Treat Ms. Benita without telling her about the disease.
  - (e) Propose that Ms. Benita go ahead with the experimental drugs.

6. Ranjan Tuglak, the youngest cabinet minister of the newly elected coalition, glanced through the notes prepared by his secretary regarding the recent controversies on racket, the most popular game of the country. While International Racket Association (IRC) has agreed to implement Drug Testing Code (DTC) promoted by World Athletic and Gamer Federation. Racket Club which controls the entire racket related activities (unlike any other

sports and games of the country) had some reservations regarding the initiative. Majority of the citizens waited for the international competitions eagerly and were fanatical about their country's participation in them. As a result of the popularity of the game, 70% of the total revenue associated with the game originates from the country. Hence Racket Club has high bargaining power with IRC and can change any decision that is not aligned with its interests. Three most popular and senior players, including the captain, are against the application of DTC citing security reasons. A decision against the interests of these players may result in law and order problems throughout the country. Other players support the decision of their senior colleagues and if Racket Club refuses to agree, players may support Counter Racket Club, a new national level initiative. Counter Racket Club may threaten the monopoly of Racket Club, if it succeeds to attract some popular racket players.

Ranjan's father had been forced to resign from politics due to alleged corruption charges. Ranjan had completed his entire education from abroad before returning to join politics. He is a great soccer player and has major reservations against racket. According to him, racket has negative influence on the country's youth and diverts their attention from productive work. He also considers drug testing as an essential feature for any sports and games across the world. As the new cabinet minister for Youth and Sports he needs to take some important decisions on this controversial issue.

If the objective of Ranjan is to (i) create a good image of himself as a politician and (ii) create a long lasting positive impact, the best decision he should take is :

- (a) Force Racket Club to accept all modifications related to drug testing.
  - (b) Provide adequate security protection to the satisfaction of players nominated by Racket Club before enforcing drug testing.
  - (c) Align with Counter Racket Club.
  - (d) Popularise soccer in country through endorsements by the popular players of racket.
  - (e) Ban racket.
7. Indian government may hold top executives responsible if state-run power companies fail to meet performance targets and punish them with fines and transfers. The strict performance parameters are aimed at ensuring that at least the reduced target for 62,000 MW of generation capacity addition is achieved before the end of the 11th Plan, said a power ministry official. Performance of chairman and managing directors of the power Public Sector Units (PSUs) in project implementation will be assessed as per the terms and conditions stipulated in the company's memorandum of understanding (MoU) with the power ministry, he said, requesting anonymity. Performance parameters of executives had come under strict scrutiny due to a lack of progress in capacity addition program. While the target for the 11th five year plan has already been scaled down by the government from 78,500 MW, in the first three years of the plan yielded only 22,302 MW of fresh capacity.

If you were the chairman of one of these power PSU's, which of the following statements (all of which are assumed to be true) could best be used in order to strengthen your case against the government holding top executives responsible?

- i. The labour unions, owing allegiance to ruling party at the Center, are not allowing work to progress with their demands for wage hikes that are untenable.
  - ii. The actions of the mid-level management are not in line with the objectives laid down by the top management.
  - iii. The delays have been due to difficulties in obtaining funds at reasonable interest rates on account of the recessionary conditions.
  - iv. We are not to blame. The government is not doing enough to ensure availability of sufficient fuel to power the existing plants, let alone the new plants.
  - v. The government had ignored the infrastructure availability like roads etc., and environmental clearances required for such projects and therefore set an unrealistic target to begin with, and the revised target is also unrealistic as well.
- (a) i and ii
  - (b) i and iii
  - (c) i, iii and iv
  - (d) ii, iv and v

(e) i, ii, iii, iv and v

8. The CEO of ABC Telecom Ltd. (ABC) is in a quandary since he received the telephone call in the morning from his counterpart at LMN Telecom Ltd. (LMN). Both companies were engaged in a bitter experience a couple of years ago when they had attempted to merge with the intention of creating a behemoth telecom company, possibly the largest in the world. The merger had fallen through due to opportunistic behavior on the part of Mr. Das, then CEO of LMN. During the time the merger talks were taking place, Mr. Das had also approached a few other suitors for LMN in an attempt to force ABC to pay a higher price. Further, there were reports of attempts by management of LMN to scuttle the deal. Back then, ABC had also faced stiff opposition to the deal from one of its large shareholders.

Since then, a lot has changed for both companies. The bleak economic conditions due to recession had led to a drastic fall in the market value of both companies, with ABC comparatively losing much more in terms of market value. Raising money has become more difficult for both companies, especially for LMN. On the brighter side for ABC, the opposing shareholder had recently sold off his stake to another investor who earlier had supported the original merger deal with LMN a couple of years ago.

Which of the following would be the most appropriate line(s) of thought for the CEO of ABC to adopt in response to the offer by LMN?

- i. Once bitten twice shy. There is simply no way I can think of resuming talks with LMN after their unethical behaviour the previous time around. I would rather spend my time on merger discussions with other companies.
  - ii. The deal may make less business sense this time around. However, if it goes through, I will become the CEO of the world's largest telecom company. So let us try our luck once more.
  - iii. I will resume talks only if they provide guarantees as to the reimbursement of our expenses incurred, in the event of the deal not materializing.
  - iv. Let me not be biased against dealing with LMN, if we can secure the deal at a reasonably low price, benefiting our shareholders, let us go ahead with it.
  - v. I am not sure if we can raise the money now. In any event, they are the ones facing greater financial problems. So let's not hurry now. We might have an opportunity to buy them out at a cheaper price later.
- (a) i and iii  
(b) ii and iv  
(c) ii and iii  
(d) i and iv  
(e) iv and v
9. The city of Nagar has a population of 10 million, 2 million amongst whom were rich, 3 million poor and 5 million belonged to the middle class. Saundarya Cosmetics manufactured and sold beauty

product to rich class at a premium price. Its products were very popular with customers. Many people from the middle and poor segments of population aspired to buy these products but could not afford because of high prices. Of late, sales growth was stagnating in the rich segment. Which of the following is the best option for Saundarya Cosmetics to maximize long-term profits?

- (a) Sell the same products at lower prices to middle and poor classes.
  - (b) Sell its products under different brand names to middle and poor classes.
  - (c) Sell similar products, of different quality standards with different brand names, to middle classes and poor classes.
  - (d) Continue to target rich only and hope that today's middle class would be tomorrow's rich class.
  - (e) Target middle class as it is the largest segment and forget about rich class.
10. Seema was a finance manager in an MNC and felt that gender discrimination at work place hampered her career growth. Frustrated, she quit the job and started a company. While starting her company, Seema decided that she would have equal proportion of males and females. Over the last six years, Seema emerged as a very successful entrepreneur and expanded her business to eight locations in the country. However, Seema recently started facing an ethical dilemma because she realized that female employees were not willing to travel across cities and work late hours, as the work required them to do so. Male employees did not hesitate undertaking such work. Seema started to feel the pressure of reducing the proportion of female employees. On the other hand, she is aware that

equal representation was one of the strongest reasons for her to have founded the company. What should she do as a conscientious female entrepreneur?

- (a) See if unwilling female employees could be given assignments which do not require travel and involve less overtime.
  - (b) Reduce the number of female employees as it is a business requirement. She should not let anything affect her business.
  - (c) Let the status quo continue.
  - (d) Henceforth hire only male employees.
  - (e) She should close the business.
11. You, a recruitment manager, are interviewing Mayank, a hard-working young man, who has problem in speaking fluent English. He has studied in vernacular medium school and colleges. Amongst the following options, what would you choose to do, if your company has vacancies?
- (a) I would hire him at all costs.
  - (b) I would hire him for production or finance job but not for marketing job, which requires good communication skills.
  - (c) I would ask him to improve his communication skills and come back again.
  - (d) I would not hire him as he might be a burden on organization because of his poor communication skills.
  - (e) I would hire him for the job he is good at, and provide training in other areas.
12. Due to increased competition, Ginger Automobiles, the Indian subsidiary of Pepper Automobile Company (PAC) reported lower sales and profits. PAC expects its new model Limo, developed especially for value conscious customers of India and China, would revive its fortunes. In order to prevent customers from buying competing products, PAC announced the launch of Limo six months before schedule. Due to unrest in its Indian supplier's plant, deliveries of essential components for its main plant was hampered, and hence it decided to launch Limo in China only as per the original plan. Within a short span of time, Limo captured 30% market share in China, which was 200% higher than expected. Indian customers who had looked forward to purchasing Limo were becoming increasingly unhappy to the non-availability of Limo in India. Ginger's dealers were worried about loss of business from the customers who might switch to other cars.

Unhappy customers will not only leave the company, but also spread negative publicity about the company. The best way, among the options below, to deal with customers is:

- (a) suggest to customers to wait.
  - (b) suggest to customers to consider purchasing any of the other PAC's models available in showrooms, with a substantial discount along with gifts.
  - (c) suggest to PAC to treat Indian and Chinese markets equally.
  - (d) promise the top management of PAC higher sales/profit from Indian market compared to Chinese market.
  - (e) suggest to the top management of PAC to manufacture essential components in either India or China.
13. Vivekananda Memorial Elocution Competition (VMEC) in Viswavidyalaya Public School (VPS) 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 has lost its appeal. Interest of both students and parents has been eroding over a period of time. To ensure sufficient audience, Mr. Ivan, Head of English Department, introduced choral recitation for junior section as a part of elocution competition. Three classes, each consisting of forty students, get shortlisted 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 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 VMEC and they used to be unhappy regarding this aspect.



Ms Shabina, the principal of VPS, 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?

- (a) introduce separate music and dance competitions in same format as the elocution competition.
- (b) appropriately compensate those teachers who volunteer to come for the extra day
- (c) appoint a committee of teachers, parents and management representatives to come up with possible suggestions within a deadline
- (d) 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.
- (e) exercise the authority of the principal because she wants to retain all traditions.

14. Saral Co. 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 Saral Co. 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 Saral Co. 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.

15. Mr. Rajiv Singhal, Chairman of the Board of Directors of Loha India Ltd., (a steel manufacturing company) had just been visited by several other directors of the company. The directors were upset with recent actions of the company president, Mr. Ganesh Thakur. They demanded that the board consider firing the president.

Mr. Thakur, recently appointed as president, had undertaken to solve some of the management-employees problems by dealing directly with the individuals, as often as possible. The company did not have a history of strikes or any other form of collective action and was considered to have good work culture. However, Mr. Thakur felt that by dealing directly with individuals, he could portray the management's concern for the employees. An important initiative of Mr. Thakur was to negotiate wages of the supervisors with each supervisor. In these negotiation meetings he would not involve anyone else, including the Personnel Department who reported to him, so as to take unbiased decision. After negotiation, a wage contract would be drawn up for each supervisor. This, he felt, would recognize and reward the better performers. Mr. Thakur successfully implemented the process for most of the supervisors, except those working in the night shift. For them he had drawn up the contracts unilaterally benchmarking the wages of supervisors of night shift with that of supervisors of the day shift.

For several days Ram Lal a night shift supervisor, had been trying to seek an appointment with Mr. Thakur about his wages. He was disgruntled, not only over his failure to see the president, but also over the lack of discussions about his wage contract prior to its implementation. As a family man with six dependents, he felt his weekly wage should be higher than that granted to him.

Last Thursday afternoon Ram Lal stopped by the president's office and tried to see him. Mr. Thakur's secretary refused his request on the grounds that Mr. Thakur was busy. Infuriated, Ram Lal stormed into the president's office and confronted the startled Mr. Thakur, with his demands for a better wage. Mr. Thakur stood up and told Ram Lal to get out of his office and express his grievance through the official channel. Ram Lal took a swing at the president who in turn punched Ram Lal on the jaw and knocked him unconscious.

The situation with Mr. Lal could have been avoided if Mr. Thakur had

- 1. Delegated the task of negotiation of wage contracts for night shift employees to Personnel department.
- 2. Created a process for supervisors working the night shift so that they could have and opportunity to interact with him.

3. Created an open door policy that would have allowed employees to see him without any appointment.
4. Postponed the decision of wage revision for supervisors in the night shift for two months, since supervisors were rotated on different shifts after every two months.
- The option that best arranges the above managerial interventions in decreasing order of organisational impact is:

- (a) 4,2,3,1
- (b) 4,3,2,1
- (c) 2,3,4,1
- (d) 4,1,2,3
- (e) 2,3,1,4

16. Bhola, an avid nature lover, wanted to be an entrepreneur. He dreamt of establishing a chain of huts in Chatpur region to cater to tourists, who came attracted by the beauty and splendour of the Himalayas. However, he was appalled by current degradation of the Himalayan environment. He remembered the early times when everything was so green, clean and peaceful. Now, greenery was replaced by buildings, peace was shattered by honking of vehicles and flocking of tourists, and cleanliness was replaced by heaps of plastics.

Bhola had a strong sense of right and wrong. On speaking to a few locals about the issue, he realized that the locals were aware of these issues. However, they pointed out the benefits of development: pucca houses for locals, higher disposable income and with that, ability to send their children to better schools and colleges, better road connectivity, and access to latest technology in agriculture. Most locals wanted the development to continue. Saddened by the lack of support from the locals, Bhola took up the issue with the government. He met the chief minister of the state to find out if government could regulate the developmental activities to prevent environmental degradation. However, the chief minister told Bhola that such an action would slow down the economic progress. That also meant loss of substantial tax revenues for the government.

Bhola needed to resolve the dilemma. Bhola always wanted to be an entrepreneur, who could contribute to the society and earn money as well. However, his business would also be responsible for destroying the environment. If he did not set up his business, he would not be able to earn money and contribute to the society.

Based on the information above, answer the following question.

Bhola wished he was heading the government. He had listed down five concrete measures he would take if he were to head the government. Choose the best alternative.

- (a) Charge environmental cess from all businesses operating out of the Himalayas.
  - (b) Charge cess from anyone who pollutes the environment, be it citizens or industries and reward those who have contributed to afforestation the most.
  - (c) All profit making organizations have to take responsibility of afforestation proportionate to their profitability.
  - (d) Think about maximising the revenues and forget about the environment.
  - (e) Institute a Green Valley Reward, which would be given to businesses highly active in afforestation efforts.
17. Shekhar, an MBA from Singapore returned to his hometown-Jamshedpur. Jamshedpur had a population of 10 lacs with one of the highest per capita income among Indian cities. Shekhar loved music. While listening to his favourite song on "satellite radio", he wondered if he could mix his passion with business. Incidentally, a few weeks later, while browsing the Internet, he came across an advertisement from Music World, which called for expression of interest from potential franchisees. Jamshedpur did not have a single good music outlet, where its residents could buy quality, variety and the latest from the world of music.
- Music World wanted the potential franchisees to own minimum 1200 square feet space and invest Rs. 30 lacs. Profits were to be shared in the ratio of 3:7 between Music World and the franchisee. While Shekhar was excited about working with a renowned brand, he was worried if Rs. 30 lacs was too high an amount to shell out. He did not have the entire amount with him and was thinking of borrowing from the bank. He made enquiries with other Music World franchisees located in towns like Patna and Ranchi, as he expected similar footfall in Jamshedpur. A franchisee in Patna had sales revenue varying from 1-2 lacs rupees per month with profit margin in the range of 25-



30%. Satisfied, Shekhar decided to proceed. Soon, he was on the look out for the space. Jamshedpur had three main areas – Bistupur, Sakchi and Sonari. All areas were inter-connected by good roads. Bistupur was a business area where most of the high-end retail formats were located. Most upper middle class and higher-class customers shopped there. It was also the education hub of the city. On the other hand, Sakchi was a growing lower middle class business area and Sonari had mostly residential population.

Shekhar was in favour of choosing Bistupur as it was the place where he shopped. However, he soon stumbled across problems. Not only was it difficult to obtain space in Bistupur but property rentals touch 30-40 rupees per square feet per month. Rentals at Sakchi and Sonari were in the range of 15-20 rupees per square feet per month. Also, Shekhar's friend, who stayed in Sakchi, told him that a few branded outlets were opening in Sakchi and it seemed to be the fastest growing market in

Jamshedpur, with highest ratio of teenagers. But, Shekhar was not in favour of Sakchi due to its low image. He expected to target the growing crowd in Bistupur.

High real estate prices in Bistupur and his low assessment of the Sakchi market created confusion in Shekhar's mind. To give the decision some serious and fresh thought, he decided to hit the Jamshedpur-Ranchi highway in his newly acquired car.

How best should Shekhar resolve his confusion?

- (a) Invest in the franchise
- (b) Do not invest in the franchise and look for a different brand name.
- (c) Go back to Singapore and start to find the drivers and potential of the business.
- (d) Do a further in-depth study to find the drivers and potential of the business.
- (e) Approach another music company for setting up a franchise.

18. Ethical - a person is called unethical, when he deviates from principles. The principles and their use is often guided by two definitions:

Moral: society's code for individual survival

Ethics: An individual's code for society survival

Naresh was a small time civil contractor in a small city. His major clients were the residents who wanted ad-hoc work like painting, building extensions to be done. His just prices had made him a preferred contractor for most of the clients who preferred him over other civil contractors. Always he followed the principle that client had to be kept happy - only by doing so it would be a win-win situation for both. However due to the unpredictability of such orders from residents, Naresh used to be idle for substantial part of the year. As a consequence, he could not expand his business.

His two children were growing up and his existing business could not support their expenses. The medical expense of his elderly parents was another drain on his resources. The constant rise of prices in medical care and medicines was another issue. For Naresh, family's concern was predominant. Naresh was, therefore, under pressure to expand his business. He was the sole earning member of his family, and he had to ensure their well being. He thought that by expanding his business, not only would he be able to care for his family in a better way, as well as offer employment to more number of masons and labourers. That would benefit their families as well. Naresh drew the boundary of his society to include himself, his family members, his employees and their family members.

For expansion, the only option in the city was to enlist as a contractor for government work. Before deciding, he sought advice from another contractor, Srikumar, who had been working on government projects for a long period of time. Srikumar followed the principle of always helping others, because he believed that he would be helped back in return some day. Srikumar had just one advice "The work is given to those who will win the bidding process and at the same time will give the maximum bribe. Prices quoted for work have to include bribes, else the bills will not get cleared and the supervisors will find multiple faults with the execution of work. This ensures survival and prosperity for contractors".

When asked about other contractors, Srikumar said "The government contractors are like a micro-society in themselves, almost like a brotherhood. Within that, they are highly competitive; however towards any external threat they are united to ensure no harm happens to any of their members".

Naresh decided to work as a government contractor. Following Srikumar's advice, he inflated the prices so that he could pay the bribes out of the bills received.

- (a) Naresh is now totally unethical.
- (b) Naresh cannot be called totally ethical.
- (c) Naresh can be called ethical when it suits him.
- (d) Naresh is ethical to some extent.

(e) Naresh is being totally ethical.

19. A teacher wanted to administer a multiple choice (each question having six choices) based quiz of high difficulty levels to a class of sixty students. The quiz had sixty questions. The probability of selecting the correct answer for a good student and a brilliant student was 0.2 and 0.25 respectively. The poor students had no learning advantage. The teacher did not want students to cheat but does not have time and resources to monitor. All students were seated serially in 10 rows and 6 columns

Is it possible for teacher to detect cheating without monitoring? Choose the statement that best describes your opinion:

- (a) It is not at all possible; teacher will have to introduce technology if there is no human support
- (b) It is always possible; but teacher has to calculate exact answer
- (c) It is possible when many students sitting next to each other have the same incorrect answers for multiple questions. However, there can be a small error in judgment.
- (d) It is possible when many students sitting next to each other have a same correct answer for multiple questions. However, there can be a small error in judgment.
- (e) It is possible only for poor students but not for good and brilliant students. However, there can be a smaller error in judgment.

20. Wind turbine maker Leone Energy posted a net loss of Rs. 250 crore for the fourth quarter ended March 31, 2010 as against a net profit of Rs. 350 crore in the same quarter a year-ago. In the financial year 2009-10, the company clocked a gross income of Rs. 6,517 crore, as against Rs. 9,778 crore in the previous year. Leone Energy clocked a loss of Rs. 1,100 crore in 2009-10, as against a net profit of Rs. 320 crore in 2008-09. The sales revenues stood at Rs. 22,400 crore for the year, approximately 21 per cent less against Rs. 28,350 crore last year. For the financial year ending March 31, 2010, Leone Energy's sales volume (in terms of capacity of projects executed) was 4,560 MW from 2,935 MW a year ago. The CEO of Leone Energy in his message to shareholders suggested that the poor performance of the company was the result of adverse economic conditions during the year ended March 31, 2010.

You are a shareholder owning 5% of the shares of Leone Energy and have seen the stock price decline by more than 50% during the year 2009-10, and are quite upset with the way the management has been handling the business. You have decided to confront the management at the next shareholders' meeting and have chosen the following 5 points to argue against the CEO's version of the story. In light of the above paragraph, select the most appropriate order of these 5 statements that you, as a disappointed shareholder, should adopt as a robust preface in your case against the management in front of the management and other shareholders.

- a. The management is not doing its best to maintain the profitability of the company.
- b. The company has actually increased its sales volume during the year under consideration.
- c. The adverse economic conditions have led to a worldwide increase in the adoption of alternative energy sources, reflecting in all time highest profits for wind turbine makers in both developed and developing countries.
- d. The management has been lax with its employees as the management enjoys a large set of benefits from the company that they would have to forgo if they became strict with employees.
- e. The company is trying to increase sales by charging lower, unprofitable prices.

- (a) b, c, a
- (b) a, c, b
- (c) b, e, c
- (d) c, b, e
- (e) e, b, c

**Solution:**

1. (a)

Statement a is ethical and more appropriate as the company is accepting its mistake and also taking corrective measures to fix the bugs for all customers even if it has to incur losses

Statement b is unethical and the reputation of the company will be affected if the product results in losses for its customers

Statements c, d and e will affect the company's reputation as they are not taking any corrective measure to avoid its customers' losses.

2. (a)

Actions 3 & 4 are extreme steps and should be avoided.

Before taking any further decision, Marathe should try and verify the facts from other sources to ensure that the correct decision is based on more verifiable information rather than on the opinion of the two employees.

Then, Marathe should transfer Kale to Chennai office to check the efficiency of Kale when working alone as a researcher.

If the employee is having any personal problems, then it will hamper the productivity of an employee. Hence, for a long term solution, Marathe should suggest Kale to visit a family counselor. Action 1 comes before action 5 as professional reasons should be given priority and if it makes business sense for the company to allow him to work alone, then that action should be taken purely from a business standpoint. The personal suggestion is a way to counsel Kale in the long run.

Hence, 2,1,5 is the correct sequence of action.

3. (d)

Option a is an extreme step. Hence, it is invalid

Option b: Contacting a known person in the college to find out the truth might not be a right step, because that person may or may not give the true picture about the ongoing issue.

Option c is invalid, as it suggests to not do anything and to continue with the status quo despite knowing the truth. As a responsible HR manager of a much coveted company, one cannot ignore any irregularities in the recruitment process.

Some students have inflated grades, but there may be some students who are well deserved for the placements. Hence, instead of taking any extreme step, as an alumnus you can verify the grades of the shortlisted students. In this regard, both options d and e are similar, but the difference is getting verified grades from college or SPC. Since, SPC might also be included in this irregularity, getting verified grades of the students from the college is a more valid step as colleges have better control on verifying grades. Moreover, you want the bio-data of all the students again and not just the shortlisted students.

4. (e)

Options a, c and d states that only one of the two employees must resign. This decision is biased as there is no clear explanation on why only one person should resign and other continues. Option b is also invalid as it states that either of them should resign.

Option e provides an unbiased option wherein one resigns from each committee. Hence, it is a valid step.

5. (b)

From the passage, "According to the test results, Ms. Benita might have got it". Before giving any advice, Dr. Puneet should conduct another test to confirm the diagnosis. Hence, option b is the correct answer

6. (b)

Option a: By forcing Racket club to accept all modifications related to drug testing, Ranjan does not create a good image of himself as a politician neither will it create a long lasting positive impact as players might leave the club. Hence option 1 is not ideal.

Option b: If Ranjan provides enough security protection to the players before enforcing drug testing, then players will be satisfied as the players had cited security as the major reason for opposing the drug testing. Hence, there can be long lasting positive impact on the game and it will also help Ranjan to create a good image of himself as a politician

Option c: Aligning with Counter Racket Club will not help Ranjan to create a good image because it will create discord.

Option d: It is not clear how popularising soccer in country through endorsements by the popular players of racket will help Ranjan to create a good image of himself as a politician. And this step is biased as Ranjan is a soccer player and hence trying to promote the game.

Option e is an extreme step and it does not definitely help Ranjan to create a good image as Racket is a popular game in the country. Hence, this option is also incorrect.

7. (c)

If the actions of the mid-level management are not in line with the objectives laid down by the top management, then the reason might be top management have failed to communicate effectively about the objectives of the organization or may be because of some internal issue between top management and middle management. Both these reasons are not a concern of the government. These are issues that are in control of the top management. Hence, this cannot be used to strengthen the case against the government.

Statement 4 seems like an opinion but given that it is true, it is a valid point against the government.

As the targets have already been revised, this reason cannot be used to strengthen the case against the government. If this was a reason, then this issue should have been raised when the government was revising targets and the MoU was signed. Hence, statement 5 cannot be used.

Statement 1 and 3 are effects of external factors, which are beyond the organization's control. Hence, these two statements along with 4 can be used to strengthen the case against the government

8. (e)

The situation currently is different compared to the previous situation when both the companies were discussing a merger as many obstacles which were present last time are not present this time around. And the current CEO of LMN company is not Mr. Das, who had behaved unethically previous time. Hence, statement 1 is not an appropriate response to the offer made by LMN company.

Statement 2 does not consider the interests of the shareholders, as it is clearly stated that this deal makes less business sense this time around. Hence, this is also not a valid response

Statement 3: Since both the companies will be incurring costs during this process, it is not appropriate to expect other company reimburse the costs incurred if the deal does not happen. And the issue of legal expenses is a trivial one in the whole matter.

Statement 4 is in the interest of the shareholders as well as the remaining stakeholders. Hence, this response would be an appropriate response from the CEO of the company

Statement 5 shows the CEO's astute business sense and one which is in the interest of the company. Hence, this is also an appropriate response for the offer made by the LMN company.

9. (c)

Option a: If Saundarya Cosmetics sells the same products at lower prices to middle and poor classes, then it would be unfair on its existing customers with the differential pricing for the same products. Moreover, business interests of the company might not be maintained with the possibility of losing its premium status for the same product among the rich segment.

Option b: If the company tries to sell its products under different brand names- this will not matter much as the poor will not be able to buy these products. This statement does not solve the primary issue which is the affordability for the middle and poor segments.

Option c: selling similar products of different quality standards with different brand names, to middle classes and poor classes is the best option as it opens up a new market for the company to increase the sales and also can continue to cater to the rich segment without affecting profits and brand name.

Option d: Sales growth was stagnating in the rich segment, hence continuing to target rich only and hoping that today's middle class would be tomorrow's rich class does not make business sense.

Option e: Since its products are very famous among the customers, the company might be having significant market share in the rich segment. Forgetting rich class all of a sudden is not a good strategy and does not make business sense.

10. (a)

Statement 5 is an extreme step and this option can be eliminated easily.

Reducing the number of female employees or hiring only male employees henceforth is not the best option because it will reduce the female ratio in the company which is against the reason Seema started her own business. Hence statements 2 and 4 can be eliminated.

As a responsible owner of the business, she cannot let any issue to continue without taking any corrective measure. Hence, statement 3 is also not appropriate

Statement 1 is the best option as it tries to solve the issue faced by female employees and also male-female ratio remains intact which was the premise with which Seema started the venture.

11. (e)

Option a is an extreme step and can be eliminated easily.

Option b: The question does not suggest that Mayank is good at finance or production. Nor can one make the assumption that a person who is not good at communication is a good fit for finance and productions jobs. Hence option 2 is eliminated

Option c: Asking him to improve his communication skills and then to come back is not the best option, because he may or may not return later, in which case company will lose a hard-working employee.

Option d: A HR manager should largely focus on the strengths and not the areas in which one is weak at. Skills can always be improved through relevant training and hence rejecting a hard-working candidate on the basis of poor communication skills is not the best option.

Option e: Recruiting a candidate based on the skills he is good at and then providing training in other weak areas is the best option, because both Mayank and company will be benefited with this decision as Mayank will be given an opportunity for overall development and company can make use of his skills.

12. (b)

Option a: Suggesting customers to wait without giving any valid reasons for the delay will aggravate the problem. Hence, statement 1 is invalid

Option b: Suggesting customers to consider purchasing any of the other PAC's models available in showrooms, with a substantial discount along with gifts is the best option, as this option will help in pacifying customers. This would keep the customers happy while buying PAC cars only and could also mean more business for the company in the future.

Options c,d and e are not related to the given problem statement as it focuses on the activities and interests of the PAC management than the concerns of or benefits to the customers.

13. (b)

Option a: Introducing a separate music and dance competitions in same format as the elocution competition will only aggravate the existing problem of lower interest by splitting it.

Statement b is the best option, as it tries to solve the issue fairly. The teachers will feel that they are treated fairly with the additional compensation.

Option c: Appointing a committee of teachers, where majority of them are staunch supporters of the current practices is not the best option, as the suggestions of the committee will be biased.

Option d: Involving teachers, parents and management representatives to come up with possible suggestions within a deadline is impractical as it increases burden on all of them.

Statement e is an extreme step. Hence it can be eliminated easily.

14. (e)

Statements a and b does not make sense because it focuses on the ensuring someone does not gain or one does not attract criticism despite the decision being good for the company. Hence this option is not ideal as it does not focus on the company's benefits but on individuals. It is very unlikely that any responsible management would think in that manner

Statement c is irrelevant and it cannot be a justified reason for the management's refusal as there is no information to suggest that the previous experience will be irrelevant here. It is questioning the competence of the GM which is not correct.

Statement d: GM's joining date cannot be the sole reason for refusing the suggestion. Here too the competence of the GM in implementing the plan is questioned and is not correct.

Statement e: is the best reason as the suggested change will impact the salary structure of the employees, management would need some time to take decision before implementing this change.

15. (e)

As the cause of the problem had largely to do with Mr. Thakur's inability to meet with night supervisors, statement 2 would have been the best possible solution to the problem and this also would have been consistent with his idea of dealing with employees directly. Hence action 2 is the most preferred. Action 3 would have been the next best option as one of the reasons of the Ram Lal's feeling being aggravated was his repeated failure in being able to secure an appointment with Mr. Thakur.

Action 1 would be the next most effective although this is inconsistent Mr. Thakur's approach of dealing with employees directly. This option is more effective than Action 4 as action 4 would continue to aggravate the feelings



of the night shift supervisors as they would be sidelined from the discussions and benefits that were granted to the day supervisors.

16. (b)

While answering questions, keep in mind both the principle values of the subject as well as the objective they are trying to meet. The correct answer should not violate the principles of the person/subject.

Option a: is not the best alternative, as it penalizes everyone including those who may not be polluting the environment

Option b: states both reward and charges for afforestation efforts and polluting environment respectively. Hence, this is the best alternative.

Option c: leaves out non-profit businesses and it does not describe charges for polluting environment. The impact of the companies not making profit on the environment is not known. Hence this option is not correct.

Option d is against Bhola's principles, hence it can be eliminated easily.

Option e: Implementing a Green Valley Reward might not motivate all the businesses to take up afforestation efforts. Hence, its impact is limited.

17. (d)

Option a: Shekhar is not sure about investing in the business venture, as he is confused about it. He needs help in resolving this confusion. Hence, investing in the franchise does not help in resolving this confusion

Options b & e suggests looking for other alternatives. Both these statements fail to resolve the existing issue.

Option c does not help to resolve confusion as it is impractical to find the drivers and potential of the business while working in Singapore

Option d suggests that Shekhar should do a further in-depth study to find the key drivers for revenue and potential of the business. By doing an in-depth study, Shekhar will be in a position to take the right decision as more concrete data will be available after the study. Hence, option d is the correct answer.

18. (e)

According to the passage, ethics means "an individual's code for society survival".

From second paragraph, "Naresh drew the boundary of his society to include himself, his family members, his employees and their family members"

Considering the above statements, Naresh is being totally ethical because for his society's survival, Naresh is paying a bribe.

19. (c)

Option a is an extreme statement. Without introduction of technology also, there can be other ways to detect cheating without monitoring.

Option b is impractical. It is not always possible to detect cheating, as there might be some cheating cases which are impossible to detect at all without monitoring

Option c is correct. If many students sitting next to each other have the same incorrect answers for multiple questions, then there is a possibility that these students might have cheated as it is very unlikely that out of six choices, these students have marked same incorrect answer.

Option d Since every question will have only one correct answer, students who get the correct answer will mark the same option. Hence, it cannot be inferred that students sitting next to each other have cheated if they have the same correct answers for multiple questions.

Option e does not make sense, as there is no reason why cheating can be detected for poor students but not for good and brilliant students.

20. (d)

Statements a and d are opinions without any data to support them. Hence, these statements cannot be used to question the management of the company.

Statement c states that other wind turbine makers have made all time high profits in both developed and developing countries. Hence, this option should be used first to question the management, as this year's financial performance is against the industry trend and is a strong counter-argument.

Statement b: The CEO of the company states that this year's losses are a result of adverse economic conditions. If this is the case, then sales volume of the company should have decreased because of adverse economic conditions. But sales volume have actually grown which is contrary to the explanation given by the CEO. Hence, this statement should be used second.

Statement e: The management should be questioned to explain the strategy for charging unprofitable prices to increase sales volume. Hence, this statement should be used third.