SUMMIT
STUDY GUIDES

SHRM-SCP

Practice Questions

Set 1

400 Questions

Strategic, senior-leader HR judgment at the SHRM-SCP level

Aligned to the 2026 SHRM BASK • Law and guidance current as of October 2026

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How to Use This Set

Answer each question on your own first, choosing the single BEST answer. The real exam allows 220 minutes for 134 questions, so aim for about 1.6 minutes per question. Then check your work against the separate answer key and read every explanation, including for the questions you got right, because the reasoning is what transfers to new questions on exam day.

SHRM-SCP Practice Set 1

400 questions • Answer key and explanations in the separate Answer Key file

Choose the single BEST answer for each question. The real exam gives 220 minutes for 134 questions, so pace yourself at roughly 1.6 minutes per question.

1. A new CEO repeatedly describes an energizing picture of what the company can become, expresses confidence that employees can achieve it, and links daily work to that future. Which component of transformational leadership does this illustrate?

A. Individualized consideration
B. Idealized influence
C. Inspirational motivation
D. Intellectual stimulation

2. The CEO of a publicly traded company wants to publish the results of its latest pay equity analysis, which found a small unexplained gap that is already being corrected. Legal counsel notes the analysis was conducted under attorney-client privilege. What should the CHRO recommend?

A. Decline to publish anything until the unexplained gap reaches zero across every employee group.
B. Publish a summary prepared with counsel that protects privilege and pairs findings with remediation.
C. Publish only the raw unadjusted gap, since that is the figure peer companies most often report publicly.
D. Publish the full privileged analysis so that stakeholders can review the methodology in detail.

3. An EEOC charge alleges that a company's promotion practices systematically disadvantage older workers, and the EEOC offers mediation. The CEO wants to decline and "win on the merits." What is the BEST advice from the CHRO, working with counsel?

A. Decline mediation so the EEOC investigation can produce a no-cause finding that clears the company publicly
B. Accept mediation right away and pause any review of the promotion practice until the mediation has concluded
C. Assess the practice's exposure under privilege first, then decide on mediation based on risk, not on vindication
D. Decline mediation, since taking part would be treated by the EEOC as a formal admission that the practice is unlawful

4. A CHRO proposes removing degree requirements from 200 operations and IT support roles. Several executives worry that quality will decline. What is the BEST way for the CHRO to build the case?

- **A.** Pilot skills-based hiring in some roles and compare performance and retention with current hires.
- **B.** Cite research and peer companies that have dropped degree requirements to show it is a market trend.
- **C.** Drop the requirement across all 200 roles at once so results reach statistical significance quickly.
- **D.** Keep degree requirements but add skills assessments, so executives see no change in candidate quality.

5. A U.S.-based multinational sets its annual labor budget in U.S. dollars. Midway through the year, the currencies of the countries where 40% of its employees work strengthen by 10% against the dollar, and local salaries are unchanged. What is the effect on the labor budget?

- **A.** The dollar cost of that payroll rises even though local pay has not changed.
- **B.** The dollar cost of that local payroll falls, since the local currency now buys more.
- **C.** Those employees' pay falls in real terms because of the shift in exchange rates.
- **D.** The labor budget is unaffected, since salaries are fixed in each local currency.

6. An organization moved to an HR business partner model, but two years later its HRBPs still spend most of their time on routine employee questions and transactions. What is the MOST likely cause?

- **A.** The centers of expertise were given too much authority over program design.
- **B.** Shared services and self-service tools are too weak to absorb routine requests.
- **C.** The HRBPs report to business-unit leaders rather than directly to the CHRO or a central HR leader.
- **D.** The HRBPs were hired from outside rather than promoted from within HR.

7. A company wants its next contract to change promotion language from strict seniority to a qualifications-first standard in which seniority decides only between equally qualified candidates. Which consideration should guide the senior leader's design of the new language?

- **A.** Once the clause is agreed, management's judgment of qualifications cannot be grieved, so detailed criteria in the contract are unnecessary.
- **B.** A qualifications-first standard should rely mainly on supervisor ratings, since seniority data already protects employees from bias.
- **C.** Federal labor law requires seniority to remain the controlling factor in unionized promotions, so the change needs NLRB approval first.
- **D.** Qualifications need objective, job-related measures, because arbitrators review whether they were applied fairly and consistently.

8. After a voluntary inclusion training program, participants' engagement scores were 8 points higher than those of non-participants. A senior leader claims the training caused the increase. What is the main flaw in this conclusion?

A. Engagement surveys cannot measure inclusion, so the results are unrelated to training.

B. An 8-point difference is too small to carry any practical meaning for the business.

C. The comparison should use turnover instead, since engagement can't be measured reliably by any survey.

D. Already engaged employees may have opted into the training, so the link may not be causal.

9. An ethics committee wants one metric that best shows whether the investigation function is deterring misconduct, not just processing cases. Which metric should the CHRO recommend?

A. Total number of investigations opened each year, broken out by business unit and type

B. Repeat-offender rate among employees with substantiated findings, tracked over time

C. Substantiation rate, meaning the share of closed cases in which allegations were upheld

D. Average cycle time from intake to case closure, compared against the target timeline

10. A company must decide which management flexibilities to protect in its first agreement with a newly certified union. Which priority should guide the decision?

A. Leave management rights out of the contract, since all unlisted rights stay with management by law under the NLRA.

B. Secure strong management-rights and no-strike clauses, since without them many changes need bargaining.

C. Focus only on wage terms first, since operating rules can be added after the contract is signed.

D. Accept a short contract with few terms, since a broad agreement limits flexibility more than none.

11. A company wants to help employees who lose their homes in hurricanes through an employer-sponsored charitable disaster relief fund. Which practice helps the fund keep its charitable status?

A. Grants based on need, decided by an independent committee using objective criteria

B. Grants reserved for employees nominated by their managers based on job performance

C. Equal grants to all employees in the disaster area, set by senior leaders each year

D. Grants that are processed through payroll as a taxable bonus to affected employees

12. The COO is the sponsor of a plant-network consolidation. He asks HR to deliver all announcements about the change because 'HR is better at communicating.' What is the BEST response from the CHRO?

A. Agree, but have each plant manager deliver all of the announcements to the employees at their own site

B. Suggest that HR and corporate communications issue written updates instead of live briefings

C. Cite research that employees want the business case from senior leaders, and offer to prepare the COO

D. Agree, since HR has strong communication skills and can keep messages consistent across sites

13. Consultants recommend removing one management layer across a 12,000-employee company to match peer span-of-control benchmarks. After the company's last delayering, quality incidents rose in its regulated manufacturing units. What is the BEST response from the CHRO?

A. Remove the layer companywide as proposed, since peer benchmarks reflect best practice

B. Remove the layer companywide and add quality inspectors to the manufacturing units

C. Reject the proposal, since the last delayering showed that it does not work for the company

D. Assess span needs by type of work and risk before applying any layer cuts to each unit

14. A company assumes many candidates will use AI assistance on take-home tests and written exercises. Which assessment approach is MOST likely to keep its validity in this environment?

A. Resume screening alone, since the skills listed on a resume are still a reliable signal of capability

B. Structured, proctored or live work samples that mirror the job, including AI use where it is allowed

C. Longer unproctored take-home tests, since more questions make it harder for candidates to rely on AI tools

D. Personality questionnaires completed online, since AI tools cannot help candidates answer them at all

15. A company's social audits of overseas factories keep finding few problems, yet NGOs report wage theft and harassment at the same sites. Workers are reluctant to speak during audits with managers nearby. What is the BEST step to improve detection?

A. Require factories to install cameras so that auditors can watch the floor remotely.

B. Have factory managers hold monthly town halls where workers can raise any of their concerns.

C. Add anonymous, independently run worker channels in local languages, tied to follow-up.

D. Increase the number of announced audits so that each factory is visited every quarter.

16. After a manager makes an offensive remark about a religious group during an all-hands meeting, HR receives 45 complaints within two days. The remark was recorded. What is the MOST proportionate response?

A. Terminate the manager the same day and announce the termination to all attendees to show the company does not tolerate the conduct.

B. Consolidate the complaints into one investigation, act on the manager's conduct under policy, and acknowledge the issue to attendees.

C. Open 45 separate investigations, interviewing each complainant fully, so every complaint receives the same attention under the policy.

D. Wait for the complaints to stop, then handle the matter with the manager privately, so the issue does not get more attention.

17. A software company's CFO asks HR to track developer time so that some labor costs can be capitalized for an internal-use platform. Which statement about capitalizing these labor costs is accurate?

A. Costs of building the software once approved can qualify; this lowers earnings

B. All developer labor from initial concept onward can qualify; this lowers earnings

C. Only post-launch maintenance labor can qualify; this lifts near-term earnings

D. Building costs after approval can qualify; this lifts near-term earnings

18. During an internal harassment investigation, a witness told the investigator that her manager had also made sexual comments to her. A month later, the manager recommended her termination. Under Crawford v. Metropolitan Government of Nashville, how is the witness's statement treated?

A. It is unprotected, since only employees who start a complaint are covered, not witnesses answering an investigator's questions.

B. It is protected only after an EEOC charge is filed, when the investigation becomes a formal legal proceeding.

C. It is protected opposition, even though she was answering an investigator's questions rather than complaining herself.

D. It is unprotected, since the participation clause applies only to proceedings under Title VII, not internal reviews.

19. The board's risk committee asks the CHRO of a public company to report on AI-related employment risks at its next meeting. HR uses AI in screening, scheduling and performance analytics across four countries. What is the BEST reporting approach?

A. Provide a technical summary of each vendor's model design, training data sources and accuracy statistics.

B. Present an inventory of HR AI uses rated by risk, with controls, gaps, owners and plans to close gaps.

C. Describe the efficiency gains from each tool so the committee can weigh its benefits against cost.

D. Report that every tool passed vendor due diligence, and offer to share the contracts upon request.

20. A warehouse operator hires about 2,000 people a year. The COO wants one cognitive test as the sole screen because it is cheap and fast. The CHRO is concerned about adverse impact, candidate drop-off and missing job skills. What should the CHRO propose?

A. The single cognitive test the COO wants, with a commitment to review it in a few years

B. Unstructured interviews by site managers, which are fast and have no adverse impact

C. A long, multi-day assessment center for every applicant to measure all of the job's skills in detail

D. A short battery of valid, job-related steps tested for impact, cost and candidate experience

21. During due diligence on an acquisition target in another country, the HR team finds payroll records showing recurring cash payments to labor inspectors coded as "consulting fees." The deal is scheduled to sign in three weeks. What should the CHRO recommend?

A. Proceed with signing and stop the payments after closing, since the conduct occurred before the acquisition.

B. Ask the target's HR leader to recode the payments correctly before the deal documents are signed.

C. Escalate to the deal team and counsel to investigate and require remediation or protections before signing.

D. Exclude the target's HR function from the acquisition so the company does not inherit the conduct.

22. The vendor of an AI assessment used in hiring across 12 countries announces it will exit the market in six months. The assessment is built into the company's hiring workflow, and the vendor holds three years of candidate results. What should the CHRO prioritize?

A. Drop assessments from hiring entirely, since relying on interviews alone avoids any future vendor risk.

B. Enforce data return or deletion terms, retain required records, and select and validate a replacement in time.

C. Have the vendor transfer all candidate data straight to a new vendor, since such transfers need no legal review.

D. Keep using the tool until the final day, then begin selecting a replacement once the vendor has fully exited.

23. A company is moving its HRIS from a licensed on-premise system to a cloud subscription. Which statement BEST describes the main financial shift and a key strategic implication?

A. Spending moves from capital to operating expense, and the company keeps full control of custom code

B. Spending moves from operating to capital expense, and the company sets the upgrade schedule

C. Spending moves from capital to operating expense, and the vendor sets the upgrade schedule

D. Spending becomes a fixed capital asset, and upgrades are applied only when the company asks

24. A U.S.-based multinational is selecting a cloud HR platform that will store employee data from its operations in Germany and France on U.S. servers. What should the CHRO ensure as part of vendor due diligence?

A. That the data is first moved to the company's U.S. headquarters, since GDPR transfer rules apply only to outside vendors.

B. That employees in Germany and France sign consent forms, since consent is the preferred legal basis for routine HR data transfers.

C. That a valid GDPR transfer mechanism, such as Data Privacy Framework certification or standard contractual clauses, applies.

D. That the vendor holds a security certification, since strong security controls alone meet the GDPR's transfer rules.

25. Under the Mental Health Parity and Addiction Equity Act, as amended by the Consolidated Appropriations Act, 2021, what must group health plans do regarding nonquantitative treatment limitations (NQTLs)?

A. Perform and document comparative analyses of their NQTLs and provide them to regulators on request.

B. File their NQTL analyses with the Department of Labor each year as part of the Form 5500 report.

C. Eliminate all NQTLs on mental health and substance use disorder benefits by the next plan year.

D. Apply NQTLs only to mental health benefits after obtaining written approval from plan participants.

26. U.S. Customs and Border Protection has detained a company's shipments under the Uyghur Forced Labor Prevention Act (UFLPA). The goods contain cotton, and the company has limited records of its sources beyond its direct supplier. What should the executive team do FIRST?

A. Work with trade counsel to compile tracing records that show where the cotton came from.

B. Ask the direct supplier for a signed statement that the cotton did not come from Xinjiang.

C. Publicly announce that the company will exit all suppliers in Asia to show its good faith.

D. Wait for Customs to complete its own review, since the agency bears the burden of proof.

27. Before talks begin, a chief negotiator meets with the CEO and CFO to obtain a bargaining mandate. What should the mandate include?

A. Targets and limits that the negotiator shares with the union early so it knows exactly where agreement lies.

B. Written targets, resistance points and walk-away conditions, with a set process for revisiting them.

C. A total cost limit only, with no check-ins so that the negotiator can move quickly at the table.

D. Approval for the opening proposals only, with each later move cleared by the CEO as it arises.

28. A CHRO wants a measure of the total net value an employee contributes to the organization over his or her entire tenure, from hiring through exit, after the costs of recruiting, developing and paying that employee. What is this concept called?

A. Employee lifetime value

B. Revenue per employee

C. Human capital ROI

D. Total cost of workforce

29. The CEO of a 9,000-employee manufacturer wants the culture to become more customer-focused and collaborative and asks the CHRO which single lever will shift it fastest. Engagement data show employees take their cues from what gets people promoted. What should the CHRO recommend?

A. Redesign office space into open, team-based zones so that collaboration becomes part of the daily routine.

B. Change the criteria for hiring and promoting leaders so only those who model the target behaviors advance.

C. Require every employee to complete culture training on customer focus and collaboration within six months.

D. Launch a company-wide values campaign with new posters, town halls and recognition awards for collaboration.

30. Three years after launch, a company's internal mediation program handles fewer than 10 cases a year among 8,000 employees, while formal complaints and agency charges have risen. The CEO asks whether to end the program. What should the CHRO do FIRST?

A. End the program, since low use over three years shows that employees do not value mediation

B. Offer incentives, such as a paid day off, to employees who agree to resolve disputes through mediation

C. Gather confidential employee input on awareness, trust in neutrality, and fear of retaliation as barriers to use

D. Make mediation a required step before any internal complaint can be filed so the program reaches its intended level of use

31. An internal audit finds hiring managers in several divisions using unapproved AI tools to screen résumés, uploading applicant data to free websites. What is the CHRO's BEST enterprise response?

A. Stop the unapproved use, assess the data exposure, and offer a vetted tool with clear rules and manager training

B. Discipline every manager involved, to send a clear signal that unapproved tools will not be tolerated

C. Let divisions keep their tools if each one completes a self-assessment of the tools' risks and benefits every year

D. Ban all AI use in hiring permanently, since managers have shown they will not follow the existing rules

32. A pharmaceutical company's data shows that mid-career employees aged 35 to 45 with caregiving responsibilities leave at twice the company rate, at an estimated replacement cost of 1.5 times salary. The CHRO wants executive approval for expanded flexibility. What is the BEST way to build the case?

A. Quantify current attrition costs for this group and project savings from realistic retention gains.

B. Present employee survey comments showing how much caregivers want more flexibility in their schedules.

C. Cite competitor programs to show that the company is falling behind on market practice for flexibility.

D. Emphasize that providing flexibility is the right thing to do for employees and their families.

33. A U.S. multinational plans to close a distribution center at its German subsidiary, which has an elected works council, and to move the work to a site in Poland. The CEO wants to announce the decision to all employees at a global town hall next week. What should the CHRO advise?

A. Announce it only to German managers and let them brief the works council in person

B. Delay the announcement and inform and consult the works council before any final decision

C. Announce the decision as planned and begin consulting the works council right after

D. Proceed with the announcement but offer enhanced severance to reduce works council objections

34. Under New York City Local Law 144, which tool would MOST likely qualify as an automated employment decision tool (AEDT)?

A. A machine-learning tool that scores applicants, where recruiters advance only those above a set cutoff

B. A keyword search feature that recruiters use to find résumés mentioning a specific required license

C. A scheduling tool that books interviews automatically once a recruiter has selected the candidates

D. An applicant tracking system that stores résumés and lets recruiters sort candidates by application date

35. A CHRO wants the CEO to approve a contested restructuring of the sales incentive plan. She plans to win the CFO's and COO's support first and ask them to argue for it with her in front of the CEO. Which Yukl influence tactic is this, and what is its main risk?

A. Coalition tactic; the CEO may feel pressured and resist the proposal

B. Consultation; the CEO may feel left out of shaping the proposal itself

C. Legitimating tactic; the CEO may question the CHRO's authority

D. Exchange; the CEO may expect favors in return for later support

36. Which description BEST fits an ethics program at an integrated, values-driven stage of maturity?

A. Legal reviews high-risk transactions, and employees complete annual certifications of compliance.

B. Ethics is built into strategy, incentives and decisions, and leaders are judged on how results are achieved.

C. A compliance team owns ethics, and success is measured by training completion and code sign-offs.

D. Policies are written after incidents occur, and enforcement focuses mainly on catching and punishing individual violations.

37. A company's fraud prevention strategy relies mainly on segregation of duties and approval limits. Using the fraud triangle, which element does an ethics culture program target that these controls do not?

A. Opportunity

B. Rationalization

C. Detection likelihood

D. Concealment ability

38. A compensation committee wants to address the agency problem between executives and shareholders. According to agency theory, which approach BEST aligns their interests?

A. Raising executive base salaries to market-leading levels so executives feel financially secure enough to take risks.

B. Guaranteeing generous severance so executives are not distracted by worries about job security.

C. Paying executives large annual cash bonuses based on how many strategic initiatives they launch.

D. Tying a significant part of executive pay to long-term shareholder value through equity and performance goals.

39. Recent graduates in a hybrid company are building skills more slowly than earlier cohorts did, according to manager ratings and promotion data. Which design response is BEST?

A. Add more self-paced e-learning modules to the new-graduate onboarding program

B. Extend the new-graduate probationary period so they have more time to build skills

C. Require new graduates to work in the office five days a week while others stay hybrid

D. Schedule in-office days around mentoring, shadowing and team problem-solving

40. A supplier failure forces a manufacturer to idle one plant for at least six months. The CHRO must decide quickly what to do with its 300 hourly workers, some of whom are covered by a union contract. Two other plants have openings, but they need different skills. What should the CHRO do FIRST?

A. Offer every worker a choice between a transfer and a severance package and let employees decide by Friday.

B. Map workers' skills and contract terms to open roles, then choose options with operations and the union.

C. Lay off all 300 workers with recall rights so the company avoids carrying idle labor costs for six months.

D. Transfer the 300 workers to the other plants at once and provide training after they have settled in.

41. A company hires an external chief operating officer who will lead 6,000 employees and a leadership team that includes two internal candidates who were passed over. The CEO asks the CHRO to make the COO effective quickly. What is the BEST approach?

A. Enroll the COO in the standard new-hire orientation so the onboarding experience matches that of all other employees.

B. Give the COO full autonomy for the first 90 days so the executive can form independent views without HR involvement.

C. Run a formal 360-degree evaluation at 30 days to give the CEO early evidence about whether the hire was a good one.

D. Build a 90-day integration plan with stakeholder mapping, a team assimilation session and early feedback points.

42. A CHRO is replacing a blanket ban on hiring anyone with a conviction across 40 locations with a new framework. Which principle should guide the redesign?

A. Consider only convictions from the past seven years, since that limit sets the reach of criminal-history review for all roles.

B. Exclude any applicant with a felony conviction, since felony-only bans are treated as job-related under Title VII case law.

C. Let each location set its own rules, since local hiring managers understand the risks of their own jobs best.

D. Weigh the offense's nature and severity, the time since it occurred, and its link to the job, and hear context.

43. A company's compliance hotline is overwhelmed: 90% of reports involve interpersonal workplace concerns rather than fraud or legal violations, and serious compliance reports wait in line. How should the CHRO redesign intake and routing?

A. Hire more hotline staff and keep the current process, since the volume shows the hotline is working well.

B. Remove interpersonal concerns from the hotline and tell employees to raise them only with their managers.

C. Keep one queue for all reports so every employee's concern is handled in the order in which it arrived.

D. Triage at intake, send compliance matters to ethics and legal, and route workplace concerns to ER.

44. After reading about a well-known competitor, the CEO tells the CHRO that the company must 'become' that competitor's culture. What is the BEST counsel?

A. Identify the traits this strategy needs, treating the competitor as one reference

B. Explain that culture cannot be changed deliberately and should be left alone

C. Hire several senior leaders from the competitor to transplant its culture quickly

D. Copy the competitor's published values and practices across the company

45. A CEO wants to announce a layoff of 300 employees on a single company-wide video call and cut off system access immediately afterward. Recent layoffs announced this way at other companies drew widespread criticism. What should the CHRO recommend instead?

A. Hold the video call but keep cameras off so that affected employees are not publicly embarrassed

B. Hold the video call but delay cutting system access until the end of the week

C. Notify affected employees in private conversations, then brief remaining staff right after

D. Send each affected employee an email with severance details before the video call

46. An executive team wants to stress-test a proposed acquisition strategy. The CHRO explains the difference between dialectical inquiry and devil's advocacy. What is the key difference?

A. Dialectical inquiry uses anonymous written rounds; devil's advocacy relies on open discussion by the team

B. Dialectical inquiry critiques one plan in depth; devil's advocacy builds a full competing alternative plan

C. Dialectical inquiry seeks a quick compromise between plans; devil's advocacy seeks consensus on the original plan

D. Dialectical inquiry builds a competing plan from opposite assumptions; devil's advocacy critiques one plan

47. A CHRO is setting the recruiting strategy and budget for cybersecurity analysts. Which combination of labor market signals MOST clearly shows that the market for this occupation is tight?

A. A low voluntary quits rate together with rising layoffs at other employers across the company's own industry.

B. A high national unemployment rate paired with flat wage growth across most major industries.

C. Rising application volume per posting and falling time to fill for the company's analyst roles.

D. Low unemployment in the occupation, rising wage growth for it, and a high rate of voluntary quits.

48. A software company is shifting from one-time license sales to a subscription model. The compensation committee asks the CHRO to recommend metrics for executives' long-term incentives. Which metrics are BEST aligned with the new strategy?

A. Headcount growth and the number of new product releases each year

B. Quarterly earnings per share and cost per unit of software delivered

C. Annual license unit sales volume and gross margin on each product sold

D. Recurring revenue growth, customer retention and relative TSR

49. Hundreds of employees sign a petition asking their company to issue a public statement on a contentious social issue. Some employees strongly oppose any statement, and the issue has no direct link to the company's products or operations. What should the CHRO recommend to the CEO?

A. Survey all employees and issue a statement only if a majority of respondents favor one

B. Issue a statement promptly, since the size of the petition shows clear employee consensus

C. Use a decision framework that weighs ties to mission, operations and stakeholders

D. Adopt a standing rule that the company will never comment on any social or political issue

50. A 30,000-employee hospital system expects thousands of religious exemption requests after announcing a vaccination requirement for clinical staff. The CHRO is designing the review process. What should the process include?

- **A.** Approval only for members of faiths whose leaders or official doctrine have publicly opposed the vaccine
- **B.** Automatic denial of every request, since patient safety is an undue hardship in health care
- **C.** Automatic approval of every request to avoid the cost of individualized religious reviews
- **D.** A central team that applies one standard while assessing each request and role on its own facts

51. A company wants to roll out a mandatory arbitration agreement to its current employees, not only new hires. What MOST determines whether the agreement will be enforceable against current staff?

- **A.** Registration of the agreement with the American Arbitration Association before rollout
- **B.** A handbook clause saying the company may change or cancel the agreement at any time
- **C.** Clear notice and assent, mutual obligations and consideration valid under state contract law
- **D.** Approval of the agreement by the NLRB regional office before it is rolled out to the current staff members

52. A company from a tight culture, known for strict procedures and standardized controls, acquires a fast-growing firm from a loose culture that prizes improvisation and autonomy. The CEO wants all of the acquirer's policies applied within 90 days. What should the CHRO recommend?

- **A.** Leave the acquired firm fully autonomous so that its innovative culture and key talent are preserved after the deal.
- **B.** Train the acquired firm's employees on the acquirer's policies so that they understand the reasons for the new rules.
- **C.** Apply all of the acquirer's policies within 90 days so that one clear culture is established from the very start of the deal.
- **D.** Tighten only where risk requires it, such as safety and compliance, allow flexibility elsewhere, and set norms jointly.

53. An HR director is serving as sponsor for a new scheduling and attendance model that will change how all 6,000 operations employees work. Operations managers are ignoring the rollout, saying they take direction from the VP of Operations. What should the CHRO do?

- **A.** Have the HR director issue a formal directive requiring managers to follow the new rollout
- **B.** Secure the VP of Operations as the primary sponsor, with the HR director supporting the change
- **C.** Refer noncompliant managers to their HR business partners for corrective coaching
- **D.** Add training for operations managers on the benefits of the new scheduling and attendance model

54. The CEO plans to retire in 18 months. Two internal candidates are finalists to succeed him, and each has board members actively advocating for them, which is splitting the board. What should the CHRO recommend to the board chair?

A. Let the retiring CEO make the choice, since he knows both candidates' performance better than the board.

B. Hold a board vote now to settle the question before the division between directors hardens any further.

C. Add an external candidate slate so the board can avoid having to choose between the two internal factions.

D. Have the board agree on criteria tied to future strategy, then use independent assessments against them.

55. Why do large enterprises typically tailor EVP messages for different talent segments while keeping one core employment promise?

A. Federal law requires employers to keep separate recruiting messages for each job category.

B. Tailoring lets each business unit create its own employer brand without central oversight or review.

C. A single EVP message is easier to manage than tailored messages, so it reaches all segments.

D. Segments value different things, but one core promise keeps the brand consistent and credible.

56. A union has begun organizing at a 600-employee plant. The CHRO is preparing supervisors to discuss the campaign with their teams. What should the training emphasize?

A. Avoiding any discussion of the union at all so that supervisors cannot be accused of interference

B. Telling employees that wage increases will follow if the organizing effort is defeated

C. Asking employees privately whether they support the union to gauge the campaign's strength

D. Sharing facts and opinions while avoiding threats, interrogation, promises and surveillance

57. A company's ERISA group health plan adopts a change that eliminates coverage for a category of services, a material reduction in covered services. Absent use of the 90-day alternative, by when must participants receive a summary of material modifications (SMM)?

A. Within 60 days after the date the change is adopted

B. Within 210 days after the end of the plan year of the change

C. Within 120 days after the date the change is adopted

D. Within 30 days after the date the change takes effect

58. The CHRO of a 6,000-employee company is planning a reduction in force that will eliminate jobs at 14 sites in eight states. Several sites will lose fewer than 50 employees each. How should she structure the legal review of notice obligations?

A. Test federal WARN site by site, with aggregation, then apply each state's own law

B. Give every employee 60 days' notice, which satisfies federal and all state notice laws

C. Review only the sites losing 50 or more employees, since smaller cuts cannot trigger notice

D. Apply federal WARN alone, since it preempts state notice laws for multistate employers

59. According to situational crisis communication theory, how should an organization adjust its response as stakeholders attribute greater responsibility to it for a crisis?

A. Keep the same response, since consistent messaging matters more than attributions.

B. Move toward more defensive strategies, such as denial and attacking the accuser.

C. Move toward more accommodative strategies, such as apology and compensation.

D. Delay any response until legal counsel confirms who is actually at fault.

60. A company extends assignment benefits to employees' same-sex spouses and partners. Several host countries do not legally recognize same-sex relationships and will not issue dependent visas to these partners. What is the BEST policy approach for the CHRO?

A. Follow each host country's legal definition of family so that the assignment policy matches local law in every location.

B. Offer the standard assignment package and leave all visa and legal issues for the employee to resolve on their own.

C. Stop sending employees with same-sex partners to those countries so that no family faces legal risk there.

D. Define family by company criteria, offer equivalent support where visas fail, and brief candidates candidly on risks.

61. During due diligence, before any deal is signed, a potential buyer asks for the complete personnel files of all 2,500 employees of the target company, including medical leave records and performance reviews. The target's CHRO is working with counsel. What is the BEST approach?

A. Share anonymized, aggregated workforce data in a controlled data room and defer identifiable details until closer to closing

B. Share the complete files but remove Social Security numbers, since those create the main risk of identity theft

C. Refuse to share any workforce information until the deal closes, since all employee data is confidential by nature

D. Share the complete files under a signed nondisclosure agreement, since the buyer needs full information to value the deal accurately

62. An L&D budget has been cut by 20%. Legally required safety and harassment training will consume 60% of the remaining funds, and leaders also want to keep a leadership program and a digital skills academy tied to the new strategy. What is the BEST approach for the CLO?

A. Reduce every program by the same percentage so that no single program bears the full weight of the budget cut.

B. Defer both strategic programs until next year and spend the remaining funds on required training.

C. Fund required training efficiently, then rank strategic programs by business impact with leaders' input.

D. Cut the required training to the minimum hours so that both strategic programs can be fully funded.

63. A host employer uses 200 temporary workers from a staffing agency on its production lines and supervises their daily work. Under OSHA's approach to temporary workers, how are key safety duties typically divided?

A. The agency records their injuries and provides all training, since it is the legal employer.

B. The host records their injuries on its OSHA log and provides site-specific hazard training.

C. The agency records their injuries, and the host provides only personal protective equipment.

D. The host records their injuries only if it later hires the temporary workers as employees.

64. A company with 60 similar distribution centers wants to measure the impact of a new scheduling program before a full rollout. Which design will give executives the MOST credible estimate of the program's effect?

A. Launch at all 60 sites at once and compare results with the year before the program

B. Randomly assign half the sites to start now, compare them with the rest, then roll out to all

C. Launch at the 30 best-performing sites and compare their results with last year's results

D. Let site managers choose to join, and compare outcomes of those who join with those who don't

65. An AI initiative promises to cut the time frontline managers spend on scheduling by 15%. Why should business-unit leaders, rather than HR, own the realized efficiency targets?

A. They control how freed time and budget are redeployed, so savings become real through them.

B. Business leaders carry the legal liability for AI tools used within their units under federal law.

C. HR's role ends once the AI tool is purchased, so later results fall outside HR's responsibilities.

D. HR cannot track efficiency data, since time savings are recorded only in business-unit systems.

66. An independent audit finds that the AI tool used in promotion decisions selected women at 70% of the rate for men. Several executives who championed the tool are defensive and question the audit. How should the CHRO present the findings?

A. Frame the results as a shared business and legal risk, explain the method, and propose concrete remedies.

B. Present only the summary conclusion to avoid embarrassing the senior executives who originally championed the tool.

C. Send the full audit to the executives in writing first and wait for their questions before meeting.

D. Ask the vendor to present the findings so that executives hear the problem from the tool's developer.

67. During a six-month reorganization, a CHRO advises executives to send weekly updates even when key decisions have not been made. Which theory BEST explains why this reduces employee anxiety?

A. Equity theory, because employees compare their outcomes with those of their peers

B. Uncertainty reduction theory, because information lowers the stress of not knowing

C. Expectancy theory, because employees weigh their effort against likely rewards

D. Social exchange theory, because employees repay leaders who give them valued benefits

68. Marketing wants to launch an employee advocacy program in which employees share company content on their personal social media accounts. What guardrails should the CHRO require?

A. Keep participation voluntary, require disclosure of employment in product posts, and avoid rules that chill protected speech.

B. Make participation part of performance goals for customer-facing employees, so the program reaches enough people to show a return.

C. Require participants to stop posting any non-approved content about the company on their accounts while they are in the program.

D. Pay employees a bonus per share and let them decide whether to mention their employment, since the posts appear on personal accounts.

69. A global company implementing a new HRIS wants to limit risk by learning from early sites before deploying everywhere, and it accepts that full deployment will take longer. Which implementation approach fits this goal?

A. Big-bang cutover at all sites on a single go-live date

B. Phased rollout in successive waves of sites or modules

C. Single global launch after all modules are fully built

D. Parallel operation of old and new systems at every site

70. Why does performance often decline for a period after a major change, such as a new ERP system, before rising above its previous level?

A. The previous performance level was overstated, and the new system reveals the actual results

B. People and processes need time to build proficiency, so output dips while new routines are learned

C. Employees deliberately slow down to signal resistance until leaders offer concessions on the change

D. Change projects shift budget away from operations, which reduces output until spending is restored

71. The CFO proposes a two-tier wage structure in which new hires are placed on a lower scale that never merges with the current scale. What should the CHRO recommend?

A. Reject any two-tier proposal, because two-tier structures violate federal equal pay requirements.

B. Adopt the permanent tier, because the savings grow each year as current employees on the higher scale leave the workforce.

C. Adopt the permanent tier for new hires but keep its existence confidential from current employees.

D. Model the savings against turnover, morale and solidarity risks, and consider a tier that merges over time.

72. The company's employment practices liability insurance (EPLI) policy is written on a claims-made basis with strict notice terms. How should this shape the complaint escalation protocol?

A. Notify the insurer only after internal investigation confirms that the claim has merit

B. Let each HR business partner decide whether a given claim is serious enough to report

C. Route demand letters, agency charges and suits to the insurance contact promptly

D. Settle small claims quickly and tell the insurer later so premiums do not increase

73. A fintech company plans to triple its headcount within 18 months, and the founders fear its core values will be diluted. Which practice is MOST effective in preserving the culture during hypergrowth?

A. Building core values into hiring criteria and interviews, and onboarding new leaders deliberately into the culture.

B. Letting each new team develop its own norms freely, since a culture that grows naturally is stronger than one managed.

C. Publishing the values on the website and in the employee handbook, and repeating them at every company meeting.

D. Slowing hiring until each new employee can be interviewed personally by one of the founders before joining the firm.

74. Six months after a global ERP launch, a CHRO finds that many business units have drifted back to spreadsheets. Using the ADKAR model, which action BEST addresses the stage the organization has failed to secure?

A. Repeat the launch communications that explained the business reasons for adopting the new ERP

B. Offer additional hands-on training on the system's core features to every user

C. Build adoption metrics, recognition and leader accountability for using the new system

D. Hold leader-led forums to build employees' personal desire to support the change

75. To cut labor costs, a CFO proposes reclassifying 300 hourly coordinators across several sites as exempt, effective next month, which would end their overtime pay. No one has reviewed their actual duties, and their pay would remain near current levels. What should the CHRO recommend?

A. Conduct a role-by-role duties and salary analysis with counsel before deciding which positions, if any, can be reclassified.

B. Reclassify all coordinators as proposed but raise their base pay slightly so the change is better received by employees at each site.

C. Reclassify the coordinators at one site first as a pilot and extend the change if no complaints are received.

D. Reclassify the coordinators as proposed and have each one sign an acknowledgment agreeing to exempt status.

76. Before a board meeting, the CEO asks the CHRO to leave out of the presentation a two-year decline in engagement among managers, saying it will 'distract the board.' The board's charter gives it oversight of human capital risk. What should the CHRO do?

A. Omit the trend this time and include it in next quarter's report once action plans are fully in place.

B. Show the data as the CEO asked but drop the manager-level detail and report only the company average.

C. Explain why the board needs the trend, and propose presenting it with context and an action plan.

D. Comply with the request, then share the full engagement data privately with the board chair afterward.

77. Before a group layoff, a CEO asks why counsel insists that the selection process be sound before the OWBPA disclosures go out with release agreements. Which risk explains counsel's concern?

A. The disclosure lists the ages of those selected and not selected, giving plaintiffs ready data for a statistical case.

B. The disclosure voids every release if any employee in the unit who is 40 or older files an age discrimination charge.

C. The disclosure lists each person's performance rating, which allows plaintiffs to compare ratings across age groups.

D. The disclosure must be filed with the EEOC, which then opens an investigation into any layoff that affects older workers.

78. A company has more than 60 scorecard initiatives competing for funding, many of them only loosely tied to strategic objectives. Which practice do Kaplan and Norton recommend for managing strategic initiatives?

A. Spread a fixed share of the capital budget evenly across all proposed initiatives to keep the process fair.

B. Fund the initiatives with the highest projected return, regardless of strategic theme.

C. Fund initiatives as portfolios grouped by strategic theme, separate from the operating budget.

D. Fund each initiative through the operating budget of the department that proposed it.

79. How does organizational learning differ from the sum of individual learning in an organization?

A. Organizational learning happens only through formal training programs, while individuals learn informally.

B. Organizational learning is the total number of training hours completed by all employees each year.

C. Organizational learning is limited to what senior executives know about strategy and the market.

D. Knowledge is captured in shared systems, processes and routines, so it remains when individuals leave.

80. An enterprise reports that generative AI saves knowledge workers an average of five hours per week. Leaders plan to raise individual output targets enough to capture all of the saved time. Which risk is MOST important for the CHRO to raise?

A. Average savings figures usually understate the gains, so the new targets should be set even higher.

B. Absorbing all saved time into higher targets can drive burnout and erode the quality and engagement gains.

C. Employees may use saved time for personal tasks, so monitoring software should be deployed before targets change.

D. Higher targets may create FLSA overtime liability for exempt employees who end up working over 40 hours.

81. Data show that one region denies religious accommodation requests at three times the enterprise rate, with similar request types and roles. The regional vice president says local operations are simply tighter. What should the CHRO do FIRST?

A. Review that region's denials to see whether undue hardship was assessed and documented correctly

B. Discipline the regional managers responsible for the denials to send a message across the company

C. Order the region to approve all pending requests until its denial rate matches the company average

D. Accept the vice president's explanation, since regions are allowed to set their own staffing levels

82. Over two years, inclusion survey scores for one employee group rose 10 points, while voluntary turnover in that same group increased from 12% to 18%. What is the CHRO's BEST interpretation?

A. Inclusion scores and turnover measure unrelated things, so the trends need no joint review.

B. The scores may mainly reflect those who stayed, so exit data and response rates need review.

C. Turnover is likely market-driven, so the rising inclusion scores confirm the strategy is working.

D. The survey is clearly invalid and should be dropped in favor of exit interviews alone.

83. A news report alleges that the facilities contractor working at company sites employs unauthorized workers. The CHRO and general counsel must decide how to respond. What is the BEST course?

A. Take no action, since the contractor alone is legally responsible for its own workers' status

B. End the contract at once and publicly to distance the company from the news report

C. Complete Forms I-9 for the contractor's workers to confirm each worker's status directly

D. Investigate with counsel, require contractor certifications and audits, and act on results

84. A cyberattack has disabled the payroll system two days before payday for 12,000 employees. The CEO asks the CHRO to lead the people response. What should the CHRO establish FIRST?

A. A message assuring employees that pay will arrive on time, issued before the recovery plan is confirmed

B. A full investigation into how the attack occurred so that the company can identify who was at fault

C. A crisis team with clear decision rights, a single communication channel, and a regular update schedule

D. Separate response teams in each business unit so that each can address its own employees' needs

85. A company is designing a global HRIS to be used in 30 countries. Which governance principle should guide decisions about local process variations?

A. A separate configuration for each country so that local teams can adapt as they choose

B. One global standard process, with exceptions only where local law requires them

C. Local processes kept wherever country HR leaders believe they work better for employees

D. A single global process in every country, applied without exceptions for local practice

86. A CHRO is presenting the CEO succession plan to the board for its annual review. Directors have limited time and must decide whether to approve development investments for two internal candidates. How should the CHRO structure the presentation?

A. Start with a review of the HR team's succession process and the tools used to run it

B. Start with the strategy-based CEO profile, then candidate readiness and the emergency plan

C. Start with external market data on CEO pay and then compare candidates' compensation

D. Start with each candidate's full career history and then present 360-degree feedback details

87. A technology company wants to be sure it can protect its source code and product roadmaps as trade secrets if an employee leaves for a competitor. Which set of HR practices BEST supports showing that the company took reasonable measures to keep the information secret?

A. Relying on the general duty of loyalty that every employee owes the company while employed

B. Marking every company document confidential regardless of its sensitivity, audience or actual business content

C. A trade secret policy posted in the employee handbook without any other supporting steps

D. Need-to-know access controls, signed confidentiality agreements, and exit reminders of obligations

88. A newly appointed executive says her first priority is meeting her employees' needs, removing obstacles and helping them grow. She believes that business results will follow and sees herself as a steward of her people rather than the source of their direction. Which leadership orientation does this BEST describe?

A. Servant leadership

B. Situational leadership

C. Transactional leadership

D. Transformational leadership

89. Under UK gender pay gap reporting rules, which employers in Great Britain must publish their mean and median gender pay gaps each year?

A. Employers with 50 or more employees

B. Employers with 500 or more employees

C. Employers with 250 or more employees

D. Employers with 100 or more employees

90. Two companies are merging, and each has its own women's, veterans' and LGBTQ+ ERG, with different structures and funding levels. Members on both sides are anxious about being absorbed. How should the CHRO approach ERG integration?

A. Have leaders from both sets of ERGs co-design a combined structure that keeps what members value

B. Dissolve all ERGs and relaunch new groups a year after closing once the integration is complete

C. Keep both sets of ERGs separate indefinitely so that neither group's members feel they lost anything

D. Fold the acquired company's ERGs into the acquirer's groups on day one to signal a single culture

91. A company has 500 employees with an average fully loaded cost of $90,000 each. For next year, leaders plan a 4% merit increase and 2% headcount growth. Assuming new hires come in at the new average cost, what is the projected total workforce cost?

A. $46,800,000

B. $47,700,000

C. $47,736,000

D. $45,900,000

92. In Prosci's ADKAR model of individual change, where does training fit MOST directly?

A. In building Knowledge and Ability, after Awareness of the need and Desire to change exist.

B. In providing Reinforcement, since training sessions after go-live sustain the change over time.

C. In building Desire, since well-designed training is what motivates people to support a change.

D. In creating Awareness, since training is the main way to explain why the change is necessary.

93. The CEO of a 12,000-employee logistics company asks the CHRO how HR should shape the company's three-year AI strategy. IT has drafted the strategy around tool purchases and cost targets, with little mention of people. What is the BEST contribution the CHRO can make?

A. Wait until the tools are selected, then build training programs for the employees who will use them.

B. Link the AI roadmap to future workforce needs by defining the skills, roles and work redesign it requires.

C. Ask IT to add an HR section listing which HR processes, such as payroll and recruiting, will be automated in each year of the plan.

D. Propose a hiring freeze in roles likely to be automated so the draft's cost targets are met sooner.

94. A CHRO is redesigning HR service delivery so that an AI assistant answers employee questions first, the HR service center handles cases the assistant cannot resolve, and HR business partners focus on strategic work. What design element is MOST important to this model?

A. Clear escalation rules that route sensitive or complex issues to people, with quality checks on AI answers

B. Requiring every employee question to go through the AI assistant, with no direct route to HR staff

C. Moving HR business partners into the service center to handle cases the AI assistant cannot resolve

D. Cutting service center staff right away in line with the assistant's projected rate of case deflection in year one

95. A regional airline is shifting its strategy from low-cost carrier to premium service. Its culture has long rewarded speed, cost control, and strict adherence to procedures, and frontline bonuses still track turnaround times and cost per seat. How should the CHRO frame this for the board?

A. As an operational matter for management that does not call for board oversight or regular reporting

B. As a strength to preserve, since the efficiency habits will keep the cost of premium service under control

C. As a strategic execution risk, with a plan and measures to realign behaviors, rewards, and leadership

D. As a training need that a customer-service program for frontline staff can fully address within the year

96. A CEO wants hundreds of employees, customers and partners to help shape the company's five-year strategy in a short time, rather than leaving it to a small planning group. A CHRO recommends a future search conference. What is the PRIMARY purpose of this kind of intervention?

A. To diagnose conflict between two departments through a structured meeting

B. To build individual leaders' skills through feedback and personal coaching

C. To engage the whole system at once in shared strategic direction setting

D. To give executives anonymous expert forecasts of future market conditions

97. The CEO asks whether the company should pay the difference between military pay and civilian salary for employees deployed for extended periods. Which statement is accurate?

A. It is voluntary under federal law, so the choice rests on cost, culture and talent goals.

B. It is required only when the deployed employee's military pay is under civilian pay.

C. It is barred for private employers, since it would duplicate federal military pay.

D. It is required under USERRA for any employee called to active duty for more than 30 days.

98. A CHRO argues that a decision to close a plant should weigh its effects on employees, the local community and suppliers, not only on the share price. Which perspective does this reflect?

A. The resource-based view, which holds that firms compete on unique internal capabilities

B. Shareholder primacy, which holds that firms should maximize owners' returns within the law

C. Agency theory, which holds that managers' interests must be aligned with the owners' financial interests

D. Stakeholder theory, which holds that firms owe obligations to all groups affected by their actions

99. A CFO proposes charging business units a per-transaction fee for HR shared services. What is the main strategic risk of this chargeback model?

A. HR will lose budget authority because finance will set the price of each service

B. Business units will demand more services because they now see HR as a vendor

C. Business units may bypass HR or underuse valuable services to avoid the charges

D. Transaction volumes will become harder to track once fees are attached to them

100. A call center with 60% annual agent turnover operates on thin margins, and the CFO resists spending on job enrichment such as broader tasks, more autonomy and skill-based career steps. What is the BEST case for the CHRO to make?

A. Argue that enrichment is the right thing to do for employees regardless of the cost

B. Accept high turnover as normal for call centers and focus on recruiting and onboarding replacement agents faster

C. Raise pay to market levels, since pay is the main reason call center agents quit

D. Quantify turnover costs, show how enrichment would lower them, and test it with a pilot

101. An airline has mostly fixed costs, including a large permanent workforce, aircraft leases and maintenance. Revenue drops 10% in a downturn. What does high operating leverage imply, and what workforce strategy question does it raise?

A. Profit falls more slowly than revenue, so workforce reductions are seldom needed

B. Profit becomes more stable, so the firm can safely add permanent headcount now

C. Profit moves in line with revenue, so the staffing mix has little effect on results

D. Profit falls faster than revenue, prompting a look at flexible staffing

102. A CHRO is building a people analytics platform that will feed promotion-readiness and flight-risk models. The vendor proposes loading all HR data, including accommodation files and leave-related medical notes, so the models are as 'complete' as possible. Which principle should guide the decision?

A. Medical data can be included as long as names are removed before the models produce any individual scores.

B. Medical data should be included so the models can adjust performance predictions for employees with accommodations.

C. Medical data can be included as long as the model's results are reviewed by HR before managers see them.

D. Medical and accommodation data belong in separate confidential files, not in models that drive job decisions.

103. Under agency theory, which executive compensation design feature MOST directly addresses the risk that executives pursue their own interests over those of shareholders?

A. Annual cash bonuses tied to each executive's own departmental budget performance

B. Equity awards that vest only on multiyear performance tied to shareholder value

C. Generous perquisites and deferred pensions that reward long tenure at the company

D. Above-market base salaries that reduce an executive's incentive to look elsewhere

104. A CHRO needs the support of a business unit president she has no authority over. She offers to give his team early access to a sought-after leadership program and to publicly credit his unit's results. In Cohen and Bradford's model of influence without authority, what is she doing?

A. Using legitimate power that comes from her executive title

B. Building a coalition of peer executives to pressure the president into agreeing

C. Applying the norm of consistency with his prior commitments

D. Exchanging currencies the other party values to build reciprocity

105. In Huselid, Becker and Beatty's workforce scorecard, which perspective assesses whether the workforce has actually accomplished the key strategic objectives of the business?

A. Workforce mindset and culture

B. Workforce competencies

C. Leadership and workforce behaviors

D. Workforce success

106. At a 2,500-person consulting firm, first-year analysts report being ridiculed in team meetings and pressured to work 90-hour weeks as a rite of passage. Partners say the intensity reflects client demands. What should the CHRO recommend to firm leadership?

A. Raise first-year pay and bonuses so that analysts are compensated fairly for the extra hours and pressure they absorb.

B. Set clear conduct and workload norms, hold engagement leaders accountable for them, and adjust staffing models for peak client work.

C. Accept long hours as part of the business model but require partners to complete respectful-workplace training each year.

D. Add a confidential hotline for analysts and wait for six months of complaint data to show whether the culture issue is widespread before acting.

107. A year ago, a company moved from regional business units to a global functional structure. Decision cycle times have doubled, two major clients have complained about responsiveness, and an independent review traces the problems to the design itself rather than to execution. The CEO hesitates to reverse course because of the investment already made. What should the CHRO recommend?

A. Hold the structure for another year, since most reorganizations take two to three years to show results

B. Treat past investment as a sunk cost and use the evidence to plan a careful redesign of the structure

C. Keep the structure and add more training so managers can adapt to their new decision rights

D. Return to the regional structure right away to show clients that the company is responsive

108. A manager terminates an employee after an AI performance tool flags the employee as a low performer, and the employee sues for discrimination. Who bears responsibility for the termination decision?

A. The employer, which made the decision regardless of the tool's input

B. The AI vendor alone, because its tool produced the recommendation that was used

C. No one, because the decision was generated by an automated system

D. The vendor and employer equally, under a presumption of shared liability

109. In a matrix organization, engineers report to a functional manager but spend most of their time on project teams led by other managers. What appraisal design is BEST?

A. The functional manager owns the rating, using structured project-manager input weighted by time allocation.

B. Each project manager gives a separate rating, and the engineer's final rating is the lowest of all ratings.

C. The engineers rate themselves, since no single manager can observe their performance across all projects.

D. The functional manager rates alone, since project managers have only temporary authority over engineers.

110. A company has far more employees seeking mentors than it has available senior mentors. How do mentoring circles help address this constraint?

A. Senior mentors are assigned only to top performers, which limits access to a select few

B. Each mentee works with several mentors in turn, which increases demand on senior leaders

C. Mentees mentor one another without any senior involvement, which removes the need for senior mentors

D. One or two mentors guide a small group, which extends mentor capacity and adds peer learning

111. A company has 300 employees with an average of 60 hours of unused, accrued PTO each, and their average hourly pay rate is $40. What is the company's accrued PTO liability?

A. $2,400

B. $72,000

C. $720,000

D. $7,200,000

112. Under EU law, which body negotiates the agreement that establishes a European Works Council with central management?

A. A labor directorate of the European Commission

B. A special negotiating body of employee representatives

C. The European Trade Union Confederation's executive

D. The works council in the parent company's home country

113. An investigation confirms that a regional manager submitted $40,000 in false expense claims over two years. Applying a five-whys analysis, the CHRO asks why the fraud went undetected. Approvers signed off on claims without receipts because of volume, and managers face heavy pressure to hit cost-of-sales targets. What should the root cause analysis conclude?

A. The approvers were negligent, so disciplining them will prevent the fraud from recurring

B. Expense policy training was inadequate, so all managers should repeat the annual compliance course

C. The manager lacked integrity, so stronger pre-hire background checks are the main remedy

D. Weak approval controls and incentive pressure enabled the fraud, beyond one person's choices

114. Recruiters at a professional services firm report that many resumes and cover letters now appear to be written by generative AI, and some candidates seem to read coached answers in video interviews. The CHRO is asked to set policy. What is the BEST direction?

A. Define acceptable AI use for candidates and shift weight to live, verified skill measures

B. Reject any application that AI-detection software flags as likely written mostly by generative AI tools

C. Require every candidate to sign a statement that no AI was used in the application

D. Ignore AI use, since resumes have always been edited by career coaches and friends

115. A company markets itself to candidates as purpose-driven and people-first, but its latest engagement survey shows low scores on trust in leadership and workload, and exit interviews cite a gap between the brand and daily experience. What should the CHRO recommend to the executive team?

A. Fix the gaps the data shows before amplifying brand claims

B. Rewrite the brand to drop purpose claims and focus on pay and benefits instead

C. Increase employer brand advertising to reinforce the purpose message with staff

D. Engage a different survey vendor to validate the unexpected engagement results

116. A board risk committee asks the CHRO of a specialty chemical company to report on key-person dependency. Several critical technical experts and two executives hold knowledge that no one else has. What is the BEST response from the CHRO?

A. Recommend key-person life insurance policies on each individual so that the company is protected if they leave.

B. Present succession coverage for critical roles, retention risk for key people and plans to close gaps.

C. Provide a confidential list of the key individuals and their roles so that committee members know who matters most.

D. Propose multiyear retention agreements for all executives and technical staff to lock in their continued service.

117. A board asks which employee benefit decisions could expose directors to ERISA fiduciary liability. Which statement is accurate?

A. Plan design is a settlor act, but running the plan and choosing investments are fiduciary acts.

B. Choosing investments is a settlor act, but processing claims and appeals is a fiduciary act.

C. Only people with fiduciary titles named in plan documents can face fiduciary liability.

D. Every benefit decision directors make is a fiduciary act, including plan design and termination.

118. The CEO of a fast-growing logistics firm asks the CHRO to recommend a ten-year labor relations philosophy before the company expands into several union-dense metro markets. Which criterion should drive the recommendation?

A. Choose a union-free posture, because it produces the lowest total labor cost in every market over the long run.

B. Choose the posture used by the largest competitor in each metro market, so the firm stays at parity.

C. Choose the posture the business model can sustain, then align pay, supervision and voice practices to it.

D. Let each new site's general manager choose a posture that fits local conditions and union density.

119. A software company's sales commission costs are running 30% over plan, even though total bookings are only 5% above target. Most of the excess comes from a few territories where reps have exceeded quota by 200% or more. What is the BEST response from the HR and finance leaders?

A. Review the plan design and quota-setting process, including accelerators, for the next plan year.

B. Reduce the number of sales reps in the overperforming territories to bring commission costs back in line.

C. Delay commission payments until the end of the fiscal year to smooth out the impact on quarterly cash flow.

D. Cap commissions immediately for the rest of the year and apply the cap to deals that have already closed.

120. Before contract talks, a company's chief negotiator spends weeks reconciling the CFO's demand for cost cuts with plant managers' push for raises to retain staff. Which Walton and McKersie subprocess does this describe?

A. Attitudinal structuring

B. Distributive bargaining tactics

C. Integrative bargaining

D. Intraorganizational bargaining

121. A board risk committee asks why race discrimination claims can carry more exposure than other Title VII claims. Which explanation should the CHRO give about 42 U.S.C. Section 1981?

A. Section 1981 race claims apply only to public employers, but add punitive damages to the remedies Title VII already allows.

B. Section 1981 race claims allow double back pay as liquidated damages and also let plaintiffs recover attorneys' fees from the employer.

C. Section 1981 race claims are heard only by juries in federal court, which prevents employers from seeking early dismissal.

D. Section 1981 has no damages cap, a longer filing period, no EEOC charge step, and covers employers of any size.

122. Rather than naming one or two backups for each senior job, a company identifies a group of high potentials and develops them for a broad level of executive roles, assigning specific jobs as openings arise. What is this approach called?

A. A replacement planning chart

B. A nine-box grid

C. A succession slate

D. An acceleration pool

123. A pay equity analysis at a 9,000-employee company finds a 3% unexplained gap between women and men, concentrated in two job families. The CHRO must recommend a remediation approach to the CEO and CFO. What is the BEST recommendation?

A. Give every woman in the company a 3% increase, since an across-the-board raise closes the gap quickly and in a highly visible way.

B. Postpone any adjustments until a second year of data confirms the gap, since one year's results may reflect random variation.

C. Fund individual adjustments for affected employees in those families, fix the pay-setting causes, and rerun the analysis yearly.

D. Close the gap through next year's merit cycle by giving women in the two families above-average merit increases instead.

124. A CEO posts personal political opinions on a public social media account that lists her title, and employees respond with internal complaints and a petition. The company has no guidance for executives' social media use. What should the CHRO do FIRST?

A. Ask the board chair to formally reprimand the CEO for the posts before the issue spreads further

B. Ask the communications team to issue a statement saying the CEO spoke only for herself

C. Draft a policy barring all employees from posting political content on social media

D. Meet privately with the CEO to discuss the impact and propose executive social media guidelines

125. A company sends its five lowest-scoring stores on customer satisfaction to an intensive coaching program, and their scores rise the following quarter. Even before reviewing the program design, why should the CHRO be cautious about crediting the program?

A. Customers at the stores were influenced by local factors that HR cannot measure

B. Units selected for extreme scores tend to move toward the average on later measures

C. The stores were too few in number to produce any reliable measurement of the change

D. Employees at the stores changed their behavior because they knew they were being studied

126. A company's risk committee is reviewing its cyber insurance renewal, and the insurer's questionnaire asks about sensitive personal data and related controls. The CHRO is asked how HR can contribute. What is the BEST contribution?

A. Inventory HR data held, document vendor and access controls, and test breach response

B. Leave the questionnaire to IT, since the security of HR data is a technology issue

C. Request the highest coverage limit so that HR data risks need no further action

D. Confirm that the HRIS vendor's own insurance policy will cover any breach of employee data

127. The board asks the CHRO whether the company is ready for a possible strike at its largest plant in 90 days. Which standard should the CHRO use to answer?

A. Readiness measured by whether the company has signed contracts with replacement staffing agencies to cover all unit jobs.

B. Readiness against a tested, cross-functional continuity plan covering staffing, customers, security, legal and messaging.

C. Readiness measured by the union's strike fund balance and the share of members who voted to authorize a strike.

D. Readiness measured by whether supervisors have been trained to run production lines without bargaining unit employees.

128. An audit reveals that migrant workers at a supplier each paid about $2,000 in recruitment fees to labor agents to get their jobs. The company's code bans worker-paid fees. What is the BEST response?

A. Ban the supplier from using labor agents and leave the past fees as a matter for the agents.

B. End the supplier relationship, since the fees show the factory cannot be trusted with orders going forward.

C. Ask the labor agents to reduce future fees to a level that is affordable for migrant workers.

D. Require the supplier to repay the fees on a verified timeline and adopt an employer-pays policy.

129. A board is planning CEO succession while the company shifts from a domestic manufacturing model to a global, digitally enabled services model. Why should succession decisions rest on a future-focused success profile?

A. The role's future demands differ from what the current CEO's job has required

B. Success profiles mainly help boards justify outside hires to shareholders

C. Past job requirements cannot legally be used as executive selection criteria

D. A future profile removes the need to review internal candidates' track records

130. Midway through the fiscal year, the CFO of a software company cuts the approved hiring plan by 40% to protect margins. Several product and customer-success teams had planned their roadmaps around the new hires. What is the BEST response from the CHRO?

A. Use contractors to fill the canceled positions quietly so that the roadmaps stay on schedule this year.

B. Model the capacity shortfall against key deliverables and brief executives on risks to reprioritize.

C. Ask managers to absorb the planned work with their current teams and revisit the plan next fiscal year.

D. Apply the 40% reduction evenly across every department so that the burden of the cut is shared fairly.

131. After a contract is signed, what is the PRIMARY purpose of a scorecard for an outsourced HR service vendor?

A. Calculate the monthly fees owed to the vendor under the pricing schedule

B. Track results against agreed service levels to guide governance and improvement

C. Compare competing bidders' proposals and pricing so the company can choose a vendor to contract

D. Replace the contract terms with simpler measures both parties can follow

132. A CEO asks the CHRO to redesign the company around agile organization principles. Which design characteristic is MOST consistent with an agile organization?

A. Functional silos coordinated through a detailed annual planning cycle

B. Additional management layers to supervise faster project delivery

C. Stable cross-functional teams that make decisions close to the customer

D. Centralized approval of key decisions by a steering committee to keep teams aligned with strategy

133. At one company, employees injured on the job are routinely terminated as soon as their workers' compensation benefits end. The CHRO is redesigning the process. What should the new process include?

A. Coordinate workers' comp with FMLA designation and the ADA interactive process

B. Designate the absence as FMLA leave only after comp benefits have been exhausted

C. Leave all return-to-work decisions to the insurer's case manager to avoid bias

D. Keep the practice but add a uniform 30-day grace period after comp benefits end

134. The works council at a Dutch site has formally given negative advice on a plan to outsource IT and threatened to take the matter to court. Senior leaders want to proceed immediately. What should the HR executive advise?

A. Suspend implementation and re-engage the council to address its objections.

B. Withdraw the outsourcing plan entirely to avoid any risk of a legal dispute.

C. Proceed now but give affected IT staff enhanced severance to reduce opposition.

D. Proceed now, since works council advice in the Netherlands is not legally binding.

135. An employee resource group posts an open letter on the company intranet criticizing a decision to close a facility in a largely minority community. Several executives want the group's sponsorship suspended. What is the CHRO's BEST strategy?

A. Issue a company-wide rebuttal of the letter so employees hear the full rationale behind the closing

B. Convene ERG leaders and the deciding executives to discuss the rationale and the group's concerns about impact

C. Ask the ERG to retract the letter and promise that leadership will review the closing decision at some point in the future

D. Suspend the ERG's sponsorship until its leaders agree to raise concerns only through private channels

136. A CFO argues that an Equal Pay Act claim is weak because no one meant to pay women less. Which principle should the CHRO explain?

A. The EPA requires proof of intent, so the claim fails unless a plaintiff shows managers meant to discriminate.

B. The EPA requires a filed EEOC charge, so the claim fails unless one was filed within 180 days.

C. The EPA requires a disparate impact analysis, so the claim fails unless the gap affects most women.

D. The EPA requires no proof of intent; the employer must prove that a lawful factor explains the gap.

137. A company that pays at the 40th percentile of market is acquiring a competitor that pays at the 65th percentile. Integration synergies depend on retaining the target's engineers, and the deal model assumes no major increase in combined labor cost for two years. The integration committee asks the CHRO to propose how to harmonize the two pay philosophies. What should the CHRO recommend?

A. Reduce target employees' base pay to the 40th-percentile position at closing so both workforces are paid alike

B. Adopt one target philosophy, protect target pay during a defined transition, and phase convergence by role criticality

C. Move all acquirer employees up to the target's 65th-percentile position on day one to signal one unified company

D. Keep both philosophies in place permanently and let each business unit manage its own market position fully independently

138. According to Prahalad and Hamel, which capability BEST qualifies as a core competence?

A. One that the firm performs more cheaply than its rivals in a single product line

B. One that adds customer value, opens several markets, and is hard to imitate

C. One that a single business unit owns and protects from use by other divisions

D. One that is common across the industry and needed by any firm in order to compete

139. A company has filed a registration statement for its initial public offering. Employees are excited, and several department heads plan to discuss expected share value and growth projections at upcoming team meetings. What should the CHRO do?

A. Allow the meetings, since communications to employees are internal and not covered by securities rules.

B. Have managers add a disclaimer that any projections are personal opinions, not company statements.

C. Cancel all team meetings until the offering closes so the IPO cannot come up in any discussion.

D. Work with legal counsel so all IPO-related messages use approved content and contain no projections.

140. Which evaluation design analyzes many repeated measurements taken before and after a program launch to determine whether the level or slope of the trend changed at the launch point?

A. Simple pre-post comparison design

B. Interrupted time series design

C. Cross-sectional correlational design

D. Regression discontinuity design

141. A technology company hiring remote IT staff has found cases where a different person sat the interview than the one who started the job, and one video interview appears to have used a deepfake. The CHRO must design a response. What is the BEST strategy?

A. Ask the background check vendor to run extra criminal checks on all remote IT candidates

B. Require all IT candidates to interview in person at company headquarters before receiving any offer

C. Have hiring managers watch for signs of deepfakes during video interviews they conduct

D. Verify identity at several points, from first interview through onboarding and system access

142. At a fast-growing tech company, most job content changes significantly every year. A consultant proposes building behaviorally anchored rating scales (BARS) for all engineering roles. What should the CHRO advise?

A. Replace appraisals with a simple ranking of engineers, since rankings require no job analysis or upkeep.

B. Build BARS for all engineering roles but update the anchors every few years, since observable behavior changes slowly in most jobs.

C. Build BARS for all roles, since their behavioral anchors make them the most legally defensible appraisal method.

D. Avoid job-specific BARS, since anchors would be outdated quickly; use broad competencies and goal-based measures.

143. A multinational hires in jurisdictions with different rules on telling candidates when AI is used in hiring. Why might it set one candidate-notice standard that meets the strictest jurisdiction where it hires?

A. A single global standard exempts the company from separate notice laws in the other jurisdictions.

B. A single high standard reduces compliance gaps and errors and gives all candidates the same transparency.

C. The strictest jurisdiction's law applies automatically to the company's hiring in every other country.

D. Meeting the strictest notice rule removes the need for bias audits in the jurisdictions that require them.

144. Under which conditions is a pilot MOST appropriate before rolling out a new HR operating model across the enterprise?

A. When the change is legally mandated and has a fixed compliance deadline

B. When the design is uncertain, learning is needed and early choices can be reversed

C. When the design is proven elsewhere and leaders want the fastest possible adoption

D. When units are tightly interdependent and must all change at the same moment

145. An operations executive argues that eliminating backup staff in several key roles has made the company more efficient. Why does lean staffing with no redundancy increase continuity risk?

A. Lean teams have higher turnover, which mainly raises recruiting costs rather than continuity risk.

B. A single absence or exit can halt a critical process, since no one else is able to do the work.

C. Lean staffing lowers fixed costs, which reduces the cash reserves available during a crisis.

D. Regulators require backups for every key role, so lean staffing creates compliance exposure.

146. Division leaders at a large company pay for accommodations out of their own operating budgets, and denials citing cost are concentrated in low-margin units. The CHRO proposes a central accommodation fund. What is the BEST legal rationale?

A. The ADA requires a central accommodation fund for employers with more than 500 employees in total.

B. A central fund qualifies the company for a federal tax credit that is available only to centralized accommodation programs.

C. Undue hardship is weighed against the employer's overall resources, so a unit budget should not drive denials.

D. A central fund lets the company cap spending per employee consistently across all of its units.

147. After a court enforced its class-action waiver, a company received 4,000 individual arbitration demands over the same overtime issue, triggering large filing fees owed by the employer. What is the BEST strategic response for the CHRO and general counsel?

A. Settle each claim individually at full value as it is filed so that no arbitration fees are ever incurred.

B. Assess the merits and exposure, seek a global resolution through mediation, and redesign the program for future disputes.

C. Ask the court to convert the demands back into a class action, since that was the original procedure in the dispute.

D. Decline to pay the filing fees so the arbitration provider closes the cases and the claimants must start over individually.

148. Employees at a 20,000-person company ask to form a Christian employee resource group. Employees of other faiths say they would also like groups, and some leaders worry about conflict. What model should the CHRO recommend?

A. Allow faith-based ERGs on the same terms as other ERGs, open to all, with an interfaith council to coordinate them.

B. Approve the requested group now and evaluate other faiths' requests one at a time as each is formally submitted.

C. Decline all faith-based groups because religion is a personal matter that belongs outside the workplace.

D. Allow only one interfaith group so that no single religion appears to receive the company's support or endorsement.

149. A manufacturer with 400 employees will close a plant with 180 workers in six months and needs most of them to stay until production ends. Which approach to stay bonuses is BEST?

A. Pay the full bonus when the closure is announced so that workers feel valued and commit to staying through the wind-down.

B. Pay bonuses at each worker's scheduled release date, sized by role criticality, and still give at least 60 days' WARN notice.

C. Offer the stay bonuses in place of WARN notice, since paying workers through the closure date satisfies the notice duty.

D. Pay every worker an identical flat bonus on the closure date so that the program cannot be challenged later as unequal treatment of workers.

150. A company is building a COSO-style enterprise risk management program. Where should the risk of strikes and other labor disputes fit in the risk register?

A. As an insurable risk transferred to the carrier and then removed

B. As an enterprise risk rated for likelihood and impact with an owner

C. As an HR issue handled only in the labor relations department plan

D. As a legal matter recorded only once an unfair labor practice charge is filed

151. A CHRO wants to find the moments that matter most in employees' experience before choosing where to invest. How would the critical incident technique BEST support this goal?

- **A.** Analyze HR case volumes by category to find where employees most often contact the HR team
- **B.** Benchmark employee experience practices against peer firms to find where the firm falls behind
- **C.** Gather specific stories of very positive or negative events to pinpoint the moments that shape experience
- **D.** Ask employees to rate their overall satisfaction with each stage of the employee lifecycle on a five-point scale

152. In first-contract bargaining, the union proposes a three-year agreement and management proposes five years for labor-cost predictability during a planned expansion. The CHRO is asked to evaluate the trade-off. Which consideration is MOST important to raise?

- **A.** A contract longer than three years is unlawful, so management's five-year proposal cannot be agreed to
- **B.** Contract length is a permissive subject of bargaining, so the union cannot lawfully insist on its three-year proposal
- **C.** Under NLRB contract-bar rules, a longer agreement blocks rival or decertification petitions for only three years
- **D.** A five-year contract blocks all rival and decertification petitions for its full five-year duration

153. The executive team is evaluating entry into a new country market within two years. The CEO invites the CHRO to the planning sessions. What is the CHRO's BEST strategic input?

- **A.** Assess local labor supply, employment law, pay norms and entity and employment options.
- **B.** Plan to apply home-country HR policies to ensure consistency across all locations.
- **C.** Wait until the entry decision is final before providing HR analysis to the team.
- **D.** Plan to send expatriates to fill all key roles for the operation's first several years.

154. A CHRO studies industry trends, customer expectations and investor priorities, then turns them into HR priorities that help the company compete. In Ulrich's HR competency research, which competency does this describe?

- **A.** Strategic positioner
- **B.** Credible activist
- **C.** Culture and change champion
- **D.** Capability builder

155. Following a public scandal involving a senior executive, a board asks the CHRO whether the company should keep using broad confidentiality clauses in harassment settlements. Investigators found that prior settlements had hidden a pattern of misconduct by the same executive. What should the CHRO recommend?

A. Narrow the clauses to respect complainants' choices, preserve agency reporting rights, and track repeat accused

B. Use stronger clauses that bar both parties from ever discussing the underlying facts with anyone

C. Stop settling harassment claims and take every claim to trial to show the company has nothing to hide

D. Keep the standard clauses, since they protect the company's reputation and help both parties settle claims quickly

156. A company rolled out generative AI tools to all knowledge workers 12 months ago, and most employees now use them weekly. Yet the CFO notes that measured output per employee has barely changed. Which explanation is MOST consistent with research on the productivity paradox?

A. Gains are measured accurately by output per employee, so flat output shows employees are misusing tools.

B. Gains appear right away when adoption is high, so flat output shows the tools themselves are flawed.

C. Gains never appear for knowledge workers, because AI tools mainly help with manual and physical work.

D. Gains often lag because workflows, roles and skills must be redesigned before tools change output.

157. A board wants better visibility into harassment risk. The current report lists only the number of EEOC charges filed each year. Which set of metrics would BEST add leading indicators?

A. Number of terminations for misconduct, total lawsuits filed, and average jury awards in comparable industry cases.

B. Survey trust in reporting, time to close investigations, and repeat-accused rates, beside charge counts.

C. Training completion rates, policy acknowledgments signed, and hotline posters displayed at each worksite location.

D. Number of settlements paid, total settlement costs, and legal fees, alongside the existing count of EEOC charges.

158. A utility expects many senior engineers to retire within five years. The CHRO proposes a knowledge risk assessment to decide where to focus retention efforts. Which two dimensions does this assessment typically combine?

A. How easily the knowledge can be documented and how costly a system would be

B. How critical the knowledge is and how soon it is likely to be lost

C. How many people hold the knowledge and how satisfied they are with their jobs

D. How much the knowledge holder is paid and how long that person has served

159. Many boards set executive pay targets at or above the median of their peer group. Over time, what effect does this widespread practice tend to produce?

- **A.** A compression effect, in which the pay of executives and the pay of nonexecutives gradually converge
- **B.** A lag effect, in which executive pay steadily falls behind market movement because data are out of date
- **C.** A halo effect, in which strong company performance causes directors to overrate executives' abilities
- **D.** A ratchet effect, in which each round of benchmarking pushes the market median for executive pay higher

160. A Chicago-headquartered company uses an AI tool that scores and ranks applicants for fully remote roles. The roles are associated with the company's New York City office. Which compliance strategy for NYC Local Law 144 is BEST?

- **A.** Treat the roles as covered only for applicants who live in New York City, and audit their results separately
- **B.** Treat the roles as covered: obtain an independent bias audit, publish its summary, and give candidates the required notice
- **C.** Treat the roles as exempt, since the company is headquartered outside New York City and the jobs are fully remote
- **D.** Treat the roles as covered but rely on the vendor's published fairness claims and marketing materials in place of an independent audit

161. The compensation committee notices that nearly all senior vice presidents received the top performance rating from their executive leaders, which pushed the executive bonus pool 30% above plan while company results were flat. What is the BEST action for the committee to take?

- **A.** Require calibration of executive ratings against results and fund the pool from company performance.
- **B.** Ask the CEO to rerate the senior vice presidents on a forced distribution so that only a few earn the top rating.
- **C.** Reduce every executive's bonus by 30% this year to bring the pool back in line with the original plan.
- **D.** Approve the bonus pool as proposed, since performance ratings are a management decision outside its role.

162. A unionized manufacturer has had a tense labor-management relationship, including a short strike three years ago. The new plant leadership wants to use appreciative inquiry to reset relations, and the contract expires in 14 months. What is the BEST approach for the CHRO?

- **A.** Run sessions directly with hourly employees so leaders hear workers' views without union filters
- **B.** Wait until the next contract is ratified, then present the inquiry's results to the union as a plan
- **C.** Invite union leaders to co-sponsor and co-design the process, keeping it separate from bargaining
- **D.** Use the sessions to collect proposals that management can bring into the upcoming negotiations

163. A company has identified 40 critical roles. Succession reviews show that 26 of them have at least one ready-now successor. What does this mean for the CHRO's report to the board?

A. Bench strength is 65%, and 26 critical roles have no ready-now successor.

B. Bench strength is 54%, and 14 critical roles have no ready-now successor.

C. Bench strength is 35%, and 26 critical roles have no ready-now successor.

D. Bench strength is 65%, and 14 critical roles have no ready-now successor.

164. The CEO asks the CHRO whether the company should pay for executive coaching for all 60 vice presidents, at about $30,000 each. Budgets are tight, and the CEO wants to maximize impact. What should the CHRO recommend?

A. Target coaching to VPs in critical transitions or with clear development needs, with goals and outcome measures.

B. Fund coaching for all 60 VPs so that every leader is treated fairly and no one feels left out of executive development.

C. Decline to fund any coaching and replace it with an online leadership course offered to all 60 VPs.

D. Fund coaching for the 10 VPs with the lowest performance ratings, since they need the most improvement.

165. A multinational brings a high-potential manager from its Brazilian subsidiary to work at its U.S. headquarters for two years. What is this employee called?

A. A third-country national

B. An expatriate

C. A flexpatriate

D. An inpatriate

166. A CHRO is proposing an integrated conflict management system to replace a company's single formal grievance procedure. Which feature MOST distinguishes an integrated system from a traditional complaint process?

A. Multiple access points with a choice of interest- and rights-based options

B. An appeal ladder that moves each complaint up the management chain

C. A single formal channel that routes every complaint through HR investigation

D. A binding arbitration step that applies to all employment disputes

167. A software company's overall voluntary turnover has held steady at 12% for three years, and the executive dashboard shows it in green. HR analysis now shows that exits among engineers rated in the top performance tier doubled last year, offset by lower turnover among low performers. How should the CHRO BEST present retention to the executive team?

A. Keep the aggregate rate as the headline metric, since it is stable and benchmarks well, and note the engineer exits in an appendix.

B. Report regrettable turnover of top performers and critical roles as its own metric, with cost and trend, beside the total.

C. Launch a retention bonus for all engineers before reporting, so that the problem is already being solved when executives see it.

D. Replace the turnover metric with an engagement index, since engagement predicts exits earlier and avoids alarming the executives.

168. A company is evaluating an AI tool that infers employee skills from job histories, project data and completed learning content to build a skills inventory. What is the MOST important limitation for the CHRO to recognize?

A. The tool cannot process data from more than one HR system at a time, so it fits only small firms.

B. The tool only works for technical skills and cannot identify any leadership or interpersonal skills.

C. Inferred skills are estimates that may be inaccurate or biased and need validation by people.

D. Inferred skills are legally treated as certifications, so the company must stand behind each one.

169. A CHRO learns that spending on contractors and staffing agency workers has grown to 25% of total labor cost. Business units hire them directly, with no central tracking, and some have worked for the company for years. What is the CHRO's BEST approach?

A. Gain central visibility of contingent spend and roles, review classification and co-employment risk, and set policy.

B. Convert all long-term contractors to employees right away, since anyone working for years is legally an employee anyway.

C. Cap contractor spending at 15% of labor cost in each unit, so the total falls back to a level leadership considers normal.

D. Leave contingent hiring with the business units, since managers know best which work calls for a contractor or temp.

170. A CFO questions a selection test for a high-volume role because its validity coefficient is only $r = 0.25$, which explains about 6% of the variance in job performance. Why can the test still produce large financial value?

A. Squaring the coefficient understates its impact, so the share of performance variance it explains is actually near 50%.

B. Any validity above zero guarantees a positive return on the test, regardless of its cost or the number of people hired.

C. Small per-hire performance gains, multiplied across thousands of hires and years of tenure, can far exceed the test's cost.

D. A coefficient of 0.25 means that about one in four of the people hired with the test will become top performers in the role.

171. According to the resource-based view of the firm, why are the most valuable people practices often difficult for competitors to benchmark or imitate?

A. Their value comes from fit with the firm's history, culture and other practices.

B. They are typically too new to have been captured in industry benchmark surveys.

C. They are usually protected by trade secret law and employee confidentiality agreements.

D. They depend mainly on paying wages well above the market for all key roles.

172. The CEO wants to publish a companywide ranking of managers by team turnover rate to create accountability. Some managers lead teams with naturally high turnover, such as seasonal operations. What is the BEST response?

A. Weigh the accountability benefit against risks and propose a context-adjusted approach

B. Publish the rankings as proposed, since transparency drives manager accountability

C. Publish the rankings but leave out the managers of the seasonal and other high-turnover operations

D. Refuse to publish any turnover data, since it could embarrass individual managers

173. A company negotiating a six-year agreement to support a major expansion wants long-term labor peace but worries about unpredictable inflation. What is the strategic purpose of including a wage reopener?

A. It allows pay to be renegotiated midterm while the rest of the deal stays

B. It sends any later dispute over pay to binding interest arbitration

C. It ties pay increases automatically to a published inflation index

D. It lets either side end the whole agreement early if pay falls behind inflation

174. An automation project costs $2 million upfront and will replace 25 roles that cost $70,000 each, fully loaded. Annual maintenance will be $300,000. Ignoring the time value of money, what is the approximate payback period?

A. About 1.6 years

B. About 0.7 years

C. About 1.4 years

D. About 1.1 years

175. A company closes its acquisition of a 2,000-employee competitor in six weeks. Some executives want all acquired employees moved onto the parent's HRIS and payroll before Day 1 to show that the companies are now one. The target's payroll runs smoothly on its own platform. What should the CHRO recommend?

A. Keep the acquired payroll running for Day 1, then phase the move onto the parent HRIS

B. Let the acquired company's leaders decide whether to adopt the parent's system at all

C. Convert all acquired employees to the parent HRIS before Day 1 to signal integration

D. Run both payroll systems side by side indefinitely so no one faces a system change

176. A company's six business units each handle performance improvement plans differently. Which policy design feature BEST limits legal risk across the enterprise?

A. Full discretion for each unit to design its own PIP process to fit local business needs

B. A rule that PIPs are used only for employees whom managers expect to terminate

C. A mandatory 90-day PIP that every employee must complete before any performance termination

D. Common PIP standards for documentation and goals, with HR review before issuance

177. Goal-management analytics at a 9,000-employee company show that only 40% of individual goals link to any of the five enterprise strategic priorities. Most goals were written by employees before leaders published priorities for the year. What enterprise-level intervention should the CHRO lead?

A. Change the cycle so priorities cascade before teams set goals

B. Require managers to rewrite every employee goal within the next 30 days

C. Publish department alignment rankings each quarter to motivate managers

D. Train all employees on writing SMART goals before the next goal cycle

178. During a strike at a parts plant, the company's three largest customers ask whether deliveries will continue, and two say they may add a second supplier. The contingency plan can meet about 70% of normal output. What is the BEST response?

A. Decline to comment on the strike until it is settled to avoid statements that the union could use against the company.

B. Assure the customers that deliveries will continue at normal levels so they do not move any business to a second supplier during the strike.

C. Give the customers accurate capacity information under the contingency plan and agree on how limited output will be allocated.

D. Tell the customers the strike will end within a few weeks because the union cannot afford to stay out much longer.

179. A highly successful head of engineering is promoted to general manager of a business unit with full profit-and-loss responsibility. According to Charan's leadership pipeline, what is the key shift in work values she must make?

A. From valuing operational efficiency to valuing the company's reputation with investors

B. From valuing functional excellence to valuing profit and long-term trade-offs across functions

C. From valuing a single business's results to valuing a portfolio of several businesses

D. From valuing personal technical output to valuing results achieved through the work of direct reports

180. A large employer manages FMLA, ADA accommodations, short-term disability and workers' compensation in four separate teams with separate vendors. What is the main strategic benefit of integrating these into one absence management program?

A. Coordinated case handling that closes compliance gaps and speeds return to work

B. The elimination of the interactive process because one vendor makes all accommodation decisions

C. The ability to require employees to use all paid leave before any protected leave is approved

D. A single benefit entitlement that replaces FMLA, disability and workers' comp with one leave bank

181. A manufacturer's workforce plan would move skilled mechanics between plants based on skills assessments. The collective bargaining agreement requires transfers to be offered by seniority. What is the BEST approach for the CHRO?

- **A.** Engage the union to bargain over the redeployment, seeking an agreed change such as a side letter
- **B.** Redeploy only nonunion employees so the plan stays outside the collective bargaining agreement
- **C.** Delay the redeployment until the current agreement expires and new terms can be fully negotiated at the table
- **D.** Implement the plan as designed, since workforce planning falls under management rights

182. A manufacturer plans to close a plant that is the largest employer in a small town. Local officials and community groups are mobilizing to oppose the closure, and the decision is final after a thorough review. What should the CHRO recommend as the stakeholder strategy?

- **A.** Offer to reconsider the closure if the community can secure tax incentives that offset the plant's losses
- **B.** Limit public statements until legal notices are issued so officials cannot use the information to build opposition
- **C.** Engage officials early and openly, offering retraining, job placement, and help attracting employers
- **D.** Route all community inquiries to the public relations team so plant leaders can stay focused on operations

183. A hospital with a chronic shortage of skilled IT staff partners with a new state-funded technology apprenticeship program to build its own talent pipeline. In a TOWS matrix, this is which type of strategy?

- **A.** WO strategy, using an opportunity to fix a weakness
- **B.** ST strategy, using strengths to counter a threat
- **C.** SO strategy, using strengths to seize an opportunity
- **D.** WT strategy, reducing weaknesses to avoid threats

184. A pay equity study finds that women engineers earn 6% less than men in the same roles, and differences in experience and performance explain only part of the gap. The CHRO must decide how to remediate. What is the BEST approach?

- **A.** Wait for the next annual merit cycle and direct larger increases to women engineers at that time.
- **B.** Raise every woman engineer's pay by 6% now, without further analysis, to close the average gap.
- **C.** Have counsel direct deeper analysis, raise pay where gaps are unexplained, and fix root causes.
- **D.** Share the full study with all engineers to show transparency before any remediation is decided.

185. A CHRO is considering replacing annual performance reviews with continuous, AI-generated performance insights drawn from work systems such as ticketing and sales tools. Managers like the idea of more frequent data, but employees worry about constant monitoring. What should the CHRO do?

A. Replace manager ratings with the AI scores, since automated data are more objective than human judgment.

B. Pilot AI insights as input to manager conversations, with transparency and human-made rating decisions.

C. Reject the AI insights entirely, since any use of work-system data for performance will harm trust.

D. Roll out AI insights companywide but keep the data hidden from employees to avoid disputes about it.

186. What does the leadership principle known as "disagree and commit" mean?

A. Those who disagree may carry out a decision loosely as long as they formally record their objections

B. Leaders should hold back their disagreement so the team can reach consensus more quickly

C. Once a decision is made after open debate, those who disagreed fully support carrying it out

D. Decisions are delayed until every leader agrees, so the team can commit to them fully

187. A company is deciding whether to offshore or nearshore its customer analytics team, which must work closely with sales and product teams at headquarters. Which HR factor MOST directly favors nearshoring?

A. Lower statutory benefit and payroll costs in the destination country

B. The largest available pool of entry-level university graduates

C. The lowest possible fully loaded labor cost per full-time equivalent employee

D. Overlapping work hours that allow real-time collaboration with home teams

188. The board chair asks the CHRO to support the board's first formal effectiveness review, which will include evaluations of individual directors. The CEO also sits on the board. What is the CHRO's MOST appropriate role?

A. Lead the review and give director ratings to the CEO, who can then address the weaker directors

B. Design and run the review jointly with the CEO so management's view of each director counts

C. Decline to take part, since the board's own governance falls outside the scope of HR's work

D. Provide process support and resources while the chair or governance committee owns the review

189. In environmental scanning, what are weak signals?

A. Competitor actions that have already reshaped the industry's structure

B. Internal performance metrics that fall slightly below their set targets

C. Data points that are statistically insignificant and should be removed

D. Early, ambiguous indicators of change that may grow into major trends

190. Anita Woolley and colleagues found evidence of a "collective intelligence" factor in groups. Which factors were linked to it?

A. The average intelligence of the members and the measured intelligence of the smartest member

B. The size of the group and the length of time its members have worked together

C. Group cohesion, member motivation, and members' satisfaction with the group's work

D. Members' average social sensitivity and evenly distributed turn-taking in conversation

191. An HR director is building a business case for an anti-bullying program. Last year, 12 employees identified as bullying targets each took 8 extra sick days, valued at $300 per day, and 4 targets resigned, with replacement cost estimated at $30,000 per resignation. Counting only these two cost items, what was the estimated annual cost?

A. $148,800

B. $122,400

C. $58,800

D. $120,000

192. Several employees at one location file an FLSA claim alleging unpaid pre-shift work. The same timekeeping practice is used at all 40 company locations. Why might the CHRO and general counsel prioritize early resolution and an enterprise-wide fix?

A. FLSA claims must be resolved within 90 days or the employer loses the right to defend them in court

B. A uniform practice can support a collective action that expands exposure to employees at every location

C. Early resolution allows the company to avoid back pay because the practice will be corrected going forward

D. Early settlement creates a precedent that bars other employees from bringing their own FLSA claims later

193. A retailer will close 40 of its 300 stores, and the closings will be announced publicly next week. Each closing store reports to one of 12 district managers. What is the BEST way for the CHRO to sequence the internal communication?

A. Send one email to every affected employee at the same moment, then have district managers follow up in person with each store

B. Brief and equip district managers first, then have them tell store teams in person just before the public announcement

C. Issue the public announcement first so the news is consistent, then hold store meetings over the following week

D. Tell district managers several weeks ahead so they have plenty of time to plan how to talk with their store teams

194. Employees complain that promotion decisions are made without consistent criteria and with no way for candidates to be heard. They are not disputing who was promoted, but how the decisions were reached. Which type of organizational justice is MOST directly at issue?

A. Procedural justice
B. Restorative justice
C. Interactional justice
D. Distributive justice

195. A CHRO asks the head of a newly formed global product group to unite engineers in three countries, a sales function that reports elsewhere and two outside partners around a shared goal. Which leadership concept BEST describes what this leader must practice?

A. Servant leadership, which puts the growth and well-being of team members ahead of the leader's own goals
B. Situational leadership, which adjusts directive and supportive behavior to each follower's readiness
C. Transactional leadership, which secures performance by exchanging clear rewards for meeting set goals
D. Boundary-spanning leadership, which builds direction and commitment across groups divided by borders

196. Before launching an enterprise transformation, a change readiness assessment shows that only 30% of employees trust senior leadership to act on what it says. The CEO wants to launch next month as planned. What should the CHRO recommend?

A. Launch as planned but double the communications budget so employees receive more frequent information about the change from leaders.
B. Address trust first by having leaders acknowledge concerns and deliver early visible commitments, then adjust the launch.
C. Launch as planned and make participation mandatory, since trust will rise once employees see the results.
D. Rerun the readiness survey with a different vendor, because the results may reflect flaws in the survey design.

197. After a CHRO standardizes HR processes on one global platform, three business unit presidents ask for their own versions of the performance review, promotion and onboarding processes, saying their businesses are unique. Earlier exceptions have already raised support costs. What approach should the CHRO take?

A. Approve each request, since keeping business unit presidents satisfied is vital to HR's influence
B. Let each business unit build and pay for its own process versions outside the global platform
C. Deny every request firmly, because any variation will undo the value of the global platform
D. Keep core processes standard and allow changes only where a business or legal need is shown

198. HR plans to use a generative AI tool to draft job descriptions and performance review comments across the company. What is the main bias risk?

A. The tool stores employee names, so its drafts automatically include demographic details about workers.

B. The tool can repeat stereotyped wording from its training data, such as describing leaders in gendered terms.

C. The tool will refuse to write performance comments, so managers will rely on informal feedback instead.

D. The tool cannot produce text in plain language, so its drafts are hard for employees with lower literacy to read.

199. Which set of elements BEST defines an enterprise governance framework for AI tools used in hiring?

A. An inventory of tools, adverse impact testing, human oversight of decisions and vendor accountability terms

B. Vendor certification of fairness, automated rejection rules, annual retraining and a candidate opt-out

C. An AI ethics statement, recruiter training on prompts, faster time-to-fill targets and an IT security review

D. A ban on all automated screening, manual résumé review, recruiter training and a candidate appeal process

200. A union reaches an agreement with one automaker and then presses the other automakers it represents to accept substantially the same terms. What is this practice called?

A. Pattern bargaining

B. Integrative bargaining

C. Distributive bargaining

D. Coalition bargaining

201. A company acquiring a startup needs its key engineers to stay through an 18-month integration and wants to avoid a wave of departures on a single date. What retention design BEST fits this goal?

A. Pay one lump sum at the end of 18 months with nothing earned before then, so all engineers stay until that date.

B. Pay the full retention bonus at closing so engineers feel welcomed and valued from the very first day of the acquisition.

C. Give every startup employee the same bonus amount so no one feels that the acquirer values some people more.

D. Stage payments at integration milestones and service dates, with later amounts large enough to keep people to the end.

202. The CFO asks the total rewards leader how much it will cost to move all salary ranges up 4% next year, assuming it means a 4% increase in payroll. What is the BEST explanation for the leader to give?

A. There is no cost at all, because pay ranges are reference points that never affect actual pay

B. The direct cost equals 4% of total payroll, because every salary moves with its range

C. The direct cost is only what is needed to bring employees below the new minimums up to them

D. The direct cost equals 4% of payroll for employees who are paid below their range midpoints

203. An executive committee is choosing between two programs. Program A costs $200,000 and produces $500,000 in monetized benefits. Program B costs $80,000 and produces $240,000 in benefits. Which program has the higher benefit-cost ratio (BCR)?

A. Program A, because its net benefit of $300,000 is larger than B's

B. Neither, because both programs produce the same BCR of 2.5

C. Program A, with a BCR of 2.5 compared with 2.0 for Program B

D. Program B, with a BCR of 3.0 compared with 2.5 for Program A

204. A CHRO wants to show the board that engagement drives business results rather than merely moving with them. Which analysis approach BEST tests this?

A. Test whether unit engagement scores predict those units' financial results in later periods

B. Compare the company's overall engagement score with a vendor's industry benchmark

C. Survey managers on whether they believe that engagement improved their results

D. Correlate this year's unit engagement scores with the same units' financial results for this year

205. An audit of a 5,000-employee company's social media policy finds rules banning employees from making negative comments about the company or its managers online. The CHRO wants to revise the policy without inviting real misconduct. What is the BEST approach?

A. Keep the current rules but add a disclaimer that the policy will not be enforced in a way that violates employees' legal rights.

B. Delete the social media policy entirely, since any restriction on employee posts is likely to be found unlawful by the NLRB.

C. Replace the ban with a rule requiring employees to get manager approval before posting anything that mentions the company.

D. Narrow the rules to unprotected conduct, such as threats, harassment and trade secret leaks, with examples and a Section 7 note.

206. The company's recruiting ads describe it as 'carbon neutral.' The sustainability team tells the CHRO that the claim rests almost entirely on low-cost offsets with doubtful quality. What should the CHRO do FIRST?

A. Pull the claim from recruiting ads and work with legal and sustainability on accurate wording.

B. Add a footnote saying the claim relies on offsets and keep running the current recruiting ad campaign.

C. Ask the sustainability team to buy more offsets so the volume fully supports the claim.

D. Keep the claim, since buying offsets equal to emissions meets the usual meaning of neutral.

207. A company is choosing between a highly accurate black-box model and a slightly less accurate interpretable model to rank internal candidates for promotion. Why is the interpretable model often preferred for this use?

A. Black-box models are banned by federal law for use in employment decisions.

B. Interpretable models always produce fairer outcomes than black-box models do.

C. Its decisions can be explained, checked for job relatedness and audited for bias.

D. Interpretable models are exempt from disparate impact analysis under federal law.

208. A company has spent years profiling employees as visual, auditory or kinesthetic learners and tailoring courses to those profiles. The new CLO reviews the research and finds no reliable evidence that matching instruction to learning styles improves results. What should the CLO do?

A. Phase out style matching, explain the evidence to stakeholders, and redirect funds to proven methods.

B. Stop the profiling right away and withdraw all tailored courses without discussion with stakeholders.

C. Run a new internal survey asking employees whether they believe style matching helps their learning.

D. Keep the profiling, since employees enjoy the assessments and the company has invested heavily in it.

209. A board's people committee wants one metric that gives the BEST early warning of future loss of critical organizational capability. Which metric should the CHRO propose?

A. Ready-now successor coverage for critical roles

B. Last year's enterprise voluntary turnover rate

C. Annual training hours completed per employee

D. Average time to fill across all open requisitions

210. In a global engagement survey, the response rate in Latin America is 25%, compared with 75% everywhere else. Results are due to the executive team in six weeks, and the survey window can still be extended. What should the CHRO do?

A. Extend the window there with targeted follow-up to raise response, then report the region's results with caveats.

B. Report the region's results alongside the others with no comment, since every employee had a chance to respond.

C. Weight Latin American responses to match regional headcount, since weighting fully corrects for nonresponse bias.

D. Exclude Latin America from the executive report, since a 25% response rate makes the region's data unusable.

211. Under the Brogden-Cronbach-Gleser utility model, which change would INCREASE the dollar gain from a selection procedure, holding other factors constant?

A. Using the procedure for a job where performance differences have little dollar value

B. Recruiting a larger applicant pool so that a smaller share of applicants is selected

C. Raising the cost of administering the procedure to each applicant in the pool

D. Shortening the expected tenure of the employees who are hired using the procedure

212. A CHRO uses the McKinsey 7-S model to plan the rollout of a new HCM system. What is the main insight the model offers in this situation?

A. Strategy and structure must be fixed before system selection, and the other elements are secondary.

B. The hard elements, such as systems, should change first, and the soft elements will adjust in time.

C. Shared values are the only element leaders must manage directly during a technology change.

D. A change in systems requires aligned changes in skills, structure, style and the other elements.

213. An investigation finds that a member of the company's board of directors harassed two employees at a company event. The CEO, who was recruited by this director, asks the CHRO to let him handle it quietly. What escalation path should the CHRO follow?

A. Let the CEO handle it as requested, since board members are not employees and fall outside the company's harassment policy.

B. Confront the director directly and ask him to resign, since HR found the conduct and should resolve it without delay.

C. Report the findings to the board chair or lead independent director, with the general counsel, for board action.

D. Report the findings to all shareholders in a public disclosure, since board misconduct is a matter of shareholder interest.

214. After a recruiting process redesign, a technology company's average time to fill dropped from 60 to 35 days, but first-year turnover of new hires rose sharply and hiring managers report weaker performance. The head of talent acquisition wants to celebrate the speed gains. How should the CHRO prioritize these measures?

A. Treat quality of hire as the primary measure and adjust the process to restore it, even if time to fill rises again.

B. Give the two measures equal weight on the scorecard and set a target to improve both by the same percentage next year.

C. Treat time to fill as the primary measure because faster hiring reduces vacancy costs and the loss of top candidates.

D. Replace both measures with cost per hire, since it captures the financial effect of speed and quality in one number.

215. A company covered by the federal WARN Act will close a facility, and the CHRO worries that keeping employees working through a 60-day notice period could lead to sabotage or low productivity. Which approach meets the notice obligation while addressing this concern?

A. Give no notice and pay each employee a lump sum equal to 60 days' base wages instead

B. Give 60 days' notice and keep employees on pay and benefits but relieve them of work

C. Give 30 days' written notice and pay an extra 30 days' wages at the time of separation

D. Give 60 days' notice but end health benefits for any employees who stop working early

216. A CHRO is modeling workforce needs over five years under three AI adoption scenarios: slow, moderate and rapid. The executive team wants a single headcount number to put in the strategic plan. What is the BEST way to use the scenarios?

A. Average the three scenarios into one headcount figure that the executive team can adopt for planning.

B. Choose the moderate scenario as the official plan, since the middle case is most likely to be correct.

C. Set no-regret moves that work in all three scenarios and define signals that would trigger each plan.

D. Plan for the rapid scenario only, so the company is prepared for the largest possible disruption.

217. One year after a major reorganization, the CEO asks the CHRO whether it worked. What is the BEST approach?

A. Measure results against the goals set for the reorganization, using baseline data and key metrics

B. Compare this year's engagement scores with last year's to judge the reorganization's impact

C. Survey the executive team on whether the new structure works better than the old one did

D. Benchmark the new structure against the organizational structures used by leading competitors in the industry

218. A sales division has posted record results while hotline reports from the division have risen, and exit interviews mention pressure to hit targets at any cost. What should the CHRO do?

A. Ask the division head to remind the team of the code of conduct at the next sales meeting.

B. Treat the signals as misconduct risk and start an independent review of practices and incentives.

C. Recognize the division's leaders publicly, since the results show the culture is working well.

D. Wait until a hotline case is formally substantiated before taking any action on the division's culture.

219. A CHRO introduces a decision-rights framework so that each key decision has one person with final authority, some people who must sign off, and others who are consulted. Which framework uses the roles recommend, agree, perform, input and decide?

A. SIPOC, which assigns these five roles to clarify the inputs for each business process

B. DACI, which assigns these five roles to clarify ownership for each product decision

C. RACI, which assigns these five roles to clarify responsibility for each project task

D. RAPID, which assigns these five roles to clarify accountability for each key decision

220. What is the primary purpose of publishing an internal AI transparency report for employees?

A. To meet a federal requirement that employers disclose all of their AI vendors to employees yearly

B. To promote the company's AI investments and encourage employees to adopt the new tools faster

C. To shift legal responsibility for AI outcomes to the employees who were given notice of its use

D. To show where AI is used in workplace decisions, what safeguards exist, and how to raise concerns

221. To compete for scarce talent, the CEO wants recruiting to post individual contributor roles as "Director" even though the roles carry no director-level scope. What is the CHRO's BEST response?

A. Explain the trust, equity, and retention risks, then offer accurate titles with stronger value messaging.

B. Use the inflated titles but add a note to the postings that job titles may change after the hire has been completed.

C. Approve the inflated titles in postings only, and correct them to the real titles at the offer stage.

D. Defer to the CEO, because job titles are a business decision for leadership rather than an ethics issue.

222. A CHRO is promoting the company's HSA as a long-term savings vehicle for employees nearing retirement. Which set of tax features supports that message?

A. Pre-tax contributions, tax-deferred growth and a required rollover of the balance into a Roth IRA at 65

B. After-tax contributions, tax-free investment growth and tax-free withdrawals for any purpose after age 59

C. Pre-tax contributions, tax-free investment growth and tax-free withdrawals for qualified medical expenses

D. Pre-tax contributions, tax-free investment growth and tax-free withdrawals for any purpose after age 65

223. An HR analytics leader is scoping the bias audit required under NYC Local Law 144 for an automated tool used to screen New York City candidates. Which impact ratios must the audit report?

A. By sex, race/ethnicity, age band and disability status, each reported alone

B. By sex, by race/ethnicity, and by intersections of sex with race/ethnicity

C. By sex and by race/ethnicity separately, with no intersectional categories

D. By every EEO-1 job category, plus veteran status and disability status

224. At a 12,000-employee company, front-line managers decide accommodation requests on their own, producing inconsistent outcomes, two recent ADA charges and poor documentation. The COO is skeptical about adding headcount for a central team. How should the CHRO make the case?

A. Show what inconsistent decisions cost in claims and turnover, and propose a central team with clear criteria.

B. Propose shifting all accommodation decisions to the disability insurer, removing the internal cost entirely.

C. Propose giving managers more discretion and an annual budget, since they understand their jobs best.

D. Argue that centralization is legally required, since the ADA forbids managers from deciding on accommodations.

225. A U.S. defense contractor wants to hire a highly qualified engineer who is a foreign national with valid U.S. work authorization. The role would involve access to technical data controlled under export control regulations. As head of talent, what is the BEST course of action?

A. Withdraw the offer and limit the role to U.S. citizens, since foreign nationals cannot work on defense programs.

B. Have the engineer sign a strict confidentiality agreement before access, which satisfies export control duties.

C. Have export compliance classify the data and secure any required license before the engineer is given access.

D. Treat the engineer's work authorization as sufficient clearance, because an I-9 review covers export rules.

226. At a professional services firm, starting salaries vary widely based on how hard each candidate negotiates, and new-hire data show women start an average of 7% below men in the same roles. What is the CHRO's BEST proposal?

A. Keep current practice, since negotiation is a factor other than sex that the EPA will always accept.

B. Train women candidates on negotiation so that they can secure starting offers similar to the offers men receive.

C. Set structured offer bands by role and level, with defined reasons for placement and approval for exceptions.

D. Set one fixed salary for every new hire in each role, with no allowance for skills or experience.

227. Several institutional investors ask whether the company has a human rights policy approved by its board. The company has a code of conduct but no human rights policy, and it operates in 30 countries. What should the CHRO recommend?

A. Tell investors the code of conduct already serves as the company's formal policy on all human rights issues.

B. Adopt a peer company's human rights policy now so the board can approve it at its next meeting.

C. Wait until a law in the company's home country requires a policy, then draft one to meet the law.

D. Draft a policy aligned with the UN Guiding Principles, informed by salient risks, for board approval.

228. An ERG at a publicly traded company asks to issue a statement in the company's name opposing a pending state bill that members believe would harm them. The company has no policy on ERG external advocacy, and other ERGs are watching how the request is handled. What policy should the CHRO recommend?

A. ERGs may take public positions in the company's name if a majority of the group's members vote in favor of it

B. Only authorized leaders speak for the company; ERGs raise issues internally and members may advocate personally

C. ERGs may take public positions in the company's name as long as the CHRO reviews and approves the wording first

D. ERGs may not discuss pending legislation at all, whether inside the company, in meetings or on internal channels

229. Haspeslagh and Jemison classify acquisition integration approaches by the need for strategic interdependence and the need for organizational autonomy. Which approach applies when both needs are high?

A. Absorption

B. Preservation

C. Symbiosis

D. Holding

230. In the work of Daniel Kahneman and colleagues, what does "noise" in organizational judgment refer to?

A. Disagreement among executives about strategy that slows down or stalls important organizational decisions

B. Irrelevant information in a file, such as an applicant's hobbies, that distracts decision-makers

C. Unwanted variability in judgments that should be the same, such as different ratings for the same case

D. A consistent tilt in judgments in one direction, such as rating one group lower than another

231. A 15,000-employee company is evaluating whether to outsource FMLA and ADA leave administration to a third-party vendor. What should the CHRO treat as the MOST important principle in the decision?

A. The vendor takes on the company's legal liability for leave decisions, so the contract should mainly focus on cost and processing speed.

B. The company keeps legal accountability, so it needs audit rights, service metrics and clear ownership of accommodation decisions.

C. The vendor's employee satisfaction scores are the best measure of compliance, so they should drive the selection decision.

D. The vendor should make all final ADA accommodation decisions, so managers are not involved in any medical information or decisions.

232. Executives at a mid-size firm rarely challenge the CEO in meetings, then quietly fail to carry out decisions they privately oppose. The CEO is frustrated by poor execution. What is the CHRO's BEST approach to influencing the CEO?

A. Recommend that the CEO hold executives accountable for execution through tighter quarterly goals and monthly progress reviews.

B. Share specific examples and team feedback privately, linking the CEO's style to execution gaps, and suggest new norms.

C. Coach each executive individually to speak up in meetings, without raising the issue with the CEO directly.

D. Raise the pattern with the board's compensation committee so it can be reflected in the CEO's performance review.

233. A company's HRIS holds 20 years of applicant and employee records, and there is no retention schedule. A recent breach at a peer firm exposed former employees' Social Security numbers. What should the CHRO do?

A. Keep all of the records, since deleting any HR data at all could violate federal recordkeeping laws.

B. Delete all records of former employees and applicants that are more than three years old.

C. Work with legal and IT to set retention periods by record type and purge data no longer needed.

D. Encrypt the database and keep all the data, since strong security removes the need to purge.

234. A unionized manufacturer lost seven of its last ten discharge arbitrations. In most cases the arbitrators found the rules were clear but had been enforced unevenly and investigations were thin. How should the CHRO shape discipline strategy going forward?

A. Rewrite the work rules with stricter penalties so arbitrators have less room to reduce the discipline.

B. Seek to remove the just cause standard from the next agreement and replace it with at-will language.

C. Strengthen consistent enforcement and investigation quality so future cases meet just cause standards.

D. Settle every future discharge grievance before arbitration so that further losses do not set precedent.

235. A company will pay up to $450,000 in base salary for a new CFO. The leading candidate will not accept less than $400,000. What is the zone of possible agreement (ZOPA), and how can the company use anchoring?

A. $450,000 to $500,000; the company should anchor above its maximum to leave room

B. No ZOPA exists, because the candidate's minimum is lower than the company's maximum

C. $400,000 to $450,000; a well-justified first offer can anchor the deal inside it

D. $400,000 to $450,000; opening at $450,000 is best to avoid anchoring the candidate

236. An executive team says it wants a culture of respect, but several top revenue producers bully peers without consequence, and employees see this as tacit approval. Which lever is most likely to change the culture?

A. Add a values statement on respect to the handbook and have every employee sign an acknowledgment each year

B. Build respectful behavior into ratings and promotion criteria so how results are achieved counts

C. Launch an organization-wide civility training campaign led by the CEO, with completion tracked for every employee

D. Set up an anonymous hotline so that employees can report bullying without fear of retaliation from the producers

237. A unionized construction contractor's owners form a second company that bids on private jobs with nonunion crews. The new company has the same owners, managers, equipment and customers as the union firm. Under which doctrine is the NLRB most likely to bind the new company to the union contract?

A. The alter ego doctrine, because the new firm is substantially identical to the union firm and is its disguised continuation.

B. The joint employer doctrine, because both firms share control over the hiring and supervision of a third company's workers.

C. The successorship doctrine, because the new firm hired a majority of its workers from the union firm's former bargaining unit.

D. The accretion doctrine, because the new firm's employees share a community of interest with the union firm's existing unit.

238. A health system with 9,000 employees reports a growing number of staff with long-term post-viral conditions that cause fatigue and flare-ups lasting days at a time. Managers are handling requests inconsistently, and some are denying them outright. What should the CHRO do?

A. Issue a standard 30-day leave allowance for all post-viral conditions so that every request is treated the same way.

B. Direct managers to approve requests informally to avoid the paperwork that formal accommodation reviews create.

C. Create a coordinated ADA and FMLA framework with individualized reviews for intermittent leave and adjusted duties.

D. Require medical proof that each condition is permanent before any intermittent leave or duty change is approved.

239. The board's compensation committee asks how HR will provide ongoing assurance that the company complies with wage-hour laws. What is the BEST governance answer?

A. Report the number of wage-hour lawsuits filed each year as the main measure of compliance.

B. Have managers certify each year that their teams are correctly classified and paid.

C. Assign an owner, track wage-hour KPIs, run periodic audits, and report results to the committee.

D. Rely on the payroll vendor's annual SOC 1 controls report to confirm compliance with wage-hour laws.

240. A company plans a program to teach managers its proprietary pricing methodology, which is central to its competitive strategy. A vendor offers to design the program faster and at a lower cost than the in-house team. What should the CLO consider MOST carefully before deciding?

A. Whether the vendor can deliver the program in more languages and time zones than the in-house team now supports.

B. Whether the vendor's daily rate is lower than the fully loaded cost of the in-house design team.

C. Whether the vendor can protect the confidential method and whether the firm keeps design expertise.

D. Whether the vendor has produced attractive courses for other clients in the same industry before.

241. A CEO asks why the company should use a leaders-as-teachers model, in which senior executives teach parts of internal programs. Which benefit is MOST important at the enterprise level?

A. It removes the need for professional facilitators and instructional designers within the L&D team.

B. Leaders link learning to strategy and culture credibly, and teaching sharpens their own thinking.

C. It ensures that every course is delivered at a lower cost than using external faculty or vendors.

D. It allows executives to evaluate participants' performance for promotion decisions during class.

242. Change management research on employee communication preferences has examined who employees want to hear from about how a change will affect them personally and in their own jobs. Which source do employees most prefer for this message?

A. Their direct manager or supervisor

B. The project team for the change

C. The HR business partner

D. The CEO or another senior executive

243. A public company's board is renaming its compensation committee the compensation and human capital committee. What role does a board people or human capital committee typically play?

A. Managing day-to-day HR operations and approving the HR department's budget

B. Negotiating the collective bargaining agreements directly with union leaders

C. Approving individual hiring and promotion decisions below the executive leadership level

D. Overseeing human capital strategy, executive pay and CEO succession for the board

244. Why may a company's decision to classify an entire job family as exempt fail when challenged in litigation?

A. Courts presume that job families with more than 50 incumbents include some nonexempt employees.

B. The FLSA requires a separate written exemption analysis to be filed with the DOL for each employee.

C. Exemption decisions must be approved by the DOL before they can apply to an entire job family.

D. Exempt status turns on the duties each employee actually performs, not the job description.

245. A company reports revenue of $200 million and operating expenses of $150 million, of which $60 million is workforce cost (pay and benefits). It has 1,000 FTEs. Using human capital value added, calculated as (revenue - (operating expense - workforce cost)) / FTEs, what is the result?

A. $90,000

B. $110,000

C. $140,000

D. $50,000

246. A shareholder analyst asks about the company's equity overhang. Which definition should the compensation leader use?

A. Outstanding stock options whose exercise price is above the current market price, expressed as a percentage of all options outstanding

B. Outstanding unexercised or unvested awards plus shares reserved for future grants, as a percentage of shares outstanding

C. Shares granted as equity awards during the most recent fiscal year, as a percentage of shares outstanding

D. Shares repurchased by the company during the year to offset dilution, as a percentage of awards granted that year

247. A CHRO argues that raising the performance of the company's field service technicians would improve customer retention far more than an equal improvement in several better-paid corporate roles. Under Boudreau and Ramstad's talentship approach, which concept guides where to invest?

A. Highest-paid roles, where pay creates the largest share of labor cost

B. Highest-turnover roles, where replacement costs are the greatest

C. Pivotal roles, where performance differences most change strategic results

D. Largest job families, where headcount gives each dollar spent the most reach

248. A company is reviewing its 401(k) strategy. Of 1,800 eligible employees, 1,170 participate. Leadership has set an 80% participation target. What is the current participation rate, and how many more participants are needed to reach the target?

A. 35%; 270 more participants

B. 65%; 176 more participants

C. 65%; 630 more participants

D. 65%; 270 more participants

249. Two years into a five-year benefits administration outsourcing contract, service failures persist, and employee complaints have reached the board. The CHRO must recommend whether to bring the work in-house, renegotiate, or switch vendors. How should the CHRO evaluate the options?

A. Diagnose root causes, then compare each option's cost, risk, exit terms and transition load

B. Switch to the vendor with the best references, since the board expects decisive visible action

C. Renegotiate with the current vendor, since exiting early would trigger termination penalties

D. Bring the work back in-house, since internal control is the surest way to fix service failures

250. Under the Multiemployer Pension Plan Amendments Act (MPPAA), what does an employer generally owe when it permanently stops contributing to a multiemployer pension plan?

A. The full value of its own employees' accrued benefits, paid in one lump sum at withdrawal

B. Nothing further, because its obligation ends with its final contribution under the contract

C. An amount set by the union, based on the plan's projected investment returns for 10 years

D. Its allocable share of the plan's unfunded vested benefits, usually paid in installments

251. A private equity firm asks the CHRO of a portfolio company to help assess an industry before a possible add-on acquisition. Under Porter's five forces, which combination signals the LOWEST industry profitability?

A. Weak buyers and suppliers, high entry barriers, few substitutes, mild rivalry

B. Powerful suppliers, high entry barriers, few substitutes, weak buyers, mild rivalry among incumbents

C. Powerful buyers and suppliers, low barriers to entry, many substitutes, fierce rivalry

D. Weak suppliers, low entry barriers, few substitutes, powerful buyers, mild rivalry

252. During a leadership meeting, a senior vice president who leads the company's largest division uses a racial slur while telling a story. Several attendees report it to HR, and the CEO says the SVP is 'too valuable to lose.' What is the CHRO's BEST course?

A. Investigate promptly and apply discipline consistent with past cases, making clear seniority does not change it.

B. Issue a company-wide statement condemning slurs, without naming anyone, so the culture message is sent without hurting the SVP.

C. Accept the SVP's private apology to attendees, since a single remark is not severe or pervasive enough to create legal liability.

D. Send the SVP to sensitivity coaching and close the matter, since formal discipline for a leader would hurt division morale.

253. After the Supreme Court's 2023 decision in SFFA v. Harvard, a board member asks the CHRO how the company can broaden the diversity of its applicant pools without using race in hiring decisions. What is the BEST strategy for the CHRO to present?

A. Widen outreach and remove needless barriers, keeping all selection steps race-neutral

B. Give extra interview points to applicants from underrepresented racial groups

C. Stop all diversity outreach, since SFFA bars employers from any such recruiting

D. Set hiring targets by race for each business unit and tie progress on them to managers' annual bonuses

254. After a 45% drop in the share price, a public company's executives ask the compensation committee to reprice their underwater stock options. The equity plan, approved by shareholders, does not allow repricing without shareholder approval. What should the CHRO advise?

A. The committee can reprice the options by board resolution, since retention risk is high when options are underwater.

B. The committee should decline to act in any form, since underwater options never affect executive retention or motivation.

C. Repricing or an option exchange needs shareholder approval here; weigh a value-for-value exchange put to a vote, or new grants.

D. The committee should cancel the options and pay executives cash equal to their original grant date value to retain them through the downturn.

255. An HR analyst downloaded the company's full salary file two days before resigning to join a competitor. The CHRO and the chief information security officer agree to design an insider risk program. Which approach BEST balances protection with employee privacy?

A. Least-privilege access, alerts on bulk data downloads and disclosed monitoring

B. Continuous monitoring of all employees' personal email and social media accounts

C. Covert monitoring of everyone who gives notice, with no policy disclosed to staff

D. Exit-interview questions asking departing staff to disclose any data they copied

256. The CEO of a 4,000-employee company announces a goal of zero turnover next year and asks the CHRO to build incentives for it. Overall turnover is 14%, and about a third of exits are low performers or planned retirements. What is the BEST advice?

A. Explain that some turnover is healthy and propose targets focused on regretted exits

B. Propose a compromise target of 7% total turnover to show progress toward the goal

C. Recommend matching the industry average turnover rate as the company's target instead

D. Accept the goal and tie manager bonuses to reducing all voluntary and involuntary exits

257. A 1,500-employee software company is considering a remote-first model that would quickly expand hiring to about 30 states, up from 4. What is the MOST important trade-off for the CHRO to present to the executive team?

A. Broader talent access versus the added cost of complying with employment rules in many states.

B. Lower real estate costs versus the higher cost of the technology needed to support remote employees.

C. Faster hiring for open roles versus the reduced quality of candidates found in other geographic markets.

D. Higher productivity of remote employees versus the expense of travel for in-person team meetings.

258. A tornado damages a company's main distribution center during a shift, and the leadership team must decide within the hour how to account for employees and reroute operations. Which decision-making approach is MOST appropriate for this phase?

A. A delegated decision left to each site supervisor based on local conditions as they see them

B. A consultative process that gathers input from employees before leadership decides

C. A consensus decision reached by the full leadership team after each member gives a view

D. A centralized decision by a designated leader who draws quick input from a few key experts

259. A CHRO wants the CEO to fund a $400,000 program to build conflict management skills in 600 managers. The CEO is skeptical of soft-skills spending. Which approach will MOST likely win approval?

A. Point out that competitors have recently launched similar programs and the company risks falling behind

B. Show what conflict now costs in turnover, lost time and claims against the savings training could yield

C. Share research that conflict management is among the most valued leadership skills in industry surveys

D. Propose a voluntary, low-cost e-learning course instead, since it needs no budget approval from the CEO

260. The board of a growing technology company asks the CHRO to add a talent risk dashboard to its quarterly materials. The current HR report lists requisitions opened, interviews held, and offers made. What should the CHRO present instead?

A. Recruiting activity totals with comparisons to the same quarter of the prior fiscal year

B. Pipeline coverage and quality-of-hire trends for critical roles, linked to strategic risk and goals

C. A complete list of open requisitions by department with each role's current recruiting stage and hiring manager

D. Cost per hire and time to fill by department, benchmarked against industry survey data

261. In strategic HR management, what do vertical fit and horizontal fit refer to?

A. Vertical fit covers HR's reporting line; horizontal fit covers HR's peer relationships

B. Horizontal fit links HR practices to business strategy; vertical fit makes HR practices consistent

C. Vertical fit links HR practices to business strategy; horizontal fit makes HR practices consistent

D. Vertical fit aligns pay across job levels; horizontal fit aligns pay across business units

262. A wellness vendor that works with the company's group health plan asks the CHRO to let it share identifiable health risk assessment results with HR, so HR can follow up by name with high-risk employees. What is the CHRO's BEST position?

A. HR may receive named results if employees tick an online consent box when they sign up

B. The vendor may receive no individual data, so coaching must be fully anonymous

C. The vendor may coach individuals, but HR receives only aggregate or de-identified data

D. HR may receive named results if they are kept in a locked personnel file

263. During talks, the company proposes a companywide profit-sharing plan, but the union pushes for a plant-level gainsharing plan instead. Why do unions often prefer gainsharing?

A. Gainsharing is paid in stock rather than cash, so it grows faster

B. Gainsharing removes the need to bargain over base wage increases

C. Workers can see and affect the measures that drive their payouts

D. Gainsharing payouts are guaranteed even when the plant loses money

264. Plaintiffs have shown that a company's physical ability test screens out women at a substantially higher rate than men. Under Title VII, what must the employer show to defend the test?

A. The test is job related for the position and consistent with business necessity.

B. The test was given in the same way to every applicant, with no exceptions.

C. Most of the women who took the test still passed it and moved forward.

D. The company had no intent to discriminate when it adopted and began using the physical test.

265. A retail chain invested in frontline service training. Two quarters later, customer satisfaction scores have risen significantly, but same-store revenue is flat, and the CFO proposes canceling the program. What is the BEST explanation the CHRO can offer?

A. Satisfaction and revenue are unrelated, so revenue is the wrong measure for this program.

B. Flat revenue shows that the satisfaction gains were not caused by the frontline service training program.

C. Revenue should rise first, with satisfaction scores following a quarter or two later.

D. Satisfaction gains typically reach revenue later, through repeat visits and customer loyalty.

266. Under the EU Whistleblowing Directive, what happens once a reporter shows that he or she made a protected report and then suffered a detriment at work?

A. The employer must reinstate the reporter, and no further proceedings may be brought on the detriment.

B. The detriment is presumed to be retaliation, and the employer must prove it was based on justified grounds.

C. The national regulator must investigate the detriment before the reporter can bring a claim in court.

D. The reporter must still prove that the person who caused the detriment knew about the protected report when acting.

267. A company's new strategy requires about 300 data engineers within two years, and it currently employs 40. The CEO asks the CHRO to analyze whether to hire, develop internally or acquire a company. What is the BEST analysis?

A. Compare the cost, speed, retention risk and culture fit of hiring, reskilling and acquiring by the deadline

B. Recommend reskilling current analysts, since internal talent is cheaper and tends to be more loyal

C. Benchmark data engineer pay so the company can outbid its competitors whenever it hires experienced outside talent

D. Recommend an acquisition, since it is the fastest way to add a large, ready-made team of engineers

268. Leaders at a 25,000-employee company want a monthly pulse survey sent to every employee. Response rates on the last two monthly pulses dropped from 70% to 45%. What should the CHRO propose?

A. Make the monthly pulse mandatory and track completion by manager, so response rates return to their prior levels.

B. Keep the monthly census but shorten it to three items, since survey length is the only real driver of employee survey fatigue.

C. Survey a different random subset each month so each employee is asked a few times a year while trends stay measurable.

D. Switch to a single annual census, since frequent surveys provide little information beyond the annual results.

269. An employee reports through the ethics hotline that the CFO of a public company has pressured staff to book revenue early. The CFO reports to the CEO, who is a close friend. What should the CHRO do?

A. Inform the CEO and let him decide how to investigate the matter, since the CFO reports directly to him and is part of his own team.

B. Have HR investigate internally to keep the matter confidential and resolve it as quickly as possible.

C. Ask the CFO to respond to the allegation in writing before deciding whether an inquiry is warranted.

D. Ensure the complaint goes to the audit committee to oversee an independent inquiry with outside counsel.

270. A CEO asks the CHRO what research says about the HR practices most consistently linked to firm performance. Which bundle reflects a high-performance work system?

A. Close supervision, detailed work rules, standardized jobs and piece-rate incentives

B. Generous benefits, flexible schedules, casual dress codes and on-site amenities

C. Selective hiring, extensive training, incentive pay and employee involvement

D. Outsourcing, automation, contingent staffing and centralized decision-making

271. A company now requires managers to explain and justify their ratings to the next-level reviewer. Why does this accountability tend to improve rating quality?

A. Raters who are reviewed no longer need to consider the employee's own views on their performance.

B. Raters who are reviewed must use a forced distribution, which removes the error of central tendency.

C. Raters who expect review rate more leniently, which reduces conflict with the employees being rated and improves working relationships.

D. Raters who expect to defend ratings process performance information more carefully and use more evidence.

272. A 75-employee company pays a fixed monthly amount that covers expected claims, administration and stop-loss coverage, and may receive a refund if claims run lower than expected. What type of funding arrangement is this?

A. A level-funded health plan

B. A minimum premium plan

C. A health reimbursement arrangement

D. A fully insured health plan

273. A company plans to deploy a generative AI assistant to answer employees' questions about benefits eligibility and leave policies. Why should the assistant rely on human-reviewed source content and include disclaimers?

A. Generative AI cannot legally give out benefits information unless a licensed broker reviews it first

B. Employees are more likely to trust AI answers when the source documents are listed

C. Disclaimers fully protect the company from liability for any incorrect benefits answer

D. The assistant may produce confident but wrong answers that employees rely on to their harm

274. What does a company's total cost of workforce include?

A. Employee wages plus the cost of recruiting and training new hires

B. Direct labor costs for employees in production roles only

C. Combined costs of employees, contingent workers and outsourced labor

D. Salaries, benefits and payroll taxes for regular full-time and part-time employees only

275. A global retailer has issued a supplier code of conduct on labor practices. Which mechanism would BEST give the supplier code real force?

A. Writing the code into supplier contracts, with rights to audit compliance and to terminate for violations.

B. Posting the code on the company website and asking each supplier to read it and confirm receipt annually.

C. Sending suppliers a yearly self-assessment survey and publishing the average score in a sustainability report.

D. Offering suppliers voluntary training on the code and recognizing the best performers at an annual event.

276. A CHRO is preparing a board update on a two-year sales transformation. Which evidence would BEST demonstrate the transformation's value to directors?

A. The number of employees trained, workshops held, and communications sent since the program began

B. Milestones delivered on schedule and program spending compared with the board-approved budget

C. Post-training satisfaction scores and the share of employees in each business unit who have completed all required modules

D. Adoption and proficiency rates for the new sales process, linked to changes in win rates and revenue per rep

277. A U.S.-headquartered company controls a subsidiary in Germany that employs both U.S. citizens and German nationals. Which statement about Title VII and ADA coverage abroad is correct?

A. All the subsidiary's employees are covered, since a U.S.-controlled company must apply U.S. law to every employee worldwide.

B. U.S. citizens there are covered only if they were hired in the United States before being assigned to the subsidiary.

C. No one there is covered, since U.S. discrimination laws apply only to work performed inside the United States.

D. U.S. citizens there are covered, and the company has a defense if compliance would violate the host country's law.

278. A board worries that its executives may pursue acquisitions that increase their own prestige and pay rather than shareholder value. Which theory describes this problem, and what remedy does it suggest?

A. Stewardship theory; give executives more autonomy, since they naturally act in the company's best interest

B. Expectancy theory; ensure executives believe their effort will lead to performance and to rewards they value

C. Agency theory; align executive pay with long-term shareholder value through equity and performance terms

D. Stakeholder theory; balance executive rewards against the interests of employees, customers and communities

279. A CFO asks the CHRO to build next year's workforce plan in headcount only. Why should the CHRO recommend planning in FTEs and labor cost as well?

A. Headcount changes every pay period, while FTE and labor cost figures remain fixed all year

B. Headcount cannot be audited, while FTEs and labor cost are verified by external auditors

C. Headcount hides differences in hours and pay, so it can misstate capacity and spend

D. Headcount is required for government compliance reporting, so it cannot also be used for financial planning

280. A professional services firm spends 35% of payroll on benefits, well above its peers, yet employee surveys show that most staff rate the value of their total rewards as below market. Total rewards statements are a single generic PDF sent once a year. What is the BEST strategic action for the CHRO?

A. Add more detailed cost data for every benefit to the annual statement so employees can see the full investment.

B. Improve rewards communication with personalized, interactive statements tailored to life stages.

C. Increase spending on the most popular benefits so that employees see a clear rise in the value they receive.

D. Stop producing total rewards statements, since employees do not seem to read or value the current documents.

281. A division is being spun off as an independent public company in nine months, and the CHRO is asked to lead creation of its mission, vision and values. Employees are anxious about the separation. What is the BEST process?

A. Let each department write its own values and then combine them afterward

B. Have an outside agency draft the statements for CEO approval before launch

C. Engage leaders and employees, test drafts, then tie values to behaviors

D. Adopt the former parent's statements with minor edits to preserve continuity

282. A company handles employee misconduct cases in separate spreadsheets in each of its five regions. The CHRO proposes one centralized case management system. What is the main strategic benefit?

A. Enterprise-wide trend analysis, consistent case handling and a reliable audit trail for oversight

B. Removal of the need for regional investigators, because all cases can then be handled at headquarters

C. Lower investigation costs, because a single system lets the company reduce its investigator staff

D. Faster closure of cases, because the system can determine findings automatically from the evidence

283. The company pays a role $95,000. Survey data show a market 50th percentile of $100,000 and a 75th percentile of $110,000. How does the company's pay compare with the market median?

A. About 14% below the median

B. 5% above the median

C. 5% below the median

D. About 16% below the median

284. A multinational plans to move all global employee data into a single U.S.-hosted cloud HRIS. It has employees in the EU, Brazil and China. What should the CHRO advise?

A. Obtain consent from each employee, since individual consent alone makes every transfer lawful.

B. Proceed if the cloud vendor holds a recognized security certification, since that satisfies all transfer laws.

C. Proceed, since a U.S.-based company may store its employees' data wherever it chooses to store it.

D. Map the data flows and local rules, then use approved transfer tools or local hosting where required.

285. After an impairment-related near miss on a loading dock, the operations VP wants random drug testing of all 1,500 employees, including remote office staff. The company has no clear reasonable-suspicion process. What should the CHRO recommend?

A. Testing only the employees who worked on the dock the day of the near miss, then no further changes.

B. An impairment policy for safety-sensitive roles with trained supervisors and set suspicion steps.

C. Random testing for remote staff only after a supervisor reports a decline in their performance.

D. Random testing for every employee, since uniform testing avoids any claim of unequal treatment.

286. The audit committee of a 15,000-employee company notes that its ethics hotline received far fewer reports than industry benchmarks, even though exit interviews mention misconduct that was never reported. The committee asks the CHRO to design a stronger speak-up program. What should the CHRO prioritize?

A. A new anonymous hotline vendor with more reporting channels, including web, text and multilingual phone options.

B. A required annual certification in which every employee attests that they have reported all misconduct they know about.

C. Higher penalties for misconduct in the code of conduct so that all employees can see that the company takes violations very seriously.

D. Visible protection from retaliation, with prompt follow-up to reporters and tracking of what happens to them after reporting.

287. A 4,000-employee manufacturer has received only two harassment complaints in three years. A new engagement survey shows that 40% of employees agree they would fear retaliation if they reported misconduct. The CEO points to the complaint data as proof that the culture is healthy. What should the CHRO recommend?

A. Treat the complaint data as the stronger evidence, since complaints reflect conduct while surveys reflect perceptions.

B. Repeat the survey next year with a larger, randomized sample, since a single result is not enough to justify a costly program change.

C. Treat the low volume as a sign of underreporting, and build trust through visible follow-through and retaliation safeguards.

D. Commission an external harassment audit, and hold any program changes until the audit confirms misconduct exists.

288. A software company's starting salaries have risen with the market, and new hires now earn nearly what eight-year engineers earn. Exit interviews show tenured engineers are leaving over pay. What is the CHRO's BEST strategic fix and funding rationale?

A. Hold new-hire offers below market until the pay of tenured engineers catches up through annual merit increases.

B. Fund targeted equity adjustments for compressed incumbents, justified by the cost of replacing experienced staff.

C. Grant an across-the-board raise for all staff, justified by the need to keep the pay structure internally equitable.

D. Give all tenured engineers a one-time retention bonus, justified by keeping base-pay costs flat over the long term.

289. A company's SWOT shows weak internal data analytics skills, while a regional university has just launched a subsidized analytics certificate for employers. Leadership decides to enroll HR and finance staff in the program. Which TOWS strategy does this represent?

A. SO strategy, using an internal strength to take advantage of an external opportunity.

B. ST strategy, using an internal strength to blunt or neutralize the effect of an external threat.

C. WO strategy, overcoming an internal weakness by taking advantage of an external opportunity.

D. WT strategy, reducing an internal weakness while avoiding an external threat.

290. A convenience-store chain cut night shifts to one worker per store to save labor costs. Since then, robberies and worker injuries during night shifts have risen sharply. What should the VP of HR recommend?

A. Close every store overnight, since any late-night operation exposes workers to robbery risk.

B. Train night workers to resist robbers and protect the store's cash until the police arrive.

C. Analyze robbery and injury costs by store and restore staffing or controls where risk is highest.

D. Keep solo shifts but raise night pay so that workers will accept the added personal risk of the job.

291. A pay equity regression uses the natural log of base salary as the dependent variable. The coefficient for a demographic group indicator is -0.03 and is statistically significant. How should the coefficient be interpreted?

A. Group membership explains about 3% of the total variation in employee salaries.

B. Group members earn about 30% less, holding the other model factors constant.

C. Group members earn about 0.03% less, holding the other model factors constant.

D. Group members earn about 3% less, holding the other model factors constant.

292. A large employer with stable, predictable workers' compensation claims is considering self-insuring. What should the CHRO and CFO evaluate?

A. Self-insuring, since federal law lets large employers opt out of state systems

B. Self-insuring, since that removes the duty to meet the state's benefit requirements

C. Staying insured, since self-insurance is open only to public sector and government employers

D. Cash-flow gains against risk tolerance, reserves, excess coverage and state approval

293. Each year a company cuts training to meet profit targets, quality falls, customers complain, sales drop, and the company cuts training again. Leaders keep treating each problem as a separate event. Which concept from Senge would help them see the real problem?

A. Mental models, which surfaces the assumptions that each leader holds about how customers and competitors behave

B. Systems thinking, which looks at the feedback loops and links between events instead of each one alone

C. Personal mastery, which builds each leader's commitment to lifelong learning and personal growth

D. Team learning, which improves how executive groups talk through issues and reach better decisions

294. A CEO plans to require all employees to sign arbitration agreements that also waive their right to discuss pay with coworkers. The CHRO and general counsel both oppose the plan and will meet with the CEO together. How should they BEST frame their objection?

A. State that the plan is unethical and that both will escalate the matter to the full board if the CEO does not drop it entirely.

B. Present each function's concerns separately so the CEO can weigh the legal and people issues independently.

C. Present a joint view that links the legal risks to business impact and offers an alternative that meets the CEO's goal.

D. Have the general counsel present the legal objection alone, since the CHRO's concerns are mainly about morale.

295. A company pursues a blue ocean strategy, creating a new market category instead of competing head-on with rivals in an existing one. Which talent implication is MOST consistent with this strategy?

A. Recruiting mainly from top competitors to capture their customer relationships

B. Hiring people who can design new value offerings and work amid ambiguity

C. Standardizing jobs tightly to cut unit costs so the firm can match rivals' prices

D. Benchmarking pay closely to direct rivals to win talent in a crowded, mature market

296. A 5,000-employee company is rolling out OKRs. The CEO wants every objective set from the top, while some leaders want teams to set their own. What is the BEST design?

A. Have teams set their OKRs first and build the company-level objectives from the most common team themes.

B. Set a few company-level OKRs, then have teams draft their own OKRs that link to them, reviewed for alignment.

C. Let each team set its own OKRs independently so that ownership and engagement are as high as they can be.

D. Have the executive team write all OKRs for every team so that every objective aligns exactly with the strategy.

297. An EVP asks HR to approve a reorganization next week that eliminates 120 positions, saying the decisions are final. HR's quick review shows that employees aged 40 and over hold 45% of the affected roles but only 25% of the unit's positions. What should the HR leader do?

A. Approve the plan on schedule and complete the adverse impact analysis afterward

B. Require an adverse impact review with counsel before the selections are finalized

C. Offer enhanced severance to affected employees over 40 to reduce the claim risk

D. Approve the plan, since the reorganization is driven by well-documented business needs

298. When evaluating a strategic HR intervention, why should the CHRO ask what would have happened without it?

A. To estimate how much the intervention cost compared with the budget originally approved for it

B. To document lessons learned so that future programs are designed from the start to avoid the same mistakes

C. To separate the intervention's effect from other factors, such as market shifts or other initiatives

D. To decide whether employees who did not take part should be enrolled in the next program cycle

299. The CEO of a sales organization believes the best account executives come from top-tier universities. HR's analysis of five years of data finds no link between school prestige and quota attainment, while prior industry experience is a strong predictor. What is the BEST way for the CHRO to share these findings?

A. Share the findings with the full sales leadership team first so that broad support exists before the CEO sees them.

B. Present the evidence in revenue and hiring-cost terms, note its limits, and propose a pilot of new criteria.

C. Hold the findings for another year of data so that the analysis is beyond challenge before it is presented to the CEO.

D. Walk the CEO through the full statistical model so that the technical rigor of the analysis speaks for itself.

300. Why do talent leaders usually recommend a composite quality-of-hire measure combining new-hire performance, retention, and time to productivity rather than reporting one of those measures alone?

A. Each measure alone can mislead, while together they give executives a balanced view of hiring outcomes.

B. Single measures cannot be benchmarked, while composite scores are calculated the same way across all industries.

C. A composite is required for validating selection tests under federal adverse impact guidelines.

D. A composite score removes the need to collect hiring manager feedback on each new employee.

301. A U.S. multinational plans a restructuring that will eliminate 60 roles at its Dutch subsidiary, which has a works council. The CEO wants to announce the final decision globally next week. What should the CHRO recommend?

A. Exclude the Dutch roles from the announcement and handle them later through individual agreements without involving the council.

B. Request the works council's advice while the proposal can still be changed, and allow time for the advice and any suspension period.

C. Ask the works council to approve the restructuring by vote, since a council vote against the plan would legally block the decision.

D. Announce the decision globally next week and then inform the works council, since its role is limited to the implementation details.

302. A people analytics team is tuning an attrition model. Each employee the model flags will be offered a $25,000 retention bonus, and the budget is fixed. Missing a few true leavers is considered tolerable. Which model property should the CHRO prioritize?

A. High recall, so that nearly every employee who will leave is flagged in time

B. High overall accuracy, since it reflects both kinds of errors in a single figure

C. High precision, so that most flagged employees really are at risk of leaving

D. A low threshold, so that the model flags as many employees as the budget allows

303. A predictive attrition model built for a large employer flags employees over age 50 as high flight risks at a much higher rate than others. Leaders plan to use the scores to decide who receives retention bonuses. What should the CHRO do FIRST?

A. Remove age from the model inputs and use the new scores right away for the bonuses

B. Use the scores as planned, since the model only predicts attrition and is not biased

C. Review the model for variables acting as proxies for age before any use in decisions

D. Exclude employees over 50 from the bonus pool, since the model shows they will leave

304. A post-merger integration requires eliminating 300 duplicate roles across both legacy companies within six months. Managers want to choose whom to keep based on their personal knowledge of team members. How should the CHRO design the selection process?

A. Set job-related criteria in advance, apply them consistently, and check results for adverse impact before deciding.

B. Use seniority as the only criterion across both companies, since it is objective and makes the selections easy to defend.

C. Let managers select based on their knowledge of the employees, and have HR document the reasons once the decisions are made.

D. Keep employees from the acquiring company first, since the acquirer's processes will form the base of the combined firm.

305. A manufacturer plans to replace all of its health plan options with a single high-deductible health plan to control costs. Nearly 40% of its employees earn under $40,000, and the benefits leader is concerned they will delay needed care. Which strategy BEST addresses this concern?

A. Keep the HDHP but provide the same HSA contribution to every employee regardless of their pay or family size.

B. Offer financial literacy workshops so lower-paid employees can budget for their new deductible.

C. Fund HSA contributions tiered by pay and cover common chronic-condition drugs before the deductible.

D. Delay the change until lower-paid employees have built personal savings to cover the deductible.

306. A company has settled a class action alleging promotion discrimination. The settlement requires training and periodic reporting for three years. The CEO wants real culture change, not just compliance. What should the CHRO recommend?

A. Meet every settlement term precisely and avoid any further steps that could be seen as an admission of fault

B. Require one comprehensive training session for all managers within the first ninety days

C. Announce that the settlement closes the matter so employees can move forward from the dispute

D. Build the commitments into leader accountability and promotion processes, with open progress reports

307. A U.S. software company wants to hire about 40 engineers in four countries where it has no legal entity, and it is unsure how large each team will become. What should the CHRO recommend?

A. Open a legal entity in each country before making any hires there

B. Engage the engineers as independent contractors until local entities can be set up

C. Use an employer of record at first, then weigh setting up entities where hiring will grow

D. Hire them on U.S. payroll as remote employees who work from their home countries under U.S. employment terms

308. A company with 40 HR business partners wants them to handle routine workplace investigations so that only complex matters go to specialists. The CHRO is designing a certification program. Which design is BEST?

A. Certify partners with at least five years of HR experience, since experience shows investigation skill.

B. Have partners shadow a specialist on one case, then certify them to conduct investigations alone.

C. Require a one-day online course on company policy, after which each partner is certified to investigate.

D. Combine skills training with supervised cases and a quality review of the work before certifying.

309. Management at a unionized plant wants to contract out maintenance work now performed by bargaining unit employees, mainly to cut labor costs. The collective bargaining agreement says nothing about subcontracting. What is the BEST approach for the CHRO?

A. Bargain only over effects, such as severance pay and recall rights for the affected maintenance employees

B. Contract out the work, since subcontracting decisions are a management right

C. Offer the work to the union at the contractor's price without further bargaining

D. Give the union notice and bargain over the decision before contracting out the work

310. A company is rolling out e-learning to field staff in regions with limited internet bandwidth and several local languages. Which design principle is MOST appropriate?

A. Use lightweight, offline-capable mobile modules that are localized rather than only translated.

B. Use live virtual classrooms hosted from headquarters so that experts can answer questions in real time.

C. Use high-definition video modules in English so that every region receives the same experience.

D. Use the same desktop modules as headquarters, with machine-translated subtitles added for each region.

311. A company is invited to join an industry coalition with NGOs and unions that sets labor standards for suppliers and requires members to report progress. The CHRO is asked for a recommendation. What is the BEST response?

A. Review its governance, member duties, and fit with the firm's salient labor risks before joining.

B. Join at once, since membership alone will show investors that labor risks are being managed.

C. Decline, since sharing supplier data with NGOs and unions could expose the company to legal liability.

D. Join as an observer only so that the company gains visibility without taking on any commitment.

312. A CHRO uses the Burke-Litwin model to frame an enterprise change diagnosis for the executive team. Which element does the model position at the top as the main source of pressure for organizational change?

A. Leadership

B. Mission and corporate strategy

C. Organizational culture

D. The external environment

313. A plant director reports that 18% of hourly workers have intermittent FMLA certifications and that absences spike on Mondays. Supervisors want to stop approving intermittent leave. What should the HR director do?

A. Assign attendance points for intermittent absences until the patterns have been investigated.

B. Enforce call-in rules and seek recertification where patterns cast doubt on certifications.

C. Require a doctor's note for each intermittent absence before it can be coded as FMLA leave.

D. Deny further intermittent leave to employees whose absences cluster on Mondays or Fridays.

314. How do distributed hiring decision rights, such as hiring committees and second-level review of offers, reduce individual bias?

A. They keep any one interviewer from seeing a candidate's demographic information during the process.

B. They speed up hiring decisions, which leaves less time for stereotypes to influence how candidates are judged.

C. No single person's preferences decide the outcome, and decision-makers must justify choices to others.

D. They spread legal liability across several managers, which reduces the company's exposure in claims.

315. The benefits administration vendor costs 20% less than competitors, but employee satisfaction with its service has fallen for two years. The CFO favors renewing on cost. How should the CHRO frame the renewal decision?

A. Compare total cost, including internal rework, escalations, errors and the employee impact

B. Present the employee satisfaction data and ask the CFO to make the final renewal decision alone

C. Recommend renewing, since a 20% savings outweighs satisfaction concerns in a cost-focused year

D. Recommend switching vendors, since two years of falling satisfaction proves the vendor has failed

316. A vice president holds regular small-group meetings with employees two levels below her, without their direct managers present, to hear concerns and ideas. What is this upward feedback practice called?

A. Stay interviews

B. Skip-level meetings

C. Focus groups

D. Employee town hall meetings

317. The board of a 12,000-employee manufacturer tells its new CHRO that the 40-metric HR dashboard it receives each quarter is not useful for oversight. The company's three-year plan depends on automating its plants and entering two new regions. What is the BEST approach to redesigning board reporting?

A. Report a few metrics tied to plan risks, such as critical-role readiness and automation skills

B. Report hires, turnover, headcount and training hours as the core quarterly metric set for the full board

C. Adopt the full metric set from an industry benchmarking survey so peers can be compared

D. Keep all 40 metrics but add trend lines and red, yellow and green status flags to each one

318. A CHRO reports adoption of a new performance platform to the board. Unit A has 500 users with 80% adoption, Unit B has 300 users with 60% adoption, and Unit C has 200 users with 50% adoption. What is the overall enterprise adoption rate?

A. 60%

B. 68%

C. 73%

D. 63%

319. Several hundred employees sign a petition opposing the company's decision to take on a controversial client, and the petition is reported in the media. What should the CHRO recommend as the FIRST part of the company's response?

A. Reverse the client decision right away to restore trust before engagement and retention decline.

B. Identify the petition organizers and remind them of the company's policy on external communications.

C. Issue a brief statement that business decisions belong to senior leadership and treat the matter as closed.

D. Acknowledge the concerns, hold structured listening sessions with leaders, and explain how input is used.

320. The owner of a 120-employee commercial printing company is weighing whether to join an employer association that bargains a master agreement with the regional union. What is the main strategic advantage of joining?

A. Full control over the terms negotiated for its own workforce

B. Freedom to leave the association whenever talks go badly

C. Combined bargaining power and labor costs in line with competitors

D. Exemption from grievance arbitration under the master agreement with the union

321. A public company's board asks how Internal Revenue Code Section 162(m) affects its executive pay design. Which statement is accurate?

- **A.** Pay above $1 million per year to a covered employee is deductible only if it is approved by shareholders.
- **B.** Pay above $1 million per year to a covered employee is not deductible, even if it is performance-based.
- **C.** Pay above $1 million per year to a covered employee is barred unless the excess is paid in company stock.
- **D.** Pay above $1 million per year to any employee is not deductible, unless it is paid as deferred compensation.

322. Which leadership approach BEST balances the efficiency gains from AI with respect for employee dignity?

- **A.** Deploy AI quietly in back-office work so employees are not distracted by change until results are proven
- **B.** Use AI to remove low-value tasks while keeping employees informed, consulted and supported through change
- **C.** Limit AI to tasks that employees volunteer to give up, even when the case for broader use is strong
- **D.** Maximize automation first, then offer generous severance and outplacement to employees whose roles are no longer needed

323. A large firm buys a fast-growing startup mainly for its product talent. The CFO wants the startup fully moved onto corporate systems, pay grades, and approval processes within 90 days. What should the CHRO advise?

- **A.** Integrate back-office essentials first and protect the team's ways of working
- **B.** Delay all integration decisions until the next annual engagement survey is done
- **C.** Complete full integration in 90 days to capture synergies before resistance builds
- **D.** Keep the startup fully separate permanently, including payroll and compliance

324. When designing a high-potential identification process, why is learning agility often considered a better indicator of potential than current performance?

- **A.** It measures how quickly a person completes required training courses and earns certifications on the job.
- **B.** It is based on a person's results over several years, which makes it more stable than a single annual rating.
- **C.** It reflects how well a person learns from new experiences and applies that learning in unfamiliar situations.
- **D.** It reflects a person's technical depth in the current role, which is what senior positions depend upon most.

325. A global company is designing a selection process for the same role in 15 countries. Which approach to standardization and localization is MOST appropriate?

A. Standardize every step, including interview questions and tests, so results are fully comparable.

B. Standardize legal steps and screening; localize the job requirements and competencies being measured in each country.

C. Standardize the job requirements and core competencies; localize assessments and legal steps as needed.

D. Localize every step, including job requirements, so each country can define the role in its own way.

326. The CEO of a public company wants to hire a longtime friend as CFO without a search. The friend has strong credentials, but the board's audit committee has asked about the process. What should the CHRO do?

A. Support the CEO's choice, since the CEO alone is accountable for building the senior leadership team

B. Tell the board privately that the CEO's friendship makes the candidate unsuitable

C. Propose a structured search with set criteria, in which the friend competes on equal terms

D. Hire a search firm to find other candidates while assuring the CEO of the outcome

327. A board member asks when the company may lawfully refuse to reemploy an employee returning from military service. Which answer is accurate?

A. When the job has been filled and rehiring him would mean displacing the employee's replacement.

B. When the employee gave only oral notice of service, since written notice is required.

C. Only on narrow grounds, such as changed circumstances that make it impossible or unreasonable.

D. When the absence exceeded 180 days, since longer service ends reemployment rights entirely.

328. The CHRO adds a quarterly metric that compares new-hire offers with the pay of incumbents in the same jobs and levels. Why is this metric a useful early warning of pay compression?

A. The metric replaces the need for annual market pricing because new-hire offers already reflect current market rates.

B. A widening gap shows that incumbents are underperforming relative to the new hires brought into the role.

C. Rising new-hire premiums show the external market is outpacing internal pay before incumbents start leaving.

D. New-hire premiums reveal which managers are overpaying candidates relative to the approved salary range.

329. A plan deposited $250,000 in employee deferrals 60 days late. Using a 6% annual rate, simple interest and a 365-day year, what are the estimated lost earnings to restore to participants?

A. $2,465.75
B. $4,931.51
C. $15,000.00
D. $1,250.00

330. A unionized manufacturer has decided to close one of three production lines, eliminating 80 bargaining-unit jobs. The plant manager wants to announce the layoffs at a meeting with employees tomorrow and begin them next week. What should the CHRO advise?

A. Notify the union first and allow time to bargain over effects, such as severance, before acting.
B. Announce to employees tomorrow as planned, then give the union a copy of the layoff list as a courtesy.
C. Meet with affected employees one by one to discuss severance options before telling the union.
D. Proceed as planned, since the decision to close a line is a management right not subject to bargaining.

331. A large employer is about to sign a contract for an AI resume-screening tool. When HR asks for adverse impact testing results and validation evidence, the vendor refuses, calling the data proprietary. What is the BEST response?

A. Sign the contract, since the vendor is liable for any discrimination its tool causes
B. Sign the contract and run the company's own adverse impact checks after deployment
C. Accept the vendor's written assurance that its tool has been tested and is fair
D. Require the audit and validation data as a contract term or select another vendor

332. A CHRO wants to show the executive team the value that HR business partners create. Which evidence is MOST meaningful?

A. Employee satisfaction with the speed of HR responses in each partner's client group
B. The number of meetings each partner holds with leaders and the issues they resolve each month
C. Business-unit outcome measures tied to partner work, combined with structured leader feedback
D. Partners' completion rates on HR projects assigned to them by the centers of excellence

333. A new division head inherits a business with strong current results, but customer preferences are shifting and the leadership team believes its success will continue. In Watkins' STARS model, which situation is this, and what is the leader's main challenge?

A. Sustaining success; the leader must protect what works and avoid disrupting the business.
B. Turnaround; the leader must make rapid cuts to rescue a business that is already failing.
C. Accelerated growth; the leader must add structure and systems to keep up with expansion.
D. Realignment; the leader must create urgency in a team that does not yet see the threat.

334. A company deployed a well-tested AI claims-processing system, but productivity fell because staff found workarounds, roles became unclear and supervisors resisted the change. Which principle explains why the implementation should have addressed technology and people together?

A. Expectancy theory, which holds that motivation depends on effort, performance and valued rewards

B. Contingency theory, which holds that the best structure depends on the organization's external environment

C. Scientific management, which holds that work should be broken into standard tasks set by experts

D. Sociotechnical systems theory, which holds that tools and social systems must be designed together

335. A CHRO plans to propose a major overhaul of the executive bonus plan next year. Why should she spend the preceding months building goodwill by helping peers solve their own business problems?

A. Showing HR's value to peers makes a formal business case for the bonus overhaul largely unnecessary.

B. Goodwill guarantees peers' support, so she can present the proposal without consulting them first.

C. Early collaboration lets her shift ownership of the proposal to peers so HR avoids blame if it fails.

D. Goodwill earned in advance becomes political capital to draw on when the proposal meets resistance.

336. A private company has agreed to be acquired, with closing expected in six months and integration lasting a year after that. The CHRO must retain about 40 key employees whose knowledge is critical through the transition. What is the BEST retention approach?

A. Offer targeted retention awards paid in stages through closing and integration, clearly explained.

B. Wait until after closing so the buyer can decide which employees it wants to retain and on what terms.

C. Offer all 40 employees a lump-sum retention bonus paid in full on the day the transaction closes.

D. Offer company-wide retention bonuses so that no employee feels excluded from the transition rewards.

337. An analysis finds that a training program strongly increases productivity for employees in their first year but has almost no effect for employees with five or more years of tenure. Which statistical concept describes this result?

A. An interaction effect, in which training's effect depends on tenure

B. A mediating effect, in which tenure explains how training produces results

C. A main effect, in which training raises productivity across all groups

D. Multicollinearity, in which training and tenure are highly correlated

338. A company has 2,000 individual contributors reporting to 250 managers, an average span of control of 8:1. As part of a delayering plan, the COO sets a target span of 10:1 with the same number of individual contributors. How many managers does the target imply?

A. 225
B. 250
C. 312
D. 200

339. The CEO of a medical device company wants a single headcount number for each year of the five-year plan. Regulatory approval of a major product and a possible acquisition could change staffing needs significantly. What is the BEST response from the CHRO?

A. Provide a base forecast with scenario ranges and the triggers that would shift the plan between them
B. Decline to forecast beyond two years, since longer projections are too uncertain to be useful
C. Give the single number the CEO requested and revise it at each annual planning cycle as business conditions change
D. Average the high and low scenarios into one number so the plan accounts for all outcomes

340. A diversified company uses the BCG growth-share matrix. One business unit is a "star" (high share, high-growth market), and another is a "cash cow" (high share, low-growth market). How should HR resourcing typically differ?

A. Star: freeze hiring until share stabilizes; cash cow: staff a push into new markets
B. Star and cash cow: hold per-employee investment equal to preserve internal equity
C. Star: reduce headcount to harvest cash; cash cow: fund aggressive growth-focused hiring
D. Star: invest in growth hiring and development; cash cow: stress efficiency, retention

341. According to Prahalad and Hamel, which description BEST characterizes an organization's core competencies?

A. Product lines that bring in the largest share of revenue and margin in the current fiscal year.
B. Collective capabilities that add customer value, resist imitation and extend across markets.
C. Organizational values and behaviors that define the culture and guide everyday decisions.
D. Individual job skills that each employee must master to perform at a fully proficient level.

342. A founder asks HR how converting the company to a benefit corporation would change its governance. Which statement is accurate?

A. The company becomes tax-exempt and can accept tax-deductible gifts from donors, as a registered charity can.
B. Shareholders can no longer receive dividends, since profits must go to the stated public benefit.
C. Directors become personally liable to the public whenever the company falls short of its mission.
D. Directors must weigh stakeholder interests and a stated public benefit, not just shareholder value.

343. A technology company engages 80 independent contractors for software projects. Project managers have started issuing them performance improvement plans and attendance warnings modeled on the employee handbook. Why does this practice concern the CHRO strategically?

A. It breaches the contractors' right to set their own rates, which is the deciding factor in classification.

B. It is unlawful to give contractors any feedback on deliverables once a statement of work has been signed.

C. It shows control over how and when the work is done, which supports treating the workers as employees.

D. It makes the company liable for contractors' income taxes regardless of how the workers are classified.

344. A company is updating its leadership development program for managers who will lead teams that include AI agents and tools. Which competencies should the program add?

A. Programming AI models, tuning their parameters and writing the code that runs the company's tools

B. Redesigning work between people and AI, judging AI output, and leading people through role change

C. Monitoring each employee's AI tool usage closely and reporting those who use the tools least often

D. Delegating all routine decisions to AI so that managers can focus only on budget and finance work

345. A division president's results are strong, but two direct reports have resigned citing his abrasive style, and a 360 shows serious interpersonal concerns. There are no policy violations or legal complaints. The CEO wants to keep him but asks the CHRO for a recommendation. What is the BEST course?

A. Move him to an individual contributor role where his style will not affect any direct reports

B. Take no formal action since his business results are strong and no policy has been violated

C. Start a formal performance improvement plan that will lead to termination if he does not change

D. Offer executive coaching with clear behavioral goals, stakeholder input and a defined timeline

346. The CEO asks the CHRO for an executive coaching strategy with a fixed annual budget that covers about 25 engagements. Coaching has so far gone mainly to struggling leaders on performance plans. How should the CHRO prioritize the budget?

A. Continue focusing coaching on struggling leaders, since they have the largest performance gaps and the most room to improve.

B. Spread the budget evenly across all business units, so that every unit receives the same number of coaching engagements.

C. Offer coaching to any leader who requests it first, since voluntary participants are the most motivated to benefit from it.

D. Focus coaching on high potentials and new executives in critical roles, using it for remedial cases only selectively.

347. An analysis at a financial services firm shows that managers approved remote-work requests from men at much higher rates than from women in similar roles. Each manager decides with no written criteria. What should the CHRO do?

A. Set written, job-based eligibility criteria, require documented reasons, and review approval rates by group.

B. Let each manager keep discretion but require training, since managers know best which roles can be done remotely.

C. Approve remote work for all employees in affected roles, so that no manager decision can be challenged as discriminatory.

D. Approve pending requests from women until approval rates match, then return the decisions to the managers.

348. In a strategy session, an executive asks why private-sector union density in the U.S. has fallen for decades. Which explanation is among those most often cited by researchers?

A. A collapse of the union wage premium to zero in most private industries

B. A federal rule requiring a new union election every three years

C. Job growth shifting from manufacturing to services and less union regions

D. Federal laws banning union security clauses in every state since the 1990s

349. A growth-stage company wants to convert its 900 employee delivery drivers to independent contractors to cut costs. The drivers would keep the same routes, uniforms, schedules and pay-per-delivery terms set by the company. How should the CHRO frame the decision for the board?

A. Recommend proceeding once drivers sign contractor agreements, since a signed agreement settles their legal status.

B. Recommend waiting for a final DOL rule, since federal contractor status cannot be assessed until one is issued.

C. Recommend proceeding in states without their own tests, since federal law defers to the parties' chosen label.

D. Show how drivers' actual control and dependence fare under federal and state tests, with exposure ranges.

350. Two years into an HR system transformation, the CHRO's team projects it will deliver $4 million in annual savings, half of the $8 million promised to the board in the business case. Adoption is improving, but some savings assumptions were too optimistic. How should the CHRO communicate with the board?

A. Present the gains in service quality and data access as the main results, since savings were only one part of the case.

B. Reset the savings baseline to the current projection, so the program appears on track for the rest of the reporting period.

C. Report the shortfall candidly, explain the causes, and present a revised forecast with recovery actions and new targets.

D. Wait to report until next year's results, since adoption is improving and the shortfall may shrink before it is final.

351. A sales employee reported possible billing fraud. Weeks later, the division president reassigned her three largest accounts to a peer, cutting her commission sharply. She alleges retaliation. The division president reports to the CEO. How should the CHRO structure the response?

A. Engage an independent investigator reporting to the board's audit committee, and put interim protections in place.

B. Restore her accounts immediately and close the matter with a written warning to the division president.

C. Ask the division president to explain the reassignment in writing before deciding whether a formal investigation is needed.

D. Have HR investigate promptly, while leaving the account assignments as they are until the facts are clear.

352. Union membership in France is around 10% of employees, yet collective agreements cover the vast majority of workers. What best explains the gap?

A. Sector agreements are extended by the state to firms that did not sign

B. Agreements are counted as covering all workers in their region

C. Most French employees pay agency fees to the unions they choose not to join

D. French law requires union membership in firms above a set size

353. An analysis finds a correlation of r = 0.65 between managers' leadership ratings and their teams' engagement scores. How should the CHRO describe this result to executives?

A. As showing that each one-point gain in a manager's rating raises engagement by 0.65 points.

B. As proof that better managers cause 65% of the variation in their teams' engagement scores.

C. As a fairly strong positive relationship that does not prove managers cause engagement.

D. As a weak relationship, since a correlation must exceed 0.80 before it is considered meaningful.

354. A multinational is consolidating benefits vendors across 12 countries to reduce costs. Local HR leaders worry that a single global vendor won't meet statutory or cultural needs. What negotiation strategy should the CHRO use?

A. Let each country choose its own vendor, then negotiate a global discount based on the total spending across all countries.

B. Use combined volume to gain leverage on global terms while setting minimum local service and compliance standards.

C. Require every country to adopt the global vendor's standard plans so that the lowest price can be secured.

D. Choose the vendor with the lowest global price and handle local compliance gaps as issues arise.

355. The CFO asks the CHRO what the company gets in return for 20,000 hours of paid volunteer time each year. What is the BEST way to answer?

A. Report the number of nonprofits served and the total of events held during the year.

B. Compare engagement, retention, and skill growth for volunteers versus nonvolunteers.

C. Report the dollar value of the 20,000 hours using a standard hourly rate for volunteers.

D. Survey employees on whether they enjoyed volunteering and would take part again.

356. A company has a 1,000-person sales force. A retention program reduces annual turnover from 30% to 22%, and each departure costs an estimated $40,000. What annual turnover cost does the program avoid?

A. $12 million

B. $8.8 million

C. $320,000

D. $3.2 million

357. What is the PRIMARY purpose of cross-cultural training for leaders who manage teams across several countries?

A. To teach leaders the employment laws of each country so they can handle legal issues themselves.

B. To prepare leaders to speak the local language of every country in which their teams are located.

C. To build awareness of cultural differences and the skills to adapt leadership and communication.

D. To persuade team members abroad to adopt the communication norms of the company's headquarters.

358. A wealth management firm is considering paying part of its advisers' bonuses as deferred cash that vests over three years. Which trade-off should the CHRO weigh MOST?

A. Simpler plan administration versus less flexibility to reward short-term results

B. Lower total compensation cost versus higher payroll tax obligations in the year of deferral

C. Better regulatory standing versus a requirement to fully vest the awards for all departing advisers

D. Retention from unvested balances versus competitor buyouts and lower current pay appeal

359. After a data entry error caused hundreds of employees to be underpaid, a company's leaders announce that they have repaid everyone in full and installed a new verification step to prevent the error from recurring. In Benoit's image repair theory, which strategy does this represent?

A. Corrective action

B. Mortification

C. Reducing offensiveness

D. Evasion of responsibility

360. A company pilots a new manager training program at four plants while six similar plants continue as usual. It compares the change in turnover from before to after the pilot at the pilot plants against the change at the other plants. Which method is this?

A. Difference-in-differences, which compares the before-after change in a treated group to that in a comparison group.

B. Simple pre-post analysis, which compares turnover at the pilot plants before and after training was delivered.

C. Regression discontinuity, which compares outcomes for units just above and just below a cutoff score used to assign treatment.

D. Cross-sectional comparison, which compares turnover at pilot and non-pilot plants at one point after the pilot.

361. An employee who signed a mandatory arbitration agreement and class waiver at hire later files a sexual harassment lawsuit in federal court. How does the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act affect the agreement?

A. The agreement is enforceable only if the employer pays all arbitration fees and costs

B. The employee may elect to keep the claim in court despite the predispute agreement

C. The agreement stays enforceable, but the arbitrator must apply federal harassment law

D. The law voids only class waivers, so the individual claim must still go to arbitration

362. A staffing vendor that supplies 40% of a company's contingent workforce demands exclusivity for three years in exchange for a 5% rate cut. The CHRO has quotes from two other qualified vendors. How should the CHRO approach the negotiation?

A. Agree to exclusivity for one year as a compromise so the vendor gets part of what it asked for

B. Reject the vendor outright and split the business between the two other vendors to show leverage

C. Accept exclusivity, since a 5% rate cut on a large share of contingent labor spend produces immediate and certain savings

D. Use the alternative quotes as the BATNA and test the offer against market rates, fill rates and quality data

363. The CFO tells the CHRO that the HR budget will be cut by 15% next year. The CHRO must present options at the next finance review. What approach is BEST?

A. Argue that HR spending should be exempt from cuts because talent drives the entire business plan

B. Eliminate the training budget because it is the largest discretionary category

C. Cut every HR program by 15% so that no single function bears the full impact

D. Present options ranked by strategic impact, with the risk and savings of each cut

364. Two years into an executive sponsorship program, 40 protégés report good relationships with their sponsors, but none has been promoted or given a major stretch assignment. Sponsors say they 'meet regularly and give advice.' What redesign should the CHRO make?

A. Replace the program with a leadership development course for all of the high-potential employees

B. Increase how often sponsors and protégés meet and require a written development plan for each

C. Redefine sponsors' duties as advocacy for specific roles and track protégés' career moves

D. Add a formal mentoring curriculum so sponsors give protégés more structured career advice

365. A U.S.-based company plans to use AI to screen applicants for roles in its European subsidiaries. Under the EU AI Act, AI used in recruitment and selection is classified as high-risk. What is the CHRO's BEST design approach?

A. Keep the tool's use undisclosed so candidates cannot game the screening process

B. Let the tool reject low scorers automatically so that its use stays fully consistent across sites

C. Rely on the vendor's EU conformity work and treat compliance as the vendor's job

D. Build in risk management, human oversight, documentation and notice to candidates

366. A company's policy terminates any employee who cannot return to work after 12 weeks of FMLA leave. Why does this policy create enterprise risk?

A. The FMLA requires one extension of leave when the employee's doctor requests more time.

B. Additional leave can be a reasonable accommodation under the ADA after FMLA leave ends.

C. Ending employment after 12 weeks is FMLA retaliation unless the job was already eliminated.

D. The ADA requires indefinite leave for employees whose conditions are still being treated.

367. Which accountability structure BEST ensures that harms caused by HR AI tools are owned at the executive level?

A. Each tool has a named executive owner who answers for outcomes and reports to leadership

B. A rotating committee shares accountability for all tools so no one person bears the risk

C. The data science team is accountable for outcomes, since it configures and monitors tools

D. Each tool's vendor is contractually responsible for any harm to employees or candidates

368. A company plans to pay large cash bonuses for each new product idea that its research scientists submit. Which concept explains the CHRO's concern that this could reduce creativity?

A. The halo effect, in which one strong trait shapes how a person's overall work is judged

B. Equity theory, in which employees compare their rewards with those of their peers

C. The Hawthorne effect, in which people change behavior because they know they are observed

D. The overjustification effect, in which expected rewards weaken intrinsic motivation

369. The board's compensation and talent committee asks the CHRO for a concise succession health report it can review each quarter. Which set of measures should the report include?

A. Percentage of leaders with completed development plans and current performance reviews

B. Count of critical roles with at least one named successor shown on the organization chart for that role

C. Ready-now coverage for critical roles, internal fill rate, bench diversity and successor retention

D. Number of employees in the high-potential program and the training hours each has completed

370. A rivalry between the senior VP of engineering and the senior VP of marketing has delayed a major product launch by two quarters. Each blames the other's function. The CEO asks the CHRO for a plan. What should the CHRO recommend FIRST?

A. Bring in an external team-building facilitator for an executive offsite to rebuild trust between the two leaders.

B. Have the CEO set a launch deadline and tie both leaders' annual incentives to meeting it on schedule.

C. Interview both leaders and key staff to identify the sources of the conflict before designing an intervention.

D. Move launch responsibility to a single executive so that the two functions no longer need to agree.

371. A CHRO wants the global leadership competency model to emphasize attributes that are valued everywhere. According to the GLOBE study, which attributes are universally endorsed as contributing to outstanding leadership?

A. Autonomy and individualistic drive

B. Integrity and inspiring vision

C. Status consciousness and formality

D. Caution and a preference for procedure

372. A global manufacturer launched a skills inventory two years ago to support workforce planning, but only 35% of employee profiles are complete, and most of those are out of date. What is the BEST approach for the CHRO?

A. Integrate skills data into staffing, career and development processes so that profiles stay useful.

B. Require all employees to complete their skills profiles by a firm deadline and report on completion by department.

C. Replace the inventory with a quarterly survey asking managers to rate each team member's skills from memory.

D. Hire a consulting firm to interview managers and rebuild the inventory from scratch in a single comprehensive effort.

373. At a plant where production workers are unionized and maintenance staff are not, a new contract gave union members a 6% raise. Nonunion maintenance staff now complain that they are being left behind, and tension between the groups is rising. What is the CHRO's BEST strategy?

A. Tell nonunion staff that the union's gains came at the expense of the budget that was set aside for their own pay increases

B. Freeze nonunion pay until the union contract expires so total labor costs at the plant stay level

C. Ask union stewards to explain the bargaining results to nonunion staff to ease tension between groups

D. Review nonunion pay against the market on its own merits and explain the company's pay philosophy to that group

374. A 15,000-employee company operates in 22 countries, each with its own grading system and job titles, which makes talent mobility and global pay comparisons nearly impossible. The executive team asks the total rewards leader for a recommendation on job evaluation. What is the BEST recommendation?

A. Choose the grading system of the largest country and require other countries to convert to it within one year

B. Adopt a single global leveling framework that all countries use, with local market pricing within each level

C. Drop job evaluation entirely and set each employee's pay using local salary survey data for their title

D. Keep each country's grading system and create a crosswalk table that HR updates whenever a job changes

375. An analyst reports that a pilot's effect on retention had $p = 0.07$ and recommends dropping the program because it "failed." What is the BEST critique of this recommendation?

A. The analyst should keep collecting data and retesting until the p-value falls below the cutoff.

B. A p-value of 0.07 proves that the program had no effect on retention, so dropping it is correct.

C. The 0.05 cutoff is a convention; the decision should weigh effect size and each error's cost.

D. The cutoff should be raised to 0.10 for all HR decisions so that real effects are not missed.

376. After a first pay equity audit led to $300,000 in salary adjustments, the CFO asks the CHRO whether future reviews are needed or whether the issue is now resolved. What should the CHRO recommend?

A. Treat the audit as complete and revisit pay equity only if employees raise complaints in the future.

B. Replace future audits with a policy banning salary negotiation at the time of hire for all roles.

C. Repeat the audit every five years, since gaps develop slowly once a full correction has been made.

D. Make the review recurring, at least annually, with a set remediation budget and root-cause fixes.

377. A transformation consulting firm will exit in three months after leading an 18-month change program. Leaders worry that new processes will slip once the consultants leave. What should the CHRO plan?

A. Send periodic reminder communications about the new processes to employees during the following year.

B. Extend the consulting contract for another year so the external team can keep driving adoption of the change across units.

C. Transfer ownership to line leaders, build internal change capability, and embed the changes in metrics and rewards.

D. Hold a closing celebration to mark the program's completion and shift leadership attention to new priorities.

378. An enterprise engagement survey of 40,000 employees shows a 0.5-point increase on a 100-point index after a wellness program, and the result is statistically significant. The CEO asks whether the program should be expanded. Which concept should guide the CHRO's answer?

A. A statistically significant result proves the program caused the increase

B. Statistical significance does not mean the effect is large enough to matter

C. A significant result confirms the program will produce a positive return

D. The result should be ignored because the sample is too large to be reliable

379. A CHRO is setting up governance for an enterprise HR technology program. What BEST distinguishes the role of the program sponsor from that of the steering committee?

A. The sponsor is the one executive accountable for results; the committee provides collective oversight

B. The sponsor is chosen by the committee each year; the committee keeps final accountability for results

C. The sponsor manages daily project tasks; the committee approves budgets and sets strategic direction

D. The sponsor speaks for end users' needs; the committee is accountable for the program's business results

380. The CEO of a 9,000-employee manufacturer announces that inclusion will become a core company value and asks the CHRO to make sure it is more than a slogan. Earlier value statements faded within a year because nothing in the talent processes changed. What should the CHRO recommend as the central element of the strategy?

A. Create a chief inclusion officer role with a dedicated budget to fund employee resource groups and events.

B. Build inclusive behaviors into the leadership competency model and weigh them in performance and promotion reviews.

C. Launch a company-wide awareness campaign with town halls, posters, intranet stories and a values pledge signed by every leader.

D. Require every people manager to complete annual unconscious-bias training and report completion rates by unit.

381. A company's five-year operating plan assumes labor cost growth of 3% a year, and a major labor agreement expires next spring. Which practice BEST aligns labor relations with corporate finance?

A. Negotiate the best deal possible first, then have finance revise the operating plan to reflect whatever terms are reached.

B. Keep finance out of the process until ratification so that the bargaining team is free to make trade-offs at the table.

C. Give the bargaining team the operating plan's 3% figure as a fixed limit that cannot be exceeded under any circumstances during the talks.

D. Agree with finance on assumptions and an approved settlement range before talks, and update the cost model as proposals change.

382. A bank plans to automate much of its back-office processing over two years, affecting about 800 operations roles. The CEO wants to protect morale and the employer brand while capturing the efficiency gains. What should the CHRO recommend?

A. Offer affected workers a choice of severance or any open role regardless of skill fit

B. Assess affected workers' adjacent skills and build reskilling paths into roles the bank needs

C. Delay the automation project until natural attrition gradually reduces the operations headcount over time

D. Announce layoffs for all affected roles now so employees have the maximum notice possible

383. A global employer is drafting a governance program for AI tools used in hiring decisions. Which set of components BEST reflects a complete program?

A. An annual bias audit by the vendor, a candidate notice and a recruiter usage dashboard

B. Tool inventory, risk review, bias testing, human review, vendor oversight and records

C. Vendor contracts with indemnity clauses, an IT security review and a user training course

D. A data privacy policy, an executive sponsor and a pilot in one region before full launch

384. Employees who volunteered for a leadership development program had 30% higher promotion rates than those who did not participate. The CEO wants to cite this as proof of the program's ROI. What concern should the CHRO raise?

A. The comparison group was much larger than the volunteer group, so the difference in promotion rates is likely understated

B. The 30% difference is too small to matter, so the program should be judged by its cost per participant

C. The promotion rate is a lagging metric, so the program should be judged on satisfaction scores instead

D. Volunteers may have been more motivated or capable from the start, so the gap may not be caused by the program

385. A growing company wants to hire 10 engineers in a country where it has no legal entity. The CFO asks about using an employer of record (EOR) instead of setting up a subsidiary. What is the main strategic trade-off?

A. An EOR eliminates all local employment-law liability, but the workers cannot receive equity compensation

B. An EOR allows fast, compliant hiring without an entity, but costs more and gives less control

C. An EOR is cheaper at every size, but it may only be used for workers hired for less than one full year

D. An EOR lets the company treat workers as contractors, but they must be paid in U.S. dollars from home

386. An enterprise digital strategy has stalled. A diagnostic shows that middle managers across units lack the skills to redesign workflows, reprioritize work and coach teams through the new processes. What is the CHRO's BEST enterprise intervention?

A. Build a strategy-linked manager capability program with coaching, practice and clear accountability.

B. Replace managers who are slow to implement the strategy with external hires who have digital transformation experience.

C. Bypass managers by sending the strategy directly to front-line staff in all-hands meetings.

D. Ask each business unit to design and schedule its own manager training when it can.

387. A board member notices that one report shows benefits at 43% of payroll and another shows benefits at 30% of total compensation, both for the same year and the same spending. What BEST explains the difference?

A. Total compensation counts only base pay, so it understates the cost of benefits.

B. The payroll ratio adjusts for overtime and shift premiums, which lowers the total compensation figure.

C. One report must include retiree benefits that the other report leaves out.

D. Payroll leaves benefits out of the base, so the same spend looks larger in that ratio.

388. A company plans to publish pay ranges in all job postings. An internal review shows that several long-tenured employees in the same roles are paid below the new ranges for no documented reason. Why should the company correct those gaps before publishing?

A. Long-tenured employees are entitled to the range midpoint once ranges are made public

B. New hires would refuse offers if they knew that incumbents were paid below the range

C. Publishing would expose unexplained inequities, harming trust and creating legal risk

D. Posting laws require all incumbents to be paid within any range that the company publishes

389. A public company is adopting a policy that bars executives from hedging or pledging company stock. What is the main purpose of this policy?

A. To limit dilution by reducing the number of shares held by executives in brokerage or margin accounts.

B. To prevent executives from selling vested shares during blackout periods around the quarterly earnings releases.

C. To keep executives exposed to share price risk like shareholders, and to avoid forced sales from margin calls.

D. To ensure executives receive equity awards at fair value without discounts that would create tax liability.

390. In a discharge arbitration, the arbitrator applies the seven tests of just cause associated with Daugherty. Which test asks whether the rule the employee broke was reasonably related to the orderly, efficient and safe operation of the business?

A. Whether the employer's rule or order was reasonable

B. Whether the penalty matched the seriousness of the offense

C. Whether the employer's investigation was fair and objective

D. Whether the employee had forewarning of the consequences

391. Under the Consolidated Appropriations Act, 2021, what must a broker that expects to receive $1,000 or more in compensation for services to an ERISA group health plan disclose to the plan fiduciary?

A. The premium rates it obtained from other carriers for comparison

B. The direct and indirect compensation it expects for those services

C. Only the commissions it expects to receive directly from the plan sponsor

D. The total compensation it receives across all of its client plans

392. An investor analyst asks the CHRO about leadership bench strength during a strategy review. How do investor analyses typically treat leadership depth when valuing a company?

A. A deep bench lowers valuation because the cost of developing successors reduces the company's near-term earnings.

B. Bench strength matters only during a CEO transition and has no effect on valuation at other times.

C. Ready successors reduce perceived execution and transition risk, which can support a higher valuation.

D. Leadership depth is excluded from valuations because it cannot be measured on the balance sheet.

393. A company's labor relations team has built a database of awards from the arbitrators on its panel. The team proposes striking any arbitrator who has ruled against the company in more than half of past cases. What should the CHRO advise?

A. Let the union choose all arbitrators for the next year, so that the union sees the company's selection process as fair.

B. Review each arbitrator's reasoning on issues the company often faces, such as just cause, not just win-loss records.

C. Adopt the proposal, since an arbitrator's past rate of awards against the company is the best measure of future rulings.

D. Stop tracking arbitrator decisions, since using past awards to select arbitrators is barred under most labor contracts.

394. A manufacturer's underfunded defined benefit pension requires large cash contributions each year, and the board is considering freezing future benefit accruals. About 30% of employees are within ten years of retirement. What is the CHRO's MOST appropriate role in the decision?

A. Advise the board that ERISA's anti-cutback rule bars any freeze, so the plan must instead be funded more gradually over time.

B. Recommend ending the plan right away with lump-sum payouts, since this removes the cash drain faster than any accrual freeze.

C. Model workforce effects, design replacement benefits, and plan the required advance notice to participants.

D. Leave the decision to the plan's investment committee, since any choice to freeze benefits is a fiduciary decision under ERISA.

395. An HR analytics team at a 12,000-employee company finds that performance ratings rise steadily with tenure. An executive concludes that experience drives performance and proposes tying promotions more heavily to years of service. What is the BEST response from the CHRO?

A. Recommend lowering the ratings of long-tenured employees to remove the bias the analysis has revealed.

B. Support the proposal, since a consistent correlation across 12,000 employees provides strong evidence of causation.

C. Explain that rater bias or early exits of weaker performers could explain it, and test these first.

D. Dismiss the finding as noise, since tenure and performance ratings are unrelated in most published studies.

396. Why does integrating ethics and conduct risks into a company's enterprise risk management (ERM) process improve board oversight?

A. It turns conduct risks into financial terms so that they can be insured under the company's existing insurance policies.

B. The board sees conduct risks ranked with other risks, with owners, controls and appetite clearly stated.

C. It lets the company stop separate ethics reporting to the board, since ERM reports cover all risks.

D. It moves ethics oversight from the board to management's risk committee, which can act more quickly.

397. Operations leaders at a 900-employee restaurant group propose cutting part-time staff from about 32 to under 30 hours a week so they will not qualify for the company health plan. Several of these employees are already enrolled based on the most recent measurement period. What should the CHRO advise?

A. Avoid cutting enrolled staff's hours to end coverage, and weigh future schedule changes against ERISA 510 and retention.

B. Reject any change in hours, since the ACA bars employers from reducing hours below 30 a week for any business reason.

C. Proceed with the cuts right away, since employers have no legal limits on how they schedule hours for part-time employees.

D. Proceed, and end current enrollees' coverage at once, since their hours will now fall below the ACA's 30-hour threshold.

398. To estimate next year's nurse supply, an analyst runs 10,000 simulations, each drawing random values for turnover, hiring yield and retirements from their historical distributions, to produce a range of likely outcomes. Which technique is this?

A. Delphi technique

B. Monte Carlo simulation

C. Markov transition analysis

D. Regression analysis

399. Why can including a tainted variable, such as one that may itself reflect bias, in a pay equity regression lead to misleading results?

A. It lowers the model's R-squared, which makes the results unreliable for any legal or business purpose.

B. It can absorb part of the discriminatory effect, making the unexplained group gap look smaller than it is.

C. It prevents the model from reaching statistical significance, so no conclusions can be drawn at all.

D. It inflates the unexplained gap, causing the analysis to flag group pay disparities that do not actually exist.

400. Why should a long-range workforce plan be built on the same business drivers and assumptions as the long-range financial plan?

A. So the workforce plan can be revised less often than the financial plan

B. So labor costs can be kept out of capital budgeting and investment decisions

C. So headcount and labor cost projections reconcile with budget forecasts

D. So HR can set its own growth assumptions apart from those used by finance