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# SHRM-SCP

## Practice Questions

## Set 2

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 2

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.** An enterprise leadership development program cost $1.2 million, and its monetized benefits after isolating the program's effect are $1.8 million. What is the program's return on investment (ROI)?

**A.** 50%
**B.** 67%
**C.** 150%
**D.** 33%

**2.** A company is debating whether to tell employees that they have been named as successors for senior roles. What is the MAIN trade-off the CHRO should weigh?

**A.** Disclosure can boost engagement and retention but may create expectations that the company cannot meet.
**B.** Disclosure is legally required for internal promotion decisions, but it limits the company's ability to choose.
**C.** Disclosure reduces the cost of the plan, but it makes it harder for the company to track readiness.
**D.** Disclosure lets candidates set their own development plans, but it removes the need for any feedback.

**3.** An HR leadership team reviews 20 proposed initiatives and decides which to fund and which to defer based on strategic fit, risk and available resources. This activity is BEST described as:

**A.** Project management
**B.** Operations management
**C.** Program management
**D.** Portfolio management

**4.** A newly hired CHRO at a 15,000-employee company inherits several stalled HR projects, and the CEO wants a list of HR priorities within three months. Business leaders have mixed views of HR. What should the CHRO do FIRST?

**A.** Hold a structured listening tour with leaders and employees across the business
**B.** Restart the stalled projects at once to show early progress to the CEO
**C.** Benchmark HR practices against industry peers and adopt the leading ones company-wide
**D.** Reorganize the HR team so that its structure matches the CHRO's past model

**5.** Several business units have been bypassing the central talent acquisition team and using their own staffing agencies, with inconsistent fees, screening, and candidate quality. What is the CHRO's BEST case for change?

**A.** Cut the units' hiring budgets until their leaders agree to route all of their hiring through the central TA team.

**B.** Issue a policy that bans all agency use and requires the central team to fill every opening itself.

**C.** Let units keep their agencies but require each unit to report its agency hires every quarter.

**D.** Quantify fragmented agency spend and quality gaps, then propose preferred vendors with central oversight.

**6.** A U.S. company plans to restructure its German subsidiary, eliminating about 150 positions. The CEO wants to finalize the plan secretly and announce it as a done deal. The subsidiary has an active works council. What should the CHRO advise?

**A.** Consult only the employees whose roles are affected rather than the works council as a whole

**B.** Finalize the plan as the CEO wants and then inform the works council once it is announced

**C.** Hold off on any works council contact until news of the restructuring begins to leak internally to employees

**D.** Inform and consult the works council before the decision is final, under a planned confidential process

**7.** A company spends $200,000 on an employer brand campaign. In the following year, it reduces agency fees by $500,000 as a direct result. What is the return on investment for the campaign?

**A.** 150%

**B.** 60%

**C.** 40%

**D.** 250%

**8.** At a 9,000-employee manufacturer facing margin pressure, the CFO asks the CHRO for a plan to cut headcount 10%, while the COO asks for a plan to build automation and engineering capability. Both say they "own" the workforce plan, and the CEO has asked HR to bring one recommendation. What is the BEST way for the CHRO to proceed?

**A.** Prepare two separate plans, one for the CFO and one for the COO, and let the CEO choose between them at the next executive meeting.

**B.** Side with the CFO's request, because cost reduction is the more urgent concern and capability building can follow later.

**C.** Combine the requests into one plan that cuts 5% of roles and redirects the savings into automation and engineering hires.

**D.** Confirm with the CEO who the client is, then get the CFO and COO to agree on the outcome both plans must serve.

**9.** A plaintiffs' firm sends a demand letter alleging that the company's FCRA background check disclosure form has included liability waiver language for five years. What should HR do with the general counsel?

**A.** Ask current employees to sign new forms waiving any claims about the old form

**B.** Settle with the firm's client and keep the form, since the waiver language is optional

**C.** Engage counsel, switch now to a stand-alone disclosure, and assess class-wide exposure

**D.** Keep using the current form until the claim ends, so changes are not used as evidence

**10.** At a lender, loan officers are rewarded for loan volume while the risk team is measured on credit losses, and the two groups constantly clash. What is the BEST resolution?

**A.** Measure both groups on a shared metric such as risk-adjusted revenue or net revenue after credit losses.

**B.** Keep the current metrics but hold monthly meetings so that the two groups can work through conflicts.

**C.** Give the risk team the final say on every loan so that credit losses stay within the approved limits.

**D.** Raise loan officers' volume targets while giving the risk team a larger budget to review the extra loans.

**11.** A national retailer uses an automated employment decision tool for screening. New York City requires bias audits and candidate notice for such tools, and other jurisdictions are adopting their own rules. Leaders debate whether to deploy the tool everywhere. What is the CHRO's BEST strategic decision?

**A.** Use the tool everywhere except New York City to avoid that city's bias audit requirement

**B.** Stop using the tool everywhere until all states adopt one uniform standard

**C.** Adopt one enterprise standard for audits and notice, applied at every location

**D.** Let each region's HR team set its own audit and notice practices for the tool

**12.** After a merger, leaders hold a ceremony to retire the legacy company names, collect stories from employees of both firms, and introduce a new shared emblem to help people make sense of the change. Which Bolman and Deal frame guides these actions?

**A.** The political frame

**B.** The structural frame

**C.** The human resource frame

**D.** The symbolic frame

**13.** A CHRO is asking for funding to strengthen the company's employer brand. Which economic effect BEST supports the request?

**A.** Candidates apply more readily and accept offers with a smaller pay premium.

**B.** It reduces cost per hire only for executive roles filled by search firms.

**C.** It lowers cost per hire mainly by reducing the need for background checks.

**D.** It lets the firm pay well above market, which shortens time to fill open roles.

**14.** A CHRO wants to speed up handling of common Pregnant Workers Fairness Act requests across many locations. Which approach BEST reduces friction and legal risk?

- **A.** Approve simple changes only after an employee has had a related performance or attendance problem.
- **B.** Pre-approve simple changes like extra water, restroom breaks and sitting, with little or no paperwork needed.
- **C.** Require medical documentation for every request so that all locations apply the same proof standard to employees.
- **D.** Pre-approve simple changes, but only for employees who have worked at the company at least one year.

**15.** A board wants to strengthen its accountability for the company's sustainability strategy and performance. Which governance structure BEST achieves this?

- **A.** A board committee with a charter giving it sustainability oversight and regular reports from management
- **B.** An annual sustainability report that is prepared by the communications team for public release
- **C.** An employee green team that sets sustainability goals and posts updates on the company intranet
- **D.** A chief sustainability officer who reports to the CMO and briefs the full board on progress once each year

**16.** What does Patrick Lencioni mean by an executive's "first team"?

- **A.** The leadership team of peers, which comes before the function the executive leads
- **B.** The founding team, whose norms take priority over teams that form later on
- **C.** The board of directors, since every executive is accountable to it in the end
- **D.** The function the executive leads, since loyalty to direct reports is what drives results

**17.** A company with operations in 18 countries has let each country set its own pay position, ranging from the 25th to the 75th percentile with no rationale. The executive team wants a coherent approach that controls cost and supports cross-border mobility, while local labor markets differ widely. What should the CHRO recommend?

- **A.** Pay all employees on U.S. headquarters ranges converted at current exchange rates to ensure global consistency
- **B.** A global framework of shared principles and leveling, with local market positions set within defined guardrails
- **C.** Full local autonomy as today, with each country manager choosing a position based on local business judgment
- **D.** One global market position for all countries, applied uniformly to local pay data regardless of local conditions

**18.** A board's risk committee asks the CHRO for evidence about the strength of the company's risk culture. Which indicator would BEST show a strong risk culture?

**A.** Few incidents have been reported each year, and internal audit findings have dropped steadily.

**B.** Employees raise concerns and near misses early, and leaders respond to them without blame.

**C.** The risk register is updated on schedule, and every listed risk has a named owner and rating.

**D.** All employees completed annual risk awareness training and passed the end-of-course quiz.

**19.** A company's strategy is to enter two new international markets within 18 months. The CHRO is writing HR's OKRs for the year. Which OKR is BEST aligned with the strategy?

**A.** Objective: Strengthen recruiting. KRs: attend six international job fairs; post openings on three global job boards.

**B.** Objective: Make HR more efficient. KRs: cut HR cost per employee by 5% this year; automate three high-volume HR transactions by Q3.

**C.** Objective: Staff both markets for launch. KRs: country leads hired by Q2; 90% of critical roles filled before launch.

**D.** Objective: Improve engagement. KRs: raise the engagement score by 5 points; complete action plans in all units.

**20.** A professional services firm has $40 million in revenue and $25 million in total assets. A capital-intensive manufacturing peer reports an asset turnover of 0.6. What is the services firm's asset turnover, and how should it be interpreted?

**A.** 1.6; it earns more revenue per asset dollar, typical of people-intensive firms

**B.** 1.6; it generates less revenue per asset dollar than the manufacturing peer

**C.** 0.625; it generates less revenue per asset dollar than the capital-intensive manufacturing peer

**D.** 0.625; it generates more revenue per asset dollar, typical of service firms

**21.** During a risk review, the board of a 700-employee software company learns that the CTO holds most knowledge of the product's architecture and has no identified successor. What should the CHRO recommend?

**A.** Hire an outside deputy CTO to shadow the CTO and replace him if he ever leaves the company

**B.** Treat it as a governance risk: retain the CTO, document the architecture and develop successors

**C.** Ask the engineering team to document the architecture in a shared knowledge base as soon as possible

**D.** Offer the CTO a long-term retention package tied to staying with the company five more years

**22.** Survey results show company-wide concerns about career advancement and pay transparency, plus local issues such as a few teams reporting poor communication from their managers. The CHRO must decide which themes to own centrally. What is the BEST approach?

**A.** Address only the local communication issues first, since they are quicker to fix than enterprise-wide concerns.

**B.** Own enterprise themes such as career paths and pay centrally, and have local managers own team-level issues with HR support.

**C.** Delegate all themes to local managers, since employees trust their direct managers more than corporate HR programs.

**D.** Own every theme centrally so the company's response is consistent and managers are not burdened with their own action planning.

**23.** A CEO asks the CHRO to build a new leadership competency model. In early interviews, the six members of the senior team describe very different views of what future leaders need, and two openly disagree on whether innovation or operational discipline matters more. What should the CHRO do NEXT?

**A.** Adopt a competency model from a leading consulting firm to avoid internal disagreement.

**B.** Facilitate a working session that links competencies to strategy and helps the team reach consensus.

**C.** Include every competency each executive mentioned so that all of their differing views are fully represented.

**D.** Draft the model based on the CEO's views alone, since the CEO is the final decision-maker.

**24.** A publicly traded company plans a major layoff that it must disclose to investors. In the last restructuring, employees learned of the cuts from a news alert before hearing from leadership. How should the CHRO coordinate the communication plan this time?

**A.** Tell all employees two weeks before the disclosure so they have time to prepare

**B.** Let managers tell their teams informally once the board approves the restructuring

**C.** Work with legal and investor relations to tell employees at about the time of disclosure

**D.** Release the investor disclosure first and send a detailed employee memo the following week

**25.** An employee reports that a member of the company's board of directors harassed her at a company-sponsored event. The director is not an employee, and the CEO wants to 'let the board handle its own.' What is the CHRO's BEST governance pathway?

**A.** Have the CEO speak privately with the director, since a quiet conversation avoids a dispute that could split the board.

**B.** Refer the employee to outside counsel to pursue the director personally, since the company is not involved in the matter.

**C.** Report to the board chair or governance committee, recuse the director, investigate independently, and protect the employee.

**D.** Close the complaint, since harassment by a non-employee director falls outside the company's harassment policy and Title VII.

**26.** A company wants a leadership development program for high-potential managers that also benefits nonprofits. What design BEST meets both goals?

**A.** Have managers serve on nonprofit boards on their own time and report back to HR on it once each year.

**B.** Have each manager raise funds for a chosen charity and compete for the highest total amount.

**C.** Place managers in pro bono teams on real nonprofit problems, with set learning goals and debriefs.

**D.** Add a half-day volunteer event to the existing leadership course as a team-building exercise.

**27.** The NIST AI Risk Management Framework organizes its guidance into four core functions. Which function covers setting AI policies and accountability, including keeping an inventory of the organization's AI systems?

**A.** Govern

**B.** Map

**C.** Measure

**D.** Manage

**28.** A private nonprofit runs both privately funded programs and programs funded under state government contracts. Employees in the state-funded programs say they will organize under the state's public-employee bargaining law. What should the CHRO advise?

**A.** The state-funded program employees have no bargaining rights, since government contractors are excluded from both laws.

**B.** The state-funded programs fall under the public-employee law, since the state pays for the work those employees do.

**C.** The nonprofit may choose which law applies to each program, since mixed-funding employers fall under both laws at once.

**D.** The nonprofit is a private employer under the NLRA for all its programs, so the public-employee law does not apply.

**29.** An analyst runs a standard significance test on 36 consecutive months of turnover rates to test whether a policy change mattered, treating each month as an independent observation. Why might the results overstate the evidence?

**A.** Thirty-six observations exceed the maximum sample size that significance tests allow

**B.** Turnover rates follow a normal distribution, which violates significance test assumptions

**C.** Monthly turnover rates are too small to be analyzed with any form of statistical test

**D.** Each month's rate tends to track the prior month's, so the data hold less information

**30.** Which statement BEST distinguishes strategic planning from operational planning?

**A.** Strategic plans span about three to five years broadly; operational plans cover about a year in detail

**B.** Strategic plans cover about a year; operational plans cover a single quarter broadly

**C.** Strategic plans cover about a year in fine detail; operational plans span three to five years at a broad level

**D.** Both span three to five years, but operational plans add detailed budget line items

**31.** A company wants its investigation of possible financial misconduct by HR staff to be protected by attorney-client privilege. Which structure BEST supports that protection?

**A.** HR conducts the interviews and marks all notes and reports as "privileged and confidential."

**B.** HR conducts the investigation and later sends the final written report to the general counsel for legal review.

**C.** Counsel directs the investigation to provide legal advice, and interviewees receive Upjohn warnings.

**D.** Counsel attends the closing meeting where HR presents its findings to the executive team.

**32.** A company's engagement index fell 14 points after a year of layoffs and leadership turnover. The CEO tells the CHRO that next year's survey should be canceled because the results are demoralizing and 'we already know the problems.' What is the CHRO's BEST advice?

**A.** Cancel the annual survey for a year and rely on informal manager conversations and skip-level meetings to monitor sentiment until scores recover.

**B.** Replace the census with a shorter vendor pulse that drops the items that scored lowest so results look more balanced.

**C.** Run the survey again but delay sharing results until leaders have a full action plan ready to announce with them.

**D.** Keep listening, report back what was heard, and show visible actions taken so employees see that speaking up leads to change.

**33.** In Accelerate, John Kotter revised his change framework for fast-moving enterprises. How does his concept of a "big opportunity" differ from a traditional burning-platform message?

**A.** It frames the change around competitive threats so that employees clearly understand the cost of standing still

**B.** It replaces urgency with a slower, consensus-based planning cycle led by the senior executive team

**C.** It limits change messages to the guiding coalition until the opportunity has been fully validated

**D.** It builds urgency around an opportunity people want to pursue rather than fear of a threat

**34.** Headquarters rolls out the same advanced analytics practice to two subsidiaries. One already has strong data skills and adopts it quickly; the other struggles despite identical training. Which concept BEST explains the difference?

**A.** Absorptive capacity, since prior related knowledge lets a unit recognize, absorb and apply new knowledge.

**B.** Liability of foreignness, since a unit far from headquarters faces higher costs than local competitors.

**C.** Knowledge stickiness, since tacit know-how always fails to move between business units located in different countries.

**D.** Psychic distance, since perceived cultural differences keep a unit from trusting headquarters' advice.

**35.** An engagement survey at a 12,000-employee company finds that only 38% of employees believe they can report concerns without fear of retaliation. The CEO asks the CHRO for a multi-year plan. What should the plan prioritize?

**A.** Leader accountability for speak-up climate, visible follow-through on reports, and tracking of retaliation outcomes.

**B.** A policy statement from the CEO that retaliation will not be tolerated, repeated in each quarterly town hall.

**C.** Mandatory annual anti-retaliation training for employees, with completion tracked as the key success metric.

**D.** A new anonymous hotline vendor with a launch campaign, since better reporting tools will resolve the fear on their own.

**36.** An internal audit of a 401(k) plan finds that after a payroll system change, employee deferrals were deposited 20 to 40 days late for every pay period over the past year. The CHRO chairs the plan committee. What is the BEST response?

**A.** Restore lost earnings to participants, but leave the issue off Form 5500, since disclosing it could invite a DOL audit.

**B.** Correct the deposits under the IRS EPCRS program, since late deposits are treated as a plan qualification failure.

**C.** Fix the payroll process going forward, since deposits already made late need no correction once the money is in the plan and invested.

**D.** Fix the payroll process, restore lost earnings to participants, report the late deposits on Form 5500, and weigh a VFCP filing.

**37.** Analysis at a 9,000-employee professional services firm shows that top performers resign at more than twice the usual rate around their second anniversary. Exit interviews cite unclear advancement. What is the BEST strategic response?

**A.** Offer a one-time retention bonus to all high performers when they reach two years of service

**B.** Redesign career paths and development milestones to give a clear next step at that tenure

**C.** Increase base pay for all employees with two years of tenure to above the market median

**D.** Raise hiring volume so the firm can absorb the expected losses at the two-year mark

**38.** Which strategic type in the Miles and Snow typology tends to buy talent externally and use flexible structures so it can enter new markets quickly?

**A.** Analyzer (fast follower)

**B.** Reactor (inconsistent)

**C.** Defender (niche protector)

**D.** Prospector (first mover)

**39.** A 54-year-old VP of Operations has missed core strategic targets for three straight quarters. The CEO and board have concluded that the role now needs capabilities for a multi-site expansion that the VP does not have and is unlikely to build within a reasonable time. The VP leads a 400-person function, and the CEO wants a smooth leadership transition. What should the CHRO recommend?

**A.** Terminate the VP for performance immediately and offer severance only if the VP asks for it

**B.** Negotiate an exit with an OWBPA-compliant release and a planned transition of duties

**C.** Place the VP on a 90-day PIP with measurable targets before any separation is discussed

**D.** Reassign the VP to a newly created advisory role and quietly recruit a replacement

**40.** After a bitter last negotiation, a CHRO proposes using interest-based bargaining for the next round. What is the BEST first step?

**A.** Replace the company's entire bargaining team so no one involved in the last round takes part.

**B.** Gain commitment from leaders and the union, train both teams jointly and agree on ground rules.

**C.** Have the company team train in the method privately first to gain a negotiating advantage over the union team.

**D.** Announce the new approach at the first session so the union cannot prepare positional demands.

**41.** A CHRO cites Google's Project Aristotle when proposing a leadership development initiative for team managers. Which team dynamic did that research find most important for team effectiveness?

**A.** Structure and clarity, meaning members understand goals, roles, and plans for execution

**B.** Dependability, meaning members reliably complete quality work on time and follow through for one another

**C.** Cognitive diversity, meaning members bring different expertise and ways of thinking

**D.** Psychological safety, meaning members feel safe taking interpersonal risks with one another

**42.** The CEO of a 4,000-employee firm wants to require managers to rate the bottom 10% of each team as low performers, with no merit increase, to fund larger awards for top performers. What is the BEST response from the CHRO?

**A.** Support forced ranking but apply it only to teams of 20 or more employees, so that small teams avoid arbitrary low ratings.

**B.** Reject any change and keep the current rating process, since differentiating pay by performance raises disparate impact risk.

**C.** Propose calibration with guidelines and an adverse impact review instead of quotas, given forced ranking's risks.

**D.** Implement forced ranking for one cycle as the CEO wants, then assess its impact on turnover and engagement after the cycle.

**43.** A CHRO is asked to contribute the workforce section of the company's sustainability report. Which topics fall MOST directly under the social pillar of ESG?

- **A.** Product pricing strategy, market share growth, capital spending and dividend policy for investors
- **B.** Board independence, executive pay governance, audit committee practices and protection of shareholder rights
- **C.** Workplace health and safety, employee training, pay practices and labor rights in the supply chain
- **D.** Greenhouse gas emissions, energy use at facilities, waste reduction and water consumption levels

**44.** A CHRO commissions an organizational network analysis (ONA) of a 4,000-person R&D function. What insight is ONA BEST suited to provide that the formal org chart cannot?

- **A.** Which roles have the widest spans of control and the most layers between them and the top
- **B.** Which individuals act as informal hubs or bottlenecks for information and collaboration
- **C.** Which teams have the highest engagement and lowest intent to leave in the function
- **D.** Which employees hold the skills needed for future roles in the R&D talent strategy

**45.** A CLO wants to adopt the Talent Development Reporting Principles (TDRP) to standardize how L&D results are reported to senior leaders. TDRP organizes learning measures into which three types?

- **A.** Input, process, output and outcome measures
- **B.** Cost, quality, timeliness and volume measures
- **C.** Reaction, learning, behavior and results measures
- **D.** Efficiency, effectiveness and outcome measures

**46.** A regional sales leader who generates about 15% of company revenue has been the subject of four credible reports in 18 months of belittling team members in meetings. Two rounds of executive coaching produced no lasting change, and two strong performers on the team recently resigned. The CEO asks the CHRO for advice. What should the CHRO recommend?

- **A.** Provide another round of executive coaching, since the leader's revenue contribution justifies more patience.
- **B.** Hold the leader to the standard all leaders meet, with consequences up to removal if it persists.
- **C.** Keep the leader in place but move the most affected employees to other teams to reduce friction.
- **D.** Wait for the annual review cycle so the behavior is addressed alongside the leader's results.

**47.** Contractors supplied by several vendors write much of a software company's proprietary code. An audit finds that some contracts lack clear intellectual property provisions. What should the CHRO recommend?

- **A.** Fix IP assignment and confidentiality terms in all contracts and move core development to employees
- **B.** Convert every contractor to an employee, since only employees can legally assign intellectual property to the company
- **C.** Require all contractors to work on site so the company can monitor their work more closely
- **D.** Restrict contractor access to source code repositories outside of normal working hours

**48.** A software company's new strategy makes customer retention its top priority. The executive team asks the CHRO how to reflect this in performance management for 2,500 employees, many of whom never interact directly with customers. What is the BEST approach?

**A.** Apply customer metrics only to sales and support roles, since other employees cannot affect customer outcomes.

**B.** Add the company's overall net promoter score as an individual goal for every employee with the same weight.

**C.** Cascade customer metrics into goals each role can influence, using team goals where links are weak.

**D.** Replace existing individual goals with customer satisfaction scores so the entire workforce focuses on the strategy.

**49.** At a consulting firm, AI now handles most of the research and drafting that new analysts once used to learn the business. Why does this change make it necessary to redesign the firm's career architecture?

**A.** Entry roles no longer build the skills needed for promotion, so new paths to that experience are needed.

**B.** Entry roles become unnecessary, so the firm should hire only experienced professionals from now on.

**C.** Career paths become less important, because AI will soon handle the senior roles as well as entry roles.

**D.** Promotion criteria stay the same, so the firm only needs to update its job titles to mention AI tools.

**50.** A company has filled every executive opening externally for ten years. Its internal bench is weak, and three of its last five external executive hires left within two years. What is the CHRO's BEST case to the CEO?

**A.** Show the cost and failure rate of external hires and propose a leader pipeline for critical roles.

**B.** Recommend a policy that all future executive openings be filled only by internal candidates, starting this year.

**C.** Switch to a different executive search firm with a stronger record of lasting placements.

**D.** Raise signing and retention bonuses so that external executives stay with the company longer.

**51.** Why do the compensation committees of large U.S. public companies assess whether their pay programs encourage excessive risk-taking?

**A.** Shareholder say-on-pay votes are binding, so every pay program must be approved by shareholders in advance of its adoption

**B.** SEC rules call for disclosing pay-related risks reasonably likely to have a material adverse effect on the company

**C.** Federal law prohibits granting stock options to executives of public companies that have reported losses

**D.** SEC rules require companies to cap total incentive pay at a fixed multiple of each executive's base salary

**52.** Self-service data at a 12,000-employee food manufacturer shows that frontline production workers and employees over 55 use the HR portal far less and rate it much lower than office staff do. Many production workers have no company computer. What is the CHRO's BEST strategy?

**A.** Require all employees to complete portal training and phase out phone support within six months.

**B.** Move the frontline and older employee groups to a separate paper-based process run by their local supervisors.

**C.** Keep assisted channels, test the design with these groups, and add targeted training and access points.

**D.** Promote the portal with more frequent email campaigns explaining its benefits to all employees.

**53.** A company's total actual base payroll is $12.4 million, and the sum of the range midpoints for all employees' positions is $13.0 million. What is the overall compa-ratio, and how should it be interpreted?

**A.** 1.05; pay overall sits about 5% above range midpoints

**B.** 0.95; pay overall sits about 5% below range midpoints

**C.** 0.95; pay overall sits about 5% above range midpoints

**D.** 1.05; pay overall sits about 5% below range midpoints

**54.** A company is waiting for work permits for 20 engineers in a foreign country. The labor ministry official handling the permits suggests that a donation to a charity he chairs would help the applications move faster. What should the HR director do?

**A.** Make a modest donation, since a gift to a registered charity is not a payment to the official personally.

**B.** Decline to commit to any donation and escalate to legal and compliance for an anti-corruption review.

**C.** Ask the official for a receipt from the charity before deciding whether the donation is appropriate.

**D.** Make the donation but record it as corporate giving so it is properly accounted for on the books.

**55.** A company is shifting from a cautious, hierarchical culture to one that rewards speed and customer focus. How can onboarding BEST reinforce the new strategy and values?

**A.** Show new hires the target behaviors through leader stories and early tasks that reward those behaviors.

**B.** Focus orientation on the company's history so that new hires understand and respect its traditions.

**C.** Let each team onboard new hires its own way so that the culture can evolve naturally over time.

**D.** Hand out the new values statement during orientation and require each new hire to sign an acknowledgment of it.

**56.** A CHRO wants to show the board how improvements in workforce productivity affect return on equity (ROE) through DuPont analysis. Which three components does the DuPont model use?

**A.** Gross margin, inventory turnover and the debt-to-equity ratio

**B.** Net profit margin, asset turnover and the equity multiplier

**C.** Net profit margin, asset turnover and the current ratio

**D.** Operating margin, revenue growth and the equity multiplier

**57.** How should company values be used in go/no-go decisions about deploying AI tools?

**A.** As messaging guidance for describing a tool after the business case has approved it

**B.** As aspirational statements that shape culture but are too general for tool decisions

**C.** As a tiebreaker used only when two tools have identical costs, benefits, legal risk and timelines

**D.** As explicit criteria applied with legal and business tests, able to stop a profitable use

**58.** A promotion model never uses gender or race as inputs, yet it consistently scores women lower. Analysts find the model relies heavily on unbroken years of service, which is strongly correlated with gender in the workforce. What is this phenomenon called?

**A.** Survivorship bias

**B.** Overfitting to noise

**C.** Sampling bias

**D.** Proxy discrimination

**59.** An HR shared services center handles payroll, benefits and employee data questions for 20,000 employees. Which pair of metrics BEST measures both its efficiency and its service quality?

**A.** Average call length and number of calls answered each day

**B.** Number of tickets closed and total headcount in the center

**C.** Cost per transaction and first-contact resolution rate

**D.** Center budget variance and HR staff-to-employee ratio

**60.** A CEO asks why the company keeps failing to benefit from new technologies it licenses, while a rival with more in-house R&D adopts them quickly. The CHRO points to the firm's limited ability to recognize, assimilate and apply new external knowledge. Which concept describes this ability?

**A.** Knowledge codification

**B.** Dynamic equilibrium

**C.** Organizational memory

**D.** Absorptive capacity

**61.** The CFO proposes cutting the annual business continuity exercise as an unneeded expense, noting that no disaster has occurred in five years. What is the CHRO's BEST response?

**A.** Agree to the cut, since the plan can be tested and refined during the next real disruption that occurs.

**B.** Show the plan gaps that past exercises exposed and the downtime costs that testing helps avoid.

**C.** Explain that federal law requires all employers to run a continuity exercise every year.

**D.** Propose replacing the exercise with a yearly email asking managers to reread the plan.

**62.** Which arbitration program feature do courts and the employment due process protocol most consistently treat as essential to fairness?

**A.** A shortened filing deadline that is stricter than the statutory limitation period

**B.** Arbitrator selection limited to a panel chosen in advance by the employer

**C.** Access to the same substantive remedies the employee could obtain in court

**D.** Discovery limited to a single document exchange to keep proceedings brief

**63.** A company trains a large network of change agents to support an ERP rollout, but the executive sponsor rarely engages. Resistance persists in several divisions. Which principle BEST explains why the change agents cannot make up for the sponsor's absence?

**A.** Agents work best in small organizations where they can personally reach every single employee

**B.** Agents are usually too junior to be trusted with confidential details about the change

**C.** Agents can facilitate change but lack the authority to legitimize it and commit resources

**D.** Agents become effective only after employees have finished formal change training

**64.** A nonprofit learns that its largest funder will not renew a grant that pays for 30% of its budget, effective in four months. Staff have heard rumors, and the board meets next week. The executive director asks the CHRO to plan communications. What should the CHRO recommend?

**A.** Wait to talk with staff until the board approves a full restructuring plan so that every employee question can be answered at once

**B.** Tell staff the full news before the board meets so employees hear it from leadership rather than through the rumor mill

**C.** Reassure staff that no positions will be affected while leadership searches for replacement funding from other sources

**D.** Brief the board on impact and options, then promptly tell staff what is known, what is open and when decisions will come

**65.** The board's compensation committee asks the CHRO whether the company should require all employees to sign arbitration agreements with class action waivers. What should the CHRO's analysis emphasize?

**A.** Waivers are generally enforceable, but sexual harassment claims can go to court and mass filings remain a risk.

**B.** Class waivers in employment arbitration agreements are unenforceable under federal labor law for all covered workers.

**C.** Arbitration agreements eliminate the company's exposure to all employment claims, including agency charges.

**D.** Arbitration agreements always cut total legal costs because arbitration fees are split equally by the parties.

**66.** A 12,000-employee company is launching a major operating model change, and senior leaders admit they do not know who actually shapes opinion across sites and functions. The CHRO commissions an organizational network analysis (ONA). How should the CHRO use the results?

**A.** Identify employees with few connections and assign them mentors to increase their engagement in the change

**B.** Recruit highly connected and bridging employees as change agents, regardless of their titles

**C.** Confirm that formal leaders are central in the network, then cascade messages through the management chain

**D.** Use network data to evaluate individual managers' influence as part of their annual performance reviews

**67.** In a reorganization, a director's team and duties stay the same, but she now reports to a former peer, loses her seat on the leadership council, and the change process has been explained openly to everyone. Under the SCARF model, which domain is MOST threatened for her?

**A.** Autonomy

**B.** Status

**C.** Fairness

**D.** Relatedness

**68.** A U.S.-based multinational rolled out a new global vision, but leaders of its subsidiaries in Japan and Brazil report that the wording and launch materials feel culturally off-key, and local engagement with the vision is low. What should the CHRO do?

**A.** Require identical wording and launch materials in every country for consistency

**B.** Keep the core vision and values fixed while local leaders adapt how they are expressed

**C.** Retranslate the vision more precisely and retrain local managers on its intended meaning

**D.** Let each subsidiary write its own vision statement that fits its local culture

**69.** The CHRO of a 9,000-employee manufacturer is invited to join a paid third-party inclusion benchmarking index. Participation costs $60,000 a year plus significant staff time to submit data, and several competitors already take part and publicize their rankings. What should the CHRO do BEFORE deciding?

**A.** Ask the index provider for a sample report and accept if the company would rank in the top quartile.

**B.** Join this year because competitors already participate and a missing ranking could hurt the employer brand.

**C.** Decline and redirect the fee to internal surveys, since external rankings mostly reward good public relations.

**D.** Define which strategic decisions the data would inform and check whether the index's method and peers fit.

**70.** In a tense meeting, the CFO and CHRO disagree about cutting the training budget, and the CFO becomes defensive. Drawing on Crucial Conversations, how can the CHRO BEST restore safety for the discussion?

**A.** Show that she shares the CFO's goal of protecting margins and seek a solution that serves both aims

**B.** Suggest ending the meeting now and raising the training budget issue later with the CEO in the room

**C.** Present more evidence on training ROI until the CFO accepts the business case for the current budget

**D.** Agree to the cut for now to protect the working relationship and revisit the issue at year-end review

**71.** A CHRO is seeking $25 million over three years to replace HR systems and redesign the HR operating model. Several board members say past HR investments never showed results. What is the BEST way for the CHRO to frame the proposal?

**A.** Link the investment to business outcomes and risks, and propose phased funding released as measurable milestones are met.

**B.** Emphasize benchmark data showing that peer companies have already made similar HR technology investments.

**C.** Request the full $25 million up front so that the vendor contracts can be negotiated at the best possible rates.

**D.** Present the vendor's ROI projections, since an outside source will appear more objective to the board than HR's own estimates.

**72.** Executive sponsors of a strategic leadership acceleration program have stopped attending steering meetings and rarely mention the program to their teams. The CLO designed the program with little sponsor input. What is the BEST way to increase sponsor ownership?

**A.** Involve sponsors in redesigning key elements, such as business challenges and their teaching roles.

**B.** Ask the CEO to require sponsor attendance at steering meetings and include it in their performance goals.

**C.** Replace the inactive sponsors with other executives who have shown more interest in leader development.

**D.** Send the sponsors a monthly dashboard on participation and satisfaction scores to keep them informed.

**73.** During succession planning, an executive asks the CHRO whether the leading candidate has 'a family history of heart problems' that might shorten her tenure. What should the CHRO do?

**A.** Ask the candidate informally about her family's health, since casual questions are allowed under GINA.

**B.** Request a voluntary physical exam for all finalists to give the executive objective health information to consider.

**C.** Decline to seek the information, explain that GINA prohibits it, and add the issue to leadership training.

**D.** Check the candidate's FMLA and EAP files and share only a general summary with the executive.

**74.** A company's recruiting campaign promotes flexibility and strong career growth, but new hires report rigid schedules and few promotion paths, and first-year turnover has climbed. What is the main trust risk the CHRO should identify?

**A.** A capacity gap in which managers lack time to onboard new hires during their first year of work.

**B.** A sourcing gap that brings in candidates whose skills and experience do not match the job's actual requirements.

**C.** An authenticity gap that breaches new hires' psychological contracts and undermines the employer brand.

**D.** A compensation gap that leaves the company's pay below market and drives early-career turnover.

**75.** A global company has stable attrition in most countries, but one country's attrition has reached 30%. What is the BEST approach?

**A.** Investigate local labor market drivers in that country, such as pay movement and competitor demand, and tailor the response.

**B.** Reduce headcount in that country and move the work to locations where attrition is currently more stable.

**C.** Apply a single global retention policy uniformly in all countries so employees everywhere receive the same retention benefits.

**D.** Raise pay in that country to match headquarters levels so that compensation is consistent across the whole company.

**76.** To attract talent, the CEO of a 3,500-employee company proposes publicly promising that no employee will be fired without just cause. What analysis should the CHRO provide?

**A.** Adopt it through careers-site messaging alone, since a recruiting statement does not change the company's at-will employment status.

**B.** Reject it outright, since employers should preserve at-will employment in every case to keep the most flexibility under the law.

**C.** Adopt it publicly but keep the at-will disclaimer in the handbook, which preserves flexibility while the company gains the brand benefit.

**D.** Weigh the brand benefit against implied-contract risk and process demands, and adopt it only with defined standards and trained managers.

**77.** How should Hofstede's indulgence-versus-restraint dimension inform the design of a global wellbeing program?

**A.** Wellbeing programs should launch only in indulgent cultures, where employees are most likely to participate.

**B.** Restrained cultures should receive fewer wellbeing benefits because employees there place less value on leisure time.

**C.** The dimension shows how much employees accept unequal power, so senior leaders should front the program.

**D.** Framing should differ, stressing enjoyment in indulgent cultures and health, resilience, and duty in restrained ones.

**78.** Over the past year, output per employee at a logistics company rose 18%, while engagement scores fell 12 points and sick days increased. The COO calls it a productivity success. What is the BEST response from the CHRO?

**A.** Investigate whether workload is sustainable before treating the gains as lasting

**B.** Report the productivity gain as the main result and treat engagement as secondary

**C.** Wait one more survey cycle to confirm the decline before raising any concerns

**D.** Launch an engagement campaign of recognition events to restore the survey scores

**79.** A plant manager says coworkers resent a religious accommodation that exempts an employee from Sunday shifts. When can coworker impact support an undue hardship finding after Groff?

**A.** Never, because Groff held that effects on coworkers are irrelevant to undue hardship

**B.** Only when it affects the conduct of the business, not when coworkers just dislike it

**C.** Whenever a majority of the affected coworkers formally object to the accommodation

**D.** Whenever the accommodation causes coworkers to file complaints with HR or management

**80.** A company consolidates its three regional divisions into a single global structure organized by product line, changing reporting relationships and decision rights across the enterprise. At which level does this OD intervention operate?

**A.** Organization level

**B.** Team or group level

**C.** Individual level

**D.** Intergroup level

**81.** A CHRO facilitates a workshop where executives build four distinct, plausible pictures of the business environment ten years from now and test the workforce strategy against each. What is the primary purpose of this approach?

**A.** Identify the single most likely future so resources can be committed to it with confidence

**B.** Prepare strategies that hold up across uncertain futures rather than betting on a single forecast

**C.** Build consensus by averaging executives' individual predictions into one shared forecast

**D.** Produce precise headcount projections for each business unit and job family over the full planning horizon

**82.** A US company's German subsidiary plans to eliminate 150 roles. The subsidiary has a works council. How should the CHRO structure the negotiation plan?

**A.** Announce the layoffs to employees first and then meet with the works council to explain the business reasons for the cuts.

**B.** Follow the US WARN process, which satisfies consultation duties for employees of US subsidiaries abroad.

**C.** Inform and consult the works council early, before decisions are final, and negotiate a social plan with local counsel.

**D.** Negotiate individual severance agreements with each employee to avoid the need for works council talks.

**83.** Six grocery chains bargain jointly through an employer association. During talks, the union strikes only one chain, planning to pressure the others one at a time. What may the other association members lawfully do?

**A.** Leave the association and bargain separately at any point during talks

**B.** Ask a federal court to enjoin the strike as a breach of the old contract

**C.** Have the struck chain's workers permanently replaced by the association

**D.** Lock out their own union-represented employees in a defensive response

**84.** A contact center's daily call volume is roughly normally distributed, with a mean of 1,000 calls and a standard deviation of 100. Leadership wants staffing capacity that will cover demand on about 97.5% of days. About how many calls per day should capacity cover?

**A.** 1,100 calls

**B.** 1,025 calls

**C.** 1,200 calls

**D.** 1,300 calls

**85.** A company uses a vendor's AI tool to rank applicants, and the vendor's contract says the vendor is responsible for the algorithm. Why does the employer remain liable if the tool screens out a protected group?

**A.** The employer is liable only under the ADA, since Title VII applies to an employer's own decisions and not to a vendor's tools.

**B.** The employer is liable only if it knew of the bias, since a vendor's undisclosed design choices are attributed to the vendor.

**C.** The tool is the employer's own selection procedure, so using a vendor does not shift Title VII or ADA liability.

**D.** The employer is liable only if it changed the tool's settings, since using the default settings shifts responsibility to the vendor.

**86.** A company's continuity team finished a business impact analysis that ranks critical systems and sets recovery times, but it does not identify the people needed to run those systems. What should HR do?

**A.** Map critical roles and key-person dependencies for each process, with named backups and cross-training.

**B.** Leave staffing to department heads, who can reassign people as needed when a disruption occurs.

**C.** Add a full employee contact list to the plan so that anyone can be called in during a disruption.

**D.** Ask IT to document system procedures in enough detail that any available employee could run them in a crisis.

**87.** Why do companies typically leave a professional employer organization (PEO) before an initial public offering?

**A.** Because underwriters require the company to cut HR costs before the offering can be priced

**B.** Because a PEO cannot serve companies once their workforce exceeds the ACA large-employer threshold

**C.** Because federal securities law prohibits public companies from using co-employment arrangements

**D.** To gain direct control of benefit plans, employee data and internal controls, and scale economics

**88.** A plan administrator failed to send COBRA election notices to employees who lost coverage over a six-month period. What penalty exposure does the employer face?

**A.** A single DOL civil fine per plan year, with no liability owed to any of the individuals who lost their coverage

**B.** A per-day IRS excise tax for each affected beneficiary, plus possible court-imposed daily ERISA penalties

**C.** Loss of the plan's tax-favored status, which makes all employer premium payments taxable to employees

**D.** Liability limited to refunding premiums, since people who received no notice never owed premiums

**89.** A commercial company with no federal contracts acquires a subsidiary that holds several federal contracts. The parent's leaders ask whether VEVRAA and Section 503 duties will extend to the whole enterprise. What should the CHRO evaluate?

**A.** Whether the parent signed the acquisition agreement after the subsidiary's contracts were awarded

**B.** Whether the two operate as a single entity, such as through shared control and HR policies

**C.** Whether the parent's revenue from federal contracts exceeds 50 percent of total revenue

**D.** Whether the subsidiary's employees work in the same state as the parent's headquarters

**90.** In Boudreau and Ramstad's LAMP framework for HR measurement, which element refers to the communication and change management needed to get leaders to act on analytical findings?

**A.** Logic

**B.** Process

**C.** Measures

**D.** Analytics

**91.** The CHRO is drafting a policy for forensic imaging of devices during investigations. Some employees use company-owned laptops, and others access company email on personal phones under a BYOD program. Which policy approach is BEST?

**A.** Allow imaging of company devices as needed, and for BYOD obtain advance consent limited to company data.

**B.** Allow imaging of personal phones only, since company laptops are already monitored by IT.

**C.** Prohibit imaging of all devices and rely only on server records and witness interviews.

**D.** Allow imaging of any device that has accessed company systems, including personal phones, without separate consent or notice.

**92.** A U.S. executive is moving to lead a subsidiary abroad. According to the GLOBE study, which set of leader attributes is MOST likely to be viewed positively in some cultures but negatively in others?

**A.** Being decisive, inspirational and clearly performance-oriented
**B.** Being visionary, trustworthy and a strong motivator
**C.** Being status-conscious, a risk-taker and individualistic
**D.** Being a team builder, honest and highly dependable

**93.** A board risk committee asks the CHRO why the company should adopt a documented HR records retention schedule instead of keeping all employee records indefinitely "just in case." Which rationale BEST explains the benefit?

**A.** It keeps records as long as the law requires, then supports routine disposal that shrinks breach exposure and discovery volume
**B.** It ensures compliance with all records laws, because a written schedule satisfies regulators however it is applied
**C.** It lets the company delete records once litigation is threatened, as long as the deletion follows the written schedule's set timelines
**D.** It shifts liability for lost or exposed records to the HRIS vendor that stores the data under the schedule's terms

**94.** A marketing executive wants to expand an unpaid summer internship from 8 to 60 students, who would produce billable work for clients under light supervision. The students would receive no academic credit. What should the HR leader advise?

**A.** Approve the expansion if the program lasts no longer than a single 10-week summer session.
**B.** Approve the expansion if the students' colleges agree to grant academic credit for the work.
**C.** Pay the interns, or redesign the program so the students are the primary beneficiaries.
**D.** Approve the expansion if each student signs an agreement accepting that the internship is unpaid.

**95.** Shareholders have asked a public company to strengthen controls over its corporate political spending, including dues paid to trade associations that lobby. Which governance control best responds to the request?

**A.** Delegating all political spending decisions to the government affairs director within a budget
**B.** Requiring legal review of each contribution to confirm that it complies with campaign finance law
**C.** Board committee oversight and approval of political spending, with periodic public disclosure
**D.** Routing political activity through an employee PAC so that the company itself never spends money

**96.** An activist shareholder with a 3% stake publicly claims that the company's community programs waste shareholder money and demands they end. The CEO asks the CHRO to help prepare the company's response. What is the BEST approach?

**A.** Decline to respond, since a 3% holder lacks the votes to force the board to end the programs.

**B.** Respond that community programs are a moral duty that shareholders have no right to question.

**C.** Show evidence of how the programs support long-term value and talent, and engage the investor.

**D.** End the programs quietly to avoid a proxy fight, then bring them back once the activist exits.

**97.** At a family-owned distributor with 800 employees, the 70-year-old founder personally holds the relationships with the top ten customers, which generate 60% of revenue. No one else attends those customer meetings. What is the CHRO's BEST risk mitigation strategy?

**A.** Transfer the relationships through planned co-ownership with successors, structured development and a phased transition plan.

**B.** Hire an experienced sales executive from a competitor, since an outside hire can take over the accounts once the founder retires.

**C.** Have the founder sign a long-term consulting agreement, so the founder stays available to customers after stepping back.

**D.** Buy key-person life insurance on the founder, since this protects the company financially if the founder can no longer work.

**98.** A 6,000-employee company is considering an AI tool that recommends starting offers and annual merit increases based on market data and performance history. Managers could accept each recommendation with one click. As CHRO, what governance should you require before rollout?

**A.** Test outputs for pay gaps by protected group, require manager review and rationale for each decision, and audit every cycle.

**B.** Rely on the vendor's assurance that the model is unbiased, since the vendor bears full legal liability for the tool's pay outputs.

**C.** Remove gender and race from the inputs, since excluding those fields keeps the tool's recommendations free of bias.

**D.** Let the tool set pay automatically, since removing manager judgment eliminates the largest source of bias in pay.

**99.** At an aerospace maintenance company, 30% of skilled technicians will be eligible to retire within five years, and much of their expertise is undocumented. What is the CHRO's BEST strategy?

**A.** Launch an external hiring campaign now to replace every eligible technician before they leave.

**B.** Ask technicians near retirement age to state their planned exit dates so HR can schedule hiring.

**C.** Write a detailed procedures manual based on interviews with each technician who is close to retirement age.

**D.** Identify critical knowledge holders, pair them with successors, and offer flexible phased retirement.

**100.** A company is outsourcing its IT infrastructure management to a vendor. How do knowledge-transfer provisions in the contract protect the company's interests?

**A.** They prevent the vendor from hiring any of the company's former IT staff during the life of the contract.

**B.** They require the vendor to train the company's employees in all of the vendor's internal processes.

**C.** They require documentation and transfer of operating knowledge so the work can be brought back or moved.

**D.** They give the company ownership of the vendor's proprietary tools and methods once the contract ends.

**101.** A CEO wants the company to keep improving its profitable core business while also developing new businesses that could replace it. Which organizational concept describes this balance?

**A.** Organizational absorptive capacity

**B.** Organizational ambidexterity

**C.** Organizational dynamic equilibrium

**D.** Organizational strategic drift

**102.** The CHRO of a 10,000-employee company finds that a few managers put many employees on performance improvement plans (PIPs) and almost all of those employees exit, while other managers rarely use PIPs. Executives want to use PIP data as a leadership metric. What is the BEST way to use it?

**A.** Use PIP patterns as a signal to explore manager capability, alongside other leadership data.

**B.** Rate managers lower when they place many employees on PIPs, since it shows they cannot develop their people.

**C.** Rate managers higher when they place many employees on PIPs, since it shows they address weak performance.

**D.** Exclude PIP data from leadership metrics, since PIP decisions concern the employees rather than managers.

**103.** After launching an enterprise balanced scorecard, each of four divisions built its own scorecard. A review shows most divisional measures have no clear link to enterprise objectives, and the CEO asks the CHRO to fix the problem. What is the BEST approach?

**A.** Let divisions keep their scorecards and add an enterprise summary page on top of them.

**B.** Replace the divisional scorecards with one identical enterprise scorecard that every division must use as is.

**C.** Cascade the enterprise objectives so each division picks measures showing its contribution to them.

**D.** Ask each division head to justify their measures in writing before the next budget cycle.

**104.** General counsel wants broad confidentiality and nondisparagement terms in all harassment settlements, including a pending one with an employee who accused a senior executive already named in two prior complaints. The CHRO is concerned about culture and reputation. What is the BEST position for the CHRO to take?

**A.** Limit confidentiality to settlement terms, keep agency-reporting carve-outs, and refuse terms that shield repeat conduct.

**B.** Refuse all confidentiality terms, since the Speak Out Act bars confidentiality in post-dispute settlements.

**C.** Use confidentiality, and broaden nondisparagement so the employee cannot speak about the matter to any agency.

**D.** Agree to broad confidentiality, since it protects the brand and is standard practice in most negotiated employment settlements.

**105.** A subsidiary's general manager keeps investing in projects that raise local profit but conflict with the global product strategy. Through an agency theory lens, which HR response BEST addresses the problem?

**A.** Align incentives and monitoring by tying part of pay to enterprise goals and improving information flow.

**B.** Replace the general manager with a host-country national who better understands the local market and its customers.

**C.** Give the subsidiary full autonomy so the manager owns both local and global results independently.

**D.** Increase the general manager's base salary so that local profit no longer drives decisions as much.

**106.** A unionized company decides to shut down one product line and terminate a service contract solely because the line is unprofitable, with no plan to move the work elsewhere. Under the Supreme Court's decision in First National Maintenance, what is the employer's bargaining obligation?

**A.** It must bargain over the decision only if the union offers labor-cost concessions that could change the outcome

**B.** It need not bargain over either the decision or its effects, since the closure is an economic management right

**C.** It need not bargain over the decision itself but must bargain over the effects on affected employees

**D.** It must bargain over the decision itself because any action that eliminates unit jobs is a mandatory subject

**107.** A company is replacing 22 narrow grades with five broad bands, and several bands will contain both exempt professional jobs and nonexempt technical jobs. Which principle should the CHRO apply to FLSA status in the new structure?

**A.** Assign one exemption status to each band based on the majority of its jobs, so that pay administration stays consistent.

**B.** Place exempt and nonexempt jobs in separate bands, since the FLSA prohibits mixing the two statuses within a single pay range.

**C.** Treat every job in a band as exempt once the band minimum exceeds the federal salary level for the white-collar exemptions.

**D.** Keep exemption status a job-level decision based on duties and pay basis, with payroll and timekeeping controls in each band.

**108.** The executive team wants to tie 30% of leaders' annual bonuses to their 360-degree feedback scores to reward better leadership behavior. What should the CHRO advise?

**A.** Proceed as planned, since linking 360 results to pay is the most direct way to reward better behavior.

**B.** Proceed but cap the link at 10% of bonuses, since a smaller weight removes any risk of rating bias.

**C.** Replace 360 feedback with manager-only ratings, since peers and direct reports cannot fairly judge a leader's behavior.

**D.** Keep 360 feedback mainly for development, since tying it to pay tends to reduce candor and inflate ratings.

**109.** A former employee's detailed review describing a toxic sales culture goes viral and gets thousands of comments. Applications for sales roles drop 40% in a month. What should the CHRO do to repair the employer brand?

**A.** Work with legal counsel to identify the reviewer and assess possible defamation claims

**B.** Acknowledge the concerns publicly, investigate the issues raised and report concrete changes made

**C.** Ask the review site to remove the post as a violation of its posting rules and guidelines

**D.** Ask satisfied current employees to post positive reviews quickly to balance the site's overall rating

**110.** A CHRO is comparing a three-year leadership program whose benefits arrive mainly in years two and three with a one-year program that pays off within 12 months. Why should the benefits be discounted to present value before comparing them?

**A.** Discounting adjusts for the lower participation rates expected in a program's later years.

**B.** Money received later is worth less today, so later benefits are discounted to compare fairly.

**C.** Discounting removes the effect of inflation from program costs, leaving the benefits unchanged.

**D.** Present value converts all program benefits to after-tax amounts so they can be compared.

**111.** A small engineering firm's entire process know-how for its most profitable product line sits with one senior engineer, who has documented almost none of it. Which risk does this situation BEST illustrate?

**A.** Succession risk, the exposure from having no successors for senior leadership roles in general

**B.** Turnover risk, the exposure from high voluntary attrition rates across an entire workforce group

**C.** Key-person risk, the exposure from losing an individual whose knowledge the business depends on

**D.** Compliance risk, the exposure from failing to document processes as regulations may require

**112.** A company is deciding between expanding its profit sharing plan and adding gainsharing at its plants. Which strategic difference should MOST influence the choice?

**A.** Gainsharing is required by federal law for unionized plants, while profit sharing is a voluntary plan.

**B.** Profit sharing ties payouts to unit-level productivity, while gainsharing depends on total company profit.

**C.** Profit sharing pays out in cash every month, while gainsharing must be deferred into retirement accounts.

**D.** Gainsharing offers clearer line of sight, since payouts depend on results the employees directly control.

**113.** A company needs a 10% reduction in labor costs to avoid closing a unionized plant and plans to tell the union it cannot afford current terms. Which principle should guide the company's approach?

**A.** A WARN notice to the union satisfies the company's duty to bargain over the closing's effects.

**B.** Claiming an inability to pay obliges the company to back the claim with financial data on request.

**C.** Notifying the union of financial distress allows the company to put the cuts into effect right away.

**D.** Plant-closing decisions are always mandatory subjects that must be bargained to impasse.

**114.** Six months after launching a new talent marketplace platform, the vendor reports that 85% of employees have logged in at least once. Which set of measures would BEST show whether the platform is delivering value?

**A.** Employee satisfaction with the interface and the number of help desk tickets logged each month

**B.** Training completion rates and the percentage of managers who attended the launch events

**C.** Total logins, unique users, average session length and the number of pages viewed per visit

**D.** Active use plus internal fill rates, cycle times, profile data quality and business outcomes

**115.** What does utility analysis estimate in the context of selection?

**A.** The total cost per hire of a selection procedure, including vendor fees, recruiter time and assessment licenses

**B.** The degree to which scores on a selection test agree when the same test is taken twice

**C.** The percentage of applicants from each demographic group who pass a selection procedure

**D.** The dollar value gained by using a valid selection procedure, given validity, SDy, and number hired

**116.** During an organizing campaign, the COO wants labor relations consultants to run small-group meetings directly with employees. Which risk should the CHRO raise first?

**A.** The meetings would make the consultants joint employers of the employees who attend them.

**B.** Direct persuasion makes the arrangement publicly reportable, so disclosure and optics must be weighed.

**C.** The company would lose attorney-client privilege for all of its campaign communications with outside labor counsel.

**D.** Consultants may not lawfully speak with employees at all once an election petition has been filed.

**117.** An ER director is setting retention schedules for workplace investigation files across a multistate company. Which consideration should guide the policy?

**A.** Set periods by the longest applicable legal or limitations period, with a hold process to stop destruction

**B.** Keep investigation files in each employee's personnel file so they are handled on the same schedule

**C.** Destroy investigation files as soon as a case closes so that sensitive notes cannot be used in litigation

**D.** Let each investigator decide how long to keep files based on how serious the allegations seemed at the time

**118.** A 12-hospital health system is replacing its electronic health records platform. The CEO wants all sites live within four months to capture cost savings, but clinical leaders warn of patient safety risks during the transition. What should the CHRO recommend?

**A.** Allow each hospital unit to adopt the new platform voluntarily when its staff feel ready to make the switch.

**B.** Deliver online training modules to all clinicians and switch systems at every site once completion rates reach 90 percent.

**C.** Go live at all 12 hospitals on the same weekend to shorten the overall disruption and meet the CEO's deadline.

**D.** Phase the rollout by site, with trained super-users, verified competency, staffing backfill and safety monitoring.

**119.** A company has retired its old performance system, but the new continuous-feedback approach is not yet working smoothly. Employees feel confused about what is expected, productivity has dipped, and some managers report that teams are unusually open to trying new ideas. In William Bridges' transition model, which phase are employees in?

**A.** The ending phase

**B.** The acceptance stage

**C.** The neutral zone

**D.** The new beginning

**120.** A U.S. manufacturer's plants in several countries meet local safety law but fall well below the practices required at its U.S. plants. What is the BEST approach?

**A.** Raise standards only at plants where an injury or an audit finding has created legal exposure.

**B.** Follow each country's law only, since applying U.S. practices abroad would infringe local sovereignty.

**C.** Set a global minimum safety standard based on best practice and apply it at every site worldwide.

**D.** Apply OSHA standards at all foreign plants, since U.S. law requires them for U.S. firms' overseas sites.

**121.** Before a board decision on retention funding, the CHRO notices that a vendor benchmark of 10% covers only voluntary turnover, while the company's 15% figure includes all separations. What should the CHRO do?

**A.** Drop the benchmark entirely and show the board only internal trend data.

**B.** Present both figures as they are, noting that the gap supports more funding.

**C.** Recalculate the company's voluntary rate on the same basis before comparing.

**D.** Estimate involuntary turnover for peers and add it to the vendor figure.

**122.** Because health plan costs rose 18% in two years, a 9,000-employee company will raise deductibles and employee premium shares for all employees next year. The CHRO is designing the communication strategy. What approach is BEST?

**A.** Emphasize the benefits that are not changing and mention the reductions only briefly

**B.** Explain the cost drivers plainly, state what changes and when, and offer tools to help people adjust

**C.** Ask managers to announce the changes in team meetings so employees hear them first from someone they know

**D.** Announce the changes only in the open enrollment packet to keep the tone low-key and routine

**123.** An executive team wants to use a vendor's predictive model that assigns each employee a flight-risk score and to share the scores with managers to guide retention decisions. Which risk should the CHRO raise FIRST?

**A.** The model's accuracy will be too low to be useful because turnover cannot be predicted from internal HR data

**B.** The model may embed historical bias and may not explain individual scores, which could produce unfair or discriminatory decisions

**C.** The model will be outdated within a year because labor market conditions change faster than the vendor can retrain the model on new data

**D.** The model will reduce manager accountability because managers will rely on scores rather than on their own judgment

**124.** After a company cancels the promotion track it had described to new hires as "guaranteed advancement within three years," employees' trust and commitment decline sharply even though no written contract was breached. What concept BEST explains this reaction?

**A.** Psychological contract breach, the perception that the employer failed to keep implicit promises

**B.** Cognitive dissonance, the discomfort of holding beliefs or attitudes that conflict with one's own behavior

**C.** Distributive injustice, the perception that rewards were divided unfairly among employees

**D.** Role ambiguity, the uncertainty that arises when job expectations are not clearly defined

**125.** Late in negotiations, the CFO wants to withdraw wage and pension terms the company offered weeks earlier and replace them with less generous terms. No business conditions have changed. Which risk should the CHRO raise?

**A.** Regressive proposals are unlawful in all cases, so the company must restore every term it has offered during the negotiations.

**B.** Withdrawing offered terms without a legitimate, explained reason can be treated as regressive bargaining that shows bad faith.

**C.** Withdrawing earlier offers is permitted only after a contract expires, so the risk depends mainly on the expiration date.

**D.** Once terms are offered at the table, the company is legally bound to them until the union accepts or rejects the full package.

**126.** The general counsel asks HR to run a pay equity regression for a 6,000-employee workforce. In a well-designed model, what does the coefficient on the gender variable represent?

**A.** The pay difference caused by managers' bias, as shown after removing all other factors

**B.** The total average pay difference between men and women before any adjustments

**C.** The share of pay variation across the workforce that is explained by gender alone

**D.** The pay difference by gender that remains after controlling for legitimate pay factors

**127.** On a federal construction project, several workers who install and wire electrical fixtures are classified and paid as general laborers. What should HR advise?

**A.** Pay electrician rates for hours spent on electrician work, based on duties performed

**B.** Keep the laborer classification, since the workers are not licensed electricians

**C.** Pay electrician rates only if electrical work exceeds half of their total hours

**D.** Reclassify them only on future projects, since rates on this project are already set

**128.** A company's succession plans name successors for each senior role based on their current job titles and track records. The board has just approved a strategy to shift from selling equipment to digital services. What should the CHRO do FIRST?

**A.** Redefine success profiles for critical roles from the new strategy and reassess successors against them

**B.** Add digital skills training to the development plan of every successor already named

**C.** Plan to hire external digital leaders into each critical role as those roles open up

**D.** Keep the current successor slates unchanged, since they already reflect leaders with long and proven track records

**129.** After a wave of negative posts on the internal chat platform, the CEO of a 5,000-employee nonunion manufacturer asks the CHRO to deploy an AI tool that flags employees whose messages show "disloyal" sentiment, including group complaints about pay and scheduling. What is the CHRO's BEST recommendation?

**A.** Proceed only after announcing the monitoring, since advance notice removes the legal and trust risks.

**B.** Use the tool but send alerts only to supervisors, who can address concerns before they spread.

**C.** Proceed with the tool, since employees have no reasonable expectation of privacy on company-owned systems and devices.

**D.** Advise against flagging individuals, since monitoring group pay complaints can chill protected activity.

**130.** Recruiters at a 6,000-employee company have a bonus target to fill roles within 30 days. Average time-to-fill fell to 26 days, but hiring managers report weaker candidates and 90-day turnover has risen sharply. What is the BEST response?

**A.** Lower the time-to-fill target to 21 days to keep recruiters focused on improving hiring speed even further

**B.** Require hiring managers to approve every offer before recruiters can close the role

**C.** Rebalance the recruiter scorecard to include quality-of-hire and early retention measures

**D.** Remove time-to-fill from the scorecard and measure recruiters on quality of hire alone

**131.** The CFO of a manufacturer proposes cutting the learning budget in half because only 30% of employees finish the courses they start. Most courses are online and must be taken outside scheduled shift hours. What is the BEST response from the CHRO?

**A.** Make course completion mandatory for all employees and track compliance in their annual performance reviews.

**B.** Accept the cut and focus the remaining budget only on legally required compliance training for all employees.

**C.** Report completion rates for required compliance courses only, since those rates are much higher than the average.

**D.** Examine whether the courses are relevant to jobs and whether employees have time and access to finish.

**132.** The CFO tells the CHRO that the projected return on a wellness program depends on an optimistic 20% reduction in medical claims and asks what happens if the estimate is wrong. What is the BEST response?

**A.** Cite published studies that report similar claim reductions at other large employers

**B.** Offer to cut the program budget by 20% to offset the CFO's concern

**C.** Show how returns change at lower claim reductions and where it breaks even

**D.** Explain that the wellness vendor has guaranteed the projected savings

**133.** During post-close integration of a newly acquired software firm, the CHRO learns that the target has been paying six independent contractors who live and work in a country subject to comprehensive U.S. sanctions. The acquirer is a U.S. company, and the contracts run for another eight months. What should the CHRO do FIRST?

**A.** Move the contractors onto the payroll of a non-U.S. subsidiary so U.S. sanctions no longer apply to the work.

**B.** Halt further payments and engage sanctions counsel to plan a lawful wind-down and weigh disclosure to OFAC.

**C.** Let the contracts run to term, since the violations began before the acquisition and are the seller's liability.

**D.** Ask the contractors to certify in writing that they will not share company data with their home government.

**134.** The CHRO is preparing to present survey results to the CEO and executive team. The lowest-scoring item across the company is 'I trust the decisions of senior leadership,' and the CEO is known to react defensively to criticism. What is the BEST way to frame this result?

**A.** Lead with the strongest items and mention the trust score briefly at the end so the meeting stays positive.

**B.** Present the finding directly with its data and comments, link it to business risks, and propose specific actions leaders can own.

**C.** Share the result privately with the CEO only and leave it out of the executive team discussion to avoid embarrassment.

**D.** Combine the trust item with other leadership items into a composite score that softens its impact on the overall picture for executives.

**135.** A board's nominating and governance committee asks the CHRO what its CEO succession oversight should include. Which set of components is MOST complete?

**A.** An annual CEO performance review, a clawback policy and a defined CEO retirement age

**B.** A designated heir apparent, a retention bonus for that heir and a planned announcement date

**C.** An emergency plan, a long-term succession plan and ongoing internal candidate development

**D.** A preferred search firm, a standard CEO job description and an approved compensation range

**136.** In a pay equity regression, the coefficient for women is -2.4% with a p-value of 0.01. How should the CHRO interpret this result?

**A.** There is a 99% probability that the 2.4% gap was caused by intentional discrimination by the company's managers.

**B.** A gap this large would be unlikely if, after the controls, there were no real pay difference by gender.

**C.** The model's control variables explain 99% of the variation in pay across the employee population.

**D.** The gap is too small to matter in practice because it falls below the 5% threshold for significance.

**137.** A multinational with employees in 25 countries is choosing a single global ethics hotline provider. Which set of criteria should carry the MOST weight in the selection?

**A.** A provider headquartered in the U.S. so that all report data is stored in a single country

**B.** The lowest per-employee cost combined with a standard contract term of five years or longer

**C.** Compliance with data privacy laws, multilingual 24/7 intake, and secure case management

**D.** The ability to identify anonymous reporters through caller information when investigations need it

**138.** A CHRO coaches the CEO to open the launch of a digital transformation by explaining the purpose and belief behind it, before describing the new processes and systems. Which model is the CHRO applying?

**A.** Sinek's golden circle

**B.** Lewin's force-field analysis

**C.** Kotter's dual operating system

**D.** Bridges' transition model

**139.** At a 4,000-person consulting firm, associate turnover is 30%, and exit interviews cite an expectation of 70-hour weeks. Partners publicly endorse balance but promote those who are always available and reward billable hours above all else. Which lever should the CHRO prioritize to change the norm?

**A.** Adopt a firm-wide rule limiting associate email after 8 p.m. and on weekends

**B.** Have the managing partner send a firm-wide message strongly affirming work-life balance and flexible hours

**C.** Revise partner promotion and pay criteria so rewards no longer favor constant availability

**D.** Launch a well-being program with resilience training and an employee assistance benefit

**140.** A consumer electronics firm that has long competed on low cost is repositioning as a premium innovator. The CHRO finds that managers are appraised and bonused almost entirely on cost per unit and schedule adherence. Which HR system should the CHRO change FIRST?

**A.** The workforce mix, through a broad reduction followed by rehiring for creativity

**B.** The performance and reward systems, so they recognize innovation rather than cost alone

**C.** The onboarding program, by adding an innovation module for all new hires

**D.** The employer brand, so job postings and the careers site announce the company's new innovative identity

**141.** Last year a CHRO built a five-year workforce plan that assumed certain AI capabilities would arrive by year three. Several arrived within months, and others stalled. Which principle BEST describes how the plan should be managed going forward?

**A.** Base the plan on vendor product roadmaps, since vendors know best when new capabilities will arrive.

**B.** Use a rolling plan with scenarios and regular reforecasts tied to signals about AI capability and adoption.

**C.** Shorten the planning horizon to one year and stop modeling longer-term scenarios, since the earlier forecasts proved wrong.

**D.** Hold the five-year plan steady to give units a stable target, and revise it only at the end of the cycle.

**142.** A CHRO is helping prepare the company's first sustainability disclosures and asks how the ISSB and GRI standards differ in focus. Which statement is accurate?

**A.** ISSB serves investors on sustainability risks to the firm; GRI covers the firm's impacts on society.

**B.** Both standards serve investors only, but ISSB is for U.S. firms and GRI is used for EU companies.

**C.** ISSB covers the firm's impacts on society; GRI serves investors on financial risks to the company.

**D.** Both cover social impacts only, but ISSB is mandatory worldwide while GRI remains a voluntary standard.

**143.** A company has agreed to sell a 1,200-employee division to a competitor, and rumors have employees worried about their jobs. What should the CHRO prioritize?

**A.** Assuring employees that the buyer will keep all current jobs and pay levels after closing

**B.** Saying nothing to employees until the sale closes, to avoid any effect on the agreed purchase price

**C.** Frequent updates, retention for key staff, and employee terms negotiated in the sale agreement

**D.** Leaving all employee matters to the buyer, since the buyer will soon be the new employer

**144.** The CIO proposes buying an enterprise knowledge platform as the main solution to knowledge loss from turnover and retirements. What is the BEST counsel from the CHRO?

**A.** Oppose the purchase, since knowledge loss is a people issue rather than a technology issue

**B.** Ask the CIO to require all employees to upload work documents to the platform each month

**C.** Endorse the platform as proposed, since central storage is the most reliable way to retain organizational knowledge

**D.** Support the platform but pair it with roles, incentives and practices for sharing tacit knowledge

**145.** After the CHRO tied recruiter bonuses solely to time-to-fill targets, average time to fill fell 30%. Within a year, first-year turnover among new hires doubled, and hiring managers complained about weak candidates. What is the CHRO's BEST redesign?

**A.** Lengthen the time-to-fill targets so that recruiters have more time to screen each candidate.

**B.** Remove recruiter bonuses and evaluate recruiters on hiring manager feedback alone from now on.

**C.** Balance time to fill with quality of hire and hiring manager satisfaction in recruiter goals.

**D.** Require hiring managers to approve every finalist personally before any offer is extended.

**146.** A company has several warehouses with 100 or more employees each in an industry OSHA designates for detailed electronic reporting. Which statement about its electronic submission duties is accurate?

**A.** Each such warehouse must submit Form 300 and 301 case data annually, along with its Form 300A summary.

**B.** Each warehouse must submit its forms only after an OSHA inspection or a reported fatality.

**C.** Each warehouse must submit only the Form 300A summary, since case-level data stays on site.

**D.** Only the corporate office must submit, combining the injury data for all warehouses into one Form 300A each year.

**147.** A CHRO plans to start posting pay ranges for all open roles. Analysis shows that some current employees are paid below the ranges that will be posted for their own jobs. Which principle should guide the rollout?

**A.** Assess and fix internal gaps before ranges are published, with a plan for explaining pay to employees.

**B.** Post the ranges first and fix internal gaps only for employees who raise concerns afterward.

**C.** Post ranges only for external roles and tell employees that internal pay is confidential.

**D.** Post ranges wide enough to include every current employee's pay so that no internal gaps become visible to anyone.

**148.** An enterprise plans a multi-year transformation across 12 countries. Which set of dimensions should an enterprise-level change readiness assessment cover?

**A.** Legal risk, union status, local labor costs, data privacy rules and the structure of each country unit

**B.** Employee demographics, pay competitiveness, turnover rates and absenteeism

**C.** Budget approval, project schedule, vendor selection and technology requirements

**D.** Leadership sponsorship, capacity for change, history with past change and perceived need

**149.** A food production company has 10,000 employees, 60% of whom work on production floors without company email or computers. The CFO questions a proposed investment in a mobile employee app when the company already has an intranet. Which argument BEST supports the business case?

**A.** Data on how few deskless workers use the intranet, tied to the cost of missed safety updates.

**B.** Survey results showing that office employees would prefer a mobile app over the current intranet.

**C.** A vendor demonstration showing the app's features and its modern, easy-to-use interface design.

**D.** Competitor benchmarks showing that most peer companies have already adopted employee apps.

**150.** Why is quantifying the business impact of executive coaching especially difficult?

**A.** Federal privacy laws prohibit employers from collecting any data on coaching outcomes

**B.** Goals are individual and confidential, and many other factors also affect a leader's results

**C.** Coaching outcomes occur only after the executive has left the company, so the outcome data are lost

**D.** Coaching affects only reaction measures, which cannot be linked to business outcomes

**151.** Sales and operations at a distributor clash repeatedly because sales is rewarded on revenue and operations on cost per shipment. Team-building sessions haven't helped, and the CHRO wants to propose shared KPIs such as on-time profitable delivery. How should the CHRO secure executive agreement?

**A.** Quantify the cost of the conflict, co-design the shared measures with both executives, and pilot them before rollout.

**B.** Present the shared KPIs to the CEO for approval so that the change can be announced to both functions at once.

**C.** Ask finance to redesign both incentive plans independently so that neither executive can claim the process was biased.

**D.** Hold another facilitated session for both teams so they can agree on how to work together under the current metrics.

**152.** Executives complain that decisions take too long and that front-line concerns rarely reach the top. The CHRO proposes a spans-and-layers analysis. What will this analysis help diagnose?

**A.** Whether pay ranges for managers are competitive with the external labor market

**B.** Whether the company's headcount is too low to support its growth targets

**C.** Whether narrow spans and excess layers are slowing decisions and information flow

**D.** Whether individual managers have the leadership skills needed to coach and lead their teams well

**153.** During contract talks, a company adds spare capacity at another plant that could take over most of the unionized plant's output if a strike occurred. How does this change the company's negotiating power?

**A.** It shifts leverage to the union, since the added cost of the new capacity raises the company's need for a quick deal.

**B.** It improves the company's best alternative to a negotiated agreement, which raises its leverage at the table.

**C.** It has no effect on the company's leverage, since negotiating power depends on the merits of each side's proposals.

**D.** It lowers the company's leverage, since the union can now point to the capacity as a sign the company plans to close.

**154.** A newly hired CHRO finds that the CEO sees HR as an administrative function and invites the CHRO only to compliance discussions. The company is trying to expand margins in a commoditized market. What is the BEST way for the CHRO to earn a strategic role?

**A.** Ask the CEO directly for a seat on the executive committee, citing the role's title and scope

**B.** Deliver cost savings inside HR first to prove the function can run efficiently and reliably

**C.** Learn the business economics and frame people proposals around the CEO's margin priorities

**D.** Present a roadmap of HR best-practice programs drawn from leading companies in other industries

**155.** A company is settling a sexual harassment claim brought by a former employee, and the general counsel wants a broad confidentiality clause. The CHRO is weighing legal limits, culture and reputation. Which consideration is MOST accurate?

**A.** Confidentiality in a harassment settlement has no tax effect, so the company can weigh only reputation and culture factors.

**B.** A broad clause that bars the employee from contacting the EEOC is enforceable if the employee receives fair settlement pay.

**C.** The Speak Out Act bars confidentiality clauses in any sexual harassment settlement, so the company cannot include one in the agreement.

**D.** The Speak Out Act covers pre-dispute agreements, so a narrow settlement clause is allowed if it preserves agency rights.

**156.** During an acquisition, the CHRO proposes retention bonuses for 25 key employees. Each bonus equals 20% of salary, and the group's average salary is $120,000. What total budget is needed?

**A.** $24,000

**B.** $3,000,000

**C.** $2,400,000

**D.** $600,000

**157.** An EEOC investigator asks a 50-location employer for five years of hiring data for all locations in an investigation of a hiring discrimination charge. The CHRO has not analyzed the data. What is the BEST strategy?

**A.** Send all the data right away, without review, to show the company has nothing to hide from the investigator

**B.** Issue a hold, have counsel run a privileged impact analysis, and discuss scope with the EEOC

**C.** Send only data for the charging party's location and say other locations are not relevant

**D.** Refuse the request in full because it covers locations not named in the original charge

**158.** A conservative industrial firm has acquired an AI startup whose strong employer brand lets it attract scarce machine learning engineers. The parent's leaders want to fold the startup into the corporate brand and hiring process right away. What is the BEST recommendation for the CHRO?

**A.** Merge the startup into the corporate brand and recruiting process at close to create one consistent identity.

**B.** Keep the startup's brand and recruiting approach for now, endorsed by the parent, and integrate over time.

**C.** Let the startup keep its brand and recruiting process permanently, with no ties to the parent firm.

**D.** Rebrand both companies under a new shared employer brand that combines elements of each culture.

**159.** During budget planning, the CFO labels the company's leadership development and critical-role retention programs as overhead and proposes a 30% cut. What is the CHRO's BEST response?

**A.** Offer to cut every HR program evenly by 30% to show cooperation with the finance team.

**B.** Quantify each program's effect on turnover cost, productivity and key risks, and present it as a return.

**C.** Cite industry benchmarks showing the company's HR spending per employee is below average.

**D.** Explain that employee programs are vital to culture and morale and should not be judged in purely financial terms.

**160.** An executive team has deadlocked for months on how to allocate next year's capital budget. The analysis has been redone several times, but each division head keeps pushing for a larger share. Applying Bolman and Deal's political frame, how should the problem be diagnosed?

**A.** As a symbolic problem that calls for a unifying story about the company's shared purpose

**B.** As a structural problem that calls for clearer roles and decision rights in the budget process

**C.** As a human resource problem that calls for stronger relationships and trust among the heads

**D.** As a contest over scarce resources that calls for coalition building and negotiated agreements

**161.** A manufacturing executive wants a safety dashboard that helps prevent injuries rather than just report them. Which pair of metrics consists of LEADING indicators?

**A.** Near-miss reports filed and safety observations completed

**B.** Workers' compensation claim costs and injury severity rate

**C.** OSHA citations received and days away from work per case

**D.** Total recordable incident rate and lost-workday case rate

**162.** A CHRO uses the build/buy/borrow/bot framework to close capability gaps identified in the workforce plan. What does the 'bot' option refer to?

**A.** Bringing back retirees or alumni on short-term contracts to cover a specific skills gap.

**B.** Automating the work with technology such as AI tools or robotic process automation.

**C.** Acquiring a smaller company in order to gain its trained and experienced staff.

**D.** Building a talent pipeline through apprenticeships and technical boot camps.

**163.** An executive asks why courts so strongly favor sending labor contract disputes to arbitration. Which principle underlies the Steelworkers Trilogy and the Boys Markets decision?

**A.** Arbitration replaces the union's duty of fair representation entirely

**B.** Arbitration lets employers avoid NLRB jurisdiction over all contracts

**C.** Arbitration is required under the NLRA for all workplace disputes

**D.** Arbitration is the trade-off for the union's promise not to strike

**164.** Midway through a global HCM implementation, the executive sponsor, the chief operating officer, has stopped attending steering committee meetings, and key design decisions are stalling. What is the CHRO's BEST response?

**A.** Reduce steering meetings to quarterly so they place fewer demands on the sponsor's time

**B.** Report the sponsor's absence to the CEO and ask that the COO be replaced as sponsor

**C.** Meet the sponsor privately to reconfirm commitment and settle how decisions get made

**D.** Make the stalled design decisions within HR so the project timeline does not slip further

**165.** ERG leaders at a 15,000-employee company report burnout, and a survey shows their ERG work is not considered in performance reviews or promotion decisions. Most say they would value career recognition more than money. The CHRO has budget for modest stipends. What is the BEST decision?

**A.** Pay each ERG leader a fixed annual stipend and keep the role outside the performance process

**B.** Make ERG leadership part of formal goals and reviews, with managers agreeing on the time it takes

**C.** Limit ERG leaders to one-year terms so the workload is shared among more employees over time

**D.** Hold an annual awards event that recognizes the most active ERG leaders in front of executives and the full company

**166.** The CIO proposes that IT own enterprise AI literacy as part of its tool deployment training. The CHRO argues that HR should lead it. Which argument BEST supports HR's ownership?

**A.** HR has deeper technical expertise in AI tools than IT, so it can teach system features and configuration in greater depth.

**B.** HR owns the learning budget, so any training initiative must sit within HR by default, whatever its aim.

**C.** AI literacy is a workforce capability tied to roles, career paths and performance, which HR already manages.

**D.** AI literacy is mainly a compliance matter, so it belongs in HR's annual mandatory training program.

**167.** An executive team wants to copy the talent practices of the top-quartile companies profiled in a bestselling business book, which studied only highly successful firms. What is the PRIMARY risk in drawing conclusions from this kind of study?

**A.** Sampling error, because the book studied too few firms to estimate the effects precisely

**B.** The Hawthorne effect, because firms changed their behavior once they knew they were studied

**C.** Survivorship bias, because firms that used the same practices and failed were never studied

**D.** Acquiescence bias, because executives interviewed tend to agree with the author's statements

**168.** Under Chamberlain's view of bargaining power as the other party's cost of disagreeing relative to its cost of agreeing, which change would MOST increase the union's bargaining power?

**A.** A depleted union strike fund, which lowers what members can afford to give up

**B.** High finished-goods inventory, which lets the company keep shipping during a strike

**C.** Full order books and a tight labor market, which raise the firm's cost of a strike

**D.** High local unemployment, which makes it easier for the company to replace strikers

**169.** A global company's hotline receives reports from a five-person sales office overseas, where the details in almost any report would reveal who made it. Two employees there have said they fear retaliation. How should the CHRO adapt the program?

**A.** Allow anonymous intake, aggregate small-unit data, and tailor investigation steps to protect identity

**B.** Close the hotline to small offices and have their employees raise any concerns directly with their own manager

**C.** Share each report with the local manager so that issues can be resolved quickly on the ground

**D.** Require reporters to give their names so investigators can follow up on details more efficiently

**170.** While investigating one employee's wage complaint, HR finds that all 14 of the company's warehouses require hourly workers to attend unpaid pre-shift safety huddles. The CHRO must set priorities for the executive team. What should come FIRST?

**A.** Discipline the site managers who ran the huddles before deciding whether any back pay is owed to workers.

**B.** Stop the unpaid practice at every site and, with counsel, scope back pay for all affected workers.

**C.** Resolve the original complainant's claim first and review the other 13 warehouses in the next audit cycle.

**D.** Change the practice going forward at all sites and avoid back pay so that no admission of liability is made.

**171.** A company's cost-per-hire, calculated with the ANSI/SHRM standard, is well below peer benchmarks, but 30% of new hires leave or are terminated within six months. How should the CHRO interpret this?

**A.** The ANSI/SHRM formula leaves out sourcing costs, so the company's real cost is higher.

**B.** Low cost-per-hire reflects efficiency only, so it should be paired with quality-of-hire data.

**C.** The turnover cost belongs in cost-per-hire, so the company should restate its benchmark.

**D.** Low cost-per-hire shows a strong recruiting process, so the turnover must come from managers.

**172.** According to the service-profit chain developed by Heskett and colleagues, how does employee satisfaction relate to customer loyalty?

**A.** Customer loyalty produces profits, and those profits are what ultimately create employee satisfaction in the chain

**B.** Employee satisfaction and customer loyalty are separate outcomes, each driven directly by pay levels

**C.** Customer loyalty drives internal service quality, which then raises employee satisfaction over time

**D.** Satisfied, productive employees deliver better service value, which builds customer satisfaction and loyalty

**173.** An attrition model was trained before the company adopted a four-day workweek. Since then, the employee data fed to the model look much the same, but the reasons employees leave, and how strongly tenure and commute predict leaving, have changed. Which term BEST describes this problem?

**A.** Concept drift, because the relationship between the inputs and the outcome has changed

**B.** Sampling bias, because the training data did not represent the full employee population

**C.** Overfitting, because the model learned noise in the training data rather than real patterns

**D.** Data drift, because the distribution of the model's input variables has shifted over time

**174.** An HR shared services center received 12,000 employee inquiries last year. Of these, 7,800 were resolved through the portal, knowledge base or chatbot without an HR agent. What was the case deflection rate?

**A.** 65%
**B.** 54%
**C.** 35%
**D.** 39%

**175.** An internal review of Forms I-9 at a 25-site employer finds errors on about 30% of forms. The CEO asks whether to fix every form, audit a sample, or wait for a government inspection. What should the CHRO recommend?

**A.** Wait for any government inspection, since correcting forms now would admit prior violations
**B.** Audit only employees whose documents show expiration dates, since that is where risk is highest
**C.** Engage counsel to set one consistent audit scope for all sites and correct errors per USCIS
**D.** Replace each flawed form with a new one dated to match the employee's original hire date

**176.** A company needs 50 data analysts in 18 months. Reskilling an employee costs $15,000, while hiring and ramping an external candidate costs $40,000. The CHRO expects 80% of the 50 employees enrolled in reskilling to succeed; each failure will be replaced by an external hire. How much will the reskilling strategy save compared with hiring all 50 externally?

**A.** $1,250,000
**B.** $450,000
**C.** $850,000
**D.** $1,000,000

**177.** A CHRO wants an enterprise baseline of workforce AI skills to guide a three-year capability strategy. Which data source would BEST inform that baseline?

**A.** Headcount in job titles that contain AI or data terms, drawn from the HRIS organization structure
**B.** Self-ratings from the annual engagement survey asking how comfortable employees feel using AI
**C.** Skills assessments validated against role requirements, combined with data on actual AI tool use
**D.** Course completion counts from the learning system showing how many AI courses were finished

**178.** A company has used an AI candidate-ranking tool for two years. It was validated and audited before launch. What ongoing monitoring BEST supports continued use of the tool?

**A.** Review the tool only if a candidate complains or a regulator asks for information about it.
**B.** Rely on the launch validation and audit, since the tool's results are not expected to change.
**C.** Track whether scores still predict job success and recheck adverse impact on a regular basis.
**D.** Track only how much faster recruiters work, since time saved was the reason for buying it.

**179.** A company rolled out a new expense system to 1,800 targeted users. After 60 days, 1,350 of them were using it for all of their expense reports. What is the adoption rate?

**A.** 75%

**B.** 133%

**C.** 25%

**D.** 33%

**180.** A board is considering tying the entire executive bonus pool to a single metric, quarterly earnings per share. What is the MAIN risk of this design, and how is it typically limited?

**A.** Executives may find the metric too complex; a simpler measure would reduce confusion

**B.** Executives may game the measure; a balanced set of measures reduces that risk

**C.** Shareholders may object to the bonus; disclosing it in full removes that risk

**D.** The metric may be too long-term; adding monthly targets keeps executives focused

**181.** A biotech firm's competitive edge rests on a seven-person research team that developed its core platform. Two competitors have recently tried to recruit the team's leader, and much of the team's know-how is undocumented. What is the CHRO's BEST strategy to manage this risk?

**A.** Combine targeted retention for key members with knowledge transfer, documentation and successor development.

**B.** Give every team member a large retention bonus that vests over the next two years to keep the team together.

**C.** Recruit a second research team from outside so that the firm can replace the current team if members leave.

**D.** Require all team members to sign broad noncompete agreements that bar them from joining competitors for years.

**182.** A CHRO leading an enterprise transformation uses organizational network analysis of collaboration patterns to identify informal influencers. How should the CHRO BEST use the results?

**A.** Use the network maps in performance reviews, rewarding the employees whose connection counts are the highest.

**B.** Recruit well-connected employees across units as change champions, with safeguards on how network data is used.

**C.** Publish the full network map to all employees, so that everyone can see who the most influential people are.

**D.** Assign change roles by job level instead, since formal authority predicts influence better than network position.

**183.** An enterprise's HR costs are tracked only by department cost center. Before deciding which HR services to move into a new shared-service center, the CHRO asks finance to apply activity-based costing (ABC). Why is ABC useful for this decision?

**A.** It assigns resource costs to each HR activity, revealing the true unit cost of each service.

**B.** It converts HR's fixed costs into variable costs, so overall HR spending falls automatically.

**C.** It measures employee satisfaction with each HR service so leaders can set service priorities.

**D.** It allocates total HR overhead to business units in proportion to each unit's headcount.

**184.** A company trains a model to predict "successful hires" using ten years of past hiring decisions, during which managers rarely hired candidates from certain schools and backgrounds. What is the CHRO's MOST significant bias concern?

**A.** The model learns past hiring patterns, so human bias in those decisions is built in.

**B.** The model has too few years of data to make useful predictions about candidates.

**C.** The model can be biased only if protected traits are included among its direct inputs.

**D.** The model will become less biased as it processes more applicants over time.

**185.** Research on executive teams by Eisenhardt and colleagues found that some teams debate intensely without damaging relationships. Which practice did those teams use to keep conflict focused on issues rather than people?

**A.** Limiting debate to the most senior members to reduce friction

**B.** Relying on intuition rather than hard data to avoid lengthy arguments over facts

**C.** Postponing decisions until all members agree without reservation

**D.** Considering several alternatives at once so debate centers on options

**186.** An executive team is concerned about rising burnout in a high-pressure division. The CHRO uses a model that predicts burnout mainly from high job demands and engagement mainly from job resources such as autonomy and supervisor support. Which model is this?

**A.** The job demands-resources model

**B.** The two-factor theory of motivation

**C.** The effort-reward imbalance model

**D.** The job characteristics model

**187.** A company will move its headquarters and 600 jobs to a city 800 miles away in 14 months. Leaders expect about half of the affected employees will not relocate, and they want to keep the move secret until 60 days before it happens. What should the CHRO recommend?

**A.** Announce the move only to employees who will be offered relocation, and tell the others later.

**B.** Wait until 60 days before the move, which satisfies the WARN Act's advance notice requirement.

**C.** Announce once the decision is final, with retention incentives and support for non-movers.

**D.** Announce the move now but hold back details on support until employees decide whether to move.

**188.** A business leader wants to use employees' flight-risk scores from an attrition model to select who will be included in an upcoming layoff. What is the CHRO's BEST response?

**A.** Approve the request, since employees who are likely to leave anyway will be least affected by the reduction.

**B.** Approve the request if the leader also reviews the employees' performance ratings before making final selections.

**C.** Approve the request as long as the scores are kept confidential and are not mentioned in any separation notices or other documents.

**D.** Decline, since the scores were not built for this use and may cause disparate impact; use documented job-related criteria.

**189.** A U.S. company plans a major restructuring that will affect its operations in several European Union countries. Why must its European works councils be informed and consulted before the decision is finalized?

**A.** Works councils hold final authority to veto any restructuring decision made in the EU

**B.** Consultation is required only when the company's employees there are unionized

**C.** The U.S. WARN Act's 60-day notice rules extend to the overseas operations of U.S. employers

**D.** EU and national laws give employee representatives consultation rights on major changes

**190.** A manufacturer's 1,200-employee bargaining unit filed 36 grievances last year. The VP of labor relations wants to compare that with a sector benchmark expressed per 100 employees. What is the grievance rate?

**A.** 3.0 grievances per 100 employees

**B.** 33.3 grievances per 100 employees

**C.** 30 grievances per 100 employees

**D.** 0.3 grievances per 100 employees

**191.** A CEO wants to record a video for employees about an upcoming union election. The CHRO is weighing message discipline and legal exposure. Which principle should guide the CEO's participation?

**A.** The CEO should speak without a script so the message seems authentic and does not appear to be coached.

**B.** The CEO should describe the improvements employees can expect if the union loses, so the choice is clear.

**C.** The CEO's views are protected free speech, so the video can include any statement about the union that the CEO believes is true.

**D.** Script and review the message so it shares facts and opinions without threats, promises or questions about votes.

**192.** A noise audit at a 7,000-employee software company shows that offers for the same role and level vary by up to 30% depending on which hiring manager makes them, with no link to candidate experience. The CEO asks the CHRO for a policy response. What is the BEST recommendation?

**A.** Pay every new hire in a role the midpoint of the range, regardless of experience or skills.

**B.** Publish the range for every role in job postings and let candidates choose where in the range to start.

**C.** Set pay ranges with defined rules for placing offers within them and require approval for exceptions.

**D.** Have hiring managers complete negotiation training so they make offers more consistent over time.

**193.** An employer with a point-based attendance policy wants to align it with the Pregnant Workers Fairness Act. Which change best accomplishes this?

- **A.** Apply points to pregnancy-related absences only after the employee has used all available PTO
- **B.** Require a doctor's note before any pregnancy-related absence can be excused from the point count
- **C.** Treat pregnancy-related absences, such as prenatal visits, as possible accommodations, not points
- **D.** Exempt pregnant employees from the attendance policy entirely for the whole term of the pregnancy

**194.** A company is assessing an acquisition target in which most of the value lies in its engineering talent. In due diligence, what should the CHRO focus on to assess retention risk?

- **A.** Critical talent and flight-risk factors such as change-in-control vesting
- **B.** Average salary levels compared with the acquiring company's pay structure
- **C.** Total headcount and organization charts so that redundant roles can be eliminated
- **D.** Completeness of the target's employee handbook and its HR policy documentation

**195.** A company is assessing whether its plants are good candidates for gainsharing. Which set of conditions MOST strongly predicts success?

- **A.** Volatile production volumes, strong individual incentives already in place, and limited sharing of operating data.
- **B.** A stable, measurable baseline, trust between labor and management, and a participative management style.
- **C.** A history of layoffs to create urgency, centralized decisions, and payouts based on companywide stock performance.
- **D.** A large workforce, high turnover that brings in new ideas, and a top-down management style that drives fast change.

**196.** A CHRO is redesigning the company's talent acquisition technology stack, which includes an applicant tracking system, a candidate relationship management tool, an assessment platform and the HRIS. The goal is enterprise analytics on quality of hire. Which integration priority BEST supports that goal?

- **A.** A single vendor suite for all four systems so the screens and menus look the same to every user
- **B.** A nightly export from each system into separate reports owned by each HR function
- **C.** A shared candidate ID that carries data from sourcing through assessment into the HRIS
- **D.** An assessment platform upgrade first, because assessment scores predict performance

**197.** Productivity monitoring software has flagged several employees as low performers. HR finds most of them have intermittent leave or schedule accommodations, and two received warnings based on the flags. What is the CHRO's BEST response?

**A.** Keep the warnings, since the software applies the same standard to all employees and does not consider disability.

**B.** Ask the flagged employees to provide new medical certification, so that HR can confirm their accommodations are still needed.

**C.** Turn off monitoring for accommodated employees, since tracking their productivity at all creates disability discrimination risk.

**D.** Rescind the warnings, exclude approved leave and accommodated time from metrics, and require human review.

**198.** Card-signing drives have surfaced at three of a manufacturer's twelve plants within one year. The CHRO must present the common causes to the executive team. Which analytical principle should guide the presentation?

**A.** Focus on the outside organizers involved, since drives usually start with union outreach rather than workplace issues.

**B.** Compare the three plants' wage rates to the area market, since pay differences explain most organizing activity.

**C.** Look for shared drivers such as supervision, voice and fairness gaps instead of treating each drive as isolated.

**D.** Rank the three plants by how far each drive progressed and focus resources on the plant closest to a petition.

**199.** A retailer operates stores in 14 states, and legally required minimum wages now differ widely across its locations. The executive team is debating whether to adopt one company-wide starting wage floor or to pay each location's legal minimum. What should the CHRO recommend FIRST?

**A.** Survey store employees on which approach they see as fairest and adopt the option most of them prefer.

**B.** Model the cost, turnover and internal equity effects of both options against local labor market data.

**C.** Pay each location's legal minimum, since a higher national floor adds cost the stores cannot recover.

**D.** Adopt a single floor at the highest local minimum to simplify payroll and support the employer brand.

**200.** Hundreds of employees at a software company sign a petition demanding that the company drop a controversial government contract, and some threaten to resign. Leadership believes the contract is lawful and fits company values. What should the CHRO recommend?

**A.** Issue a memo stating that customer decisions are made by leaders and are not open to debate.

**B.** Discipline the organizers for using company email and chat channels to circulate the petition to coworkers.

**C.** Have leaders meet the organizers, explain how the contract was assessed, and bar any retaliation.

**D.** Drop the contract at once to prevent resignations and protect the company's employer brand.

**201.** A company wants to end retiree medical coverage for future retirees. The plan documents contain a clear reservation-of-rights clause, but for decades recruiters and managers told employees the coverage was "for life." What should the CHRO recommend?

**A.** Keep the coverage indefinitely, since decades of past verbal promises make the benefit vested

**B.** Make the change quietly through updated plan documents without a separate announcement

**C.** End coverage at once, since the reservation-of-rights clause settles the legal question

**D.** Confirm the legal position with counsel, then give long notice, transition help and reasons

**202.** Absence analytics at a large insurer show that FMLA usage is concentrated in two call-center teams, at roughly three times the company average. Which principle should guide the CHRO's next step?

**A.** Spread leave-takers evenly across all call-center teams to smooth out the reported spike.

**B.** Audit the leave certifications of those teams, since concentrated use points to leave abuse.

**C.** Cap the amount of approved FMLA leave per team so that service levels remain stable.

**D.** Treat the pattern as a signal to examine those teams' workload, scheduling and management.

**203.** A company validated its AI resume-screening tool for accuracy and adverse impact before launch two years ago. Why does the tool still need ongoing monitoring?

**A.** Federal law requires an agency to revalidate every AI hiring tool each year

**B.** Accuracy and fairness can degrade as applicant pools, jobs and data change

**C.** Pre-launch testing cannot measure adverse impact, so only live data can

**D.** The tool's code changes at random over time unless it is reinstalled often

**204.** A U.S. multinational plans to close a plant in Germany and restructure operations in France. What obligation will MOST shape how the restructuring is negotiated in these countries?

**A.** Informing and consulting employee representative bodies before the decision is final

**B.** Bargaining only with the national union that represents the industry

**C.** Holding a secret-ballot vote of affected employees on the restructuring plan

**D.** Obtaining the national labor ministry's formal approval before announcing anything to employees

**205.** A company learned that an IT contractor hired remotely was using a stolen identity and a VPN to hide his location while he had access to source code. What should the CHRO do to reduce this risk in future remote hiring?

**A.** Rely on the staffing agency's screening, since the agency is the contractor's employer of record.

**B.** Add identity checks, such as live video verification, and tighter device and access controls.

**C.** Run E-Verify on all remote hires, since the system reliably detects the use of stolen identities.

**D.** Stop hiring remote IT workers and require all technical staff to work on site going forward.

**206.** A CHRO wants to redesign HR as an experience-led function. Which design principle BEST reflects this approach?

**A.** Assign each employee a dedicated HR contact who handles all of that person's requests

**B.** Measure HR performance mainly by employee satisfaction with each individual transaction

**C.** Give employees a single portal through which all HR transactions must be submitted

**D.** Design services around key employee moments rather than around HR functions

**207.** A global CHRO wants to compare cost-per-hire across the company's operations in the United States, India, Brazil and Germany for a board report. What is the MOST important step before comparing the figures?

**A.** Exclude the lower-cost countries so they do not distort the global average.

**B.** Report each country's figures in its own local currency so no data is altered.

**C.** Use the exchange rate on the report date to convert all cost figures from the past year.

**D.** Convert to one currency and adjust for local cost levels, such as purchasing power.

**208.** After an employee with epilepsy has a seizure at work, a plant's insurance broker warns that premiums may rise, and the general manager proposes barring anyone with a seizure disorder from production roles. Which principle should the CHRO apply?

**A.** A direct threat exclusion is justified when any reasonable risk of harm exists, even if the risk is small or largely speculative.

**B.** A direct threat exclusion needs an individualized assessment of current ability based on objective medical evidence.

**C.** A direct threat exclusion is justified when an insurer documents that the condition raises premiums or claims.

**D.** A direct threat exclusion is justified for a whole diagnosis once one employee with it has an incident at work.

**209.** A CEO proposes removing two management layers to speed decisions. Which set of trade-offs should the CHRO highlight?

**A.** Faster decisions and lower costs, offset by narrower spans of control, more promotion steps and higher overhead.

**B.** Lower costs and stronger control, offset by slower decisions, more approval steps and less employee empowerment.

**C.** Faster decisions and better coaching, offset by less autonomy for teams and greater reliance on central planning.

**D.** Faster decisions and lower costs, offset by wider spans of control, fewer promotion steps and manager overload.

**210.** Supervisors at a plant began skipping a step in the lockout procedure when production fell behind. No injuries resulted, and over several years skipping the step became standard practice that new hires learned as normal. Which concept describes this pattern?

**A.** Diffusion of responsibility

**B.** Normalization of deviance

**C.** Escalation of commitment

**D.** Groupthink

**211.** An internal audit finds that hundreds of long-term contractors work regular schedules, report to company managers and do the same work as employees. What should the CHRO recommend to the executive team?

**A.** Have the contractors sign new agreements confirming that they are independent contractors and not employees

**B.** Have counsel assess exposure under privilege, then reclassify or restructure roles under a plan

**C.** Keep the arrangements in place, since none of the contractors has filed a complaint

**D.** End all long-term contractor engagements at once to stop any further legal exposure

**212.** An HR technology program uses a governance approach in which, at defined checkpoints, a review board decides whether the project continues, is revised, is put on hold or is stopped. What is this approach called?

**A.** Agile sprint governance

**B.** Stage-gate governance

**C.** Earned value management

**D.** Critical path management

**213.** A CHRO is building an enterprise retention schedule for hiring, promotion and termination records. Which principle should guide it?

**A.** Keep every record for one year, since that is the only federal requirement for personnel files

**B.** Delete records as soon as each one's period ends, even if a charge has been filed

**C.** Keep only records for employees who have complained, since others cannot become claims

**D.** Meet the longest applicable federal period and suspend deletion for records tied to any charge

**214.** In an Equal Pay Act lawsuit, plaintiff's counsel asks for the company's pay equity studies from the past five years. Some studies were run by counsel and some by the compensation team, and the company raised pay after each one. What should the CHRO and counsel do?

**A.** Withhold all of the studies, since any internal pay analysis is protected as confidential and proprietary business data.

**B.** Produce all of the studies, since pay data is never privileged once it is used to set employee wages.

**C.** Cite the remediation as proof of good faith while withholding all of the studies that support it.

**D.** Claim privilege for counsel-directed studies, and weigh whether relying on the remediation would waive it.

**215.** A company's dispute system includes a step in which a neutral gives the parties a nonbinding assessment of how a rights-based ruling would likely turn out, after which they return to negotiation. What dispute system design element does this represent?

**A.** A screening step that dismisses claims lacking a valid legal basis

**B.** A loop-back procedure that returns the parties to interest-based negotiation

**C.** An escalation clause that moves the dispute to binding final-offer arbitration

**D.** A low-cost power backup that preserves the employer's final decision right

**216.** An OD consultant uses the Burke-Litwin model to classify the factors at play in a plant's continuous improvement effort. Which set of factors does the model associate with transactional, incremental change rather than transformational change?

**A.** Management practices, structure, systems, and work unit climate

**B.** Mission and strategy, structure, and organizational culture

**C.** External environment, leadership, management practices, and systems

**D.** Leadership, organizational culture, and mission and strategy

**217.** A CHRO is considering using 360-degree feedback ratings to set executives' annual bonuses. What is the PRIMARY concern with this use?

**A.** 360 feedback takes too long to collect to be useful within an annual decision-making cycle

**B.** Federal law prohibits the use of peer ratings in compensation decisions for executive employees

**C.** 360 feedback cannot measure leadership behaviors and is limited to an executive's technical skills

**D.** Raters may become less candid once ratings affect pay, which weakens the feedback's value

**218.** Automation will eliminate the current duties of 50 workers. The company can reskill each worker for new roles at $12,000 per person or lay them off and hire replacements with the new skills at a fully loaded cost of $40,000 per hire. How much would reskilling save compared with replacing?

**A.** $2,600,000

**B.** $1,400,000

**C.** $600,000

**D.** $2,000,000

**219.** An annual engagement survey at a 9,000-employee company shows that favorable ratings for trust in the executive team fell 25 points in one year, while scores for immediate managers held steady. Comments cite unexplained strategy shifts and a bonus program that paid executives during a hiring freeze. What should the CHRO recommend FIRST?

**A.** Launch a company-wide values campaign to restate the culture and remind employees of the executive team's vision.

**B.** Re-survey a random sample next quarter to confirm the drop before executives respond to what may be only a one-time statistical dip.

**C.** Have executives share the results openly, acknowledge the specific concerns, and commit to visible actions with follow-up.

**D.** Train frontline managers to explain executive decisions better, since trust in managers remained strong this year.

**220.** A board special committee is investigating allegations against the CEO, to whom the CHRO reports. The committee's outside counsel asks the CHRO to help manage employee communications and gather records without alerting the CEO. What should the CHRO do?

**A.** Follow the committee's and its counsel's direction, keep information need-to-know, and not brief the CEO

**B.** Tell the CEO in general terms that the board has concerns, without sharing any specific details

**C.** Inform the CEO, since HR reports to the CEO and owes the CEO full transparency about all HR activity in the company

**D.** Decline to help, since HR leaders cannot withhold information from their own reporting line

**221.** A board's talent committee asks the CHRO for a single metric that shows how exposed the company is if critical-role leaders leave in the next year. Which metric BEST answers this question?

**A.** The percentage of leaders who finished leadership training

**B.** The share of critical roles with at least one ready-now successor

**C.** The average length of service of current critical-role leaders

**D.** The total number of employees named to the company's high-potential pool

**222.** A self-funded employer's specialty care costs for orthopedic, cardiac and cancer treatment have risen 18% in two years. The benefits leader is considering a narrow network and centers of excellence to control costs, but employees value broad provider choice. What is the BEST strategy?

**A.** Require prior authorization for every specialist visit so that all specialty spending is reviewed.

**B.** Keep the broad network unchanged and raise deductibles to make employees more cost-conscious.

**C.** Move all employees to a narrow network at the next renewal to capture the largest possible discounts.

**D.** Steer high-cost procedures to centers of excellence, using claims data and reduced cost sharing.

**223.** A CHRO is moving transactional HR work into a new shared-services center. HR business partners worry they will lose the hands-on work they know well and the status that comes with being the go-to resource for managers. What is the BEST approach?

**A.** Delay the shared-services launch until every HRBP fully supports it

**B.** Redefine the HRBP role around strategic work and build those skills

**C.** Let HRBPs keep the transactional tasks they prefer during a long transition

**D.** Proceed on schedule and replace the HRBPs who resist the new model

**224.** The strategic plan calls for 200 new hires next year, but the approved budget funds only 120. What is the CHRO's BEST response?

**A.** Rank the most critical roles and show leaders what the unfunded gap puts at risk.

**B.** Spread the 120 hires evenly across all units so the process feels fair to every unit leader.

**C.** Ask every business unit to reduce its requested hiring plan by 40% each.

**D.** Hire all 200 people and ask finance to cover the overrun later in the year.

**225.** A company is piloting AI agents that can reschedule shifts, approve routine expense claims and send offer letters without a human approving each action. Which governance principle is MOST important for these agents?

**A.** Give agents full authority within HR, since routine tasks carry little risk of harm to employees.

**B.** Hold the vendor accountable for agent actions, since the vendor designed the system's decision logic.

**C.** Require human sign-off for every action, since federal law prohibits fully autonomous AI actions in HR decisions of any kind.

**D.** Assign a named human owner accountable for each agent, with defined limits, logging and the power to halt it.

**226.** Several large employers have faced class-action lawsuits over forced distribution systems. Why do these systems draw disparate impact claims?

**A.** Courts generally presume that any ranking system using fixed performance categories is intentionally discriminatory against older workers.

**B.** Federal law requires employers to rate every employee against an absolute scale instead of against peers.

**C.** Bottom-category placements can fall disproportionately on a protected group, such as older workers, without intent.

**D.** Forced distribution systems require employers to disclose every employee's rank to the entire workforce.

**227.** A CHRO wants to learn how employees would trade off a larger 401(k) match against lower medical premiums, more PTO or a bigger bonus. Which research method is BEST suited to measure these trade-offs?

**A.** An analysis of exit interview themes

**B.** A compensation market pricing study

**C.** A conjoint analysis of employee choices

**D.** An engagement survey using rating scales

**228.** The executive team receives a 60-metric HR report each month, yet no executive can name a decision it has changed in the past year. The CEO asks the CHRO to make the report useful. What is the BEST approach?

**A.** Keep all 60 metrics but add trend arrows and color coding for faster reading

**B.** Ask each executive to choose the ten metrics they personally find most interesting

**C.** Replace the monthly report with an interactive tool executives can explore on their own

**D.** Rebuild it around a few strategic questions, each tied to metrics, targets and an owner

**229.** An arbitrator reinstates an employee fired for using a phone on the production floor because the rule had rarely been enforced and other violators were not disciplined. Leadership wants to prevent repeat losses. What systemic fix should the CHRO lead?

**A.** Begin enforcing the rule strictly the next day for all employees, since the award shows how much a lax approach can cost.

**B.** Appeal the award in federal court, since the employee clearly violated a written rule that was posted on the production floor.

**C.** Audit enforcement, give notice that the rule will be enforced going forward, train supervisors, and track consistency.

**D.** Discipline the supervisors who failed to enforce the rule so that the workforce sees that leadership is now serious about it.

**230.** After a public safety scandal revealed that employees had raised concerns that were ignored, a CHRO must design a multiyear plan to restore employees' willingness to speak up. Which plan is MOST likely to succeed?

**A.** Launch a newly branded hotline with a broad awareness campaign across all of the company's locations

**B.** Replace the safety leadership team and announce a fresh start for the company's culture

**C.** Require annual code of conduct training that includes a new module on reporting concerns

**D.** Hold leaders accountable for responses, show follow-up, monitor retaliation, and survey trust

**231.** A staffing firm bidding on a three-year contract tells the CHRO that if it wins, it will buy a large volume of the company's products for its own offices. The firm's proposal is otherwise slightly weaker than a competitor's. What should the CHRO do?

**A.** Award the contract to the firm but put the product purchase commitment into a separate agreement.

**B.** Evaluate the bid on its staffing merits only and report the offer to procurement and compliance.

**C.** Award the contract to the firm, since the product purchase creates added value for the company.

**D.** Ask the competing firm whether it will also buy products, so both bids are evaluated equally.

**232.** Several key engineering hires have not been selected in the H-1B lottery for two years in a row. The CTO asks HR for options to keep the talent. What is the BEST recommendation?

**A.** Employ them at a foreign affiliate for a year, then seek L-1 transfers or other visas

**B.** Keep them working in the U.S. as independent contractors until they are finally selected

**C.** Withdraw the offers and refill the roles, since the lottery is the only work visa path

**D.** Let them enter as business visitors and work for the U.S. team between lottery rounds

**233.** Before a major change initiative, a CHRO analyzes collaboration data and survey responses about whom employees go to for advice, then recruits the most connected employees as change ambassadors. What is the main purpose of this organizational network analysis?

**A.** Finding informal influencers whose positions in networks help messages spread

**B.** Finding the most senior leaders who should approve the change messages

**C.** Finding employees most likely to resist so they can be moved off the project

**D.** Finding the teams with the lowest engagement scores so that messages can target them first

**234.** A company has lost 70% of its discharge arbitrations over three years, mostly with reinstatement and back pay. Operations leaders say the arbitrators are biased toward the union. What should the CHRO do FIRST?

**A.** Settle all pending discharge grievances before arbitration, since the company is likely to lose most of those cases as well.

**B.** Analyze the lost awards for recurring reasons, such as weak investigations or uneven discipline, and fix the causes.

**C.** Require supervisors to document every rule violation in detail, since weak records are the most common reason for losing.

**D.** Push to remove the arbitrators who ruled against the company from the parties' panel, since their awards show a clear bias.

**235.** A company is buying all the stock of a smaller competitor and plans to move the target's employees into its own 401(k) plan. Diligence on the target's plan is not finished, and closing is six weeks away. The deal team asks whether the target's plan should be terminated before closing or merged afterward. What should the CHRO recommend?

**A.** Merge the target's plan after closing, since a merger removes liability for the target plan's past compliance failures.

**B.** Close the deal first and decide later, since the buyer can end the target's plan at any time and distribute all account balances to participants.

**C.** Finish plan diligence, and if termination is preferred, have the target's board adopt a termination resolution before closing.

**D.** Terminate the plan before closing without further review, since termination erases any past qualification defects.

**236.** Managers at 30 locations have been handling FMLA requests themselves, producing inconsistent designations and missed notices. The CHRO is evaluating how to fix the problem. Which approach BEST addresses it?

**A.** Centralize leave decisions with trained specialists or a vendor for consistent designations.

**B.** Centralize leaves longer than 30 days and keep shorter leaves with local managers.

**C.** Let each location set its own leave procedures, with HR auditing them once a year for consistency.

**D.** Keep manager administration but give each manager a written FMLA checklist to follow.

**237.** A company is investing in reskilling 2,000 employees for AI-augmented roles. Which factor MOST determines the return on this investment?

**A.** Whether reskilled employees move into roles that use their new skills and add business value

**B.** Employee satisfaction ratings on the training sessions collected right after each course ends

**C.** The total number of training hours that each employee completes during the reskilling program

**D.** The number of courses offered in the learning catalog and how many different topics they cover

**238.** A bank is moving from project-based IT delivery to a digital operating model built on long-standing, cross-functional product teams. The CEO asks the CHRO to lead the people side of the shift. What should the CHRO prioritize?

**A.** Replace most current IT staff with external hires who already have experience working in product-centric models.

**B.** Keep the existing annual individual performance review process so that employees have stability during a major structural change.

**C.** Rename existing IT departments as product teams while keeping current reporting lines and job architecture intact.

**D.** Redesign roles, career paths, performance management and incentives around persistent product teams and new skills.

**239.** While a classification review is under way, the board's audit committee asks the CHRO what the company can do now to reduce its exposure to liquidated (double) damages if violations are found. What is the BEST answer?

**A.** Adopt a board policy statement that the company intends to comply with the FLSA in all of its exempt classification decisions.

**B.** Buy employment practices liability insurance that covers liquidated damages awarded in wage-hour claims.

**C.** Pause the review until a lawsuit is filed, so the findings cannot be used to show the company acted in bad faith.

**D.** Document that classification decisions rest on counsel's advice or WHD guidance and act promptly on what the review finds.

**240.** A company's sales force earned $6 million in total compensation last year while generating $75 million in sales revenue. What is the sales compensation cost of sales ratio?

**A.** 12.5%

**B.** 8.0%

**C.** 80%

**D.** 0.8%

**241.** A public company's compensation committee asks the CHRO to design the CEO's annual performance evaluation. What is the CHRO's appropriate role?

**A.** Design the process and compile data as staff support, while directors own the assessment and final judgments.

**B.** Decline any involvement, since an executive who reports to the CEO cannot take part in the CEO's evaluation.

**C.** Conduct the evaluation and recommend a rating, since the CHRO has the deepest knowledge of the CEO's work.

**D.** Ask the CEO to approve the process before it goes to the committee, so the criteria reflect the CEO's priorities.

**242.** Why do many large employers run periodic adverse impact analyses of each hiring step under attorney-client privilege?

**A.** To find and fix problem steps early while protecting candid analysis as legal advice

**B.** To meet a federal rule that all employers file yearly adverse impact reports with the EEOC

**C.** To avoid analyzing the bottom-line hiring result, which courts no longer consider relevant

**D.** To keep hiring data from being disclosed in any lawsuit regardless of how it is used

**243.** An internal audit finds that a company's 401(k) plan deposited employee deferrals late for 18 months and used the wrong definition of compensation for matching contributions. Which correction approach is appropriate?

**A.** Use the DOL's VFCP for both, since both errors involve participant contributions.

**B.** Use the DOL's VFCP for the late deposits and the IRS's EPCRS for the compensation error.

**C.** Use the IRS's EPCRS for the late deposits and the DOL's VFCP for the compensation error.

**D.** Use the IRS's EPCRS for both, since all errors involve the plan's tax-qualified status.

**244.** Marketing proposes an employer value proposition stating that the company is 'a place where everyone belongs.' The latest engagement survey shows belonging scores 15 points lower for several employee groups than for the company overall. What is the CHRO's BEST response?

**A.** Approve the message, since aspirational branding can motivate the company to live up to the claims it makes.

**B.** Block any reference to inclusion in the EVP until belonging scores are equal across all groups.

**C.** Recommend claims grounded in the survey data, paired with a clear commitment to the actions underway.

**D.** Test the message with job candidates and adopt it if candidates respond to it favorably.

**245.** A CHRO wants to establish governance for the AI tools HR uses. Which alliances are MOST important to build?

**A.** HR technology vendors, industry peers, and professional associations that set AI standards

**B.** Finance and procurement, since they control the budgets and contracts for new AI tools

**C.** The board and the CEO alone, since governance must be approved at the top to be effective

**D.** Legal, IT and data security, risk and compliance, and the business leaders using the tools

**246.** A consumer-foods company lets each country subsidiary set its own products, branding and HR practices, with headquarters acting mainly as a financial holding center. Which approach in Bartlett and Ghoshal's framework does this describe?

**A.** Multidomestic approach

**B.** Global approach

**C.** Transnational approach

**D.** International approach

**247.** Why should selection for senior roles assess potential derailers, such as arrogance or volatility, in addition to strengths?

**A.** Derailers are protected traits, so they must be documented to defend any hiring decision

**B.** Derailers often emerge under pressure and can undo a leader with otherwise strong skills

**C.** Derailers predict technical performance better than cognitive ability for senior roles

**D.** Derailers are easy to spot in a standard interview, so they make screening quicker

**248.** Which description BEST fits a 'black swan' event as defined by Nassim Taleb?

**A.** A likely, high-impact threat that leaders can see coming but choose not to address in time

**B.** A rare, high-impact event outside normal expectations that is explained away after the fact

**C.** An event with known probabilities that can be fully priced through insurance or hedging

**D.** A common, low-impact disruption that organizations can plan for with their standard controls

**249.** A company's 401(k) plan has no investment policy statement and no record of committee meetings. The CHRO proposes a governance structure. Which approach BEST reduces fiduciary risk?

**A.** Adopt an investment policy but skip minutes, since written records can be used in litigation.

**B.** Leave decisions to the recordkeeper, since its platform already screens the plan's fund menu.

**C.** Assign plan oversight to the CFO alone, since a single decision maker limits fiduciary exposure.

**D.** Adopt a committee charter, an investment policy and minutes that show regular documented review.

**250.** An analytics team plans to compare engagement across 25 locations in many pairwise tests. Which approach BEST controls the overall risk of false-positive findings?

**A.** Applying a Bonferroni-type correction to the significance level

**B.** Reporting only the comparisons that show the largest differences

**C.** Switching from two-tailed tests to one-tailed tests for each pair

**D.** Increasing the sample size collected for each of the comparisons

**251.** Enterprise case data show that retaliation complaints in the Latin America region have tripled over three quarters, while other regions are flat. Several complaints name the same senior leaders. What should the CHRO do?

**A.** Monitor the region for another two quarters to confirm that the increase is a lasting pattern before involving the board.

**B.** Have the regional HR director roll out mandatory anti-retaliation training for all managers across the region right away.

**C.** Validate the trend, commission an independent review of the region, and brief the board committee on the risk and the response.

**D.** Ask the regional president to address the complaints personally with the senior leaders named and report the outcome back to HR.

**252.** A company uses the standard error of the difference to create score bands on a validated selection test and treats all candidates within a band as equivalent. What is the main strategic purpose of this approach?

**A.** To recognize measurement error and let other job-related factors guide choices in a band

**B.** To make sure the highest scorer in each band is always selected before all others

**C.** To adjust scores for each demographic group so that group selection rates come out equal

**D.** To raise the test's predictive validity by narrowing the range of scores used in hiring

**253.** In the middle of contract talks, a union asks for the total compensation of the company's top 20 executives, saying it needs the data to evaluate the company's wage position. How should the senior HR leader evaluate the request?

**A.** Executive pay data is presumptively relevant like unit wage data, so the company must provide all of it promptly without asking for any justification.

**B.** The company can ignore the request, because information about employees outside the unit is never subject to a duty to provide it.

**C.** Executive pay is outside the bargaining unit, so the union must show its relevance, but the company should respond and discuss the request.

**D.** The company must provide the data only if the union first agrees to drop its other pending information requests in the talks.

**254.** A company's strategy is shifting from domestic product sales to global digital services. Why should the CHRO update the leadership competencies used to evaluate succession candidates?

**A.** Competency models lose reliability over time, so they must be rewritten every few years in any case.

**B.** Courts require that succession criteria be revalidated whenever the company changes its business strategy.

**C.** Criteria built on past success may select leaders suited to a strategy the company is leaving behind.

**D.** Updated criteria let the company promote current executives faster because more of them will qualify.

**255.** The CEO of a 6,000-employee insurer wants faster innovation in claims but does not want to dismantle the existing hierarchy. The CHRO proposes a volunteer network, modeled on Kotter's dual operating system, that will work alongside the hierarchy on this initiative. Which governance design BEST fits the model?

**A.** Division heads assign network roles based on performance ratings to ensure the most capable people take part

**B.** The network reports to a senior vice president who approves each project so it stays under normal management control

**C.** The network runs fully apart from the hierarchy, with its own budget, leaders and staff, to shield it from bureaucratic interference

**D.** A guiding coalition drawn from many levels steers the network, and its members also hold hierarchy roles that keep the two linked

**256.** A 3,000-employee company plans a reduction in force, and the CEO wants last year's performance ratings to drive selection. What should the CHRO review FIRST?

**A.** Whether the severance budget is large enough to offer separation releases to every employee who will be selected

**B.** Whether managers are willing to re-rate their teams now so that the ratings reflect each employee's current skills and recent contributions

**C.** Whether employees received their ratings in writing so they cannot claim the selection criteria were a surprise

**D.** Whether the ratings are consistent, job-related and documented, and whether they show adverse impact on protected groups

**257.** The CFO proposes offshoring the company's 400-person customer service operation to cut its costs by 40%. The CEO asks the CHRO which people factors should be part of the decision. What should the CHRO raise?

**A.** Transition, severance and service quality costs, plus effects on knowledge and remaining staff

**B.** The local labor pool's size, the time to hire offshore supervisors and training timelines

**C.** Offshore wage rates, the speed of recruiting there and the vendor's capacity to staff the work

**D.** Employee morale and a communication plan for announcing the decision to the affected staff

**258.** The CHRO proposes a retention program with a projected internal rate of return (IRR) of 14%. The company's hurdle rate for investments of similar risk is 11%. Based on this criterion alone, what should the finance committee conclude?

**A.** Reject it, because the IRR must be at least double the hurdle rate

**B.** Reject it, because the hurdle rate must exceed the IRR for approval

**C.** Accept it, because any positive IRR means the program is profitable

**D.** Accept it, because the IRR is higher than the company's hurdle rate

**259.** Five business unit presidents have each asked the CLO for a custom leadership program, and together the requests cost nearly twice the approved L&D budget. Each president argues that their unit's need is the most urgent. What should the CLO do?

**A.** Divide the available budget equally among the five units so that each can fund a smaller version.

**B.** Propose strategy-based prioritization criteria and get senior leaders to agree on them before funding.

**C.** Ask the CEO to choose which units receive programs, since the CLO should stay neutral among peers.

**D.** Fund the requests in the order received and place the remaining units on a waiting list for next year.

**260.** A U.S.-based company plans to close a distribution center in Germany and consolidate operations in another EU country. Why must the project plan allow time for works council information and consultation before the decision is finalized?

**A.** Consultation is required only after the closure is announced, so it mainly affects when severance is paid

**B.** Consultation must generally occur while the decision can still be shaped, or the plan faces legal delay

**C.** Works councils hold a general veto over closures, so the company cannot proceed without their formal approval

**D.** EU rules require approval from the national labor ministry before the company may consult employees

**261.** An outside investigation substantiates that a company's top-revenue sales executive sexually harassed two subordinates. The CEO argues that losing him would hurt quarterly results and asks the CHRO to limit discipline to a written warning. What is the BEST response?

**A.** Recommend discipline consistent with similar substantiated cases, explaining the legal and cultural cost of an exception.

**B.** Accept the written warning and add mandatory executive coaching, since his revenue contribution justifies a lighter disciplinary outcome.

**C.** Defer the decision until after the quarter closes so the discipline does not disrupt current sales results.

**D.** Accept the written warning but move the two subordinates to another team to prevent further contact.

**262.** What is the main advantage of a rolling strategic plan compared with a fixed annual plan?

**A.** Targets stay fixed for the full period, so accountability for results is easier to assign

**B.** Long-term goals are replaced by short-term operating targets that are reset each quarter

**C.** Planning effort falls because leaders review and revise the plan only once a fiscal year

**D.** Assumptions and forecasts are refreshed often, so resources can shift with conditions

**263.** An HR analytics team is choosing between two network methods. One maps the contacts of a single executive and the ties among those contacts; the other maps every tie among all 600 employees in a division. How are these two approaches BEST distinguished?

**A.** The first is a whole network analysis, and the second is an ego network analysis.

**B.** The first is an ego network analysis, and the second is a whole network analysis.

**C.** The first is a closeness analysis, and the second is a betweenness centrality analysis.

**D.** The first is a formal organization chart, and the second is an informal network analysis.

**264.** An HR department builds a balanced scorecard for its own function. Which measure belongs in the customer perspective?

**A.** Average time to fill open positions across the company

**B.** Training hours completed per HR staff member each year

**C.** Hiring manager satisfaction with the quality of new hires

**D.** HR department cost per employee compared with its approved budget

**265.** During a cultural transformation, employees notice that executives still spend most of their time in internal cost reviews, rarely visit customers, and cut off anyone who raises customer complaints, despite messaging that customers come first. In the McKinsey 7-S framework, which element does this observation MOST directly concern?

**A.** Style, meaning how top leaders actually behave and spend their time

**B.** Staff, meaning the number and types of people the company employs

**C.** Shared values, meaning the core beliefs stated in the company mission

**D.** Skills, meaning the distinctive capabilities of the company's people

**266.** A CHRO proposes a workforce-scheduling system that costs $500,000 up front and is expected to save $200,000 at the end of each of the next three years. Using an 8% discount rate, what is the project's net present value (NPV)?

**A.** Negative, about $23,700

**B.** Positive, about $55,600

**C.** Positive, about $15,400

**D.** Positive, about $100,000

**267.** A CHRO is choosing an outside firm to support a redesign of the company's sales organization. A large global firm offers broad resources and brand credibility with the board, while a boutique firm specializes in sales-force design and would staff the work with its senior partners. What should weigh MOST in the decision?

**A.** The relevant expertise and experience of the people who will actually do the work, and their fit with the problem

**B.** The size of the firm's global network, since a larger firm can supply additional consultants quickly if the need arises

**C.** The firm's proposed fees, since the lower-cost firm will leave more budget available for implementation

**D.** The firm's brand reputation with the board, since board confidence will matter when the redesign is presented

**268.** A company is reorganizing several unionized sites, and counsel advises that some of the decisions themselves are not mandatory subjects of bargaining. What principle should guide the company at every site?

**A.** Deal directly with affected employees, since the union has no role in effects

**B.** Bargain over the decision itself, since every reorganization is a mandatory subject

**C.** Bargain over the effects on employees even when the decision is not bargainable

**D.** Notify the union after the change is done, since the decision is not bargainable

**269.** HR has received a credible sexual harassment complaint against a senior vice president who reports directly to the CEO and is his close friend. Company protocol requires notifying the accused's manager that an investigation is opening. How should the CHRO handle the conversation with the CEO?

**A.** Tell him an independent investigation is underway and ask him not to discuss it with the SVP

**B.** Let him decide whether an outside investigator is needed, since the SVP reports to him

**C.** Assure him the complaint is probably minor so that he does not overreact to the news

**D.** Ask for his view of the SVP's character before deciding how broad the investigation should be

**270.** Talent review notes show that managers routinely mark leaders over 58 as retirement risks and leave them out of development plans without asking about their plans. The CHRO learns that several of these leaders intend to work another eight to ten years. What should the CHRO do?

**A.** Drop age-based retirement assumptions, base flight risk on evidence, and keep all leaders in development talks.

**B.** Ask each leader over 58 to state a planned retirement date so that the company's succession plans can be accurate.

**C.** Name successors for every leader over 58 now so that the company is ready for any departures.

**D.** Keep the retirement flag but add a note that some of the flagged leaders may choose to stay longer than expected.

**271.** A mature insurer wants to build a digital business that needs fast experimentation and a startup culture. Research on structural ambidexterity suggests a separate unit with its own culture but a shared senior leadership team. Why is the shared senior team important?

**A.** It lets the new unit operate with no ties to the core, so the startup culture cannot be diluted by legacy leaders.

**B.** It lets senior leaders rotate staff between the units often so both cultures blend into one balanced culture.

**C.** It lets the new unit keep its own culture while senior leaders link it to the core and share key resources.

**D.** It lets the core business apply its controls and processes to the new unit so the two cultures merge more quickly.

**272.** After a major system outage, a CHRO wants the executive team to run an after-action review. Which set of questions does a standard after-action review address?

**A.** Who caused the problem, what it cost, who should be held accountable and when

**B.** What went well, what went poorly, which vendors failed and what the budget impact was

**C.** What was supposed to happen, what happened, why it differed and what to change

**D.** What the strategy is, what the goals are, who owns them and when they are due

**273.** Before deploying an AI tool that ranks job applicants, the CHRO commissions an AI impact assessment. Which content should the assessment include?

**A.** Projected time-to-fill savings, recruiter workload reductions and expected return on the investment

**B.** Purpose, data sources, affected groups, bias testing, human oversight and a way to appeal results

**C.** Model architecture, training hardware, programming language and the size of the training data set

**D.** Vendor pricing, license terms, uptime commitments, integration costs and planned upgrade schedule

**274.** After an earnings miss, a company's stock falls 20% in a day. Several executives demand an immediate 15% workforce cut to reassure investors, although the miss was caused by a one-time shipping delay. What should the CHRO counsel?

**A.** Propose a smaller 5% cut as a compromise that shows action to investors while limiting the damage.

**B.** Analyze the miss's causes and the long-term cost of cuts, while showing investors a credible plan.

**C.** Support the 15% cut as a decisive signal to investors that leadership is taking the miss seriously.

**D.** Recommend that the company make no changes and wait for the stock price to recover on its own.

**275.** A CHRO is rolling out a standard set of people metrics across six business units. Several unit presidents object, saying the metrics do not reflect their business models. What is the BEST approach?

**A.** Proceed with the standard set, since consistent metrics are needed for enterprise comparison

**B.** Involve the unit leaders in defining measures linked to their goals within a common core

**C.** Ask the CEO to require the standard metrics so that the rollout stays on schedule

**D.** Let each unit choose its own metrics and drop the enterprise standard to secure buy-in

**276.** The founder-CEO of a 2,000-employee company still approves most operational decisions, and the board believes she should move into a chief innovation role while a new CEO runs the business. The board asks the CHRO, who has a good relationship with the founder, to open the conversation. How should the CHRO approach it?

**A.** Present the board's position and a firm timeline for the founder's move into the new innovation role

**B.** Share employee survey data showing that the founder's involvement is causing the problems

**C.** Suggest the founder hire an executive coach and revisit the question of her role in a year

**D.** Explore what the founder values most and frame a future role that builds on those strengths

**277.** A private equity owner demands that every manager in a portfolio company have at least 12 direct reports within six months to cut costs. Several units do complex, specialized work. What is the BEST response from the CHRO?

**A.** Tell the sponsor that span targets are a management matter outside its role

**B.** Exempt specialized units entirely and apply the rule to all other managers

**C.** Propose span targets that vary by type of work, backed by cost and risk analysis

**D.** Apply the 12-report minimum to every unit so the change is seen as fast and fair

**278.** A hospital system bargains separately and at different times with three unions representing nurses, technicians and service staff. What is the MOST significant strategic risk of this arrangement for the employer?

**A.** The unions are legally required to merge their bargaining units

**B.** The employer loses the right to bargain directly with any single union

**C.** Separate contracts automatically adopt the most generous terms of the others

**D.** Each settlement becomes a floor that the next union tries to exceed

**279.** An HR analytics team has built a model that assigns each employee a score predicting the likelihood of quitting within a year. Business leaders want the scores loaded into the manager portal next month. What should be the CHRO's PRIMARY governance concern before the model is used?

**A.** Ensuring that every manager is trained to read the scores, since the main risk is managers misreading the probability values.

**B.** Validating accuracy and bias across groups, setting privacy and access rules, and defining how scores may and may not be used.

**C.** Confirming that the model's overall accuracy beats the prior year's turnover rate, since accuracy is the main test of fitness.

**D.** Securing the analytics team's budget to refresh the model each quarter, since a stale model will lose its predictive power.

**280.** An executive team approves a 3% across-the-board pay increase for a year in which inflation is running at 4.5%. Approximately what is the change in employees' real wages?

**A.** An increase of about 1.5%

**B.** An increase of about 3.0%

**C.** A decrease of about 4.5%

**D.** A decrease of about 1.4%

**281.** A company's only experienced chief negotiator will retire six months before three collective bargaining agreements expire. Which principle should guide the CHRO's response?

**A.** Hire an outside negotiator for all three contracts and rebuild internal capability after they settle.

**B.** Ask the retiring negotiator to remain on call informally, since formal succession plans are unnecessary.

**C.** Promote the most senior labor relations specialist, since tenure is the best predictor of bargaining skill.

**D.** Treat the role as critical, transfer knowledge now and build a bench before the contracts expire.

**282.** Ibarra and Hunter describe three types of networks that leaders build. Which network helps a leader look ahead to future priorities and challenges and gain support from stakeholders outside the leader's own function?

**A.** Developmental network

**B.** Operational network

**C.** Strategic network

**D.** Personal network

**283.** A company's strategy depends on collaborative innovation. HR hires creative people and trains them heavily in teamwork, but the appraisal and bonus systems reward only individual output, and cross-team collaboration has stalled. What type of HR alignment is MOST clearly missing?

**A.** Internal fit, because the HR practices conflict with one another

**B.** External fit, because the HR practices are not tied to the strategy

**C.** Environmental fit, because the practices ignore labor markets

**D.** Vertical fit, because HR does not report directly to the CEO

**284.** In a 5,000-employee hybrid company, the annual promotion rate is 12% for in-office employees and 7% for remote employees. The CEO asks whether this is a problem, since remote status is not a protected class. What should the CHRO recommend?

**A.** Conclude there is no legal issue because remote status is not protected, and encourage employees who want promotion to work in the office.

**B.** Test whether the gap holds after controlling for role and performance and tracks protected groups, then fix the process.

**C.** Set a target to equalize promotion rates for remote and in-office employees in the next cycle, using the two rates as a quota.

**D.** Require all promotion candidates to work in the office for six months before being considered, so every candidate is judged the same way.

**285.** A hospital system that runs 24/7 receives hundreds of religious scheduling requests each year, and managers handle them inconsistently. Several denials have led to EEOC charges. What should the CHRO implement?

**A.** A seniority rule that gives the most senior employees first choice of all holiday and weekend shifts.

**B.** A self-scheduling system with voluntary shift swaps and central review of any request that swaps cannot cover.

**C.** A policy requiring employees to find their own qualified replacements before any religious scheduling request is considered.

**D.** A rule that approves religious requests in the order received until each shift reaches its staffing minimum.

**286.** A CLO is redesigning executive development to prepare leaders for complex, ambiguous challenges. What does vertical development focus on, compared with horizontal development?

**A.** Growth in how leaders make sense of complexity, rather than adding new skills and knowledge

**B.** Building deep expertise in one function, rather than gaining broad knowledge across functions

**C.** Learning from senior leaders above them, rather than from peers at the same level of the firm

**D.** Promotion to higher levels in the organization, rather than lateral moves to other functions

**287.** A CHRO wants to use 360-degree feedback to hold leaders accountable for inclusive leadership. Which practice MOST effectively links inclusive behavior to leader evaluation?

**A.** Ask raters one overall question about whether the leader personally values diversity on the team.

**B.** Collect open-ended comments only and let each leader decide whether to share them with a manager.

**C.** Count the number of inclusion events each leader attends during the year and use that total as the main measure.

**D.** Rate defined, observable inclusive behaviors and weigh the results in performance and promotion reviews.

**288.** A supply chain shock will idle three of a company's plants for an estimated four to nine months. The company expects demand to return and needs skilled operators when the plants restart. What should the CHRO recommend?

**A.** Weigh furloughs, reduced hours and redeployment to training or maintenance against layoffs, with WARN in mind.

**B.** Lay off all workers at the three plants now and rehire later, since this is the quickest way to stop payroll costs.

**C.** Transfer all plant workers to the company's other plants, since the open plants can absorb the extra workers for a time.

**D.** Keep all plant workers on full pay until the plants restart, since skilled operators are too valuable to risk losing.

**289.** The board of a public company asks the CHRO which workforce metrics to disclose under a principles-based human capital reporting requirement. What is the BEST recommendation?

**A.** Disclose only metrics that show favorable trends this year to avoid creating negative perceptions among investors.

**B.** Disclose the same set of metrics as the largest competitor so investors can make direct comparisons between firms.

**C.** Disclose every workforce metric the HRIS can produce so investors have complete, unfiltered information to draw their own conclusions.

**D.** Disclose metrics that are material to the company's strategy and results, defined consistently so they can be tracked over time.

**290.** A consumer electronics company faces volatile demand and supply costs. The CFO proposes replacing the fixed annual budget with quarterly rolling forecasts, and asks the CHRO to support the change in workforce planning. What is the main strategic benefit?

**A.** Projections are updated often over a fixed horizon, so resources shift quickly

**B.** Financial targets are no longer needed in managers' annual performance reviews

**C.** The budget cycle is extended to three years, which reduces annual planning effort

**D.** Annual targets are locked in earlier, which gives managers more planning certainty

**291.** A company with frequent restructurings wants a standard severance plan so that releases from employees 40 and older are valid every time. Which design should the CHRO approve?

**A.** Offer pay beyond what employees already earned, but leave review periods and age disclosures to the managers at each individual site.

**B.** Offer pay beyond what employees already earned, with group-program timelines and age disclosures built into the template.

**C.** Offer the same release terms as for younger employees, with a 7-day review period and a 21-day revocation period.

**D.** Offer accrued vacation payout as the consideration, with an agreement that waives both past and future age claims.

**292.** A company with operations in 12 countries wants consistent ethical standards while complying with very different employment laws. How should it structure its policies?

**A.** Fully separate local policies in each country with no shared global standards

**B.** One global handbook applied word for word in every country to ensure consistency

**C.** The headquarters country's handbook, translated into each local language and posted on the intranet

**D.** A global code of conduct for core values, with local handbooks that follow local law

**293.** In a 12,000-employee financial services firm, promotion rates to director differ widely by business unit and by group, and promotions are decided by each unit head with little documentation. The CEO asks the CHRO to redesign the process across the enterprise. What should the redesign center on?

**A.** Representation targets for each business unit, with unit heads' annual bonuses tied directly to meeting those targets

**B.** Bias training for unit heads, followed by a survey of employees on whether the process feels fair

**C.** Preset promotion criteria, evidence-based cases, cross-unit calibration and audits of decisions by group

**D.** Removing unit heads from the process and having a central HR committee make all director promotions

**294.** A CHRO is sponsoring an enterprise people-analytics platform that will combine HRIS, collaboration and survey data to feed AI models. Before vendors bid, she must set the design requirements. Which requirement BEST reflects privacy by design?

**A.** Rely on each bidder's standard privacy settings, since vendors in this market already comply with privacy laws.

**B.** Collect only data needed for defined purposes, with role-based access, de-identification and retention limits.

**C.** Collect all available data now so the models have the broadest base, and decide on specific uses after launch.

**D.** Add privacy controls after a pilot shows which data elements actually improve the models' accuracy.

**295.** A public manufacturer's annual sustainability report includes enterprise turnover, which investors track as a human capital metric. Turnover rose sharply in a division that is being restructured, and the CEO asks the CHRO to drop that division from the turnover figure so the report shows improvement, without saying so in the report. What is the BEST response?

**A.** Advise that any exclusion be disclosed with its rationale, and present the full figure alongside the adjusted one.

**B.** Agree to the exclusion, since the division is being restructured and its turnover is not representative of the ongoing business.

**C.** Exclude the division this year and add it back next year once the restructuring is complete and turnover has stabilized.

**D.** Report the full figure and decline to discuss the CEO's request with anyone else, to keep the matter from escalating.

**296.** A diversified manufacturer is considering a rotational leadership development program. Which description BEST reflects the structure and strategic purpose of such a program?

**A.** Participants move through planned assignments across functions to build broad enterprise perspective

**B.** Participants stay in one function and complete a year-long classroom curriculum on general leadership principles

**C.** Participants shadow one senior executive for a year to learn that leader's specific job duties

**D.** Participants are moved at random to cover vacancies wherever the business is short-staffed

**297.** An executive turnover model finds that employees in remote roles are much more likely to quit, but it does not include a measure of manager quality. Remote employees are more often assigned to weaker managers. How does omitting manager quality affect the results?

- **A.** The model's R-squared rises, since leaving out a variable reduces the noise in the remaining coefficient estimates.
- **B.** The remote-role coefficient absorbs part of manager quality's effect, overstating remote work's own impact.
- **C.** The remote-role coefficient is unaffected, since omitting a variable only lowers the model's overall precision.
- **D.** The remote-role coefficient understates remote work's impact, since manager quality offsets part of its effect.

**298.** The Black Professionals employee resource group at a 9,000-employee company presents the executive team with a memo stating that its members are promoted more slowly than peers and asking leadership to adopt the ERG's proposed promotion criteria. The CEO asks the CHRO how to respond. What is the BEST recommendation?

- **A.** Tell the ERG that promotion policy is outside its charter and route individual members to file separate complaints through HR channels.
- **B.** Adopt the ERG's proposed promotion criteria company-wide right away to show leadership is responsive and to prevent further escalation.
- **C.** Negotiate a revised promotion framework directly with the ERG leaders so the group has a formal role in approving the final criteria.
- **D.** Thank the ERG, commission a rigorous promotion-rate analysis, gather input from all employees, and report back on actions taken.

**299.** Which risk responsibility belongs to a company's board of directors rather than to management?

- **A.** Running the incident response team when a crisis actually occurs
- **B.** Overseeing management's risk processes and approving the risk appetite
- **C.** Designing the controls that mitigate specific risks in day-to-day business operations
- **D.** Identifying and rating operational risks within each business unit

**300.** A retiring CEO will stay on as executive chair after a successor takes over. What is the main governance risk of this arrangement, and what is a common safeguard?

- **A.** The former CEO may undercut the new CEO's authority, so a set term and clear role limits are used
- **B.** Independence rules may be breached, so the board must name a second, independent co-chair to share the role
- **C.** Shareholders must approve the role, so the board puts the appointment to a binding proxy vote
- **D.** The new CEO may lose the former CEO's outside network, so the chair role is given no time limit

**301.** Fraud examiners estimate that a typical organization loses about 5% of revenue to occupational fraud each year. A company with $400 million in annual revenue expects a new anti-fraud program to reduce its losses by 40% from that benchmark level. What annual savings should the CFO estimate?

**A.** $20 million

**B.** $12 million

**C.** $8 million

**D.** $0.8 million

**302.** A company is planning a group RIF and will offer severance in exchange for ADEA waivers. Why does defining the decisional unit carefully matter strategically?

**A.** It decides whether the RIF must be reported to the EEOC before notices are delivered

**B.** It sets which employees may receive 21 days to consider the agreement instead of the full 45 days

**C.** Required age disclosures are built on it, and a misdefined unit can invalidate the waivers

**D.** It removes the need for statistical analysis if the unit is drawn by department lines

**303.** After a delayering that removed a management layer, front-line managers at a 5,000-employee insurer now lead about 15 people each, up from 7. Engagement scores have fallen, especially on recognition and career support. What is the BEST enterprise response?

**A.** Build manager capability at scale and redesign managers' workloads to free time for coaching

**B.** Have each team run engagement action planning to address its own local survey results

**C.** Reverse the delayering and restore the removed layer to bring spans back to their former size

**D.** Add team lead roles below managers to absorb day-to-day supervision of the larger teams

**304.** Last year the company closed 64 investigations and substantiated 24. This year it closed 90 and substantiated 27. A board member says the drop in substantiation proves investigators have become lax. What is the BEST interpretation?

**A.** The rate fell from 37.5% to 30% as volume rose about 41%, so case mix should be reviewed first

**B.** The rate fell 7.5 percentage points, which confirms that investigation quality has declined

**C.** The rate fell from 37.5% to 33.3%, which is too small a change to merit any further review by the board

**D.** The rate rose because 27 cases were substantiated this year versus 24 cases last year

**305.** A company shifts its strategy from low-price, high-volume sales to premium pricing built on expert advice and superior service. Its sales force is paid mainly on unit volume, and service staff are measured on calls handled per hour. What should the CHRO do to align sales and service talent?

**A.** Replace the sales force with new hires from premium brands, since current staff are suited only to volume selling.

**B.** Redesign hiring profiles, training and incentives around consultative selling, margin and service quality, not volume.

**C.** Raise sales commission rates so that the team earns more per unit, since premium products need extra motivation to sell.

**D.** Keep current measures while the new pricing takes hold, since changing incentives during a strategy shift adds risk.

**306.** Which element belongs in a risk appetite statement covering talent and culture?

**A.** Defined tolerance limits, such as maximum regretted turnover in critical roles

**B.** The organization's mission, vision and core values statements in full

**C.** A list of the HR programs planned for the coming fiscal year and their estimated total cost

**D.** Job descriptions for each role that is responsible for a people risk

**307.** An enterprise launches voluntary AI upskilling that employees request through an online portal and complete during work hours with manager approval. Early data show participation is concentrated among salaried professionals at headquarters. What strategic risk does this pattern MOST signal?

**A.** The content is too advanced for most employees, so it should be simplified until participation becomes more evenly balanced.

**B.** Salaried professionals are more motivated, so funding should shift toward them to maximize the return.

**C.** Manager approval is a redundant step, so removing it will resolve the participation gap on its own.

**D.** Access barriers may widen existing gaps, leaving frontline and less advantaged groups more exposed to displacement.

**308.** A regional retailer plans to eliminate 300 positions next quarter. Finance notes that the layoffs will raise the company's experience-rated state unemployment tax rate for several years. The CHRO is asked how to factor this into the decision. What is the BEST approach?

**A.** Proceed as planned, since unemployment tax increases are too small to change a decision about a workforce reduction.

**B.** Model the multiyear tax increase with severance and other costs, and compare it with options such as attrition or reduced hours.

**C.** Contest every unemployment claim filed by the laid-off workers, to keep benefit charges to the company's account low.

**D.** Delay the layoffs until the new calendar year, so the separations do not count toward the company's experience rating in any future year.

**309.** The CHRO is helping design the board's annual strategy offsite. In past years, the board chair has dominated discussion and other directors have stayed quiet. What process design is BEST?

**A.** Shorten the agenda to two topics so that the directors have more time for unstructured, open discussion.

**B.** Have the CEO present each strategy option first so that directors respond to a well-developed proposal.

**C.** Ask the chair to lead each discussion session so that the agenda stays on schedule throughout the offsite.

**D.** Use an independent facilitator, gather views in advance, and give each director structured turns.

**310.** The board questions the value of a $2 million annual enterprise leadership program. What is the BEST way for the CHRO to evaluate and report its value?

**A.** Survey participants on how much they expect to apply what they learned

**B.** Measure behavior change and business results against a comparison group

**C.** Report participant satisfaction scores and the total number of leaders trained

**D.** Compare the program's cost with what peer companies spend on leadership

**311.** After a departing engineer downloaded confidential designs, the board asked for stronger controls. The CHRO is designing HR's part of an insider threat program with IT security and legal. Which HR contribution is MOST appropriate?

**A.** Monitor every employee's personal social media accounts for early signs of dissatisfaction

**B.** Stay out of the program entirely so that employees' trust in HR is not compromised

**C.** Require IT to review an employee's email whenever any performance issue is raised

**D.** Tighten offboarding access removal, renew confidentiality terms, and share risk signals

**312.** At a strategy offsite, the CEO says the company 'can take on as much risk as the balance sheet can survive.' The CHRO, who sits on the risk committee, wants to clarify two terms. Which statement BEST distinguishes risk capacity from risk appetite?

**A.** Appetite is the most risk the firm can absorb; capacity is the amount it chooses to pursue.

**B.** Capacity is the risk that remains after controls; appetite is the risk that exists before them.

**C.** Capacity is the most risk the firm can absorb; appetite is the amount it chooses to pursue.

**D.** Capacity and appetite name the same limit, but appetite is expressed only in qualitative terms.

**313.** Three months after a unionized manufacturer rolled out new attendance-management training for supervisors, grievances doubled. Most grievances claim that supervisors are applying the attendance rules inconsistently. What is the BEST response from the HR director?

**A.** Withdraw the new attendance training and return to the earlier approach until relations with the union improve.

**B.** Investigate how supervisors are applying the training by reviewing grievances and enforcement practices.

**C.** Tell the union that a rise in grievances is normal after any change and will settle down within a few months.

**D.** Discipline the supervisors with the most grievances filed against them for failing to apply the rules properly.

**314.** The board's compensation committee is deadlocked over the executive incentive plan: some members want total shareholder return as the main metric, while others want operating metrics tied to the five-year strategy. The CHRO supports the committee. How should the CHRO help resolve the conflict?

**A.** Propose an equal split between the two metrics so both groups receive half of what they asked for

**B.** Ask the CEO to choose the metrics, since the CEO is best placed to know which results matter most

**C.** Model past payouts under each metric mix against strategy and peer practice for the committee to weigh

**D.** Recommend the metric favored by the committee chair, since the chair is responsible for the final proposal

**315.** A CHRO is briefing the board on risks from OSHA's electronic injury and illness reporting. Which point is most relevant to reputational exposure?

**A.** Submitted data is confidential and used only by OSHA to target inspections at high-rate sites.

**B.** OSHA publishes establishment-level submitted data, which media, investors and advocates can analyze.

**C.** Submitted data becomes public only if the company is later cited by OSHA for a recordkeeping violation at that site.

**D.** Submitted data is released only in industry-wide totals, so company names never appear publicly.

**316.** AI has changed the work in many of a global bank's job families: some tasks have disappeared, new ones have emerged, and similar roles now differ widely across units. The CHRO must redesign the job architecture. What should guide the redesign?

**A.** Last year's job descriptions, adjusted by adding a sentence about AI tools to each existing description

**B.** Analysis of current work and skills, with job families and levels that can be updated as work changes

**C.** Each business unit's own preferred titles and levels, so that local leaders can keep full autonomy

**D.** Market salary survey job titles alone, so that each role matches an outside benchmark exactly

**317.** The CEO of a 3,000-employee retailer dismisses people analytics, saying he trusts his instincts about which store managers to promote. The CHRO believes a predictive model would identify stronger managers. What is the BEST way for the CHRO to persuade him?

**A.** Present academic research showing that structured, data-based selection outperforms intuitive judgment in most hiring settings.

**B.** Ask the board to require data-based promotion decisions as part of its oversight of leadership development.

**C.** Implement the model quietly across all stores and present the improved results once enough data is available.

**D.** Propose a limited pilot in a few districts, agree on success measures with him in advance, and share the results with him.

**318.** A U.S. multinational plans to introduce a software system in its German operations that tracks employee productivity and feeds into performance appraisals. The German sites have works councils. What must the company do?

**A.** Notify each affected employee in writing, since works councils have no role in performance appraisal.

**B.** Consult the works council, since its input is advisory and the company may proceed if talks are not fruitful.

**C.** Inform the works council after implementation, since performance systems are a management prerogative.

**D.** Reach agreement with the works council first, since it has co-determination rights here.

**319.** Legal and HR leaders are discussing a defensible deletion program for HR data. What does defensible deletion mean?

**A.** Deleting records only after the legal department has reviewed and approved each one

**B.** Encrypting old records so they cannot be read, instead of physically destroying them

**C.** Deleting paper records once they are scanned into the system, provided a backup copy is kept offsite

**D.** Destroying records under a documented retention schedule that is applied consistently

**320.** A software company has all of its critical platform engineers at a single offshore site in a country facing rising political instability. Which workforce strategy BEST reduces this risk over the long term?

**A.** Buying political risk insurance to cover the revenue lost if the site is disrupted

**B.** Distributing critical skills across several sites so no one site is a failure point

**C.** Moving all engineering work back to headquarters so it is under direct management control

**D.** Signing a longer contract with the offshore vendor to lock in current staffing levels

**321.** An HR team uses generative AI to draft training modules and job descriptions with minimal human editing. Legal counsel raises intellectual property and disclosure concerns. Which concern is most accurate?

**A.** Content created with AI tools enters the public domain once it is published inside the company

**B.** Federal law requires every job description drafted using AI to carry a label saying so

**C.** The AI vendor automatically owns the copyright in any content that its tools generate for the company's users

**D.** Content lacking enough human authorship may not be copyrightable and may echo third-party material

**322.** An executive's target long-term incentive award is $300,000, delivered as 50% performance share units, 30% restricted stock units and 20% stock options. What is the target value of each award?

**A.** PSUs $150,000; RSUs $60,000; options $90,000

**B.** PSUs $100,000; RSUs $100,000; options $100,000

**C.** PSUs $150,000; RSUs $100,000; options $50,000

**D.** PSUs $150,000; RSUs $90,000; options $60,000

**323.** Which description BEST fits a product-based HR operating model, one of the newer alternatives to the three-legged HR model?

**A.** Cross-functional HR teams own end-to-end employee solutions and refine them from user feedback

**B.** HR is split into business partners, centers of expertise and a shared services operation

**C.** A central personnel department administers policies, records and compliance for all business units

**D.** Most HR activities are outsourced to vendors managed by a small retained HR governance team

**324.** A restaurant franchisor needs its 300 independently owned franchises to adopt a new service model. Franchisees are not employees, and the franchise agreement gives the company limited authority over day-to-day operations. What is the CHRO's BEST influence strategy?

**A.** Launch a national marketing campaign for the new model so customer demand pressures owners to adopt it

**B.** Pilot with respected franchisees, share their results, and have an owner council refine the rollout

**C.** Amend the franchise agreement at renewal to require the model and penalize owners who fail to comply

**D.** Have corporate trainers instruct franchise employees directly on the new model during store visits

**325.** A national retailer uses an AI résumé-screening tool for all corporate roles. Only its New York City roles are subject to Local Law 144, and counsel confirms the company has met the bias audit requirement there. The CHRO must decide how to handle the same tool in the other 30 states where it hires. What is the BEST decision?

**A.** Stop using the tool outside New York City until every state in which the company hires adopts a similar audit law.

**B.** Limit audits to New York City roles, since applying the standard elsewhere creates evidence that could be used in litigation.

**C.** Apply the same bias audit standard to the tool everywhere, since federal disparate impact liability applies in all states.

**D.** Rely on the New York City audit results for all locations, since the same tool produces the same outcomes everywhere.

**326.** A company has agreed to acquire a competitor, but regulatory approval could take up to a year. Rumors are spreading, and recruiters are calling the company's top engineers. What should the CHRO do?

**A.** Avoid any discussion of the deal with employees until regulators approve it so that no promises are made.

**B.** Give all employees a modest across-the-board retention bonus that is payable only if they stay through closing.

**C.** Promise key engineers that their roles and pay will be protected once the two companies are integrated.

**D.** Identify the critical talent, communicate what is known, and offer targeted retention awards tied to closing.

**327.** Counsel and the CHRO are choosing a mediator for a pending wage-and-hour class action in which the parties are far apart on the value of unpaid overtime claims. Which mediator style is MOST appropriate?

- **A.** A facilitative mediator who focuses on improving the parties' communication and relationship
- **B.** A transformative mediator who helps the parties gain recognition and empowerment in the dispute
- **C.** An evaluative mediator with wage-hour experience who can reality-test each side's damage estimates
- **D.** A mediator with no wage-hour background, so neither side suspects bias toward its own view of the law

**328.** A regional director tells a subordinate she will lose her promotion unless she dates him, and when she refuses, he removes her from the promotion list. The company has a strong anti-harassment policy and training. Why can't the company rely on the Faragher/Ellerth affirmative defense?

- **A.** The defense requires that the employee have reported the conduct to a senior executive and not to HR
- **B.** The defense is available only when the employee files an EEOC charge within 180 days of the last harassing act
- **C.** The defense applies only to coworker harassment, and supervisor harassment is judged under negligence
- **D.** Supervisor harassment that culminates in a tangible employment action makes the employer strictly liable

**329.** A CHRO needs genuine commitment, not mere compliance, from the executive team for a multiyear talent strategy. According to Gary Yukl's research on influence tactics, which tactic is most likely to produce commitment?

- **A.** Consultation, inviting executives to help shape the strategy
- **B.** Pressure, using persistent reminders and firm demands
- **C.** Exchange, offering future support or resources in return for their agreement
- **D.** Legitimating, citing policy or authority for the request

**330.** The executive team of a software company wants all 3,000 employees in the office five days a week starting next month. The CHRO's analysis shows that 30% of top-rated engineers live more than 50 miles from an office, and a recent survey suggests many would leave. What should the CHRO recommend?

- **A.** Recommend keeping the current remote policy, since the survey shows that employees prefer it.
- **B.** Implement the policy as planned and track attrition for six months before making any changes.
- **C.** Present the attrition risk and its cost, and propose a phased policy with a clear business rationale.
- **D.** Support the plan but grant exceptions to any top-rated engineer who threatens to resign over the new requirement.

**331.** Members of one employee group make up 36% of a company's workforce but only 18% of its leadership. What is the group's leadership parity index?

**A.** 0.82

**B.** 2.00

**C.** 0.18

**D.** 0.50

**332.** A manufacturer has separate bargaining units at four plants, each represented by a different union. The unions announce they will coordinate and will include representatives of the other unions on each bargaining committee. What is the employer's obligation?

**A.** Bargain with each union for its unit, without objecting to who sits on the team

**B.** Bargain with the largest union only, since it speaks for the whole coordinated group

**C.** Bargain with all four unions at a single table covering every unit together

**D.** Refuse to meet until each union drops the other unions' representatives

**333.** At a financial services firm, managers whose projects miss targets are routinely passed over for promotion. Leaders want teams to experiment with AI, but few volunteer. What approach should the CHRO take?

**A.** Run an AI innovation contest with cash prizes for the projects that produce the largest measured savings.

**B.** Require each team to launch at least one AI project this year and include the results in performance ratings.

**C.** Create sanctioned pilots with clear guardrails, reward learning from failed tests, and have leaders model it.

**D.** Hire an external AI team to run the experiments so that internal employees are not exposed to failure.

**334.** Credible allegations surface that a high-performing division president mistreats staff. The CEO is reluctant to act because of the president's results. What should the CHRO do?

**A.** Wait for formal written complaints before taking any action on the allegations.

**B.** Start an independent investigation with oversight from the board or its designee.

**C.** Have the CEO counsel the president privately and quietly monitor his behavior for now.

**D.** Remove the president immediately to protect the company's public reputation.

**335.** Which statement BEST distinguishes organizational cynicism from resistance to a specific change?

**A.** Cynicism reflects concern about job loss, while resistance reflects disagreement with company values

**B.** Cynicism is a short-lived reaction to one announcement, while resistance develops over several years

**C.** Cynicism appears mainly among managers, while resistance appears mainly among frontline employees

**D.** Cynicism is lost faith in leaders after past failures, while resistance targets a particular change

**336.** An investigation finds that a dozen senior executives knew for two years that safety inspections were being falsified, yet none reported it. Each said they assumed someone else, such as compliance or the CEO, was already dealing with it. Which concept BEST explains why the misconduct persisted?

**A.** Fundamental attribution error

**B.** Moral licensing

**C.** Escalation of commitment

**D.** Diffusion of responsibility

**337.** The executive team says the monthly HR dashboard, which tracks 40 metrics, is hard to use. How should the CHRO decide which metrics to keep on it?

**A.** Keep the metrics that are easiest to update each month, so the dashboard stays accurate and timely.

**B.** Keep the metrics that changed the most since the last report, since those draw the most attention.

**C.** Keep the few metrics tied to strategy and executive decisions, moving the rest to drill-downs.

**D.** Keep all 40 metrics but group them by HR function so that executives can find what they need.

**338.** A software company's revenue grew 18% last year, but its human capital ROI fell for the second year in a row. The CEO asks the CHRO to explain the decline before the next board meeting. Which analysis should the CHRO do FIRST?

**A.** Compare the growth in pay and benefits costs with the growth in output per employee over the same period.

**B.** Run an engagement survey to determine whether falling morale is the main reason that the metric has declined over two years.

**C.** Compare the company's revenue growth with the growth rates of its main competitors to confirm it is gaining market share.

**D.** Recalculate human capital ROI using base salaries only, excluding benefits, so that the metric is less volatile from year to year.

**339.** A CHRO is assembling a strike command team with security, operations, legal and communications leaders. Which design principle matters MOST for how the team operates?

**A.** The communications lead approves all actions, so that every decision is checked for public relations and media impact first.

**B.** The security contractor leads the team, since picket-line safety is the main risk during a strike at any plant.

**C.** Each function makes decisions on its own, so the team can react faster without waiting for any central approval.

**D.** One command structure with named decision owners and escalation paths, plus legal review of actions affecting strikers.

**340.** Institutional investors and ESG rating firms increasingly score companies on the social pillar. Which set of workforce metrics do such ratings MOST commonly draw on?

**A.** Turnover, injury rates, training investment and pay equity

**B.** Revenue per employee, overtime hours and payroll tax rates

**C.** Number of HR policies, handbook updates and HR staff ratios

**D.** Executive base salaries, office square footage and travel spend

**341.** A company has 500 managers, 100 of whom belong to an underrepresented group. Next year it expects 50 managers to leave, with exits proportional to current representation, and it will hire 50 new managers, 30% of whom are expected to come from the group. What will the group's share of managers be at year-end?

**A.** 18%

**B.** 30%

**C.** 23%

**D.** 21%

**342.** After AI tools take over scheduling and initial sourcing, the CFO proposes cutting half of the company's 40 recruiters. The vendor claims a 50% efficiency gain. What should the CHRO do?

**A.** Agree to the cut, since the vendor's efficiency estimate directly supports a 50% staff reduction.

**B.** Delay any decision until the AI tools have been in use for at least two full years at the company.

**C.** Measure the hours actually freed, redirect capacity to higher-value work, and set staffing from that data.

**D.** Oppose any cut, arguing that all 40 recruiters are needed to keep the candidate experience personal and responsive.

**343.** A CHRO wants to build a global mindset among the company's top 200 leaders. According to research on global leadership development, which method is MOST effective?

**A.** Online modules covering business etiquette and customs in the company's major markets

**B.** Classroom courses on cultural dimensions taught by recognized experts at the company's headquarters

**C.** Reading assignments on global strategy followed by quizzes to test leaders' knowledge

**D.** Experiential methods, such as international assignments and global projects, with reflection

**344.** A company announces a plant consolidation and records a large restructuring charge for severance and facility exit costs. Equity analysts then publish adjusted earnings that exclude the charge. How are these costs typically reported, and why do analysts adjust for them?

**A.** As an expense, removed by analysts to gauge ongoing operating performance

**B.** As a deferred cost, held off the income statement until the program ends

**C.** As a direct reduction of equity that never passes through the income statement

**D.** As an asset, amortized by analysts over the period the savings will last

**345.** In a make-or-buy analysis for HR services, which combination of factors MOST strongly favors keeping a service in-house?

**A.** Demand for the service fluctuates sharply, so fixed internal staffing would often sit idle.

**B.** The service is a source of competitive differentiation and involves highly confidential information.

**C.** The service is transactional and standardized, and vendors offer clear economies of scale.

**D.** The vendor market is mature, with many qualified providers competing actively on price, quality and service levels.

**346.** A board asks the CHRO for an infectious disease preparedness plan. Which legal framework should the plan be built around?

**A.** The COVID-19 emergency temporary standard, which still applies to all employers

**B.** CDC guidance, which OSHA enforces as a binding standard for all U.S. employers

**C.** Existing standards such as PPE and respiratory protection, plus the general duty clause

**D.** A permanent OSHA infectious disease standard that covers all general industry employers

**347.** Political unrest breaks out in a country where a company employs 12 expatriates and 400 local nationals. The crisis plan, written years ago, provides evacuation only for expatriates. Local staff are asking what the company will do for them. What is the BEST response from the CHRO?

**A.** Evacuate expatriates and extend support to local staff, such as safe transport, pay continuity, and in-country relocation.

**B.** Follow the existing plan for expatriates and refer local staff to government agencies and community resources in their country.

**C.** Evacuate expatriates as planned and offer local staff unpaid leave until the situation in the country has fully stabilized.

**D.** Hold all evacuations until the company can offer the same international evacuation package to every employee there.

**348.** A CHRO uses the balanced scorecard to show the executive team how HR strategy supports business results. Which aspects does the learning and growth perspective capture?

**A.** Employee capabilities, information systems and culture that enable future performance

**B.** Efficiency and quality of the internal operating processes that create value for customers

**C.** Revenue growth, cost management and return on capital for shareholders

**D.** Customer satisfaction, retention and market share in the targeted segments

**349.** A union has just been certified at one of a manufacturer's six nonunion plants. The CHRO is preparing for first-contract negotiations. What should be the CHRO's PRIMARY strategic focus?

**A.** Offer the union the same pay and benefits the plant already has, since terms need not change.

**B.** Define the company's BATNA and limits, weighing how terms could set a pattern for other plants.

**C.** Prepare a final offer for the opening session to signal resolve and shorten the bargaining process.

**D.** Delay meeting with the union until the plant's financial results for the year are available.

**350.** A 3,000-employee company staffs HR at one HR employee per 100 employees. After automating transactional work, leadership wants to move to one HR employee per 150 employees. Assuming total headcount stays the same, how will HR staffing change?

**A.** Decrease by 20, from 30 to 10 HR staff

**B.** Decrease by 10, from 30 to 20 HR staff

**C.** Increase by 10, from 20 to 30 HR staff

**D.** Decrease by 15, from 30 to 15 HR staff

**351.** The general counsel proposes adding broad non-disparagement clauses to all offer letters and severance agreements for every employee, including hourly staff. The CHRO is asked to evaluate the proposal. What should the CHRO recommend?

**A.** Adopt the broad clauses but enforce them only against employees who post on social media about the company.

**B.** Add the broad clauses only to severance agreements, since such clauses are never restricted by law in that setting.

**C.** Use narrow clauses with clear carve-outs for legally protected speech instead of broad clauses for all staff.

**D.** Adopt the broad clauses for all employees, since non-disparagement terms are enforceable in all agreements.

**352.** The strongest candidate for a two-year leadership assignment is a female regional director. The host country is rated high risk, and local norms restrict women's roles in public life. A senior vice president suggests offering the role to someone else 'for her own safety.' What should the CHRO do?

**A.** Put the assignment on hold until the security team rates the host country as low risk for all assignees.

**B.** Offer her the assignment only after her spouse or family has agreed in writing to the relocation and its risks.

**C.** Offer her the assignment with a full briefing on the risks and support available, and let her make the decision.

**D.** Offer the role to the next-ranked male candidate and give her a comparable assignment in a lower-risk country instead.

**353.** A respected executive team approves a sales incentive practice that is later widely viewed as deceptive. In interviews, team members say sincerely that the ethical problem never occurred to them. Which concept BEST explains their behavior?

**A.** Moral licensing, in which past good deeds make people feel entitled to cut corners later

**B.** Bounded ethicality, in which cognitive limits lead people to act unethically without awareness

**C.** Machiavellianism, in which leaders knowingly manipulate others to reach their own personal goals

**D.** Ethical relativism, in which people believe that right and wrong vary across cultures

**354.** The CEO of a 12,000-employee company proposes creating a corporate university after seeing one at a competitor. The CHRO is asked to prepare a business case. What should the business case focus on MOST?

**A.** How large a dedicated campus is needed to host programs for all 12,000 employees each year.

**B.** How closely its design can copy the competitor's university, which already has a strong reputation.

**C.** How it would advance strategic capabilities and culture, weighed against costs and current options.

**D.** How many courses it can offer at launch compared with the current learning catalog in the LMS.

**355.** A retailer's CHRO launched a flexible scheduling policy in January of last year. In July, regional competitors raised starting wages and the company matched them. Annual turnover has since fallen from 42% to 33%, and the CHRO has 36 months of monthly turnover data. What is the BEST way to assess the policy's impact?

**A.** Credit the full decline to the policy, because it took effect six months before the wage increase.

**B.** Compare average monthly turnover for the 12 months before launch with the 12 months after it.

**C.** Model the monthly trend and test for a level or slope shift at January, apart from any July shift.

**D.** Survey current and former employees on whether scheduling or pay mattered more to them.

**356.** During an HRIS migration, the vendor proposes moving only active employee records and decommissioning the old system. Some legacy records are subject to litigation holds. Which principle should guide the CHRO?

**A.** Legal holds override migration plans, so held records stay preserved and accessible

**B.** Records under hold can be deleted if the company keeps a summary report of the data

**C.** Holds apply only to paper files, so electronic records can follow the vendor's migration plan

**D.** Migration schedules take priority, and counsel can ask for any missing records later

**357.** A succession review covers 30 critical roles and lists 45 ready-now nominations. Ten of the nominated people are named as ready-now successors for two roles each, and everyone else is named once. How many unique ready-now successors does the company have?

**A.** 45

**B.** 30

**C.** 35

**D.** 25

**358.** A recruiting team's postings for analyst jobs state 'U.S. citizens only' to avoid future visa sponsorship. No law, regulation or government contract requires citizenship for these jobs. What should HR do?

**A.** Keep the restriction, since employers may lawfully decline to sponsor visas for any position

**B.** Change it to 'U.S. citizens or green card holders only' to widen the pool of applicants

**C.** Keep the restriction in the postings but allow exceptions on a case-by-case basis

**D.** Remove the restriction and ask candidates lawfully whether they will need sponsorship

**359.** The CEO wants to rank all 80 business units on engagement scores and allocate leaders' bonuses by rank. About a quarter of the units have fewer than 15 respondents. What is the BEST advice from the CHRO?

**A.** Rank all 80 units as proposed, since every unit was surveyed the same way

**B.** Rank only the large units and give small-unit leaders an average bonus

**C.** Raise the response rate requirement and rank all units on next year's survey

**D.** Use broad tiers that reflect confidence ranges and pool small units

**360.** A CHRO is evaluating whether to replace the company's learning management system with an AI-driven learning experience platform that recommends content to each employee. The current LMS also tracks required safety and compliance training. What should the CHRO determine FIRST?

**A.** Whether the vendor can migrate the platform within the current quarter to save on license fees

**B.** Whether employees rate the platform's interface more highly than the existing LMS in a demo

**C.** Whether the platform offers a larger library of content than the current LMS provides to employees today

**D.** Whether the platform supports the skills strategy and can still track mandatory training reliably

**361.** Operations expects new automation to raise output per employee in fulfillment centers over the next three years. How should the CHRO adjust the workforce demand forecast?

**A.** Hold the forecast steady and treat any productivity gains as a buffer against future employee turnover.

**B.** Adjust the output-per-employee ratio for expected gains, which lowers headcount per unit and shifts the skill mix.

**C.** Keep the historical staffing ratios, since productivity gains take years to appear in workforce data.

**D.** Cut total demand by the vendor's projected efficiency rate, applied evenly across every job and site in the fulfillment network.

**362.** During due diligence on a 2,000-employee target, the CHRO learns of four pending EEOC charges, two recent harassment settlements with confidentiality terms, and no central complaint log. The deal team wants a risk view within two weeks. What should the CHRO do?

**A.** Rely on the seller's statement that all claims are covered by insurance, since its policy will pay any resulting settlement costs.

**B.** Tally the pending charges and settlement amounts only, since resolved matters do not carry over to the acquiring company.

**C.** Have counsel review charges, settlements and complaint records for patterns and repeat accused, and size exposure.

**D.** Exclude the harassment settlements from review, since confidentiality terms bar the target from sharing them during diligence.

**363.** What is the PRIMARY strategic purpose of a structured organization and talent review?

**A.** To identify low performers who should be placed on performance improvement plans

**B.** To document compliance with equal employment opportunity reporting requirements

**C.** To align talent and organization decisions with the capabilities the strategy requires

**D.** To calibrate individual performance ratings across managers before the annual merit increase cycle

**364.** A regional bank's growth strategy requires launching digital products quickly, but its culture punishes failure, and managers routinely reject untested ideas. The CEO asks the CHRO for a plan to shift the culture. What is the BEST plan?

**A.** Launch an innovation values campaign using posters, town halls and stories on the intranet.

**B.** Hire a cohort of entrepreneurial managers from fintech firms to model the new behaviors.

**C.** Have leaders model and reward smart risk-taking, and revise performance criteria to credit learning.

**D.** Create a separate innovation lab with its own culture and rules, and leave the core business culture unchanged.

**365.** An accountant at a public company reported possible revenue recognition problems to the SEC. The CFO is furious and wants the accountant fired immediately for disloyalty. What should the CHRO advise the executive team?

**A.** Place the accountant on unpaid leave until the company determines whether the concerns were valid.

**B.** Proceed with termination, since reporting outside the company before raising it internally violated the confidentiality policy.

**C.** Transfer the accountant to a role with no access to financial data until the SEC concludes its inquiry.

**D.** Advise against termination, explain whistleblower protections, and have counsel investigate the concerns reported.

**366.** The chief risk officer of a publicly traded utility asks the CHRO to contribute people-related risks to the enterprise risk register that the board's audit committee reviews. What is the CHRO's BEST contribution?

**A.** Report the number of open employee relations cases and employment lawsuits filed against the company over the past year.

**B.** Identify key people risks such as succession, critical skills and conduct, with owners and risk indicators.

**C.** Submit the HR department's budget variances and the status of its major projects for the current year.

**D.** Provide a list of HR compliance obligations and the dates of the most recent internal HR audits by area.

**367.** An organizational network analysis shows that a few employees are the only links between engineering and field service, two groups that otherwise rarely interact. What role do these employees play, and why do they matter during change?

**A.** They are peripheral specialists whose limited ties make them a retention risk during periods of change

**B.** They are brokers who carry information and ideas between groups that would otherwise stay disconnected

**C.** They are central connectors whose many ties within one group make them its main source of local expertise

**D.** They are formal liaisons whose job descriptions require them to coordinate work between the two groups

**368.** Inflation is running at 6%, and the CEO is considering a 5% across-the-board increase instead of this year's merit program. The executive team asks the CHRO to frame the decision. What is the BEST way to present it?

**A.** Recommend the flat raise, since in high inflation employees value equal treatment more than differentiation by performance.

**B.** Recommend keeping merit unchanged, since cost-of-living increases are tied to the CPI and create legal obligations to repeat them each year.

**C.** Recommend a one-time inflation bonus for all employees, since lump sums fully solve the loss of buying power without cost.

**D.** Show that a flat raise protects buying power broadly but adds fixed cost and dilutes pay-for-performance, and model blended options.

**369.** Grievances at a unionized warehouse tripled in the three months after a new no-fault attendance policy took effect. Most challenge points assessed for absences employees say were protected leave. What is the CHRO's BEST strategic response?

**A.** Retrain supervisors to explain the policy more clearly so employees understand how the points work.

**B.** Suspend the policy entirely until all of the pending grievances have been decided in arbitration.

**C.** Defend each grievance through every step of the procedure to establish that the policy is enforceable under the contract.

**D.** Analyze the grievance data, review the policy for legal and contract issues, and meet with the union to fix them.

**370.** A U.S. company is opening its first subsidiary abroad and will hire about 40 local employees in the first year. Published salary surveys for that country cover few of its jobs, and the country manager wants to copy the U.S. ranges converted at current exchange rates. What should the total rewards leader do?

**A.** Use the U.S. ranges converted at current exchange rates until enough local survey data become available

**B.** Use another country's ranges in the same region without adjustment because they are the closest data

**C.** Build an initial structure from the best local data available, check it with local advisors and revisit it often

**D.** Set pay individually for each new hire through one-on-one negotiation and postpone any formal structure for several years

**371.** Several senior executives quietly resist a company transformation, slowing decisions in their units. According to Kotter's change model, how does forming a guiding coalition help reduce this resistance?

**A.** It gives the CEO formal authority to overrule executives who resist the transformation in their units

**B.** It assigns the change to an HR project team so executives can focus on running their businesses

**C.** It replaces resistant executives with outside change experts who can lead the transformation

**D.** It unites leaders with enough power, credibility and expertise to own the change and influence peers

**372.** After a merger, 250 key employees are offered a $20,000 retention bonus payable only if they are still employed 12 months after closing. The integration target is 90% retention. If the target is met exactly, what is the total bonus payout?

**A.** $4.05 million

**B.** $0.5 million

**C.** $4.5 million

**D.** $5.0 million

**373.** A CHRO is considering fingerprint time clocks at all U.S. locations to reduce buddy punching. What is the most important strategic consideration before rollout?

**A.** Fingerprint data counts as protected health information, so the company must comply with HIPAA rules

**B.** Employees who refuse to enroll must be classified as exempt because their hours cannot be verified

**C.** Biometric clocks are banned for nonexempt employees under the FLSA recordkeeping rules for time records

**D.** Some state and local laws require notice, written consent and retention rules for biometric data

**374.** A franchisor's operations team wants to require all franchisees to use a specific scheduling system and to have the franchisor's district managers approve franchisee employees' overtime. What should the franchisor's CHRO advise?

**A.** Limit standards to brand, product and customer experience, and leave scheduling and pay decisions to franchisees.

**B.** Approve the plan if the franchise agreement states that franchisees are solely responsible for their own staff and pay.

**C.** Approve the plan but carry it out through district managers' informal guidance rather than written policy.

**D.** Approve the plan, since a franchisor cannot be treated as a joint employer of franchisee staff under the FLSA.

**375.** A CHRO is negotiating a five-year contract with an AI vendor that will become central to recruiting and talent management. Which negotiation priority BEST protects the enterprise over the life of the contract?

**A.** Build in joint governance, performance reviews and change rights so the deal can adapt over time.

**B.** Secure the deepest possible first-year discount, since price is the easiest term to measure and compare.

**C.** Lock in every feature and requirement in detail now, since any later change will need a new contract.

**D.** Accept the vendor's standard terms quickly, since a fast signature builds goodwill for the partnership.

**376.** An HR analytics team will present pilot results to executives who doubt HR data. Why should the team document its hypotheses, primary metrics and analysis plan before the pilot starts?

**A.** It ensures the pilot sample will be representative of the organization's whole workforce.

**B.** It shows the results were not found by searching the data for favorable outcomes afterward.

**C.** It removes the need for a control group, because the expected effects are stated upfront.

**D.** It guarantees that the pilot will produce statistically significant and actionable results.

**377.** The board is choosing between two cities for a new 600-person technology center. Finance has compared real estate costs and tax incentives. What is the BEST contribution the CHRO can make to the decision?

**A.** A survey of current employees asking which of the two cities they would personally prefer to relocate to

**B.** A labor market assessment comparing talent supply, competition, pay levels and pipelines in each city

**C.** A recommendation for the city with the lower average wages, since pay is the largest operating cost

**D.** Support for finance's analysis, since HR's role begins once the site has been selected

**378.** The board chair of a public company asks the CHRO to take charge of CEO succession planning because the board is busy with other matters. The current CEO is expected to retire in three years. How should the CHRO respond?

**A.** Recommend hiring an executive search firm to manage succession so the board does not need to be directly involved

**B.** Explain that the board owns CEO succession and offer to support it with process, data and assessments

**C.** Accept full ownership of the process and report the final candidate to the board when ready

**D.** Suggest that the current CEO select a successor, since the CEO knows the business best

**379.** A company is redesigning how it chooses participants for its high-potential leadership program. Which selection method is MOST resistant to bias?

**A.** Self-nomination with a personal statement reviewed by the candidate's own direct manager.

**B.** Nominations from senior leaders based on their direct, firsthand experience working with each candidate.

**C.** Selection of last year's top-rated performers, as ranked separately by each business unit.

**D.** Validated assessments scored against defined criteria, then reviewed in a calibrated talent panel.

**380.** The board asks for engagement results broken down by race, gender, age band and location combined, which would produce many groups with fewer than five respondents. The survey promised confidentiality. What is the BEST response?

**A.** Report subgroups that meet a minimum group size, combine smaller ones, and explain the confidentiality threshold.

**B.** Provide all of the breakdowns with names removed, since de-identified data cannot be traced to individuals.

**C.** Provide every requested breakdown to the board only, since individual directors are bound by duties of confidentiality.

**D.** Decline to report any demographic results, since demographic breakdowns always put confidentiality at risk.

**381.** An enterprise dispute system places mediation and nonbinding advisory arbitration before final binding arbitration. What is the PRIMARY design rationale for this sequence?

**A.** Binding arbitration is unenforceable under the FAA unless a mediation step was attempted first

**B.** Lower-cost procedures come first so most disputes resolve before costly steps

**C.** Advisory steps let the employer collect evidence for later litigation

**D.** Federal law requires mediation before any employment arbitration hearing

**382.** A medical device company organized by global product lines is losing share in Asia to local rivals that adapt products and pricing faster. The CEO asks the CHRO whether to reorganize the entire company by region. What is the BEST recommendation?

**A.** Identify which decisions need local input and shift those to regional leaders

**B.** Make Asian operations a separate subsidiary with its own full set of corporate functions

**C.** Keep the global product structure and add local sales incentives in Asia

**D.** Reorganize fully by region so local leaders control product, pricing and R&D

**383.** An AI tool that analyzes rating patterns at a 15,000-employee company flags 22 managers whose ratings differ significantly by employee gender. Executives want to remove these managers from people-management roles immediately. What is the BEST response?

**A.** Disregard the findings, since AI tools are not reliable enough to support decisions about managers.

**B.** Remove the flagged managers from people-management roles now, since the analysis has shown a clear bias.

**C.** Validate the findings with a closer review of each case before taking action on any manager.

**D.** Share the list of flagged managers with their teams so employees can report any further concerns.

**384.** A manufacturer relies on a staffing contractor for much of its production-line labor. The CHRO warns the board that if the contractor uses oppressive child labor or fails to pay minimum wage or overtime, the company faces an operational risk beyond fines. What is that risk?

**A.** The DOL can seek a court order blocking shipment of goods produced in violation, under the hot goods provision.

**B.** The DOL can revoke the manufacturer's state business licenses in the states where the violations occurred.

**C.** The DOL can seize the manufacturer's bank accounts directly to pay the contractor's unpaid back wages.

**D.** The DOL can debar the manufacturer from all federal contracts without any prior notice or an opportunity for a hearing.

**385.** A vendor sells a workplace-risk screen that correctly classifies 90% of risky individuals and 90% of non-risky individuals. In the company's population, only 2% of employees are truly risky. Why does the CHRO warn that most people the screen flags will not be risky?

**A.** A 90% accuracy level is below the 95% standard needed for a valid screening tool

**B.** The screen was validated on other employers' workforces, so its accuracy will not transfer here at all

**C.** With a low base rate, false positives from the large non-risky group outnumber true positives

**D.** Accuracy figures describe the vendor's sample size rather than the screen's error rate

**386.** A company is selling one of its divisions and asks who will owe COBRA coverage to M&A qualified beneficiaries. Which statement is accurate?

**A.** In a stock sale, the buyer must cover all qualified beneficiaries whatever the seller's plans.

**B.** In an asset sale, COBRA duties always pass to the buyer because it hires the workforce.

**C.** COBRA ends for all M&A qualified beneficiaries on the closing date of the transaction.

**D.** In stock or asset sales, the seller generally keeps COBRA duties if it still maintains a plan.

**387.** A plaintiffs' firm files 3,000 individual wage claims on the same day under the company's arbitration program, which requires the company to pay each case's filing fees. The general counsel and CHRO must decide how to respond and what to do about the program. What is the BEST course?

**A.** Weigh fees against claim value, consider settlement, and revise the program with counsel.

**B.** Seek to merge all 3,000 claims into a single class arbitration, since one proceeding costs less than many.

**C.** Rescind the arbitration agreements at once, which requires the pending individual claims to be withdrawn.

**D.** Refuse to pay the arbitration fees, which forces the claimants to drop their claims or file one collective action.

**388.** An HR function uses 23 applications, several with overlapping features. Which criteria should guide which applications to consolidate?

**A.** Annual license cost alone, retiring the most expensive applications first to cut spending

**B.** Which applications HR leaders prefer, and which vendors offer the largest renewal discounts

**C.** Fit to the HR technology roadmap, total cost, integration burden, and contract end dates

**D.** User satisfaction scores, number of active users, vendor size, and the age of the system

**389.** Several sales representatives at a software company report being groped or propositioned by client executives at company-hosted dinners and late-night bar outings, which managers see as key to closing deals. What enterprise controls should the CHRO put in place?

**A.** Set alcohol and venue standards, give reps ways to escalate client misconduct, and hold leaders accountable.

**B.** End all client entertainment and accept the revenue loss as the cost of eliminating the risk entirely.

**C.** Have reps sign acknowledgments that they attend client entertainment events voluntarily and at their own risk.

**D.** Remind reps that client behavior is outside company control and that they may decline to attend events.

**390.** Upcoming elections in a country where the company has 1,200 employees could lead to international sanctions and currency controls. The CEO asks the CHRO how the company should prepare. What is the BEST response?

**A.** Build scenario-based plans for pay continuity, mobility, safety and a possible exit.

**B.** Prepay a full year of salaries in local currency to protect employees now.

**C.** Wait for the official election results before planning, to avoid alarming the workforce unnecessarily.

**D.** Begin relocating all expatriates and their families out of the country now.

**391.** An investigation substantiates that a well-liked division president bullied subordinates and misused company funds, and the board has accepted her resignation. Rumors are spreading among the division's 600 employees. How should the CHRO plan communications?

**A.** Share the investigation's findings in detail so that employees understand why the president is leaving.

**B.** Say nothing until a permanent successor is named, so the message focuses on the new leader.

**C.** Announce the departure and interim leader promptly, affirm values, and keep the findings confidential.

**D.** Announce only that the president is leaving to pursue other opportunities, with no further comment made.

**392.** A linear probability (regression) model of turnover for 4,000 employees shows a statistically significant coefficient of 0.03 for commute distance in miles, predicting the probability of leaving within a year, with other factors held constant. What is the BEST interpretation?

**A.** Employees with commutes over 3 miles are about 30% more likely to leave each year

**B.** A long commute is proven to cause turnover, so remote work will reduce exits by 3%

**C.** Each added mile is linked to about a 3-point higher chance of leaving, other factors equal

**D.** Commute distance explains 3% of the overall variation in turnover across the 4,000-employee workforce

**393.** A U.S.-based company uses an AI tool to rank candidates for jobs at its German and French subsidiaries. Under the EU AI Act, this employment use is high-risk, and the company is a deployer rather than the provider. Which set of obligations falls MOST directly on the company as deployer?

**A.** Conduct the conformity assessment, prepare the technical documentation and affix the CE marking to the system.

**B.** Register the model's training data with each member state and obtain regulator approval before each use.

**C.** Obtain written consent from every candidate before use, since consent is the only lawful basis for ranking.

**D.** Assign trained human oversight, monitor the system's operation, keep its logs and inform the people affected.

**394.** A new CEO announces 14 enterprise strategic priorities, each with its own executive sponsor and no change to overall budgets. After a year, most initiatives are behind schedule and managers say they don't know what matters most. What is the MOST likely cause?

**A.** Executive sponsors lacked the authority to override functional budgets and staffing

**B.** Fourteen priorities are too few for a company that competes in several markets

**C.** Annual planning cycles are too short to complete strategic initiatives of this size

**D.** Spreading limited resources and attention across many priorities dilutes focus

**395.** Why do companies include right-to-audit clauses in contracts with HR vendors such as payroll providers and benefits administrators?

**A.** To give the company the right to manage the vendor's employees directly during the contract

**B.** To verify billing, data security and contract compliance by examining the vendor's records

**C.** To allow the company to end the contract without notice if any audit finding is identified

**D.** To shift all liability for data breaches from the company to the vendor under the contract

**396.** A flexible scheduling pilot ran in four of a company's 60 locations for three months, and two of the four showed lower turnover. The CEO wants to roll it out companywide next quarter. The pilot had no comparison group, and the locations were chosen because their managers volunteered. What should the CHRO recommend?

**A.** Extend the current pilot at the same four volunteer locations for another six months so that more data can be collected.

**B.** Cancel the program because the pilot results were mixed and do not show a clear benefit at all four locations.

**C.** Run a larger test with matched comparison locations and clear success measures before deciding on a full rollout.

**D.** Roll out the program companywide as the CEO requests, then track turnover to confirm whether the results hold.

**397.** An executive team is evaluating an AI tool that would rank internal promotion candidates. The business case projects $3 million in annual savings but says nothing about the chance of discrimination claims or public backlash. Which approach BEST reflects a risk-adjusted view of the return?

**A.** Reduce expected returns by the probability-weighted cost of legal and reputational events and of needed controls.

**B.** Count only expected legal defense costs, since reputational effects cannot be measured in dollars.

**C.** Present the projected savings exactly as stated in the business case and address legal risk separately once the tool is in production.

**D.** Raise the required payback period for all AI projects without estimating any specific risk exposure.

**398.** A business case for a $2 million HR technology investment shows a positive ROI. Why should the business case also consider the return available from the next-best use of the $2 million?

**A.** Comparing alternatives lowers the hurdle rate the HR investment would need to meet.

**B.** The next-best option sets the minimum price that the technology vendor can accept.

**C.** Accounting standards require every business case to list its rejected alternatives.

**D.** A positive ROI is not enough if another use of the funds would create more value.

**399.** How does talent hoarding by managers MOST affect mobility for underrepresented employees?

**A.** Managers hoard underrepresented employees less often, so their internal mobility is largely unaffected.

**B.** Hoarding mainly affects senior employees, who are less likely to belong to underrepresented groups.

**C.** Those with fewer sponsors depend more on open internal processes, so blocked moves hit them harder.

**D.** Underrepresented employees apply for fewer internal roles, so hoarding has little effect on their mobility.

**400.** A CHRO is building a three-year well-being strategy after burnout scores rose sharply. Executives propose expanding flexible hours as the main solution. What is the BEST way to position flexibility in the strategy?

**A.** Leave flexibility out of the plan, since flexible schedules tend to blur boundaries and increase burnout.

**B.** Use flexibility mainly as a reward for high performers so the investment targets the most valued employees.

**C.** Use flexibility as one part of the plan, paired with action on workload and availability norms.

**D.** Make flexibility the core of the plan, since control over schedules is the most important driver of burnout.