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SHRM-SCP

Practice Questions

Set 4

Answer Key & Explanations

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 4 — Answer Key

Quick key first, then a full explanation for every question

1. D	2. D	3. C	4. D	5. D	6. A	7. D	8. D	9. C	10. D
11. C	12. B	13. A	14. B	15. C	16. B	17. B	18. B	19. D	20. A
21. D	22. D	23. A	24. D	25. D	26. D	27. A	28. B	29. C	30. B
31. A	32. A	33. A	34. D	35. A	36. C	37. A	38. D	39. A	40. D
41. C	42. B	43. A	44. A	45. B	46. C	47. A	48. C	49. A	50. B
51. C	52. C	53. C	54. C	55. C	56. B	57. A	58. A	59. B	60. A
61. C	62. C	63. A	64. B	65. C	66. C	67. B	68. C	69. C	70. A
71. C	72. B	73. B	74. B	75. D	76. B	77. B	78. D	79. C	80. A
81. B	82. C	83. A	84. A	85. C	86. D	87. D	88. A	89. A	90. C
91. B	92. D	93. A	94. C	95. B	96. C	97. B	98. A	99. A	100. D
101. B	102. C	103. A	104. B	105. B	106. B	107. C	108. B	109. A	110. C
111. A	112. A	113. D	114. B	115. C	116. A	117. D	118. B	119. B	120. D
121. B	122. C	123. D	124. A	125. D	126. D	127. D	128. D	129. C	130. C
131. C	132. D	133. C	134. B	135. B	136. C	137. D	138. B	139. B	140. C
141. C	142. B	143. D	144. B	145. A	146. C	147. B	148. B	149. C	150. C
151. D	152. C	153. B	154. B	155. C	156. B	157. C	158. D	159. B	160. A
161. A	162. C	163. A	164. B	165. A	166. A	167. C	168. C	169. D	170. A
171. D	172. A	173. D	174. D	175. C	176. C	177. C	178. A	179. C	180. D
181. A	182. B	183. C	184. C	185. A	186. C	187. D	188. D	189. B	190. B
191. A	192. A	193. A	194. A	195. B	196. A	197. D	198. B	199. A	200. A
201. D	202. A	203. B	204. D	205. B	206. B	207. C	208. A	209. A	210. C
211. B	212. C	213. A	214. C	215. D	216. B	217. C	218. A	219. D	220. B
221. B	222. B	223. A	224. C	225. A	226. A	227. B	228. B	229. C	230. B
231. A	232. C	233. D	234. A	235. A	236. B	237. B	238. B	239. D	240. A
241. D	242. D	243. D	244. B	245. D	246. C	247. A	248. D	249. B	250. A
251. C	252. C	253. C	254. D	255. D	256. B	257. A	258. B	259. D	260. A
261. D	262. C	263. B	264. D	265. D	266. B	267. B	268. C	269. A	270. D
271. C	272. D	273. D	274. C	275. B	276. D	277. A	278. C	279. B	280. D
281. C	282. D	283. A	284. C	285. B	286. A	287. D	288. B	289. D	290. A
291. A	292. B	293. D	294. A	295. C	296. D	297. A	298. A	299. C	300. C
301. C	302. A	303. D	304. B	305. B	306. C	307. C	308. C	309. D	310. D
311. A	312. A	313. A	314. C	315. C	316. D	317. B	318. B	319. A	320. D
321. A	322. D	323. A	324. D	325. C	326. D	327. C	328. A	329. A	330. D
331. A	332. D	333. B	334. B	335. D	336. B	337. C	338. D	339. A	340. D
341. A	342. D	343. D	344. B	345. B	346. D	347. D	348. D	349. B	350. B
351. C	352. D	353. D	354. B	355. D	356. B	357. C	358. C	359. B	360. A
361. B	362. C	363. D	364. D	365. A	366. B	367. A	368. D	369. B	370. A
371. C	372. B	373. A	374. C	375. D	376. B	377. B	378. A	379. C	380. D
381. A	382. C	383. B	384. D	385. C	386. B	387. A	388. C	389. C	390. A
391. B	392. C	393. C	394. A	395. B	396. B	397. A	398. D	399. D	400. D

Answers and Explanations

1. Answer: D — Commission an independent review of the region's culture, protect reporters, and hold leaders accountable.

Complaints at four times the region's share of headcount, with fear and favoritism themes, call for a structured independent diagnosis, protection for those who report and accountability based on the findings. Removing the VP on volume alone skips fact-finding and may be unfair. Training alone does not address leadership causes, and the fear theme undercuts the idea that this is healthy reporting.

2. Answer: D — Start from priority business questions, set data governance, hire core analysts and deliver early decision use cases.

An analytics function earns credibility by answering the questions leaders actually face, which requires governed data, the right analytical talent and early wins that show decision value. Buying a platform first is a common mistake: technology without defined questions and governance produces expensive reports nobody uses. A dashboard of every metric adds volume, not insight.

3. Answer: C — It rewards executives for earning returns above the cost of the capital they deploy, not just for growing.

In a capital-intensive business, value is created only when invested capital earns more than it costs. ROIC-based long-term incentives discourage growth through poor investments and encourage disciplined capital allocation over a multiyear period. Revenue-only or short-term EPS metrics can reward overinvestment or short-term moves, and labor is usually not the dominant cost in such firms.

4. Answer: D — Explain the business reasons, use objective selection criteria, treat people with dignity and give support

Ethical restructuring rests on transparency about the reasons, fair and objective selection criteria applied consistently, respectful treatment during notification, and meaningful support such as severance, outplacement and benefits continuation. Unstructured manager discretion invites bias, selecting mainly by salary can create age-related adverse impact, and impersonal notification undermines dignity.

5. Answer: D — Identify which roles and knowledge are most critical and at risk, then target transfer

A strategic plan starts by assessing which roles and knowledge are most critical and most at risk, combining retirement timing with knowledge criticality, so that mentoring, job shadowing, documentation, phased retirement and hiring can be targeted. Blanket bonuses, external hiring or a one-size documentation request are tactics deployed before knowing where the real risk lies.

6. Answer: A — Basing reviews and promotions on defined outcomes, and auditing those decisions by work location

Proximity bias is countered by structural changes: outcome-based criteria reduce reliance on visibility, and auditing promotion decisions by location shows whether the gap is closing. Uniform attendance requirements remove flexibility without fixing how decisions are made. Training alone rarely changes biased decisions, and holding back in-office promotions substitutes one unfair outcome for another.

7. Answer: D — Requirements for an AI management system that an organization can implement and be certified against

ISO/IEC 42001 is an international management system standard that sets requirements for establishing, operating and continually improving an AI management system, covering policies, roles, risk and impact assessment, and controls, and organizations can be certified against it. The govern-map-measure-manage structure belongs to the NIST AI Risk Management Framework, and risk-based legal classification is the approach of the EU AI Act.

8. Answer: D — A set of people risk categories rated for likelihood and impact, with owners and mitigations

A risk committee needs people risks presented as enterprise risks: a taxonomy such as key-person, skills, culture, compliance and safety risk, rated for likelihood and impact, with owners and mitigation plans. HR operating metrics and department goals do not describe risk exposure, and a litigation list covers only one narrow category.

9. Answer: C — Analyze the charges for patterns by unit, manager, type of action and timing relative to the original complaint.

A strategy the board can trust has to start with root causes, such as whether charges cluster in certain units or under certain managers, or follow a particular kind of action. Training for every manager may help later, but launching it first spends money without knowing where the problem lies. Industry trends may offer context but do not explain the company's own increase, which is more than threefold.

10. Answer: D — Advise against it unless the work truly fits contractor status and does not undercut the layoff's basis

Former employees doing the same work under company direction are likely still employees, creating misclassification risk, and bringing them back undercuts the stated business reason for eliminating the positions, which can support discrimination claims by others who were laid off. Paying through an agency or waiting a set period does not change the nature of the relationship.

11. Answer: C — Intellectual, psychological and social capital that help a leader influence people from other cultures

The Thunderbird research team defined global mindset as a combination of intellectual capital (knowledge of global business and cultures), psychological capital (openness and a passion for diversity) and social capital (the ability to build trusting relationships across cultures). Languages and expatriate experience can help build these capacities, but they are not the definition. Imposing home-country practices everywhere is the ethnocentric approach that a global mindset counters.

12. Answer: B — Test the statement against criteria such as link to strategy, values, and stakeholder impact.

Leaders should use a clear decision framework to decide when to speak out, weighing the issue's connection to the business and values, the company's ability to act on it, and the likely effect on employees and other stakeholders. Speaking quickly without this test invites inconsistency, and putting the decision to a majority vote can alienate the rest of the workforce. A blanket ban ignores cases where a stance is warranted.

13. Answer: A — Defined competencies for each role and validated skills assessments to replace the degree as a screen

Dropping a degree requirement does not change how candidates are judged; recruiters and managers often keep using degrees as an informal signal. Skills-based hiring works when each role has defined competencies and candidates are screened through validated assessments, such as work samples, that measure those skills directly. Announcements and pay changes do not change screening, and hiring quotas set outcomes without fixing the process.

14. Answer: B — Uniform terms and a no-strike pledge for all crafts on the project

A project labor agreement is a prehire agreement that sets uniform wages, work rules and dispute procedures for all crafts on a project and typically includes no-strike and no-lockout pledges. Its strategic value is labor peace, a reliable supply of skilled labor and predictable costs over the build. It does not cut wages below prevailing rates or change OSHA obligations.

15. Answer: C — Several months of finished inventory and customers with other sources

Strike leverage depends on how much a stoppage would hurt the employer. Large inventories and customers with alternatives let the company keep supplying the market, which weakens the union's position. Hard-to-replace skills, just-in-time customers without backups and products that cannot be stockpiled all increase the union's leverage.

16. Answer: B — Leaders visibly following the AI policy themselves and acting on concerns raised

Tone at the top is set mainly by what leaders do: following the same rules and responding visibly when concerns are raised shows that ethics matter in practice. Training and a written code are useful, but employees discount them when leaders behave differently. Tying pay to adoption rates can actually push people toward careless use.

17. Answer: B — Consult worker representatives in good time with a view to reaching an agreement

The directive requires employers contemplating collective redundancies to begin consultations with workers' representatives in good time with a view to reaching an agreement, covering ways to avoid or reduce redundancies and to mitigate their consequences. Employers must also notify the competent public authority. Informing representatives only after decisions are final defeats the purpose of consultation, and individual consent is not required.

18. Answer: B — Cost each proposal's total labor cost over the contract, including benefit roll-ups and staffing.

Sound bargaining decisions require the full cost of each proposal over the life of the contract, including roll-up effects on benefits and overtime, the cost of extra paid time off, and new hires needed to meet staffing ratios. Costing only wages or only the first year understates the commitment. Comparisons with other hospitals help with positioning but do not show what the proposals would cost this system.

19. Answer: D — Questioning the assumptions and norms behind how projects are scoped and approved, not the checklists.

Single-loop learning corrects errors within existing rules, as tightening checklists does. Double-loop learning examines the governing variables (the underlying assumptions, goals and norms) that produce the problem, such as how scope and budgets are set. The other choices refine the current approach without challenging the assumptions behind it.

20. Answer: A — Link each unit's engagement scores to its turnover and productivity in later periods, controlling for size and region.

A lagged, unit-level design tests whether engagement predicts later outcomes, which is stronger evidence of criterion validity than a same-period correlation, where results could drive engagement. Controls for unit characteristics reduce confounding. Benchmarks show relative standing, not whether the index relates to business results.

21. Answer: D — Concentrate merit dollars on top performers, giving low performers little or none, and shift part of the budget to variable pay.

When budgets are small, meaningful differentiation requires funding top-performer increases by giving less to lower performers, and redirecting part of the fixed budget into variable pay delivers larger performance rewards without adding total or fixed cost. Raising the budget for everyone adds cost and still fails to separate performance levels. Total rewards statements improve awareness but do not change the weak link between results and pay.

22. Answer: D — Pause the tool, test job-relatedness and treat the liability as the employer's

An employer remains responsible under the ADEA and state anti-discrimination laws for selection tools it uses, even when a vendor built them; a vendor contract can allocate costs between the companies but cannot remove the employer's own legal exposure. A disparity this large calls for prompt action and a review of whether the screening criteria are job-related and based on reasonable factors other than age. Asking for documentation while continuing to use the tool lets the harm continue, and removing an age field does little, because graduation dates and years of experience act as proxies.

23. Answer: A — Key-talent retention risk, pay structure gaps, and liabilities such as pending claims

Human capital due diligence should first find issues that affect deal value and risk: whether critical talent is likely to leave, how pay and benefit structures differ from the buyer's, and liabilities such as unfunded benefit plans, pending lawsuits, misclassification and change-in-control payments. Engagement, structure and policy details matter for integration planning but rarely change the deal price or terms.

24. Answer: D — Each paycheck affected by a past discriminatory pay decision restarts the period for filing a charge.

Under the Lilly Ledbetter Fair Pay Act of 2009, each paycheck affected by a discriminatory compensation decision is a new violation that restarts the charge-filing period. Old decisions therefore keep creating fresh liability as long as the gap continues, though Title VII back pay is limited to two years before the charge. Filing deadlines still exist, and liability belongs to the employer, not the managers who left.

25. Answer: D — Set a shared enterprise framework and principles, and let regions choose priorities that fit local law.

A 'glocal' design keeps enterprise values, principles and a few common measures while allowing regions to adapt priorities to local law, demographics and culture. Imposing U.S. priorities unchanged can violate local data and privacy laws and lose regional support. Full regional autonomy loses coherence and accountability, and delaying until everything aligns stalls progress.

26. Answer: D — Exams must apply to everyone entering the same job category, so selective exams invite ADA claims.

The ADA permits medical exams after a conditional offer only if all entering employees in the same job category are required to take them, and the results must be kept confidential. Selecting people for exams based on how they appear treats them differently because of a perceived disability. Exams may differ across job categories, and post-offer exams need not be job-related, although withdrawing an offer based on the results must be.

27. Answer: A — Average hours during a measurement period set the employee's status for a following stability period.

Under the look-back method, an employer averages hours over a measurement period of 3 to 12 months. An employee averaging at least 30 hours a week is treated as full-time for the following stability period, which must be at least six months and no shorter than the measurement period, even if hours later drop. Setting status month by month is the separate monthly measurement method, not the look-back method.

28. Answer: B — Percentage of critical roles with at least one ready-now successor

Leading indicators signal future results and give leaders time to act; succession bench strength predicts whether the company can fill critical roles when they open. Turnover, external fill rate and time to fill all report what has already happened, which makes them lagging indicators even though they are useful for diagnosis.

29. Answer: C — Report the 12% estimate with its range and show budget needs at both ends.

Responsible forecasting communicates both the point estimate and its uncertainty and translates the range into decision terms, such as budget at 9% and at 15%, so the board can plan contingencies. Presenting only 12% implies false precision. Reporting 15% as the forecast misstates the model's output, even if a conservative plan is a reasonable choice for the board to make.

30. Answer: B — Red team review

A red team is an independent group charged with challenging a plan from an adversary's or skeptic's view to expose flaws before commitment. The stepladder technique adds members to a group one at a time, Delphi gathers anonymous expert forecasts in rounds, and brainstorming generates ideas without critique.

31. Answer: A — Build, with a weighted score of 7.1

Weighted scores: Build = 9(0.5) + 6(0.3) + 4(0.2) = 7.1; Buy = 3.5 + 1.5 + 1.8 = 6.8; Borrow = 2.5 + 2.4 + 2.0 = 6.9. Build ranks first. Borrow leads only if the weights are ignored (unweighted total of 23) or if the fit and speed weights are swapped, which yields 8.4 for borrow and 7.4 for buy.

32. Answer: A — $3.3 million

Reskilling costs 100 x $12,000 = $1.2 million. The alternative costs 100 x ($20,000 + $25,000) = $4.5 million. Savings = $4.5 million - $1.2 million = $3.3 million. The $0.8 million figure ignores rehiring costs, $1.3 million ignores severance, and $4.5 million is the gross alternative cost rather than the savings; leaders should also consider reskilling completion rates before relying on the estimate.

33. Answer: A — Broad roles, long-term results-based appraisal and tolerance for reasonable risk-taking

Innovation-based differentiation needs creative, cooperative behavior and a longer time horizon, so HR practices emphasize broad roles, appraisal on long-term results and acceptance of some failure. Narrow jobs, close supervision, standardized procedures and short-term quotas all reinforce efficiency and predictability, which suits cost leadership rather than innovation.

34. Answer: D — Disclose AI use, route sensitive topics to people and make human escalation easy at any point

Trust in AI-enabled HR service depends on transparency and a reliable path to a person. Sensitive matters such as harassment complaints, accommodations and leave carry legal risk and need human judgment. Letting AI handle everything ignores that risk, and adding escalation only after complaints build repeats the pilot's trust problem across the whole workforce.

35. Answer: A — The ranges may be outdated and lagging the market, so the structure needs a market review

When many employees cluster near range maximums, the structure has often not kept pace with market movement, especially if long-tenured employees have received regular increases. The CHRO should benchmark the ranges against current market data before drawing conclusions. Assuming the company leads the market without checking the data risks compression and red-circled employees.

36. Answer: C — Illusion of unanimity

Janis described the illusion of unanimity as treating silence as consent, so the group believes everyone agrees when doubts are simply unspoken. The leaders' silence itself reflects self-censorship, which feeds the illusion. Illusion of invulnerability is excessive optimism about risk, collective rationalization is discounting warnings, and stereotyping is dismissing rivals or critics.

37. Answer: A — $420,000

Cost per leaver is $70,000 x 0.30 = $21,000. A 25% reduction means 80 x 0.25 = 20 fewer leavers, so savings = 20 x $21,000 = $420,000. Total current turnover cost is $1,680,000, the cost of the remaining 60 leavers is $1,260,000, and $1,400,000 results from forgetting to apply the 30% replacement rate.

38. Answer: D — The provider processes the data only on the employer's documented instructions and uses subprocessors only with its authorization

Article 28 requires a binding contract under which the processor acts only on the controller's documented instructions, keeps the data confidential, applies appropriate security, engages subprocessors only with the controller's authorization, assists with data subject rights, deletes or returns data at the end and supports audits. A processor that sets retention periods or uses data for its own purposes is acting as a controller. Article 28 does not ban transfers outside the EU; those are governed by GDPR's separate transfer rules.

39. Answer: A — Facilitate a team charter on purpose, roles and decision rules, and discuss cultural working styles.

Teams move through forming and storming faster when they agree on purpose, roles and how decisions will be made, and when members understand cultural differences in communication and conflict. Leaving the team alone can stall it in storming, while having the leader decide everything delays shared ownership. Social events build rapport but don't resolve the disagreements about priorities.

40. Answer: D — Gainsharing, funded by measured savings against a historical performance baseline.

Gainsharing plans, such as Scanlon, Rucker, and Improshare, measure productivity or cost performance against a historical baseline and share a portion of the savings with the group that produced them. Because the pool is funded by the gains themselves, the plan is largely self-funding. Profit sharing depends on company-wide profit, which employees can influence far less directly.

41. Answer: C — The employee may choose court, since the agreement cannot be enforced against them for a sexual harassment dispute.

The Act lets the person alleging sexual harassment or sexual assault elect to void a predispute arbitration agreement or joint-action waiver for that dispute. It applies to disputes or claims arising or accruing on or after March 3, 2022, regardless of when the agreement was signed, so a 2025 claim is covered. The choice belongs to the employee, and courts, not arbitrators, decide whether the Act applies.

42. Answer: B — Promises that reality does not keep break the psychological contract and erode trust

An employer value proposition sets expectations that become part of the psychological contract. When employees find the promised experience is not real, they feel misled, trust in leadership falls and early turnover rises, which is the pattern described. The cost is not limited to hiring volume; the damage shows up in retention, engagement and the company's reputation on review sites.

43. Answer: A — 67% at $20,000 per exit and 233% at $40,000 per exit

ROI = (benefits - costs) / costs. At $20,000: benefits are 15 x $20,000 = $300,000, so ($300,000 - $180,000) / $180,000 = 67%. At $40,000: benefits are $600,000, so ($600,000 - $180,000) / $180,000 = 233%. The 167% and 333% figures are benefit-cost ratios, not ROI, and the 40% and 70% figures divide net benefit by benefits instead of costs; the wide swing shows why the cost-per-exit assumption should be agreed with finance before results are presented.

44. Answer: A — Size the pool within a dilution budget, use standard vesting, and educate employees on value and risk without promising returns.

Broad-based equity must fit within a planned dilution budget, use vesting that supports retention, and come with clear education about how options work and that private shares are illiquid and their value uncertain. Immediate vesting removes the retention value. Projecting IPO values in offers creates expectations the company cannot guarantee, and equal grants ignore market practice and role value.

45. Answer: B — When the buyer had notice of the claims and substantially continues the operations and workforce

In a stock purchase the entity and its liabilities continue. Even in an asset purchase, federal courts apply successor liability to many employment claims when the buyer had notice of the claims and there is substantial continuity of business operations and workforce, often also considering whether the seller can provide relief. Contract terms allocate risk between the parties but do not by themselves defeat employee claims.

46. Answer: C — Quantify the trade-off, showing the short-term EBITDA gain against the risk to bench strength and the sale value.

The CHRO's role is to inform the owners' decision with a clear analysis: the EBITDA gain from the cuts versus the risk to the plant manager pipeline that buyers will scrutinize in due diligence, along with alternatives that protect critical programs. Implementing without analysis gives up the CHRO's advisory role, refusing and going to lenders is inappropriate escalation, and an arbitrary partial cut undermines the bench strength central to the sale story.

47. Answer: A — Weigh the odds and cost of litigation against the posting's impact, and negotiate the posting's scope.

A settlement decision balances litigation risk, legal cost and the precedent and optics of a notice at sites that were not involved, and posting scope is often negotiable. Informal settlements do carry obligations, and the region can reopen the case if the employer fails to comply. Undercutting the notice with managers would undermine compliance and could lead to new charges.

48. Answer: C — Keep separate labor strategies that follow each country's law, since the Canadian certification does not reach US sites.

Labor relations in Canada are mostly governed by provincial law, and a certification there covers only the Canadian bargaining unit; it does not extend to the US plants, which fall under the NLRA. A change in corporate ownership does not end a certification, and the parent's home country does not decide which labor law applies at each site. The company can coordinate its strategy across borders while following each system's rules.

49. Answer: A — Managers keep pursuing regional goals, creating internal competition that undermines the new product-line structure.

The Star Model holds that strategy, structure, processes, rewards and people must align, and that rewards shape what people actually pursue. When structure changes but rewards stay the same, behavior follows the old incentives and units compete instead of collaborating. The other results describe gaps in the people, processes and strategy points of the star.

50. Answer: B — Document standard metric definitions, apply data controls, and have internal audit review the process.

Externally reported human capital data should meet the same standard as other disclosed figures: one documented definition for each metric, controls over how data is collected and calculated, and independent review such as internal audit. A footnote does not fix inconsistent data, dropping turnover avoids rather than solves the problem, and a sample-based estimate is less reliable than complete, controlled data.

51. Answer: C — Set bonus criteria tied to defined measures, require written reasons, and review outcomes by sex before payout.

Unguided discretion is a common source of pay gaps, and bonuses are wages covered by the Equal Pay Act and Title VII. Clear criteria, documented reasons and a pre-payout equity review fix the process while keeping the ability to reward performance. A one-time adjustment does not prevent the gap from returning, and bias training without process controls rarely changes outcomes.

52. Answer: C — Assess new hazards and job effects, involve workers in design, and plan training and reskilling.

Introducing robots changes both hazards, such as collisions and new traffic patterns, and job content, so HR should assess risks early, involve frontline workers, and plan training, redeployment and communication. Vendor certification covers the equipment, not how the site integrates it. Announcing job losses before plans exist creates needless turnover, and waiting forfeits the chance to design out hazards.

53. Answer: C — Set a common enterprise framework and values while tailoring practices to each strategy

Different competitive strategies require different employee behaviors, so selection, rewards and development should differ, but a shared framework (values, ethics, compliance, core processes and systems) preserves consistency, mobility and efficiency. Identical practices would misfit at least one division. Full independence loses enterprise coherence, and imposing innovation practices on a cost-focused division would raise costs without supporting its strategy.

54. Answer: C — Model the added cost and the expected effect on retention, offer acceptance and time-to-fill.

A shift to lead the market is a long-term fixed cost increase, so the committee needs the added cost weighed against the expected gains in retention, offer acceptance and hiring speed. That analysis may also show that leading the market only for critical roles is enough. Moving immediately skips the analysis, copying peers ignores the firm's own talent strategy, and pay satisfaction alone does not show whether the investment would pay off.

55. Answer: C — Sharing exit, engagement and market data that show why inclusion matters to the business now.

Kotter's first step is creating a sense of urgency, which for inclusion means using compelling evidence to show why change is needed now. Forming a guiding coalition is the second step, developing a vision is the third, and generating short-term wins comes later in the sequence.

56. Answer: B — Other services the adviser's firm provides the company and the fees paid as a share of the firm's total revenue.

Listing rules adopted under SEC Rule 10C-1 require the committee to consider six independence factors, including other services the firm provides the company, fees as a percentage of the firm's revenue, conflict-of-interest policies, business or personal ties with committee members or executives, and company stock owned by the adviser. Experience and fee levels bear on quality and cost, not independence. Agreement with management is not a listed factor.

57. Answer: A — Showing how the new behaviors produced the better results, so they become the norm.

Kotter's final step anchors the change in the culture. Leaders do this by linking the new behaviors to the organization's success and by making sure promotions and succession reinforce them. Celebrating short-term wins and communicating the vision are earlier steps that build momentum but do not lock the change in.

58. Answer: A — Address low performance directly and create stretch moves and visibility for high performers.

Low attrition in a downturn reflects a weak job market, not engagement, and it removes the natural turnover that clears space for strong performers. Managing low performance and creating growth for top talent protects capability and keeps high performers from leaving once the market recovers. Freezing promotions risks a later exodus, and an arbitrary layoff ignores performance and creates legal and morale risk.

59. Answer: B — The neutral mediates, then arbitrates; parties may be less candid early on

In med-arb, the same neutral first tries to mediate and, if mediation fails, decides the remaining issues as an arbitrator. The main risk is that parties may hold back confidential information during mediation because the same person may later rule, and a neutral who heard private disclosures may be seen as less impartial. Two-neutral arrangements and arbitration followed by mediation are different processes.

60. Answer: A — If coercion makes the choice involuntary, retirements can be treated as discharges, and the waivers may be invalid.

The ADEA permits voluntary early retirement incentive plans, but courts look at whether a reasonable person would have felt free to decline. Coercion turns the 'retirement' into a constructive discharge, and a release obtained under duress or without required OWBPA terms can be set aside. Generous benefits and a signed release do not defeat a claim that the choice was not truly voluntary.

61. Answer: C — To build scarce expertise and spread best practices across the business units

A center of excellence pools deep, scarce expertise in one place, develops standards and leading practices, and transfers that capability across the enterprise so each unit does not have to build it alone. Low-cost transaction processing is the role of a shared-services center, which is the tempting confusion.

62. Answer: C — Coordinate all leave laws through one intake that tracks concurrent leave and accommodation.

One absence often triggers several laws at once, such as a work injury that is also an FMLA serious health condition and an ADA disability, so a single intake can run leaves concurrently where permitted and move to the ADA interactive process when FMLA ends. Separate silos miss these overlaps. A workers' compensation absence that qualifies under the FMLA can be designated to run concurrently, so delaying the FMLA clock needlessly extends total leave.

63. Answer: A — Work with each strategy owner to turn the goals into talent needs, gaps, costs and timelines before the plan is final.

The CHRO should close the gap inside the planning process by working with the owners of each initiative to identify required capabilities, talent gaps, costs and lead times, so the board approves a plan that can be executed. Writing an HR plan afterward leaves the business plan unrealistic. Raising concerns directly with the board without first working with the executive team bypasses the CEO and positions HR as a critic rather than a partner.

64. Answer: B — Require the supplier to remove the children from work and fund schooling and lost family income.

Child labor remediation focuses on the best interests of the child: removing children from work safely, supporting their education and replacing lost family income, often by hiring an eligible family member, while the supplier fixes its age verification. Terminating the contract right away can push the children into more dangerous work and ends the company's leverage. Letting them keep working is unlawful, and simply suspending orders does not protect the children.

65. Answer: C — Is there a specific, legitimate business purpose that less intrusive measures cannot meet?

Necessity and proportionality require a defined, legitimate purpose and a showing that less intrusive alternatives would not achieve it; only then is the intrusion on employee privacy justified. Collecting data for unspecified future uses is the opposite of purpose limitation. Competitors' choices do not establish necessity, and covert monitoring undermines transparency and may violate notice laws.

66. Answer: C — Internal service quality, employee satisfaction and retention, service value, customer loyalty, profit

The service-profit chain proposes that internal service quality drives employee satisfaction, which supports retention and productivity, which create external service value, which drives customer satisfaction and loyalty, and in turn revenue growth and profit. The other sequences reverse the employee and customer links or start with compensation rather than the internal work environment.

67. Answer: B — Retention bonuses that vest over time, clear roles, and preserved autonomy

In acqui-hires, the people are the asset, so acquirers typically use retention payments that vest over a period, along with role clarity and protected autonomy for the team. Bonuses paid at closing reward people for leaving right after. Rapid absorption into corporate processes is a leading cause of talent loss in these deals.

68. Answer: C — Build $62,500; buy $94,737

Expected cost per success = cost / probability of success. Build: $50,000 / 0.80 = $62,500. Buy: $90,000 / 0.95 = $94,737 (rounded). Multiplying by the probability ($40,000 and $85,500) understates the cost, because failed attempts still have to be paid for. Adding the failure share as a flat percentage gives the $60,000 and $94,500 figures, which are close but not correct.

69. Answer: C — Use an approved tool that retains no data, and check its themes against a human-coded sample.

Two safeguards matter: confidentiality (an enterprise tool with contractual limits on data retention and training) and validity (checking AI-generated themes against human coding, because models can omit or invent themes). Comments often identify writers through details even without names. Sending unreviewed output to executives skips validation, and verbatim quotes can expose individuals in breach of the confidentiality promise.

70. Answer: A — Guidelines requiring disclosure of the employment link, plus training that respects protected activity

FTC endorsement rules expect employees promoting their employer's products to disclose that relationship, and clear guidelines and training reduce reputational missteps. Guidelines must not chill NLRA-protected discussion of working conditions, which is why broad pre-approval and bans on discussing pay create legal risk. Voluntary participation also keeps the program authentic.

71. Answer: C — Amendments may stop future accruals but cannot reduce the benefits participants have already accrued.

ERISA's anti-cutback rule bars plan amendments that reduce accrued benefits, including early retirement benefits and optional forms of payment for service already performed. A sponsor may reduce or freeze future accruals with proper advance notice to participants. Reserving the right to amend does not override the anti-cutback rule, and vesting does not lock in future accrual rates.

72. Answer: B — Standardize ethics and leadership competencies; localize benefits and working time

Elements tied to corporate identity and strategy, such as the code of conduct, values and leadership competencies, are usually global, while elements shaped by local law, markets and custom, such as benefits, leave and working hours, are localized. Reversing those choices conflicts with legal variation and weakens shared standards. Fully standardizing or fully localizing ignores either local legal requirements or the need for enterprise consistency.

73. Answer: B — The topic is generic, needed quickly and widely available, and company practice does not differ.

Off-the-shelf content is usually the better choice when a topic is generic (such as basic time management), needed quickly and not differentiating, because development cost and time are avoided. Custom content is favored when material is proprietary, tied to company-specific systems or strategy, or unique to a particular audience.

74. Answer: B — Benefits arise when inclusion and conflict management let differing views shape decisions.

Research on the information/decision-making perspective and the social categorization perspective shows that diversity can either improve decisions or create 'us vs. them' friction. Which effect wins depends on conditions such as inclusive leadership, psychological safety and constructive conflict management. Diversity alone does not guarantee benefits, and it does not reliably harm performance either.

75. Answer: D — Share results openly with specific executive commitments, owners and progress updates

When trust in leadership falls sharply, employees watch whether leaders acknowledge the problem and act on it. Openly sharing the results along with specific commitments, accountable executive owners and follow-up builds credibility. Minimizing the results or delaying with another survey signals that leaders are not listening, and an HR-led campaign does not address leaders' own behavior.

76. Answer: B — Apply access controls so the assistant only returns content each user is authorized to see.

An AI assistant that can draw on all repository content may expose confidential information to anyone who asks, so permissions must carry through to its answers, along with classification of sensitive data. Relying on users to avoid certain questions or on confidentiality notices does not prevent disclosure. Restricting use to senior managers still exposes investigation files and salary data to people who should not see them.

77. Answer: B — Whether it mainly replaces unit employees to cut labor costs or reflects a real change in the scope and direction of the business.

Under Fibreboard, subcontracting that replaces unit employees with contractors doing the same work under similar conditions, largely to save labor costs, is a mandatory subject. When outsourcing is part of a genuine change in the scope and direction of the enterprise, the decision may not be mandatory, although effects bargaining still applies. The union status of the contractor and the length of the contract do not settle the question.

78. Answer: D — The ratings may encode past bias in who was seen as high potential and narrow the slate unfairly.

Potential ratings are often trained on past judgments about who advanced, which can reflect historical bias, so an AI tool may repeat and scale those patterns in high-stakes succession decisions. This creates both fairness and legal risk and can shrink the diversity of candidate slates. Speed, budget and level of detail are practical concerns, but they do not carry the same strategic and legal weight.

79. Answer: C — Instructing and adjusting information about safety, operations and support

A natural disaster falls in SCCT's victim cluster, where stakeholders attribute little responsibility to the organization. For a victim crisis with no crisis history or negative prior reputation, instructing information (what to do to stay safe) and adjusting information (concern and corrective action) are sufficient. A full apology is reserved for preventable crises, and diminish strategies such as excuses suit the accidental cluster.

80. Answer: A — make no good-faith effort to set up board-level reporting on a mission-critical compliance risk.

Caremark liability requires bad faith, and Marchand held that directors can be liable when they make no effort to put in place a board-level system to monitor a compliance risk central to the business, there food safety. Good-faith business decisions are protected by the business judgment rule. A reasonable system that misses a breach does not by itself show bad faith, and delegating to a committee is a normal way to carry out oversight.

81. Answer: B — Shift merit funds toward top performers, giving low performers little or none, and add variable pay to differentiate.

With a fixed budget, meaningful differentiation comes from concentrating increases on top performers and giving low performers little or nothing, while bonuses, spot awards and promotions add rewards that do not compound into fixed cost. Asking for a larger budget ignores the stated constraint. A 1% difference does compound, but it is too small to affect motivation or retention now, which is the problem leaders raised.

82. Answer: C — Diagnosing the underlying business problem before agreeing to a requested solution

Effective internal consultants contract and diagnose: they clarify the real business problem and its causes before committing to a solution such as training or a reorganization. Filling orders quickly can waste resources on the wrong fix. Technical expertise and employee advocacy matter, but they are not the core of consulting capability.

83. Answer: A — Create direct cross-division connections, such as shared forums and liaison roles, so work flows around the bottlenecks.

The problem is structural: too much information flows through too few people. Building additional direct ties between divisions spreads the load and reduces dependence on the bottleneck managers while preserving their expertise. Replacing the managers treats a network design issue as a performance issue, approval deadlines leave all traffic flowing through the same people, and publicizing the analysis can embarrass individuals without fixing the structure.

84. Answer: A — Ask about her underlying question and offer aggregated, de-identified data provided through the board chair

The CHRO should respect the board's legitimate oversight need while protecting confidential data such as medical leave status, which has legal protections. Clarifying the real question and routing the response through the chair and governance channels, with aggregated data, serves both. Sending everything exposes the company to privacy risk, and a flat refusal or handing it off to the CEO damages the relationship without solving the board member's problem.

85. Answer: C — To protect sovereignty and personal data by requiring official channels or government approval

Blocking statutes and data-localization or data-security laws restrict sending information abroad for foreign litigation or government investigations, often requiring approval from local authorities or use of official channels such as treaty procedures. Countries adopt them to protect national sovereignty, business secrets and personal data. Global investigations therefore must plan data collection with local counsel before transferring employee data.

86. Answer: D — Favorable claims experience across the local contracts can be returned to the company as a pool dividend.

Multinational pooling combines local insured contracts written by network partner insurers, and when combined claims experience is favorable, the excess is paid back to the company as an international dividend. Local contracts still meet local requirements and are issued by local carriers, and pooling does not replace statutory benefits or lock in a single global premium rate.

87. Answer: D — Set a uniform written period, confirm plan terms, and treat lost coverage as a COBRA event.

A consistent written policy that matches plan and insurer eligibility terms avoids discrimination claims and uninsured coverage. When coverage ends because of a leave-related reduction in hours, that is a COBRA qualifying event even though the employee remains employed. The ADA requires that employees on leave be treated like others on comparable leave, not that benefits always be paid.

88. Answer: A — Collaborating, because the issue is important and time allows working toward a solution meeting both needs.

Collaborating is high in both assertiveness and cooperativeness and fits important, long-term issues where both parties' concerns are valid and time permits integration. Compromising is tempting but splits the difference, which can leave strategic needs partly unmet when a better integrated solution is possible. Competing suits emergencies, and accommodating sacrifices legitimate interests.

89. Answer: A — 3:1, a commonly cited healthy level that supports measured sales investment

CLV:CAC = $9,000 / $3,000 = 3:1, which is widely treated as a healthy benchmark: each acquisition dollar returns about three dollars of lifetime value. That supports adding sales capacity, provided the new reps can acquire customers at a similar cost and payback period. A CAC of $9,000 would only break even, so the lifetime value would be used up entirely.

90. Answer: C — Investigate, and redesign the targets and incentives that are driving the behavior

Widespread misconduct tied to targets points to a systemic cause, so leaders must investigate and fix the incentives and pressure that produce it, while holding individuals accountable as the facts warrant. Disciplining staff alone treats symptoms. Training and monitoring without changing targets leave the underlying pressure in place.

91. Answer: B — Clarify the business strategy and the HR services it requires before deciding on structure

Operating model design starts with what the business needs from HR: strategy, service needs and priorities. Structure, staffing and technology follow from that. Adopting the most mature existing model is tempting, but it assumes that model fits the combined company's needs without testing it.

92. Answer: D — Local talent supply, competing employers, prevailing wages, and the education and training pipeline

Site selection from a talent perspective depends on whether the local market can supply the needed skills: how many qualified people exist, who else competes for them, what they are paid, and whether schools and training programs will keep the pipeline full. Tax and real estate factors matter to the decision but are not labor market data, internal metrics describe the current workforce, and national indicators are too broad to judge a specific location.

93. Answer: A — Broaden sourcing to new worker groups and redesign jobs, schedules, and automation

A long-term structural decline in a labor pool calls for a structural response: tapping other sources such as older workers, parents and career changers, while redesigning work so it appeals to them and needs fewer hours where automation fits. Pay premiums, campus recruiting and bonuses compete harder for a shrinking pool, which raises costs without solving the supply problem.

94. Answer: C — Assess whether the facts support a broader unit and whether that unit fits the company's strategy.

The Board asks whether the petitioned unit is an appropriate unit, not the most appropriate one, so a broader-unit argument succeeds only if community-of-interest facts support it under the Board's current test, which has shifted over time. A broader unit also carries strategic trade-offs, including the risk of a union win across the whole plant. Employers may contest unit scope, but altering work assignments to influence the case would be unlawful.

95. Answer: B — Market reference points and pay positioning, the pay mix and how internal equity is maintained

A compensation philosophy sets the guiding principles: which markets the company benchmarks against and where it aims to position pay, the balance of fixed, variable and long-term pay, and how internal equity is balanced with local market realities. A single dollar scale ignores local markets. Individual salaries, budgets and vendors are operational details, and statutory requirements are compliance inputs rather than philosophy.

96. Answer: C — Quantify turnover's cost to customers and revenue in a business case and fund targeted retention efforts.

The data links complaints to inexperienced agents, which points to turnover as the root cause. A business case that puts a dollar value on the customer impact, such as lost revenue or churn, justifies investment in frontline retention, such as onboarding, scheduling, pay or supervision. Training and higher hiring volume treat the symptoms while the revolving door continues, and bonuses tied to complaints do not address why agents leave.

97. Answer: B — Fix the error, pay back wages with counsel's guidance, and weigh the options for self-reporting with counsel.

Once a systemic underpayment is known, the company should correct the system and remedy the employees, both because it is right and because willful violations extend the FLSA limitations period and increase damages. Whether and how to self-report should be decided with counsel, who can weigh agency programs and settlement and release issues. Fixing it only going forward knowingly leaves wages unpaid.

98. Answer: A — Brief the CEO as sponsor and agree that the CEO will hold each president accountable for visible, consistent support

Private undermining by senior executives is a sponsorship problem that only the CEO, as sponsor and their manager, can resolve, and the CHRO's role is to surface it and help the CEO address it directly. Going around the presidents to their teams bypasses the real problem and damages trust. A group discussion lets the two presidents agree publicly again without changing behavior, and waiting for metrics lets resistance harden.

99. Answer: A — 0.60; it falls below the 80% rule of thumb and signals potential adverse impact to examine

The impact ratio divides the lower selection rate by the highest: 30% / 50% = 0.60, which is below the 80% rule of thumb. A ratio that low signals potential adverse impact that calls for review of the assessment's job-relatedness and alternatives, but it does not prove discrimination by itself. Subtracting the rates (0.20) or inverting the ratio (1.67) are calculation errors.

100. Answer: D — $3.0 million

Departures fall from 5,000 x 20% = 1,000 to 5,000 x 16% = 800, a drop of 200. Savings are 200 x $15,000 = $3.0 million. $12 million and $15 million are total turnover costs at the new and old rates, not the savings, and $0.6 million wrongly takes 4% of the original $15 million cost.

101. Answer: B — Local tax treatment of awards and cultural norms about public versus private recognition

Award taxability, reporting and gross-up practices vary by country, and cultures differ in how they view public praise, individual versus team recognition and gift types. A global framework with local adaptation addresses both. Identical ceremonies, uniform dollar amounts or cash-only awards ignore those differences and can create tax problems or cultural missteps.

102. Answer: C — Phased education that starts well before enrollment and includes cost-modeling tools and support

High-deductible plans change how employees pay for care, so understanding takes repeated, staged education: explaining the reason for the change, how deductibles and HSAs work, and how to estimate personal costs, delivered over time and through several channels. A packet at enrollment repeats the approach that already failed. A single town hall or deadline reminders do not build the lasting understanding a multi-year shift requires.

103. Answer: A — A reduction of 5 percentage points

Pilot change = 15% - 22% = -7 points. Control change = 19% - 21% = -2 points. Difference-in-differences = -7 - (-2) = -5 points. The 7-point drop includes the 2-point improvement that occurred without the program, and comparing year-end rates alone (15% vs 19%) gives 4 points, which ignores the sites' starting levels.

104. Answer: B — Employee and family support, input on workforce messages, and staffing continuity

HR's distinct role in crisis governance is the people side: support for injured employees and families, employee assistance, input on what and how employees are told, and keeping critical work staffed. Legal and safety experts lead the investigation, communications owns public statements, and disciplining managers before the root cause is known is premature and unfair.

105. Answer: B — Identify pivotal roles where differences in performance or vacancies most affect strategic results and costs.

Pivotal roles are those where changes in talent quality or availability most affect strategic outcomes, which makes them the best targets for limited retention funds. High turnover is not always costly; some roles have easy replacement. Salary level and equal splits do not measure strategic impact.

106. Answer: B — Contextual ambidexterity

Contextual ambidexterity relies on individuals within the same unit to balance exploitation and exploration, supported by the unit's context. Structural ambidexterity, the closest alternative, separates exploration into distinct units linked at the top. Sequential ambidexterity shifts the whole organization between modes over time.

107. Answer: C — Assess the talent gap, labor supply, cost and time to close it, and brief the CEO and board.

HR should inform strategy formulation, not just implementation, by assessing whether the needed capabilities can be built or acquired at an acceptable cost and pace. That analysis can change the board's decision or the plan's timing. Waiting for approval is tempting because it avoids premature spending, but it leaves the board deciding without knowing a key feasibility risk; recruiting now commits resources before the decision.

108. Answer: B — Blend reskilling of adjacent engineers, targeted hiring, interim contractors, and automation of routine monitoring.

With a fixed deadline, a scarce market and an adjacent internal talent pool, a portfolio approach (build, buy, borrow and bot) balances speed, cost and risk. Reskilling alone may not produce 40 qualified specialists in 12 months, buying all 40 in an overheated market is costly and may not be feasible, and relying wholly on contractors leaves critical security knowledge outside the firm.

109. Answer: A — The flag can trigger review of later actions, but access must be tightly limited to avoid exposing complainants.

A protected-activity flag can make pre-action review reliable, but if decision-makers can see it, the company may create the knowledge that a retaliation claim needs and appear to be tracking complainants. Restricting access to the HR or legal reviewers who run the check preserves the benefit. Tracking protected activity is not itself unlawful, and automatically blocking all actions would stop legitimate decisions.

110. Answer: C — Select a few strategic KPIs linked to business goals and show trends, targets and alert thresholds.

Executives need a small set of measures tied to strategy, with trends and targets that show direction and thresholds that flag when action is needed. Commonly benchmarked metrics may not reflect this company's strategy, and current values without trends hide whether things are improving. A single composite index hides which issue requires attention.

111. Answer: A — Offer selection accommodations to all candidates, and do not ask about diagnoses before a job offer.

The ADA generally prohibits disability-related inquiries before a conditional job offer, so the program should not require or ask about diagnoses. Making accommodations in the selection process available to every candidate, such as skills-based assessments or work trials instead of unstructured interviews, serves the program's goal without improper inquiries. Accommodations are required in the application process, not only after hire.

112. Answer: A — $800

HR cost per employee = HR operating expense / number of employees = $3,600,000 / 4,500 = $800. A result of $1,250 inverts the ratio (4,500 / 3.6), and $80 or $8,000 come from misplacing a decimal. Leaders often compare this figure with benchmarks for organizations of similar size and complexity, keeping in mind differences in what each organization counts as HR cost.

113. Answer: D — Train supervisors on just-cause standards and have HR review terminations for consistency.

The losses stem from inconsistent enforcement, which violates the just-cause expectation of equal treatment. Supervisor training combined with HR review before discharge addresses that root cause across the enterprise. More detailed rules don't help if they are applied unevenly, and shopping for arbitrators or settling every case avoids the symptoms without fixing the practice.

114. Answer: B — Meet with each executive to learn their talent pain points and tie the program to results they value.

Influence without authority starts with understanding peers' priorities and linking the initiative to outcomes each one values, such as sales productivity or operational bench strength. A CEO mandate secures funding but not commitment. A group pitch before learning individual concerns risks a collective rejection, and an HR-only pilot may not produce evidence that matters to operations, sales or finance.

115. Answer: C — Trends in concerns reported, time to assess them, incident severity and staff sense of safety

A balanced set combines leading indicators, such as reporting of concerns and speed of assessment, with outcomes such as incident severity and perceived safety. Terminations and spending measure activity, not effect, and training completion shows compliance only. Setting a goal to reduce reports can suppress the early warning signs the program depends on.

116. Answer: A — Named business owners tracking agreed benefit metrics against a baseline after go-live.

Benefit realization management assigns accountable owners, sets a pre-project baseline and specific metrics, and reviews results at set intervals after implementation, often with savings built into future budgets. On-time, on-budget delivery and user satisfaction measure the project, not the business benefits, and contingency funds address cost overruns rather than benefit capture.

117. Answer: D — Pay employees on time from backup or prior-period data, working with security and legal

Wage payment laws and employee trust make on-time pay the top HR priority, so the CHRO should run payroll from backups or the prior period's data and reconcile differences later, while coordinating with security, legal and communications. Whether to pay a ransom is an executive decision involving legal, law enforcement and insurers, not an HR call. Delaying pay for precision risks wage-law violations and hardship that outweigh small, correctable errors.

118. Answer: B — Model the cut's effects on capabilities, revenue plans and rehiring costs so the board can weigh the trade-offs.

The CHRO's role is to give the board the human capital analysis it needs to judge the trade-off, showing which capabilities would be lost, how the cut affects the product roadmap, and what rebuilding would cost. Rejecting the demand outright ignores the board's duty to consider shareholder concerns. Generous severance manages exit risk but not lost capability, and across-the-board cuts ignore strategic priorities.

119. Answer: B — Set conduct expectations for patients, give nurses reporting and reassignment options, and track incidents.

Employers have a duty to take reasonable steps when they know nonemployees are harassing staff, and the health-care setting does not eliminate that duty. A program that communicates expectations to patients, offers reassignment and support, and tracks incidents balances the duty to staff with the duty of care to patients. Treating harassment as part of the job is the attitude that creates liability, and a single-incident refusal of care is neither clinically nor ethically workable.

120. Answer: D — Screening of candidates and employees for jobs based in New York City

Local Law 144 applies to employers and employment agencies that use an automated employment decision tool to substantially assist or replace decisions about candidates or employees for jobs in New York City. Where the company is headquartered does not matter, and having a NYC office does not extend the law to jobs elsewhere. The law also reaches tools that substantially assist human decision-makers, not only fully automated decisions.

121. Answer: B — Have top executives restate and model clear conduct standards, hold leaders accountable and report on progress.

Tone at the top is rebuilt when senior leaders visibly recommit to clear standards, model them, apply consequences consistently and show progress over time, because employees judge ethics by what leaders do. A dismissal notice that declares the matter closed misses the broader trust problem. Training every employee puts the burden on those who did not cause the lapse, and handing communication to the board removes executives from the reset.

122. Answer: C — An equity pool vesting partly on service and partly on exit returns, with co-investment and clear leaver terms.

Private equity ownership typically aligns management with the investor through equity that pays off based on exit value, often with part vesting on time and part on performance hurdles such as investment returns, management co-investment, and leaver provisions that govern what departing managers keep. Annual revenue bonuses do not reward value creation at exit, and fast-vesting stock weakens retention. A fixed sale bonus rewards staying but not the size of the outcome.

123. Answer: D — Anonymous pulse surveys whose results management reviews and acts on as it chooses

A labor organization under the NLRA includes any employee committee that deals with the employer on wages, hours or working conditions, and employer domination of such a group is unlawful. Dealing generally means a pattern of proposals and responses. Surveys collect individual input without any group exchange, so they do not create a labor organization, while each committee described engages in back-and-forth on terms of employment.

124. Answer: A — Assess each case with tax, immigration and legal advisers to set compliant timelines or arrangements, then issue a work-from-abroad policy.

Unapproved work abroad can create permanent establishment, payroll tax, social security, immigration and local employment-law exposure, and the right remedy depends on each person's facts, so a case-by-case assessment comes first, followed by a clear policy. Mass termination or a one-week deadline ignores individual circumstances and may cost talent unnecessarily. Relabeling employees as contractors usually does not change their status and can add misclassification risk.

125. Answer: D — Treat heat as an enterprise risk and fund site heat plans, cooling controls and shift changes.

A multi-year trend driven by climate projections is a strategic workforce risk that warrants enterprise ownership, funding and site-specific controls such as acclimatization, rest and cooling, engineering controls and shifted schedules. Purely local handling leaves inconsistent protection and no enterprise view of a growing risk. Training reminders and extra temps treat symptoms while workers remain exposed to the hazard.

126. Answer: D — Assess the tools against the combined company's values, legal limits and results, then set one standard.

A sound integration decision tests the practice against the combined company's values, legal requirements in each jurisdiction, and evidence of real results, and then applies one standard. Removing the tools on day one ignores evidence and can disrupt the acquired workforce. Running two standards indefinitely undermines a unified culture, and extending monitoring on the acquired firm's claims alone skips the assessment.

127. Answer: D — It can pull the eventual settlement upward because later offers tend to be adjusted relative to that first number.

Anchoring bias means the first number put on the table becomes a reference point, and subsequent counteroffers are adjusted insufficiently away from it. Even experienced negotiators are influenced, which is why committees should set their own reference point from market data beforehand. Approved ranges help, but they do not neutralize the psychological pull of the anchor.

128. Answer: D — Closer time zones and cultural proximity can lower coordination costs and speed collaboration.

Nearshoring trades some wage savings for overlapping work hours, easier travel, cultural and language proximity, and often lower coordination and quality costs, which can lower total cost and risk. Workers in Mexico are covered by Mexican labor law, not U.S. employment law. There is no general rule that nearshore wages fall below offshore wages or that nearshore vendors cannot serve competitors.

129. Answer: C — The collaboration decline, because people must change values and behaviors to resolve it

Heifetz distinguishes technical problems, which existing expertise and known solutions can fix, from adaptive challenges, which require the people involved to change their values, beliefs and behaviors. The payroll errors have a known expert fix, so they are technical. The collaboration problem is adaptive, and treating it as something experts can solve with a process is the classic mistake Heifetz warns about.

130. Answer: C — Support tools speed recall at the point of need but are weaker for deep skills, so some courses stay.

Learning in the flow of work improves speed and application by delivering help when a task is performed, but it is less suited to complex judgment, foundational knowledge and leadership skills that need structured practice. A balanced portfolio is therefore the realistic outcome. Claiming full replacement overstates the benefit, and the other choices misstate the evidence about performance support.

131. Answer: C — $150,000, best judged against the firm's own trend and industry peers

Revenue per employee = $120,000,000 / 800 = $150,000. It is a revenue measure, not profit, and it varies widely by industry and business model, so it is meaningful mainly when trended over time and compared with similar companies. The other figures come from misplacing a decimal.

132. Answer: D — The steward manages data quality day to day; the owner is accountable for the data and its access.

A data owner, usually a senior business leader, is accountable for a data domain, including decisions about access and use. A data steward handles day-to-day data quality, definitions and standards on the owner's behalf. Swapping these roles is the common mistake, and the employee the data describes is the data subject, not the owner.

133. Answer: C — Their odds of leaving are about double those of similar peers, which is not the same as double the probability.

An odds ratio compares odds (probability of leaving divided by probability of staying), so 2.0 means doubled odds, holding the other variables constant. It approximates a doubled probability only when turnover is rare, so saying exactly twice as likely is wrong. The model also shows association, not that reducing overtime will halve exits, and it says nothing directly about a 20% rate.

134. Answer: B — The criterion chosen determines what the test is validated to predict and thus which applicant qualities it selects for.

A test optimized to predict retention may select different people than one optimized for sales or quality, so defining success is a choice about what the business values. Leaders should set the criterion based on strategy and make sure it is relevant and free of bias. The criterion does not change whether a study is content or criterion-related, which depends on the validation method.

135. Answer: B — The principal-agent problem, in which an agent's incentives diverge from owners'

Agency theory describes the risk that agents (executives) act in their own interest rather than that of principals (shareholders) when incentives are misaligned. A short-term earnings bonus rewards the CEO for actions that hurt long-term value and safety, so it creates an ethics risk built into the pay design. Remedies include balanced, longer-term metrics, deferral and clawbacks.

136. Answer: C — Stable, cross-functional teams that own a customer outcome end to end

Agile operating models are built around long-lived, cross-functional teams that hold end-to-end accountability for a product, journey or customer outcome, with decision rights pushed to them. Temporary project teams are tempting, but disbanding teams after each project loses accumulated knowledge and ownership, which agile-at-scale designs specifically try to keep.

137. Answer: D — Work with the CEO and executives to clarify the strategic priorities HR must support

An HR strategy derives from the business strategy, so the CHRO's first step is to help leaders surface and resolve the conflicting views and agree on priorities, which also builds the CHRO's credibility as a strategic partner. A generic best-practice plan or a peer's strategy will not fit this company's direction, and multiple plans for conflicting strategies spread resources and avoid the real issue.

138. Answer: B — A lawful basis for processing, limits on data retention, and safeguards for transfers outside the EU

The GDPR requires a lawful basis for processing personal data (often legitimate interests rather than consent in recruiting), keeping data no longer than necessary, and appropriate safeguards (such as an adequacy decision, the EU-U.S. Data Privacy Framework or standard contractual clauses) for transfers outside the EU. Consent is not required for every use and is often not the best basis in employment, transfers are allowed with safeguards, and labor ministry registration is not a GDPR requirement.

139. Answer: B — Employees' limited capacity to absorb change is spread too thin, so each change gets less attention.

Organizations and individuals have a finite capacity to absorb change. When many initiatives compete for the same people's time, attention and energy, saturation sets in and adoption of all of them suffers. That calls for portfolio prioritization and sequencing. A missing business case is unlikely to explain stalls across all nine initiatives at once, switching models does not create capacity, and communication volume is a symptom rather than the root cause.

140. Answer: C — Commission an independent bias audit before use, keep human review of decisions and give candidates the notices required.

Under federal antidiscrimination law the employer remains responsible for adverse impact caused by a selection tool, and New York City's Local Law 144 requires an independent bias audit, a published summary and candidate notice before an automated employment decision tool is used for NYC roles. Relying on a vendor's assurance does not shift that responsibility, and avoiding NYC roles leaves bias risk elsewhere unaddressed.

141. Answer: C — For each critical role, the ready-now and ready-later successors, with gaps and development plans.

The board's question is about risk in specific critical roles, so the answer is role-by-role bench strength showing successor readiness and where gaps exist, plus plans to close them. A company-wide high-potential list does not map successors to the roles at risk. Manager turnover rates describe attrition in general, not coverage for the 12 roles.

142. Answer: B — Carla

Betweenness centrality measures how often a person lies on the shortest paths between other people, so the sole link between two clusters ranks highest. Anita's many direct ties describe degree centrality, Bruno's short average distance describes closeness centrality, and Devon's ties to well-connected people describe eigenvector centrality. Degree is the common mix-up because people with many ties are often assumed to be brokers.

143. Answer: D — A group stop-loss captive

A group captive lets several mid-size self-funded employers pool a layer of medical stop-loss risk through a jointly owned or rented insurance company, which smooths volatility and can return underwriting profits to members. A professional employer organization co-employs workers and sponsors its own plans, and a multiple employer welfare arrangement is a plan offering benefits to employees of multiple employers that is subject to heavy state regulation, not a stop-loss risk-sharing vehicle.

144. Answer: B — Describe the link as a correlation and avoid a causal figure the data cannot support

A correlation across units does not show that engagement caused the growth; successful units may have more engaged staff because they are growing. Presenting an unsupported causal number to investors risks misleading disclosure and damages HR's credibility. Engagement data can still be shared accurately, so dropping it entirely loses a legitimate story.

145. Answer: A — Review the criteria with counsel and consider alternatives that reduce the age impact

Disparate impact claims are available under the ADEA, and criteria such as salary level and subjective ratings can disadvantage older workers, so they should be reviewed for business justification before decisions are made. The employer can defend criteria based on reasonable factors other than age, but considering alternatives reduces risk. Swapping people based on age is itself age-based decision-making, and extra severance does not fix flawed criteria.

146. Answer: C — Recommend that leadership quickly confirm the facts to employees and accelerate the official communication while the leak is reviewed.

Once accurate details are public, silence fuels rumor and erodes trust, so the immediate priority is credible, accurate communication to the people affected, with the leak reviewed in parallel. Investigating first is important but should not delay addressing employee anxiety. Declining comment or issuing a confidentiality reminder does nothing for the workforce that already knows.

147. Answer: B — Shared leadership

Shared (or distributed) leadership spreads leadership roles and influence across team members, with leadership shifting to whoever has the relevant expertise. Servant leadership describes a leader's orientation toward serving followers, transactional leadership relies on exchanges of rewards for performance, and laissez-faire leadership is the absence of active leadership rather than its deliberate distribution.

148. Answer: B — Annual individual ratings, replaced by frequent feedback that also recognizes team results

Annual individual ratings conflict directly with short work cycles and shared team accountability, so performance management is usually the first HR system that must change when agile teams are adopted. Frequent check-ins and team-based recognition reinforce the collaboration the model depends on. Career architecture may evolve later, but removing all levels is not required, and certification-only hiring or benefits changes do not address the core conflict.

149. Answer: C — Talent supply, language skills, time-zone overlap, and political and data-transfer risk

Labor cost matters, but a center that can't staff the right skills, communicate in employees' languages, overlap working hours or lawfully receive personal data will fail regardless of its savings. Sets built mainly around cost or competitors' choices overlook the risks that most often derail offshore HR centers.

150. Answer: C — Collecting only needed fields, with role-based access and automated retention rules

Privacy by design builds protection into the system from the start through data minimization, least-privilege access, configured retention and deletion, and a privacy impact assessment before launch. Migrating all legacy data conflicts with minimization and storage limitation. Adding notices after go-live is the opposite of designing privacy in, and global access for all HR staff violates least privilege.

151. Answer: D — Account for every employee, activate the crisis plan to protect or evacuate them, and set a single channel for updates.

In a geopolitical crisis, people's safety comes first: locating every employee and executing the crisis or evacuation plan while the airports are still open is the immediate priority, and a single trusted communication channel prevents confusion. Moving work to other sites is a legitimate continuity step, but it comes after employees are safe. Suspending pay would harm employees when they most need support, and a public stance does nothing to protect them.

152. Answer: C — Decline to share future pay plans, end that part of the discussion, and inform the company's legal counsel.

Federal antitrust agencies treat agreements and direct exchanges of current or future wage information among competitors for talent as potential antitrust violations, especially when aimed at restraining pay. The CHRO should refuse, stop the discussion and involve counsel. A confidentiality agreement does not cure an unlawful exchange, and sharing the company's own planned budget is still competitively sensitive future pay information. The agencies withdrew their former information-sharing safe harbors in 2023, so even third-party benchmarking now gets case-by-case scrutiny.

153. Answer: B — Kotter guides the organization-level process, while ADKAR tracks each individual's progress through change.

Kotter's eight steps describe how leaders drive change at the organizational level, from creating urgency to anchoring change in culture. Prosci's ADKAR (awareness, desire, knowledge, ability, reinforcement) focuses on how each person moves through change, which helps diagnose where individuals are stuck. Neither model is limited to a type of change or a single phase.

154. Answer: B — Redesign uniforms to include common religious attire options by default, and keep a request process for other needs.

When many employees need the same accommodation, building it into the standard removes repeated individual requests, eliminates inconsistent decisions and signals inclusion, while a request process still handles less common needs. A uniform intake form improves consistency but keeps the burden on employees and the risk of uneven approvals. Dropping uniforms entirely abandons legitimate brand and safety goals.

155. Answer: C — Significant shareholder dissatisfaction, calling for shareholder outreach and disclosure of how concerns were addressed.

Say-on-pay votes under the Dodd-Frank Act are advisory and nonbinding, but a failed vote signals serious investor concern. Boards are expected to engage major shareholders, consider changes to the pay program, and explain their response in the next proxy statement. Proxy advisors scrutinize responsiveness, and support well below a majority is far from routine.

156. Answer: B — Pay from the last verified register, then reconcile; update staff via unaffected channels

Wage laws generally require paying employees on the regular payday, so a contingency run from the last verified payroll register, followed by a true-up, keeps people paid while systems are down. Frequent, honest updates through channels the attackers have not compromised reduce anxiety and help employees spot phishing that often follows an attack. Delaying pay creates legal exposure and hardship, collecting hours by email invites errors and fraud, and silence while forensics finish lets rumors fill the gap.

157. Answer: C — A stepped process from open door to mediation to arbitration, with employer-paid fees, a neutral arbitrator and legally required claim carve-outs.

Courts are more likely to enforce, and employees more likely to trust, an ADR program with early informal steps, a neutral decision maker and employer-borne costs. It must also exclude claims the law keeps out of forced arbitration, such as sexual harassment and assault claims under the 2022 Ending Forced Arbitration Act. Splitting fees evenly can make a program unconscionable. Agreements cannot waive the right to file agency charges, and an executive panel lacks neutrality.

158. Answer: D — Organizational ambidexterity

Organizational ambidexterity is the capacity to exploit current businesses through efficiency and refinement while also exploring new opportunities, often through structurally separate units linked by senior leadership. Disruptive innovation describes how simpler offerings displace incumbents, vertical integration adds stages of the supply chain, and diversification enters new businesses without necessarily balancing exploitation and exploration.

159. Answer: B — Soliciting grievances during a campaign can imply a promise to fix them, which may be an unfair labor practice.

Under the NLRA, an employer that newly solicits grievances during an organizing campaign may be found to imply a promise of benefits, which can interfere with employees' free choice. Continuing an established survey practice in the same way carries less risk. No NLRB pre-approval is required, employers may still communicate lawfully, and there is no bargaining duty before certification.

160. Answer: A — Bargaining is required only if its benefit to labor-management relations outweighs the burden it places on the business.

In First National Maintenance, the Supreme Court held that for management decisions that have a substantial impact on employment but are focused on the economic profitability of the business, bargaining over the decision is required only if the benefit to labor-management relations and the bargaining process outweighs the burden on the conduct of the business. Effects bargaining is still required. The test does not depend on headcount thresholds or specific contract language.

161. Answer: A — Developing leaders with a global mindset and moving talent and knowledge across all units

A transnational company operates as an integrated network, so HR builds a global talent pool, uses geocentric staffing and moves people and ideas among headquarters and subsidiaries to share learning. Relying on home-country nationals fits an international strategy, independent country units fit a multidomestic strategy, and worldwide standardization fits a global strategy.

162. Answer: C — Share only what implementers must know, and keep medical details in a separate confidential file.

The ADA requires medical information to be kept confidential and stored separately, but it allows sharing necessary information about work restrictions and accommodations with those who must implement them. The assistant and chief of staff need to know the schedule, not the diagnosis. Honoring secrecy at the expense of implementation defeats the accommodation, and the board has no automatic right to an executive's medical information.

163. Answer: A — Review current market data for the role and, if warranted, build a separate job-family structure

Uncapped exceptions would create pay compression with current incumbents, pay equity exposure and precedent across the enterprise. If the market for this skill has moved, the sound fix is a market-based range or separate structure for the job family, which serves the leader's need inside a defensible system. Rejecting all offers ignores outdated ranges, and pay secrecy rules conflict with employees' NLRA right to discuss wages.

164. Answer: B — Reconstitute the group to include respected line leaders with operating credibility, keeping consultants in an advisory role

An effective guiding coalition needs position power, expertise, credibility and leadership, and this group lacks credibility with the line organization that must deliver the change. Bringing respected operating leaders into the coalition itself addresses the gap. A sounding board leaves line leaders outside real decision-making, and adding the CEO as chair adds authority but not the line credibility that is missing.

165. Answer: A — Confirm WARN obligations and complete an adverse impact review before the announcement, then plan notice or pay in lieu and the release timing.

A layoff of 250 at one site may be a mass layoff under WARN if it is at least a third of the site's workforce, requiring 60 days' notice or pay in lieu, and selection decisions should be checked for adverse impact before any announcement. Releases from employees age 40 and older in a group program require 45 days to consider plus 7 days to revoke, along with decisional-unit disclosures under the OWBPA, not 21 days. WARN covers mass layoffs, not only closures, and a six-month delay is not required.

166. Answer: A — Present a costed option that targets above-market pay for critical roles and phases moves over budget cycles

The CHRO's strategic role is to give leaders a data-based alternative that balances talent goals with affordability. Targeting premium pay to critical roles and phasing changes over budget cycles addresses the CEO's recruiting concern within a cost the CFO can plan for. Announcing an unfunded commitment creates expectations the company may be unable to meet, while simply siding with the CFO ignores a real competitive talent problem.

167. Answer: C — The drop may only shift cost to vendors, so total cost of the service and its quality must be compared

Outsourcing moves labor cost out of the payroll line and into vendor spending, so a lower labor cost ratio alone does not show savings or productivity gains. The CHRO should compare the full cost of delivering the service, including vendor fees and transition costs, along with service quality. Calling the ratio the measure of success ignores the offsetting vendor expense.

168. Answer: C — Job-based employment, acquiring ready-made talent with market-based HR practices

In Lepak and Snell's model, human capital that is high in value but low in uniqueness is acquired from the market and managed through job-based, market-based HR practices. Knowledge-based employment with heavy internal development is reserved for talent that is both valuable and unique to the firm, so it would overinvest in skills the firm can simply buy. Contractual and alliance modes fit low-value human capital.

169. Answer: D — Multiple structures track distinct labor markets more closely but add administrative complexity and internal comparison issues

Separate structures let the organization reflect the different markets in which various job groups and locations compete, but they require more data, maintenance and governance and can make internal comparisons and movement between groups harder. The FLSA does not require separate structures. A single structure still needs market data, and it fits distinct markets less precisely rather than better.

170. Answer: A — Have regional and product leaders jointly set shared team goals

Matrix structures work when the two lines of authority agree on priorities before goals reach shared teams, so a joint goal-setting step resolves the conflict at the right level. Pushing the choice to engineers leaves the conflict unresolved, making one leader the sole goal-setter abandons the matrix, and an arbitrary 50/50 split ignores strategic priorities.

171. Answer: D — Make AI data one input managers discuss with employees, explain the metrics, and allow appeals

Trust in ratings depends on procedural fairness: people need to understand the criteria, have a voice in the conversation and be able to challenge errors. Treating AI data as one input interpreted by managers, explaining it and adding a contest process addresses all three. Removing managers deepens the opacity employees complain about, and a communication campaign without process changes does not fix the underlying fairness concerns.

172. Answer: A — Hard-to-reach goals tied to rewards raise misconduct risk, especially for people who fall just short

Research on goal setting shows that specific, challenging goals can improve performance but, when they are unrealistic and tied to rewards, also increase the risk of misrepresentation and cheating, especially among people close to the target. Leaders should test goals for realism, balance outcome and behavior measures, and monitor for gaming. A code of conduct alone does not offset strong pay-linked pressure.

173. Answer: D — Give legally required notice, bargain with the union over effects, and partner with local officials on transition support.

A closure of this size triggers WARN Act notice of at least 60 days, and the employer must bargain with the union over the effects of the decision even when the contract is silent. Engaging local officials early on retraining, job placement and economic transition protects the company's reputation and its other relationships in the region. Announcing only six weeks ahead would violate WARN, and excluding community stakeholders ignores a major source of reputational risk.

174. Answer: D — Analyze comments and segment data, then use focus groups to test whether lost authority or new leaders drive the drop

Two plausible causes are confounded in the data, so the CHRO should diagnose before prescribing, using comment analysis, segmentation and qualitative follow-up to separate the effects. Restoring authority acts on an assumption and could unwind the redesign for the wrong reason. Requiring action plans skips the diagnosis, and external benchmarks say nothing about why scores fell in these regions.

175. Answer: C — Psychosocial hazards, such as workload, job control, harassment and poor work organization

ISO 45003 gives guidance on managing psychosocial risk within an ISO 45001 occupational health and safety system, covering factors such as workload, role clarity, job control, workplace relationships, harassment and organizational change. Chemical and ergonomic hazards are handled elsewhere in safety practice, and environmental impacts fall under ISO 14001.

176. Answer: C — Build managers' coaching skills and hold them accountable for coaching as part of their role

A coaching culture depends on everyday coaching by managers, so building their skills and reinforcing coaching through expectations, feedback and recognition scales the behavior across the organization. Expanding external coaching is costly and does not change how managers lead, and specialist coaches cannot replace managers in daily development conversations.

177. Answer: C — Train managers on the pay philosophy and range placement, give them talking points and resolve outliers before launch.

Managers are the front line for pay conversations, so equipping them with the compensation philosophy, how placement within a range is determined, conversation guides and fixes for unexplained outliers builds their confidence and buy-in. Routing all questions to HR undermines managers' credibility with their teams. Open-ended delay or a manager vote cedes a strategic decision that leadership has already made.

178. Answer: A — Count them in the employer's headcount, apply the 75-mile test, and credit their prior service.

Once acquired, the staff work for a covered employer, so eligibility turns on the 12-month, 1,250-hour and 50-employees-within-75-miles tests using the combined workforce. As a successor in interest, the employer must count employees' months and hours worked for the predecessor. Treating them as new hires or exempting the site because of its former size misapplies the rules.

179. Answer: C — Give the board and CEO an objective assessment of culture data and a credible plan for any real gaps.

The CHRO's value is to give the board and CEO an honest, data-based view of whether the criticism is valid and a credible plan to fix real problems, which is also the strongest basis for any external response. A point-by-point rebuttal is tempting, but issuing it before assessing the facts risks defending a real problem. Investor engagement belongs with the CEO and board, and a branding campaign does not fix culture.

180. Answer: D — Fix severe barriers in essential tasks, such as applying, enrollment and requesting accommodations, first

With limited budget, accessibility teams prioritize by user impact: severe barriers that completely block critical journeys, such as applying for a job, enrolling in benefits or asking for an accommodation, come before cosmetic or minor issues. Fixing the easiest items first improves the count but can leave people unable to complete essential tasks. Visibility to outsiders and audit order are not measures of harm to users.

181. Answer: A — Standardize case categories, workflow and reporting globally, with configurable local rules for privacy, retention and consultation.

A global core of common taxonomy, workflow and analytics gives leaders comparable data, while configurable local settings handle data protection rules such as the GDPR, retention limits and works council consultation. Imposing the headquarters process unchanged risks violating local law. Separate country systems defeat the purpose of enterprise visibility, and waiting for 20 legal systems to harmonize is not realistic.

182. Answer: B — Map the roles and programs the grant funds, model scenarios, and plan redeployment or cuts by mission priority.

The CHRO should first identify exactly which roles and programs depend on the grant, then work with leadership on funding scenarios (replacement funding, partial cuts, program closures) and plan redeployment or reductions guided by mission priorities, with enough notice to staff. Equal hour cuts ignore which programs are funded and can hurt core services. Acting immediately sacrifices months of funded work, while relying on fundraising alone ignores the risk.

183. Answer: C — Use certification, recertification and call-in rules consistently, not blackout periods.

Employers may manage intermittent leave by requiring medical certification, seeking recertification when permitted (for example, when absence patterns change significantly), and enforcing usual call-in procedures. A blackout on FMLA leave is interference regardless of consistency. Leave must generally be tracked in the smallest increment the payroll system uses (no more than an hour), and a temporary transfer is allowed only for foreseeable planned treatment and must offer equivalent pay and benefits.

184. Answer: C — Keep the core brand promise but adapt local messaging to emphasize team success and growth.

Effective global employer branding keeps a consistent core promise while adapting how it is expressed to local values, and South Korea's more collectivist culture responds better to team and organizational messages. A fully separate brand loses global consistency, and leaving the campaign unchanged ignores clear evidence it is not working. Higher pay addresses a different problem than the message.

185. Answer: A — A set of leading indicators, such as hotline trends, survey items, and incentive data

Culture risk is best monitored through several leading indicators that can reveal pressure and misconduct early, such as hotline volume and themes, speak-up and pressure survey items, and incentive and complaint data. A single annual engagement score is too broad and too slow. CEO narratives lack independent data, and training completion measures activity, not behavior.

186. Answer: C — Set global disclosure principles and thresholds, with local guidance but no local opt-outs

A global standard with a local guidance layer keeps the core requirement, disclosure and independent review, consistent everywhere, while helping employees apply it to relationships common in their market. Copying the U.S. policy without adaptation ignores local law and practice and tends to drive noncompliance. Country-by-country rules and local exemptions recreate the inconsistency and blind spots the policy is meant to remove.

187. Answer: D — Meet with the CFO to agree on shared assumptions and model scenarios together, then give the CEO joint options.

Working with the CFO to align assumptions and model the costs and risks of each scenario turns a positional fight into a shared analysis and gives the CEO credible options. Escalating without that work puts the CEO in the middle and harms a key peer relationship. Splitting the difference or giving in ignores the business case that the analysis would reveal.

188. Answer: D — Set global principles above each country's legal floor, consult works councils where required, and grandfather reductions.

Leave and holidays are heavily regulated and often subject to consultation with employee representatives, so harmonization works best as a principle-based framework that respects local minimums, with transition protections for those who would lose benefits. Adopting the richer policy everywhere ignores cost and is rarely sustainable. A single uniform global number conflicts with differing statutory entitlements, and permanent dual policies undermine equity within the combined company.

189. Answer: B — Create a formal advisory program with defined scope, voluntary participation and compensation

The input clearly has business value, so the right move is to formalize it: define the scope, keep participation voluntary, count the time in workload planning and compensate or recognize the work. Ending the practice loses useful insight, while leaving it informal continues to extract unpaid labor. Outside firms may supplement but cannot replace employees' lived experience and knowledge of the company.

190. Answer: B — It equalizes labor costs among competitors but limits company-specific flexibility

Multi-employer bargaining takes wages out of competition among association members and prevents a union from whipsawing employers one at a time, but terms are negotiated for the group and may not fit a single company's strategy or financial position. Strikes can still occur and may affect all members at once. Withdrawal is restricted once bargaining begins, and the labor exemption generally protects legitimate multi-employer bargaining from antitrust claims.

191. Answer: A — The $180 million premium is goodwill, which may need to be written down

Goodwill is the purchase price above the fair value of identifiable net assets ($500M - $320M = $180M). It reflects expected synergies and the assembled workforce, which is not recognized as a separate asset. Goodwill is tested for impairment at least annually, and losing key talent and synergies can trigger a write-down that reduces earnings. The premium is not expensed at closing.

192. Answer: A — Disclose consistent, clearly defined metrics after legal review, with context.

SEC rules require a principles-based description of human capital resources that are material to the business, and investors reward consistent, comparable metrics. The CHRO should define each metric clearly, vet it with counsel (pay equity analyses can be sensitive and may be privileged), explain context and plans, and report it consistently over time. Refusal damages investor trust, selective reporting risks misleading disclosure, and raw data raises privacy and litigation risk.

193. Answer: A — Scoring each interview answer across all candidates, question by question, against a preset rubric

Bohnet's research shows that changing people's minds is hard, but redesigning processes can block bias from affecting decisions. Comparing candidates' answers question by question against a rubric reduces halo effects and anchors evaluation on the same evidence for everyone. Implicit association tests, self-reflection and workshops all target individual awareness, which research finds has limited effect on actual decisions.

194. Answer: A — Quantify each exposure and flag terms, such as successorship clauses and withdrawal liability, that could affect deal price or buyer costs.

Due diligence supports the deal decision only when labor risks are quantified and linked to deal terms, such as price, indemnities and closing conditions. Successorship clauses, multiemployer withdrawal liability, pending charges and grievance exposures can all shape deal terms or carry real costs for the buyer. Deferring cost estimates until after closing removes the chance to negotiate protections, and bargaining with the target's union before closing is premature and could create successor obligations.

195. Answer: B — It is lighter, since the insurer carries most HIPAA duties, such as issuing the privacy notice.

A fully insured plan that receives only summary health information and enrollment or disenrollment data is relieved of most Privacy Rule administrative requirements, and the insurer issues the privacy notice and handles PHI. The plan is still a covered entity, so it cannot retaliate or require participants to waive HIPAA rights. A self-funded plan, by contrast, carries the full set of privacy and security obligations.

196. Answer: A — Key talent and flight risk, culture fit, leadership depth, and liabilities such as pending claims

Talent due diligence should focus on what could erode deal value: whether critical people will leave, cultural differences that could derail integration, the strength of leadership, and employment liabilities such as litigation, misclassification or underfunded plans. Handbook and structure reviews, severance modeling and benefits harmonization are useful but narrower or later-stage integration tasks.

197. Answer: D — Adopt automatic enrollment with auto-escalation, since defaults drive behavior more than education.

Behavioral research and plan data consistently show that automatic enrollment raises participation sharply, and auto-escalation increases savings rates over time, because most people keep the default. Education and higher matches help but have much smaller effects on non-participants. Larger fund menus can actually discourage enrollment through choice overload.

198. Answer: B — Diagnose causes such as manager visibility, then target fixes and track the gap

The CHRO should first understand why the gap exists, such as managers not seeing the work, platform access or schedule differences, and then design targeted interventions with metrics to monitor progress. Quotas produce hollow recognition, a separate program can further separate those groups, and a reminder message does not address root causes.

199. Answer: A — Phase hiring to revenue milestones, prioritize critical roles, and build scalable processes so burn stays in plan.

Protecting runway means linking hiring pace to the milestones that justify it and sequencing the most critical roles first, supported by scalable recruiting, onboarding and HR processes. Hiring as fast as possible is the classic way startups burn cash before revenue catches up. Heavy equity offers dilute shareholders, can hurt acceptance rates, and still leave cash costs for benefits and taxes.

200. Answer: A — When sponsors define success in outcomes that are hard to convert credibly to money

ROE measures whether a program met the outcomes key stakeholders agreed to in advance, which suits goals such as culture change or leadership alignment where monetary conversion would be speculative. When benefits are readily monetized, as with defect reduction, monetary ROI is feasible and expected for a costly program.

201. Answer: D — The duty of fair representation, which bars the union from handling grievances arbitrarily or in bad faith.

Unions owe members a duty of fair representation and can be sued for arbitrary, discriminatory or bad-faith handling of grievances, so many advance marginal cases to protect themselves. Understanding this helps leaders avoid reading every grievance as hostility and focus on solid documentation. Weingarten rights concern representation in investigatory interviews, and neither good-faith bargaining nor a no-strike clause requires arbitrating every grievance.

202. Answer: A — Open eligibility to all employees while keeping broad outreach so underrepresented staff take part

Title VII prohibits discrimination based on race in training and development programs, including mentoring, so limiting eligibility to one racial group creates significant legal risk regardless of the goal. Opening eligibility to everyone while recruiting broadly preserves the program's purpose lawfully. Renaming the program does not change the unlawful eligibility rule, and ending it discards a valuable development tool.

203. Answer: B — How improvements in talent pools and organizational capabilities contribute to sustainable strategic success

In HC BRidge, efficiency links resources to HR policies and practices (cost and volume), effectiveness links those practices to changes in talent pools and their capabilities, and impact links talent and organizational capabilities to sustainable strategic success. The statement about practices changing talent-pool capabilities describes effectiveness, the most common confusion, and the spending question describes efficiency.

204. Answer: D — Let employees apply after set tenure without approval, and reward talent developers

Talent hoarding is driven by policy and incentives, so letting eligible employees apply without manager permission (with reasonable notice periods) and measuring and rewarding managers for exporting talent addresses the root cause. HR approval of denials adds bureaucracy while leaving the incentive unchanged, a reminder message changes little, and tighter limits would reduce mobility further.

205. Answer: B — A nonsolicit is an employee's promise judged under contract law; a no-poach is between employers and draws antitrust risk.

An employee nonsolicitation covenant is a promise by an employee not to recruit former colleagues or clients after leaving, and courts review it for reasonableness under state contract law. A no-poach agreement is made between employers not to hire or recruit each other's workers, which can restrain competition in the labor market and violate antitrust law. The covenants differ in who makes the promise and which body of law applies.

206. Answer: B — Explain the reasons candidly, exhaust alternatives, use fair criteria and treat leavers generously

When a company breaks a long-standing norm, trust depends on procedural justice: honest explanation of why, visible efforts to avoid cuts, fair and consistent selection, and respectful, generous treatment of those who leave. Relabeling the cuts or disguising them as performance terminations erodes trust and creates legal risk, and a voluntary-only program may not reach 8% and can lose the people the company most needs.

207. Answer: C — Let employees choose how they are recognized, based on individual preferences

Preferences vary more within generations than between them, so choice-based design and capturing individual preferences works better than generational stereotypes. Assigning rewards by generation is inaccurate and can create age-related concerns. A single reward type or department-level choices ignore individual differences.

208. Answer: A — Perceptions of organizational justice build trust, which in turn increases organizational citizenship behavior and commitment.

Research on organizational justice shows that procedural and interactional fairness, not just outcomes, shape trust in the organization and its leaders, and that trust in turn drives organizational citizenship behavior and commitment. Claiming that only distributive justice matters ignores well-established findings that fair processes can preserve trust even when outcomes are unfavorable. Fairness effects extend well beyond pay satisfaction.

209. Answer: A — 66.7%

Attributed benefit = $2,000,000 x 25% = $500,000. ROI = ($500,000 - $300,000) / $300,000 x 100 = 66.7%. Using the full $2 million without isolating the training's effect gives 566.7%, which overstates the result. The 166.7% figure is the BCR (1.67) shown as a percentage, and 40% divides net benefit by benefit instead of cost.

210. Answer: C — Credible anti-retaliation safeguards, with monitoring and consequences for violations

Employees will not raise concerns if they fear reprisal, so visible anti-retaliation protections, monitored and enforced, are the foundation of trust in any internal system. Requiring employees to exhaust internal steps before going to agencies is unlawful for charge filing and would deter use. Fast deadlines can be unrealistic for complex cases, and a writing requirement adds a barrier.

211. Answer: B — Courts may impose penalties of up to $110 per day and award the person's medical costs.

Under ERISA, a court may impose a statutory penalty of up to $110 per day per affected person on an administrator who fails to provide required COBRA notices, and qualified beneficiaries may recover medical expenses they would have had covered. IRS excise taxes and attorneys' fees may also apply. Intent is not required, and penalties are assessed per person, not per plan.

212. Answer: C — A turnaround, calling for quick, decisive action to cut back to a viable core

A turnaround is a business widely recognized as being in trouble; because people expect change, the leader should act quickly and decisively to stop the losses and cut back to a defensible core. A realignment applies when people do not yet see the problem. A start-up builds something new, and sustaining success protects a healthy business, so neither fits this unit.

213. Answer: A — Benchmark fees through a recordkeeper RFP, review share classes, and record each decision and its rationale in minutes.

Courts judge ERISA fiduciaries on the prudence of their process, so regular benchmarking, share class review and documented reasoning are the strongest defense against fee claims. ERISA does not require the cheapest options, and choosing funds only on cost ignores other factors fiduciaries must weigh. Insurance shifts some cost but does not fix a seven-year gap in monitoring, which is itself the kind of failure these suits target.

214. Answer: C — Leaders agree on criteria and weights first, then score options against shared priorities

A weighted matrix shifts the debate from advocating for favorite projects to agreeing on what matters most (for example, strategic fit, return, risk and capability) and how much each factor counts. The scores then inform, but do not replace, executive judgment, so the claim that the matrix removes debate is wrong. Equal voting and cost-only ranking ignore the shared weighting that makes the tool useful.

215. Answer: D — Restate conduct standards for all, offer support resources and hold facilitated dialogues

A sound framework applies the same conduct rules to everyone, offers support to affected employees and creates facilitated spaces where people can listen across differences without the company taking sides. Backing one group alienates the other and pulls the company into a geopolitical dispute. Suspending the groups or banning all mention of the event punishes members broadly and drives the conflict out of sight rather than resolving it.

216. Answer: B — The model's accuracy and fairness can drift as data, the workforce and business conditions change.

A model that performed well on historical data can degrade or begin producing biased results as the inputs, workforce mix or operating conditions change, so governance needs ongoing monitoring, periodic reviews and triggers for intervention. Approval at launch shows only that the model was acceptable then. No federal rule sets a one-year approval period, and pre-launch testing can measure accuracy; it simply cannot predict future drift.

217. Answer: C — $480,000

Expected value = (0.60 x $1,000,000) + (0.40 x -$300,000) = $600,000 - $120,000 = $480,000. Adding the loss instead of subtracting it gives $720,000, and netting the outcomes without probabilities gives $700,000. $600,000 counts only the favorable outcome. Expected value supports the decision but does not show the downside risk, which leaders may also weigh.

218. Answer: A — Notify the union promptly, bargain over effects such as severance and transfers, and give WARN notice to all parties.

An economically motivated decision to close a plant generally isn't a mandatory subject of bargaining, but its effects, such as severance, recall rights and benefits, must be bargained in a timely and meaningful way. WARN also requires 60 days' notice to the union, state dislocated worker unit and local government for a closing of this size. A nonnegotiable package or skipping effects talks violates the duty to bargain.

219. Answer: D — The waivers can block collective actions, but the company may owe fees for many individual claims filed at once.

Since Epic Systems v. Lewis (2018), class and collective action waivers in employment arbitration agreements are generally enforceable, so they can limit collective exposure. The trade-off is that the employer usually pays arbitration fees, and coordinated filings of thousands of individual claims can cost more than a collective action, alongside employee-relations costs. Arbitration agreements cannot stop employees from filing DOL complaints, and arbitrators can award the same statutory remedies, including liquidated damages.

220. Answer: B — Language that could limit agency reporting, revised to add carve-outs protecting those rights

The SEC has brought enforcement actions under Rule 21F-17 against companies whose confidentiality, separation and other agreements impeded employees from reporting possible violations, and other agencies protect similar rights. The review should find restrictive language across all templates and add clear carve-outs. Requiring advance notice before contacting an agency is itself a common violation, and limiting the review to one document type misses the handbooks and offer letters the SEC has cited.

221. Answer: B — Build a transition plan with the union and local leaders now, covering redeployment, retraining, and support.

A just transition calls for early, meaningful engagement with workers, their union and the community so that redeployment, retraining, retirement options and local economic support can be planned well before jobs end. Delaying disclosure to prevent attrition harms trust and leaves workers little time to prepare. WARN requires at least 60 days' notice, but notice alone is not a transition plan, and early-retirement offers address only part of the workforce.

222. Answer: B — A data governance council that sets shared metric definitions and assigns data owners

Conflicting numbers usually come from different definitions (for example, whether contractors or leaves of absence count) and unclear ownership of source data. A cross-functional governance council fixes the cause by agreeing on definitions, assigning owners and setting rules for an authoritative source. A new dashboard built on the same inconsistent inputs only displays the conflict more attractively.

223. Answer: A — Internal hires tend to perform better at first and cost less, while external hires are paid more.

Research on comparable jobs (for example, Bidwell's study of external hiring) found that external hires were paid notably more, received lower performance ratings in their first years, and were more likely to leave. Internal hires gain from firm-specific knowledge and networks. Outside hiring still has a role when new capabilities are needed, but the evidence does not support assuming outsiders perform better at first.

224. Answer: C — It is material to the business, consistently defined and supported by controls

Investor disclosures should focus on information material to understanding the business, defined consistently from period to period, and backed by controls comparable to those over financial data, since misstatements create legal exposure. Choosing metrics because they look favorable invites misleading disclosure. Copying a competitor's metrics ignores what is material to this company.

225. Answer: A — Validate the findings with counsel, then fund phased fixes and correct the pay practices behind the gaps.

Systemic gaps call for verified findings, a funded and phased plan, and changes to the underlying practices so that gaps do not reopen. Working with counsel helps protect the analysis and meet each country's legal requirements. One-time adjustments without fixing root causes let gaps return, and limiting action to reporting countries ignores equal pay obligations and ethical risk elsewhere.

226. Answer: A — Present the link as directional evidence, control for store traits such as size and location, and track whether trained stores improve.

Linkage research is valuable for a business case but shows association, which store differences like location or size may partly explain. Controlling for those traits and tracking outcomes after training builds stronger evidence. A large sample rules out chance, not confounding or reverse causality, so calling the finding proof overstates it.

227. Answer: B — Adopt an observance policy with inclusive criteria for all faiths, voluntary participation, and no endorsement.

A policy that applies the same criteria to observances across faiths, keeps participation voluntary, and avoids any sense that one religion is the company's own lets the company recognize diversity without favoritism. A single leadership-favored event, even if voluntary, signals which faith is valued and can affect perceptions of fairness. Banning all observances is allowed but gives up an inclusion opportunity the executive wants to pursue.

228. Answer: B — Thanking people who raise concerns or bad news and visibly following up

Psychological safety grows when leaders frame work as learning, invite input and respond productively when people raise problems; how a leader reacts to the first concerns teaches everyone whether speaking up is safe. A hotline is a useful backstop but does not change the climate with leaders. Rewarding error-free reports teaches people to hide problems.

229. Answer: C — A large gap between members' expectations and the agreement's terms

Tentative agreements are most often rejected when members expected more than the deal delivers, especially after strong company results, visible executive pay or better settlements elsewhere. A united bargaining team, clear communication of terms and a deal in line with comparable settlements all tend to support ratification.

230. Answer: B — To keep messages consistent and avoid contradictions that damage credibility

Designating one primary spokesperson with coordinated messages prevents conflicting statements, which confuse stakeholders and erode trust in the organization's account of events. Limiting information is tempting, but the principle concerns consistency, and the organization should still share information promptly. No general legal rule restricts a company to one spokesperson.

231. Answer: A — Religious expression is protected, but unwelcome conduct targeting coworkers can be limited

Title VII protects religious expression, and employers must accommodate it unless it would cause undue hardship. Courts have recognized that repeated, unwelcome religious criticism aimed at coworkers can disrupt work and expose the employer to harassment claims, so a policy may limit such conduct. A total ban would fail to accommodate religious practice, and protection for coworkers does not depend on their own beliefs.

232. Answer: C — A measure that becomes a target gets optimized and stops reflecting the real goal

This is Goodhart's law: once time-to-hire became a bonus target, managers found ways to move the number, such as rushing selection, that undercut the outcome the metric was meant to signal, which is quality hiring. Regression to the mean could explain a one-time swing but not a sustained improvement paired with a related decline elsewhere. The remedy is to pair efficiency targets with quality measures so no single number can be gamed.

233. Answer: D — Clear decision rights, including authority to approve, require changes to, or halt HR AI tools based on risk review

Governance bodies fail most often when they can discuss risk but not act on it. A charter that defines decision rights, including the power to approve, require changes or stop tools after a structured risk review, makes the council accountable and effective. An information-sharing forum leaves the real decisions scattered across business units, and complaint-driven review is reactive.

234. Answer: A — Listen to the union president's concerns and agree on a few concrete near-term steps both sides can follow through on.

After a bitter dispute, trust is rebuilt through listening and small, reliable actions more than through announcements. Agreeing on a few concrete steps and following through gives both sides evidence of change. A polished partnership plan presented in the first meeting can look like spin, and reopening economic terms is a costly gesture that does not address the relationship and may set a poor precedent.

235. Answer: A — Whether the drop exceeds normal sampling variation for a group of this size

With only 14 respondents, one or two people changing answers can move the score several points, so the CHRO must first judge whether the change is larger than random variation, for example by checking the margin of error or looking for a sustained trend over several periods. Comparing the drop with the company-wide change is tempting, but that larger group's figure is far more stable and is not the right yardstick. Coaching the manager acts before establishing that a real change exists.

236. Answer: B — Analyze effects on caregivers, accommodated employees and proximity bias, then present options.

Before the decision is final, the CHRO should give the CEO an analysis of who will be affected, including ADA accommodation obligations that require individual review, likely attrition of caregivers and the risk of proximity bias in assignments and promotions. Announcing first ignores existing accommodations. Blanket exemptions bypass the individualized interactive process, and a manager-only survey misses the inclusion effects entirely.

237. Answer: B — Press agentry

The press agentry (publicity) model is one-way communication focused on gaining attention, often through exaggeration, with accuracy treated as secondary. The public information model is also one-way but values accurate, truthful information. Both two-way models use research and feedback, which this team does not.

238. Answer: B — Evidence of measurement equivalence showing that items and scores function the same way across languages and cultures.

Scores can be compared across groups only if the instrument measures the same construct in the same way in each, which is tested through measurement invariance or equivalence analysis. Good translation is necessary but does not show that items carry the same meaning or difficulty. Similar averages do not demonstrate equivalence, and country quotas sidestep the question rather than answer it.

239. Answer: D — Market culture

The Competing Values Framework (Cameron and Quinn) places market culture in the quadrant combining an external focus with stability and control, emphasizing competition, goals and results. Clan culture is internally focused and collaborative, adhocracy is external but centered on innovation and flexibility, and hierarchy is internal and focused on control and efficiency.

240. Answer: A — Sustained cost run-rate, regrettable talent loss, customer metrics and speed of key decisions

A restructuring should be judged against its goals and its risks: whether savings held as a run-rate, whether the company lost talent it needed, whether customers were affected, and whether decision-making actually became faster. Positions cut and severance paid measure activity, not results. Engagement and structural counts are useful context but do not show whether the business outcomes were achieved.

241. Answer: D — Withdrawal liability for the company's share of the plan's unfunded vested benefits

Under ERISA as amended by the Multiemployer Pension Plan Amendments Act, an employer that permanently stops contributing or closes covered operations can owe withdrawal liability: its allocable share of the plan's unfunded vested benefits, often payable over many years. Being current on contributions does not eliminate this exposure, which can dwarf the remaining contract obligations. The liability arises from the employer's withdrawal, not from a trustee decision to terminate the plan.

242. Answer: D — Investigate the complaints, then pair any training with accountability measures such as outcome tracking and mentoring.

Specific complaints first require prompt investigation and corrective action, and lasting change comes from structures that hold leaders accountable for outcomes rather than from one-time mandatory training, which research links to weak or negative effects. Training can play a supporting role. A hotline improves reporting but does not address the underlying behavior, and training only named managers before an investigation prejudges the outcome.

243. Answer: D — Card check relies on verified signed cards; elections use an NLRB-run secret ballot

In voluntary recognition, the employer agrees to recognize the union once a majority of the unit has signed authorization cards, usually checked by a neutral third party, with timing set by the parties' own agreement. An election is a secret-ballot vote conducted and scheduled by the NLRB after a petition backed by at least a 30% showing of interest, and the union wins with a majority of votes cast. The 30% figure is the threshold to petition, not a basis for recognition.

244. Answer: B — Treat her report as likely protected, block adverse moves and have the concern investigated

FCA protection covers lawful acts in furtherance of a qui tam action and other efforts to stop violations, which can include internal reports, so a qui tam suit need not be filed. Remedies include reinstatement, double back pay with interest, special damages and attorney's fees, so a transfer right after her report is a serious risk. Asking whether she has contacted the government can itself look like intimidation.

245. Answer: D — Take reasonable steps to remedy it, such as raising it formally and engaging counsel.

Under ERISA's co-fiduciary rules, a fiduciary who knows of another fiduciary's breach is liable unless he makes reasonable efforts to remedy it. Raising the issue formally, involving ERISA counsel and acting to stop the arrangement are such efforts. Staying silent or resigning without acting can leave the HR director liable, and an informal mention with no follow-up is unlikely to be enough.

246. Answer: C — Frequent reassurance, support and a safe space to experiment while performance dips

The chaos stage follows the arrival of the foreign element and is marked by confusion, emotional reactions and erratic performance, so leaders should provide frequent communication, support and psychological safety while people search for a transforming idea. Pushing for prior productivity is tempting, but it heightens anxiety during a dip the model treats as normal. Recognizing integrated practices fits the later practice and integration stage.

247. Answer: A — Fund a pilot with comparison units and agreed metrics that decide scale-up

A staged evidence approach matches the investment to the strength of evidence: a limited pilot with comparison groups and pre-agreed success measures produces company-specific evidence before full funding. Outside studies are useful context but do not answer the CEO's question for this company. A correlation is not causal proof, and waiting for a trial that cannot be run blocks a decision that a reasonable standard could support.

248. Answer: D — Compare pilot and similar non-pilot offices on baseline and post-pilot output, engagement and turnover data.

A credible design uses a comparison group and baseline data and tracks a balanced set of measures such as productivity, engagement, retention and client outcomes, so leaders can attribute change to the pilot. An end-of-pilot preference survey is tempting but measures popularity, not impact. A single metric misses ER effects, and an old firm-wide benchmark cannot isolate the pilot's effect.

249. Answer: B — Laws, labor bodies and cultural norms differ by country, so local input shapes needed variations

A global AI policy must work within each country's laws, works council or union consultation duties, and cultural expectations, so local input identifies where variations are needed while preserving common principles. Local HR approval and employee votes are not general legal prerequisites. Letting each country replace the policy defeats the purpose of a global standard.

250. Answer: A — Talent supply, competition for key skills, prevailing wage levels and the local education pipeline

HR's core contribution to site selection is labor market analytics: how many people with the needed skills are available, how many employers compete for them, what they are paid and whether schools and colleges will keep supplying them. Real estate, tax and logistics data matter but come from finance and operations. Relocation preferences and current headcount are inputs to later staffing plans, not to the location choice.

251. Answer: C — Meet the CFO privately to understand the concerns and co-develop the model's financial measures

A powerful peer's opposition is best addressed one-on-one by understanding the underlying concerns and giving the CFO a stake in the solution, which can turn a resister into a co-owner. Escalating to the CEO may force compliance but damages the relationship and leaves the doubts in place. A public rebuttal invites a contest in front of the team, and bypassing the CFO leaves the model without finance credibility.

252. Answer: C — Reputational and employee-relations harm from a perception of silencing workers

The Supreme Court upheld class-action waivers in employment arbitration agreements in Epic Systems (2018), so enforceability is not the main concern. The strategic trade-off is that employees, candidates, investors and the public may see mandatory arbitration as a way to hide misconduct, which can hurt trust, recruiting and brand. Arbitration awards are not generally larger than jury verdicts, and bargaining duties arise only where employees are represented.

253. Answer: C — In-group bias rooted in employees' identification with their former company

Social identity theory explains that people favor their own group and view outsiders less positively, so legacy-company identities become in-groups and out-groups that fuel conflict long after integration. Integration plans therefore need a new shared identity, mixed teams and visible fairness across legacy groups. Role ambiguity and pay inequity can add friction, but the persistent "us versus them" labeling points to identity-based bias.

254. Answer: D — Reskill and redeploy the 250 with adjacent skills, and give the rest severance and placement support.

Redeploying employees with adjacent skills costs far less than external hiring ($8,000 versus $25,000 per person) and protects the company's reputation as a major local employer, while severance and placement support treat the remaining employees fairly. Reskilling all 400 is tempting because it avoids layoffs, but it spends money on people without a realistic path to the new roles; holding everyone until attrition is costly and delays the business case.

255. Answer: D — Handbook language promising that progressive discipline steps will precede any termination

Promises that discipline will always follow fixed steps, or assurances of job security, can be read as limiting the employer's right to terminate and create an implied contract. A clear at-will acknowledgment and disclaimer reduces that risk. Documented reviews and scheduling rules do not promise continued employment.

256. Answer: B — $200,000

Expected cost = (0.60 x $80,000) + (0.40 x $380,000) = $48,000 + $152,000 = $200,000, which also equals the certain $80,000 in fees plus 0.40 x $300,000. Computing only the expected award gives $120,000, counting only the loss branch gives $152,000, and forgetting the fees in the loss branch gives $48,000 + $120,000 = $168,000.

257. Answer: A — Let strong technical experts advance in pay and status without having to move into management

A dual career ladder recognizes that some valuable contributors should advance through deeper expertise rather than by supervising others. Parallel levels and pay ranges let them grow in pay and status without being pushed into management roles they may not want or be suited for. The ladder does not necessarily reduce levels, guarantee higher pay than managers, or serve mainly as a fallback for managers.

258. Answer: B — Units may compete internally for results and hoard resources or information instead of sharing them.

A dominant market culture is externally focused and results-driven, which can boost performance but also encourage internal competition, short-term thinking and reluctance to share across units. Excessive caution reflects hierarchy, overemphasis on well-being reflects clan, and scattered experimentation reflects adhocracy.

259. Answer: D — Add annual auto-escalation and restructure the match so employees must save more to earn the full amount.

Participation is already high, so the problem is low savings rates, and auto-escalation uses inertia to raise deferrals each year. A stretch match, such as 50% of the first 6% of pay, encourages higher saving for a similar employer cost. Raising the match while leaving the default at 3% does little for employees who never change their election, and education alone rarely overcomes inertia.

260. Answer: A — Practices that reinforce one another create synergy, while mixed signals weaken them.

The configurational view holds that HR practices work as systems: when selection, development and rewards all send the same message, their effects reinforce each other, and inconsistent practices can cancel each other out. A purely additive effect is the universalistic view the research challenges. Bundles are in fact harder for competitors to copy, which is part of their strategic value.

261. Answer: D — Limiting the panel to whether policy was followed fairly, with trained, mostly peer members chosen randomly

A peer review panel is credible when it has a peer majority, trained members chosen without management control, and a clear scope of deciding whether policy was applied fairly. Having the panel deal with management over pay and policies could make it an employer-dominated labor organization under the NLRA. Manager-picked panels and purely advisory decisions undercut employees' trust in the process.

262. Answer: C — $2,250,000

Add the three funds and apply the total to payroll: 3% + 1% + 0.5% = 4.5%, and $50,000,000 x 0.045 = $2,250,000. $1,500,000 counts only the merit fund, $2,000,000 leaves out the market adjustment fund, and $22,500,000 applies 45% instead of 4.5%.

263. Answer: B — Statistical significance shows the effect is unlikely to be chance, not that it is large enough to pay off.

Large samples can make very small effects statistically significant. Practical significance asks whether the effect size matters: about 4,000 sick days saved a year may be worth far less than $3 million. A large sample does not make a false positive more likely, and significance does not depend on a fixed minimum effect size.

264. Answer: D — Model total costs and expected hire quality for both options over a three-year horizon

Building an in-house team has startup costs, such as technology, sourcing tools and ramp-up time, that a one-year comparison would distort, while savings build over several years. A three-year model of total cost and quality measures, such as retention and performance of hires, captures the full trade-off. Assuming in-house is cheaper skips the analysis, and manager preference is useful input but not a business case.

265. Answer: D — Show data on the programs' business value and propose a scaled-back plan that keeps core ones.

The CHRO should engage the CFO on business terms, using evidence on engagement and customer impact, and offer a reprioritized plan that protects the highest-value programs while sharing in cost reductions. Accepting a total cut ignores measurable value, while refusing any cut ignores the real financial pressure. Shifting the cost to employees could hurt the engagement the programs are meant to support.

266. Answer: B — Present the analysis, invite the CEO's challenge, and propose a targeted test of manager fixes.

The CHRO should challenge a costly assumption with evidence while staying open to the CEO's questions, and a targeted pilot gives a low-risk way to test the manager explanation. Carrying out the raise without raising the data fails the CHRO's advisory role. Going around the CEO to the board damages the relationship, and a compromise raise still spends money on the wrong cause.

267. Answer: B — Total value an employee contributes over tenure, minus the costs to hire, develop and retain them

Employee lifetime value estimates the net value an employee creates across the whole employment relationship: what they contribute minus what it costs to acquire, develop and keep them. Longer tenure and faster time to productivity raise it, which supports retention spending. Total pay counts only costs, revenue per employee ignores costs and individual differences, and replacement cost measures turnover cost, not lifetime value.

268. Answer: C — Identifying the workforce topics that matter most to the business and stakeholders

A materiality assessment prioritizes the topics that most affect enterprise value and matter most to stakeholders, such as turnover in critical roles or safety, so the report focuses on what is significant. Data assurance and benchmarking are separate activities. Disclosing every available metric tends to bury what matters and is the opposite of a materiality-based approach.

269. Answer: A — Pipeline coverage is leading and first-year turnover is lagging; together they show risk and results.

Pipeline coverage signals future ability to fill critical roles, so it is a leading indicator, while first-year turnover reports the outcome of hiring decisions already made, so it is lagging. Boards need leading measures to act before problems occur and lagging measures to confirm whether the talent strategy is working.

270. Answer: D — Seek counsel on lawful limits to disclosure and raise the operating decision with leadership.

A conflict between host-country law and core values calls for legal analysis of what must be disclosed and any lawful ways to limit it, followed by an executive decision on whether and how to keep operating. Complying without question abandons the company's values and may expose employees to harm, while refusing and carrying on exposes the company and employees to penalties. Shifting the duty to employees does not resolve it.

271. Answer: C — Diminish strategies, such as excuse and justification, along with instructing information

An unintentional technical error falls in SCCT's accidental cluster, where stakeholders attribute low responsibility. Coombs recommends instructing and adjusting information plus diminish strategies, such as excuse (minimizing intent or control) and justification (minimizing perceived damage), when there is no crisis history. Instructing information alone fits the victim cluster, and a full apology is reserved for preventable crises involving negligence or misconduct.

272. Answer: D — Provide relevant information and, if confidentiality is a real concern, bargain over safeguards.

Under the NLRA, the duty to bargain includes furnishing information relevant to the union's representational duties, and information about how unit employees are evaluated and their quotas set is presumptively relevant. A legitimate confidentiality interest does not justify a flat refusal; the employer must raise it and seek an accommodation, such as a confidentiality agreement or limited disclosure. Relevance does not depend on a pending grievance or on who built the system.

273. Answer: D — Treat AI insights as one input at most, while the board leads a structured, evidence-based choice.

A tool validated for mid-level hiring has no evidence of validity for CEO roles, and with only three candidates statistical predictions are weak, so it cannot responsibly decide the outcome. Bias is better reduced through a structured process with clear criteria, multiple sources of evidence and board deliberation. Rejecting all data discards useful rigor, and sharing rankings among rival candidates would damage confidentiality and relationships.

274. Answer: C — Ask the CRO to add quality measures and clawbacks tied to complaints and cancellations before the plan is approved.

Incentives that reward only volume push people toward the conduct the code forbids, a lesson from well-known sales-practice scandals. Fixing the design before approval, with quality gates and recovery of commissions on bad sales, lines up pay with the code. Monitoring and training treat symptoms while the plan keeps rewarding the wrong behavior, and going around the CRO damages a partnership the CHRO needs to fix the design.

275. Answer: B — Reclassifying is not an admission of liability, and conceding past error creates evidence.

Changing a classification does not by itself establish that the old classification was unlawful, so accurate messaging focused on current duties and consistency avoids creating a written admission. The messaging must still be truthful and paired with a defensible rationale. Voluntary reclassification does not cut off claims for past periods, and the FLSA has no advance notice requirement for reclassification.

276. Answer: D — Give staff access to the hotline and train high-risk roles and agents on anti-bribery rules first.

Integration should follow risk: in a high-corruption market with heavy agent use, opening a reporting channel and training the people and third parties most exposed to bribery addresses the biggest risk quickly. Rolling out everything at once spreads effort thin and overwhelms staff. Seller warranties offer a financial remedy after the fact but do not prevent misconduct the acquirer will be liable for going forward.

277. Answer: A — Define the leader capabilities the entry strategy requires in each market and assess local talent.

Building local leaders starts with defining what leaders must be able to do in each market, given the entry strategy and local context, and assessing the available talent pool; development choices follow from that gap. Translating U.S. content assumes it fits the local context, while expatriate staffing and MBA partnerships are possible tactics that should be chosen only after the needs are clear.

278. Answer: C — Shift spending toward sources that deliver the best quality and retention per dollar and drop weak ones.

Source-effectiveness data let the CHRO reallocate funds to channels that produce the best results relative to their cost and drop or shrink those that underperform. Across-the-board cuts ignore performance differences, the most expensive source may also be the most effective for critical roles, and relying on a single source creates capacity and diversity risks.

279. Answer: B — Start with lighter coordination tools, such as account teams, before a full matrix

A matrix demands mature managers, shared information and strong conflict-resolution skills, which this company lacks. Lateral mechanisms such as account teams, liaison roles or shared goals can deliver cross-selling with less complexity while capability grows. Escalating every dispute to the CEO would overload the top and slow decisions.

280. Answer: D — Analyze nonfinancial drivers such as culture, autonomy and decision rights, and address them.

The bonuses kept engineers only until they paid out, and exit interviews point to culture and autonomy as the real reasons for leaving. Addressing those nonfinancial drivers, such as decision rights, team structure and integration pace, gets at the cause. Larger bonuses, longer vesting or clawbacks only delay the same departures because they leave the underlying problems unchanged.

281. Answer: C — Present the data and propose live sessions for high-risk roles, with shorter digital training elsewhere.

Evidence linking workshops to earlier reporting makes a business case, and a risk-based mix keeps the most effective training where risk is highest while meeting the cost concern. Refusing any change ignores a legitimate budget question. No federal rule requires live ethics training for all employees, so citing one would be inaccurate.

282. Answer: D — Measure value delivered by the 120 who stayed, and add retention levers such as pay for the new skills.

The CFO's concern deserves data: the return should be measured on the 80% retained and the work they now deliver, and the attrition shows the new skills have market value the company is not yet paying for. Pairing reskilling with retention levers such as skill-based pay and career paths protects the investment. Repayment agreements may deter some departures but face growing legal scrutiny and do not fix the underlying pay gap.

283. Answer: A — Withdrawal liability is the company's share of the plan's unfunded vested benefits and is generally payable in installments even while disputed.

Under ERISA as amended by the Multiemployer Pension Plan Amendments Act, a complete or partial withdrawal makes the employer liable for its allocable share of the plan's unfunded vested benefits, and payments generally must begin on the plan's schedule even while the employer disputes the amount (pay now, dispute later). That cash obligation belongs in the closure business case at its present value. The liability does not depend on the plan failing, and it is set by the plan sponsor, not negotiated away through severance.

284. Answer: C — The mandatory rule applies only after an accounting restatement, so it does not reach misconduct that causes harm without one.

Rule 10D-1 requires recovery of erroneously awarded incentive pay after an accounting restatement, regardless of fault. It does not reach ethical failures, such as harassment or reputational harm, that never lead to a restatement, so boards add misconduct triggers. The other choices misstate the rule: it is no-fault, covers current and former executive officers, and applies to incentive-based pay rather than base salary.

285. Answer: B — Keep core feedback principles but train managers to adapt delivery to local norms

A global feedback framework should hold common principles, such as timely, specific and fair feedback, while teaching managers to adjust how directly and where they deliver it, for example giving critical feedback privately in cultures where public criticism causes loss of face. Rigid uniformity ignores the engagement problem. Abandoning the model removes consistency, and written-only feedback through HR loses the value of conversation.

286. Answer: A — $300,000

Daily revenue is $1,200,000 / 240 working days = $5,000, so 60 days of vacancy costs 60 x $5,000 = $300,000. Dividing by 365 calendar days gives $197,260, which mixes working and calendar days, and treating 60 days as two months gives $200,000. The $900,000 figure is the revenue that is not lost.

287. Answer: D — Map tasks to emerging roles, then reskill and redeploy staff with adjacent skills and hire externally only for gaps

With a three-year horizon, valuable institutional knowledge, and new roles that build on existing skills, a task-level analysis followed by reskilling and redeployment preserves capability and usually costs less than replacing people, with hiring reserved for true gaps. Hiring externally while reducing affected jobs discards customer and process knowledge the new roles need. Waiting forfeits the lead time that reskilling requires.

288. Answer: B — Align the performance management system to reward the leadership behaviors the program teaches.

The program is well received, but the performance management system signals that only short-term output matters, so managers have little reason to apply what they learned. Aligning goals, evaluations and pay with the desired leadership behaviors addresses the systemic cause. Redesigning or scaling the program and changing the survey all leave the misalignment in place.

289. Answer: D — Fix gaps in substantially equal jobs with the largest unexplained shortfall first, with a dated plan for the rest.

The highest legal exposure lies in unexplained gaps between people doing substantially equal work, and the largest gaps grow back pay fastest, so they should be fixed first under a committed, dated schedule. The Equal Pay Act forbids closing gaps by lowering anyone's pay. Turnover-based priorities do not track legal risk, and spreading money evenly can leave the most serious gaps open.

290. Answer: A — Employees may now interpret the item differently, so it may not measure the same thing as before.

Comparing scores over time assumes measurement invariance, meaning the item means the same thing to respondents each year. When managers' roles change, employees may judge "effective" against new expectations, so a lower score could reflect a changed frame of reference rather than worse management. Testing invariance, or adding items tied to the new role, helps separate real change from shifts in meaning.

291. Answer: A — 17.5%

MAPE averages the absolute errors as percentages of the actual values: Unit A |120 - 100| / 100 = 20%, Unit B |170 - 200| / 200 = 15%, and (20% + 15%) / 2 = 17.5%. Averaging signed errors (+20% and -15%) yields 2.5% because over- and under-forecasts cancel, which hides real inaccuracy. Dividing total absolute error by total actual headcount (50 / 300 = 16.7%) is a different, weighted measure, and 35.0% sums the percentages without averaging them.

292. Answer: B — Retain key leaders through the sale, fix HR compliance gaps buyers would find, and document talent depth and succession.

Buyers pay for a business that will keep performing, so retention of key leaders (often through sale or retention bonuses), clean HR due diligence findings such as worker classification, benefits and policy compliance, and evidence of bench strength protect value. Cutting benefits sharply just before a sale can trigger turnover and will be noticed as a one-time adjustment in diligence. Employer branding has little direct effect on deal value.

293. Answer: D — A volunteer network that works alongside the traditional hierarchy to speed strategic initiatives

In "Accelerate," Kotter proposes keeping the hierarchy for reliable day-to-day operations while adding a flexible, network-like structure staffed by volunteers from across levels to sense opportunities and drive strategic change quickly. A matrix is a formal reporting structure, the network supplements rather than replaces the hierarchy, and extra approval steps would slow change instead of speeding it up.

294. Answer: A — Present a balanced view that includes the leadership data, with context on causes and the actions planned.

The board needs a complete, accurate picture to exercise oversight, and selectively presenting only flattering data misleads even when each number is technically true. Adding context and planned actions lets leadership address the concern constructively. Sending the leadership data separately looks like a compromise, but it still frames the meeting discussion on an incomplete picture.

295. Answer: C — Process grievances on time under the contract, analyze them for recurring themes, and use the themes to shape bargaining priorities.

A pre-bargaining surge may be partly tactical, but recurring themes such as overtime distribution are real data about contract problems that can inform bargaining. Meeting contractual timelines avoids procedural defaults and bad-faith claims. Deliberate delay can breach the contract, settling everything in the union's favor creates costly precedents, and asking for withdrawal ignores the employer's duty to process grievances.

296. Answer: D — Analyze the work to decide which roles are core and ongoing, then convert those roles to regular positions.

Long-term temps doing core, ongoing work create co-employment risk, weaken quality and commitment, and often cost more than regular staff once markups and turnover are counted. Analyzing which work is truly variable lets the CHRO keep a smaller flexible buffer while converting steady roles to employees. Changing agencies or raising temp pay treats symptoms, and the flexibility argument ignores that the demand has been stable for two years.

297. Answer: A — 89%

Weighted composite = (0.50 x 90) + (0.30 x 80) + (0.20 x 100) = 45 + 24 + 20 = 89%. A simple average of the three attainment levels gives 90%, which ignores the weights. Applying the weights in reverse order gives 92%, and swapping the first two attainment levels gives 87%.

298. Answer: A — Exclude the time from hours worked under the terms of, or custom under, the bargaining agreement.

Section 203(o) lets time spent changing clothes at the beginning or end of the workday be excluded from hours worked if the exclusion is an express term of, or a custom or practice under, a bona fide collective bargaining agreement. The Supreme Court in Sandifer v. U.S. Steel held that protective gear designed and used as clothing can count as 'clothes.' The de minimis doctrine covers only small, irregular amounts of time, and individual waivers of FLSA wages are not valid.

299. Answer: C — Payouts depend on weighted goals across financial, customer, internal process and people measures tied to strategy.

A balanced scorecard plan links pay to a weighted mix of financial and nonfinancial measures, typically customer, internal process and learning or people goals, that together reflect strategy. The nonfinancial measures are leading indicators, not tiebreakers. Year-end reweighting undermines the plan's integrity, and balancing time horizons on financial goals alone describes a different design.

300. Answer: C — Managers' skill in conducting the interviews, along with tracking whether they follow through on what they learn.

Stay interviews build retention through the manager relationship, so managers must be able to hold the conversation and then act on what they hear. Tracking follow-through prevents the program from becoming a box-checking exercise. Outsourcing removes the relationship benefit, and timing or rigid scripts matter less than action.

301. Answer: C — Balance volume goals with quality and customer outcomes, backed by controls and clawbacks for misconduct

When incentives reward volume alone under heavy pressure, they create a structural conflict between employee pay and customer interests, so the plan itself must change. Quality and customer measures, monitoring controls, and the ability to recover pay for misconduct realign behavior. Training and certifications leave the same pressure in place, and firing individuals treats the symptom while the plan keeps producing the problem.

302. Answer: A — Insight into workforce impact, skills, culture and employee trust to shape each AI deployment decision.

The other members already cover technology, finance, law and risk, so the CHRO's distinct value is the people perspective: how AI changes work, what skills are needed, and how culture and trust will be affected. Technical model evaluation belongs with the CIO, and legal review belongs with the general counsel, though HR contributes to both. Tracking headcount savings is a reporting task, not a strategic contribution.

303. Answer: D — Brief the CEO on the gap and options, then present an agreed plan with the strategy

A leadership supply gap of this size is a material execution risk, so it must be addressed before approval, and the CHRO should work through the CEO first with data and options (build, buy, borrow, phasing) so the board sees a credible, unified plan. Raising it with the board first blindsides the CEO and damages trust. Hiring before approval commits resources prematurely, and waiting until after approval leaves the board deciding without key information.

304. Answer: B — Pay range information for applicants, gap reporting, and joint pay assessments when unexplained gaps reach 5%.

The Directive requires employers to give applicants initial pay or pay range information and bans asking about pay history. Employers above set size thresholds must report gender pay gaps, and if a gap of at least 5% in a category of workers is not justified by objective, gender-neutral factors and not fixed within six months, a joint pay assessment with worker representatives is required. It does not require publishing individual salaries, and gap reporting phases in by employer size.

305. Answer: B — It aligns HRBPs with business priorities while keeping HR standards and objectivity

The dotted line keeps HRBPs close to the business and its priorities, while the solid line to HR protects professional standards, policy consistency and the objectivity HRBPs need to challenge leaders when necessary. Dual reporting does not replace centers of expertise, which HRBPs rely on. Making HRBPs mainly advocates for unit leaders would undermine the independence the solid line is meant to protect.

306. Answer: C — When it contains no threat of reprisal or force and no promise of benefit

Section 8(c) protects employer speech about unionization, and it cannot be evidence of an unfair labor practice, as long as it contains no threat of reprisal or force and no promise of benefit. The protection does not depend on the format, who delivers it or advance legal review. The NLRA does not require employers to give unions equal time.

307. Answer: C — $53,600

Present value of savings = 80,000/1.1 + 80,000/1.1^2 + 80,000/1.1^3 + 80,000/1.1^4 = 72,727 + 66,116 + 60,105 + 54,641 = $253,589. NPV = 253,589 - 200,000 = about $53,600, so the project creates value. $120,000 ignores discounting, $253,600 forgets to subtract the investment, and -$1,100 counts only three years of savings.

308. Answer: C — To ask a federal court for temporary relief, such as reinstatement, while the Board case proceeds

Section 10(j) lets the Board ask a federal district court for a temporary injunction pending its own decision, often to reinstate discharged organizers so the campaign is not chilled while the case is litigated. In 2024 the Supreme Court held in Starbucks v. McKinney that courts apply the traditional four-factor test for injunctions. Final back pay comes from the Board's order, and 10(j) does not certify unions or create criminal liability.

309. Answer: D — Split it into childbirth recovery leave and bonding leave offered equally to all parents

Leave for the physical recovery from childbirth can lawfully be limited to people who gave birth, but leave to bond with or care for a new child must be offered on equal terms regardless of sex. Separating the two components makes the distinction defensible. Caregiver tests applied only to fathers create the same problem, and cutting maternity leave to 2 weeks removes legitimate recovery leave and hurts retention.

310. Answer: D — Audits are periodic snapshots that suppliers can prepare for, using coached workers or duplicate records.

Social audits are often announced or predictable, short and document-based, so suppliers can coach workers, hide subcontracting or keep double books. Many experts therefore recommend supplementing audits with worker voice channels, unannounced visits, grievance mechanisms and supplier capacity building. Audits can include worker interviews, but fear of retaliation often limits what workers say.

311. Answer: A — Why women are concentrated in lower levels, examining hiring, promotion and assignment patterns.

A gap explained by level means equal pay for equal work may be largely in place, but it points to occupational segregation: women are not reaching higher-paid levels. The strategic question is why, which requires examining hiring placement, promotion rates and access to developmental assignments. Manipulating the model or rounding results misrepresents the data, and blanket raises treat a symptom rather than the cause.

312. Answer: A — Allocate by agreed usage drivers, such as requisitions filled and cases handled by each unit

Objective criteria tied to what drives cost, such as requisitions filled and cases handled, produce a fair allocation both sides can accept on principle. Headcount allocation ignores the unequal usage that started the dispute, and an even split is arbitrary. Leaving the presidents to bargain alone invites a power contest rather than a principled resolution.

313. Answer: A — Train managers to resolve conflict early and include conflict handling in their performance expectations

Building conflict competence where conflict starts, with manager skills reinforced through accountability, addresses the cause and lowers escalations over time. Adding HR staff or outside mediators handles more cases without reducing their number, and a hotline adds another escalation path rather than resolving conflicts at the team level.

314. Answer: C — Build a tiered policy based on assignment type and location data, with unit leaders helping set the criteria

Tying allowances to objective factors such as assignment purpose, length and location cost and hardship data produces fairness across units, and involving unit leaders in the criteria builds their support. Leveling up to the richest package is costly and may not fit every assignment, and leveling down hurts recruiting. Hiding packages does not fix the inequity and erodes trust.

315. Answer: C — Gather facts on the breach and remediation, then reassess the vendor under a documented process.

Fiduciaries must prudently select and monitor service providers, so the committee should promptly learn what happened, what was exposed and what the vendor is doing to fix it, then decide whether to retain or replace it based on documented findings. Terminating immediately can disrupt participants and may not be warranted without facts. Deferring entirely to the vendor or waiting for an annual review falls short of the monitoring duty.

316. Answer: D — Analyze data on collaboration, performance, and attrition risk to shape the decision

The CHRO's role is to bring evidence to a high-stakes decision: how work arrangements affect collaboration, performance, retention of key talent and culture, so leaders can choose a policy suited to the strategy. Simply implementing the mandate skips that counsel. Employee preference is one input but should not decide the policy alone.

317. Answer: B — Red-tape crisis, resolved by growth through collaboration

Greiner's coordination phase uses formal systems to unify decentralized units, but those systems eventually create a red-tape crisis. The solution is growth through collaboration: team-based problem solving, matrix arrangements, simpler systems and more interpersonal coordination. The control crisis precedes the coordination phase rather than following it.

318. Answer: B — Match each listening method to a decision it informs, such as census for strategy and lifecycle surveys for key transitions.

An effective listening strategy is designed around the decisions leaders need to make, with each method chosen for the question and timing it serves and coordinated to limit burden. More channels without a purpose create fatigue and unused data. Passive data shows behavior but not the reasons behind it, and frequent full censuses increase fatigue.

319. Answer: A — Rebalance executive bonus measures toward retention and customer value, away from volume

Executives do what they are paid to do, so incentives tied to the old volume metric send a stronger signal than any message about retention. Aligning the bonus measures with the new strategy removes that conflict. Time-vested stock lengthens the horizon but does not reward retention specifically, and frontline bonuses leave the conflicting executive signal in place.

320. Answer: D — Position HR as a steering team partner on workforce planning, change, labor relations and risk.

When a peer executive owns an initiative with heavy people implications, the CHRO should add value inside that initiative, bringing expertise in workforce planning, bargaining obligations, change and legal risk while respecting the COO's ownership. Acting only as a processor leaves major risks unmanaged. Asking the CEO to impose co-ownership damages the peer relationship, and a parallel program fragments the message.

321. Answer: A — Clarify decision rights with a responsibility matrix and an escalation path for conflicts.

Role conflict in a matrix usually comes from unclear decision rights, so defining who decides, who is consulted and how conflicts get escalated keeps the matrix's benefits while reducing confusion. Abandoning the matrix is a drastic step that sacrifices the product focus the organization chose. Training staff puts the burden on the people with the least authority to resolve it.

322. Answer: D — Escalate the report to the board's audit committee and urge outside investigators.

Allegations against a senior executive with a close tie to the CEO call for an investigation that is independent of management, so the board (usually the audit committee) should oversee it with outside investigators. Routing it through the CEO creates a clear conflict of interest. Interviewing the COO first, before planning and gathering evidence, risks tipping off the subject and compromising the investigation.

323. Answer: A — Key-role vacancies, successor coverage for critical roles, and regrettable turnover

Boards need forward-looking measures of whether the company has the talent to execute strategy, such as vacancies in key roles, ready successors for critical positions and the loss of people the company wanted to keep. The other sets are operational or efficiency metrics that matter to HR management but say little about strategic talent risk. Overall turnover, for example, does not tell regrettable losses apart from healthy ones.

324. Answer: D — It affects unit employees' job security, which makes it a mandatory subject of bargaining

Under the NLRA as interpreted in Fibreboard, replacing unit employees with a subcontractor doing the same work under similar conditions is a mandatory subject because it affects terms and conditions of employment. The employer must bargain in good faith but doesn't need the union's approval, and WARN imposes notice duties rather than bargaining duties.

325. Answer: C — Invest in culture, leadership practices and talent systems that are hard to copy because they develop over time.

Benefits and pay are easy for competitors to observe and match, so they rarely sustain an advantage. Culture, leadership quality and integrated talent systems are built over years, are causally ambiguous and are embedded in the organization, which makes them hard to imitate. Raising benefits, adding new ones or shifting to pay all invite another round of matching by a larger rival.

326. Answer: D — Central monitoring, more reliable data flows and easier replacement of individual applications

An integration platform centralizes connections, so failures are detected and monitored in one place, data flows are standardized and reliable, and one application can be swapped without rebuilding dozens of custom feeds. It does not remove the need for data governance, reduce the number of applications by itself, or perform payroll calculations.

327. Answer: C — Cross-training, documented processes, and deeper benches for critical roles

Resilience comes from removing single points of failure: cross-training several people, documenting critical processes, and building successor depth for key roles. Retention bonuses keep the same people but leave the dependency in place, and a manual that names one person per process repeats it. Outsourcing shifts the dependency to a vendor rather than removing it.

328. Answer: A — It improves alignment and reduces duplicate work, but it requires excluding confidential goals and decoupling OKRs from pay.

Transparency helps teams see dependencies, spot duplicated effort and align with company priorities. The risks are exposing sensitive information and pushing teams to set safe goals for fear of public failure, which is why confidential goals are excluded and OKRs are kept separate from pay. OKRs are designed to be partly achieved, and publishing work goals does not require employee consent.

329. Answer: A — Each dollar of people cost is producing less value, so productivity lags spend

HCROI is revenue minus non-people operating expenses, divided by people costs. It shows how much value each dollar spent on people generates. A decline while people costs rise means spending has grown faster than the value it produces, perhaps because of hiring ahead of growth or productivity problems. The stem says people costs rose, so the trend does not reflect underinvestment, and the ratio can fall even when revenue grows.

330. Answer: D — Role modeling, understanding and conviction, talent and skills, reinforcing mechanisms

The McKinsey influence model holds that people change behavior when leaders role model it, when they understand and are convinced of the reasons, when they have the skills, and when formal systems reinforce it. Awareness, desire, knowledge, ability, and reinforcement are Prosci's ADKAR elements. The seven S's are the McKinsey 7-S framework for organizational alignment, a different tool.

331. Answer: A — Create communities of practice and have subsidiary leaders co-adapt practices, with shared metrics

Not-invented-here resistance is reduced when people help adapt a practice to their context, build relationships with peers who developed it and share goals that reward adoption. Mandates often produce surface compliance, a library alone relies on voluntary use that the resistance already blocks, and full autonomy accepts the problem rather than solving it.

332. Answer: D — 6.0

DART rate = (DART cases x 200,000) / hours worked = (9 x 200,000) / 300,000 = 6.0. Using 100,000 as the base gives 3.0, dividing hours by 200,000 gives 1.5, and inverting the ratio of hours (9 x 300,000 / 200,000) gives 13.5.

333. Answer: B — Value created for customers, investors and communities outside the firm

Ulrich's outside-in approach says HR succeeds when its work creates value for external stakeholders: customers buy more, investors gain confidence and communities see the firm as a good citizen. Employee satisfaction, transaction efficiency and manager responsiveness are inside-out measures. They matter, but they are means to that external value, not the definition of it.

334. Answer: B — Lower cost and family disruption, but less cultural immersion and local relationship-building

Virtual assignments let employees work across borders from home, saving relocation costs and avoiding family disruption, but they give up the deep cultural learning and in-person relationships that physical presence builds. They usually reduce, not increase, immigration requirements, and performance can be measured like any remote role.

335. Answer: D — Assess the site's ongoing needs and provide sustained support, with leaders visibly engaged.

Persistent absenteeism and turnover months later suggest unresolved trauma, lost trust or ongoing safety concerns, so the organization needs to understand what employees still need and respond over time, with leaders present and visible. Repeating the EAP offer helps little if the need is broader. Tighter attendance rules and waiting can deepen distrust and drive more exits.

336. Answer: B — Define shared leadership roles, decision rights and team accountabilities, and build skills to lead without authority.

Shared leadership in a flatter structure needs deliberate design: clear roles, decision rights and team accountability, plus skills such as influence, facilitation and conflict resolution. Restoring the old layer abandons the strategy before it has been made to work, and making leads formal supervisors simply recreates the removed layer. Leaving it to emerge naturally is what produced the stalled decisions.

337. Answer: C — Comparable size range, similar industry or business model, competition for talent and business complexity

Peer groups are generally built from companies within a reasonable range of revenue or market capitalization, in similar industries or business models, that compete for the same executive talent and have comparable complexity. Choosing peers for high pay or because leaders admire them creates upward bias. Executive talent markets are usually national or international, so geography alone is too narrow, and an unfiltered list of public companies loses comparability.

338. Answer: D — Records that remedies were completed and worked support legal defenses and reveal recurring root causes.

Defenses such as Faragher/Ellerth depend on prompt and effective corrective action, and recommendations that were never carried out can show the employer knew of a problem and did nothing. Tracking also reveals patterns across cases, such as the same manager or unit, that call for systemic fixes. Tracking does not replace checking in with complainants, which is how employers learn whether harassment or retaliation has stopped.

339. Answer: A — To give leaders developmental insight into their tendencies, interpreted with a qualified professional

Personality tools in coaching are designed to build self-awareness and guide development, with results interpreted by a trained professional and kept confidential. Using them alone to rank, select or remove executives misuses a developmental instrument and can create validity and legal risk. Sharing profiles with subordinates without consent breaches the confidentiality that makes coaching work.

340. Answer: D — Even lawful tactics can damage the brand, so judge each response on both legal and reputational grounds.

At a consumer brand, customers, investors and future employees see how the company treats workers, so a legally compliant but heavy-handed response can still cause lasting reputational harm. The company may lawfully share its views, so a total public silence is not required. Treating legal compliance as the only test is the trap, because it ignores the larger strategic risk.

341. Answer: A — A request can be made to a supervisor informally and in plain words, so it starts the company's duty

Employees often raise pregnancy-related needs with their direct supervisor, and a request does not need to be in writing or use legal terms. When a supervisor hears it, the employer is generally on notice, and mishandling it, through delay, denial or retaliation, creates liability. The law does not require requests to reach HR in writing, and it does not impose personal liability on managers for denials.

342. Answer: D — Cut the incentive to a level counsel deems voluntary, add a non-biometric option, and use aggregate data.

Under the ADA, wellness programs that include medical exams must be voluntary, and a very large incentive can make participation effectively mandatory. Lowering the incentive with counsel's guidance, offering an alternative way to earn it, and receiving only aggregate results reduce both legal and trust risk. A consent form does not cure an incentive that is coercive, and a surcharge is the same economic pressure framed differently.

343. Answer: D — Governance and culture; strategy and objective-setting; performance; review and revision; information, communication and reporting

The 2017 COSO ERM update organizes ERM into five components: governance and culture; strategy and objective-setting; performance; review and revision; and information, communication and reporting. The control-environment list describes COSO's Internal Control framework, the identification-analysis-evaluation-treatment list follows the ISO 31000 process, and the internal-environment list reflects the older 2004 COSO ERM cube.

344. Answer: B — Regular stay interviews and engagement data reviewed by HR to find and resolve concerns early

Stay interviews and pulse data give an early warning of concerns while they can still be resolved internally, before employees feel they must go to an agency. Exit interviews arrive too late to fix the employee's issue, and requiring written complaints raises barriers to raising concerns. Employees cannot be required to give up the right to file an EEOC charge.

345. Answer: B — Build a common investigation protocol and add plant-specific steps that meet each agreement's procedural terms.

A shared core protocol gives consistency in quality, documentation and fairness, while plant-specific steps keep the company in line with each agreement's negotiated terms. Imposing one protocol over the agreements risks grievances and unfair labor practice charges for unilateral changes. Leaving every plant to its own practice preserves compliance but gives up the enterprise consistency the CHRO is trying to achieve.

346. Answer: D — Show an equally effective alternative with less impact that the employer refused to adopt.

Under Title VII's burden-shifting framework, a plaintiff can still prevail by showing a less discriminatory alternative practice that serves the employer's legitimate interests and that the employer refused to adopt. This is why employers should look for and document alternatives during test selection. A larger impact, even far below the 80% rule of thumb, does not defeat a proven business necessity, and evidence of biased motives belongs to a disparate treatment claim.

347. Answer: D — From a hierarchy toward an adhocracy culture

In Cameron and Quinn's competing values framework, hierarchy cultures focus internally on stability and control, while adhocracy cultures focus externally on flexibility, innovation and risk-taking. Clan cultures emphasize collaboration and people development, and market cultures emphasize competition and results. A control-focused culture that needs innovation should move from hierarchy toward adhocracy.

348. Answer: D — The espoused value conflicts with underlying assumptions, so surface them and change the systems that reflect them.

When stated values and actual behavior diverge, Schein's model points to underlying assumptions (here, about who is ready for growth) that override the espoused value. Lasting change requires surfacing those assumptions and changing the systems that embody them, such as how stretch assignments and promotions are decided. Rewriting the statement or changing visible symbols works only at the surface levels.

349. Answer: B — Wages, benefits, payroll taxes, contingent and contractor spend, and workforce-related overhead.

Total cost of workforce captures everything spent to get work done by people: pay, benefits, employer taxes, contingent labor, independent contractors, consultants, and related overhead such as training and HR technology. Limiting it to payroll employees understates cost and hides shifts toward contractors. A full view lets leaders compare employee, contingent, and automation options on a like-for-like basis.

350. Answer: B — AI's effects are highly uncertain, so several plausible futures help leaders plan flexible responses.

When uncertainty is high, a single estimate creates false confidence, while scenarios map a range of plausible futures and let leaders identify signposts and prepare actions that work across several outcomes. Scenario planning trades precision for preparedness rather than producing a more exact number. No rule bars single forecasts, and scenarios still need regular updates as conditions change.

351. Answer: C — Facilitate a discussion of the strategic and readiness factors, giving both sides objective data on candidates and risks.

In succession disputes, the CHRO adds the most value as an objective adviser who helps both parties weigh strategy, candidate readiness and transition risk with credible data. Siding with either the CEO or the committee based on reporting lines or authority compromises the CHRO's role as a trusted adviser to both. Withdrawing leaves the decision without the talent insight the CHRO is uniquely positioned to provide.

352. Answer: D — The Hawthorne effect

The Hawthorne effect is a change in behavior caused by the attention and observation people receive rather than by the intervention itself, so gains at heavily visited pilot sites may fade when the design is rolled out without that attention. Regression to the mean applies when sites are chosen for extreme scores, the halo effect is a rating error, and survivorship bias comes from studying only cases that remain.

353. Answer: D — Surface the CEO's underlying goals, test them against attrition and productivity data, and negotiate role-based terms

Interest-based negotiation starts by identifying what the CEO actually needs (collaboration, mentoring, culture) and testing options against data, which allows an enterprise policy that meets those interests with less talent risk. Granting exceptions only to those who threatened to quit rewards threats, looks inconsistent and invites more of the same. Bonuses treat the symptom and a long delay ignores legitimate leadership goals.

354. Answer: B — Integrative negotiation seeks to expand total value for both sides, while distributive divides a fixed amount.

Distributive (win-lose) bargaining treats value as a fixed pie to be divided, while integrative (win-win) bargaining explores interests and trades across issues to create more value. Information sharing is characteristic of integrative negotiation, and strong anchors are a distributive tactic, so that pairing is reversed. Neither type is defined by setting or number of parties.

355. Answer: D — Have counsel review the selection criteria and impact, and revise any criteria that are not job-related.

A large disparity in selection rates for older workers creates disparate impact and intent risk, so counsel should review the criteria and their effect and the company should revise criteria that are not reasonable, job-related factors. ADEA claims do not always require proof of intent, since disparate impact claims are available. Swapping names by age is itself age-based, and extra severance does not fix flawed criteria.

356. Answer: B — It is funded by the employer, and reimbursements are taxable income to the employee.

Lifestyle spending accounts are employer-funded, post-tax arrangements, and amounts paid or reimbursed are generally treated as taxable wages to the employee. This gives employers flexibility in what the account covers, since it is not limited by the rules for tax-advantaged accounts such as health FSAs or HSAs. Employees do not make pretax deferrals into an LSA.

357. Answer: C — Trigger-based plans for employee safety and evacuation, payroll continuity, and backup for critical work elsewhere.

Good contingency planning defines triggers in advance and links them to actions, covering the safety of all employees (local staff as well as expatriates), communication, evacuation logistics, keeping payroll running, and moving critical work to backup sites if needed. Evacuating only expatriates at once ignores local staff and may be premature. Waiting to act until conditions worsen leaves no time to execute.

358. Answer: C — Push for growth messages the company can deliver now, such as skills-building and project work.

An EVP that over-promises leads to early disillusionment and turnover and damages trust in the brand, so messages must reflect what employees actually experience. The CHRO should focus on real growth opportunities available now. Approving the claim, even with interview caveats, still misleads, and removing growth messaging entirely ignores genuine development benefits the company offers.

359. Answer: B — A net savings of $1.4 million

First-year net impact equals annual savings minus one-time transition costs: $3.5 million - $2.1 million = $1.4 million. Reporting $3.5 million ignores the transition costs, $5.6 million wrongly adds the costs to the savings, and $4.9 million counts two years of savings against costs that occur only once.

360. Answer: A — Hold an in-person kickoff early on where members agree on shared norms, roles, and ways of working

Research on virtual teams shows that early face-to-face contact and explicit agreement on norms build the relationships and shared understanding that dispersed teams otherwise struggle to develop. Rotating meeting times is fair but does not build trust by itself, mandatory cameras address only one channel, and limiting interdependence avoids the collaboration the team exists to deliver.

361. Answer: B — Build internal AI talent through reskilling and university ties, and redesign work so fewer tasks need specialists.

When a scarce input gains bargaining power, a firm reduces dependency by creating alternative supply and lowering its need for that input. Growing talent internally, building pipelines and redesigning roles do both. Paying top of market for everyone accepts the supplier's power rather than reducing it, and outsourcing core AI work simply moves the dependency to a vendor that faces the same talent market.

362. Answer: C — Classify U.S. jobs on actual duties and salary tests, with legal review and periodic audits.

Exemption depends on the duties actually performed and on salary level and basis tests, which can differ by state, so job level alone cannot decide it. A governed process with legal review and periodic audits keeps classifications aligned as jobs change. Pay above the salary threshold does not satisfy the duties test, and carrying forward legacy classifications perpetuates any existing errors.

363. Answer: D — Charge deadlines run 180 or 300 days, and some state-law claims allow even longer to file

A Title VII charge generally must be filed within 180 days, or 300 days in states with a fair employment practices agency, and many state laws give employees longer to file, sometimes years. Pay claims can also reach older decisions under the Ledbetter Act. Records kept for only one year may be gone when a timely claim arrives, so retention should reflect the longest realistic exposure.

364. Answer: D — Integrated data and platforms that support workforce decisions across the business

Digital maturity is about integrated data and technology that inform decisions and shape the employee experience, not only automating transactions. Electronic forms and mobile access are early-stage digitization, and a large number of separate applications often signals fragmentation rather than maturity.

365. Answer: A — Allow approved tools only, require managers to verify and own all content, and audit drafts for biased language.

Generative AI can help draft reviews, but it can expose confidential data in unapproved tools, invent details and reproduce biased language, so the policy should restrict use to approved tools, keep managers accountable for accuracy, and audit for bias. AI-assisted text is not legally invalid, so a total ban is unnecessary. A disclaimer does not address the risks, and mandatory AI drafting assumes the tools are bias-free.

366. Answer: B — One with power, a legitimate claim and an urgent interest in the decision

In the Mitchell, Agle and Wood salience model, definitive stakeholders have all three attributes (power, legitimacy and urgency) and warrant the highest priority. Power plus legitimacy without urgency describes a dominant stakeholder, legitimacy plus urgency without power describes a dependent stakeholder, and power plus urgency without legitimacy describes a dangerous stakeholder.

367. Answer: A — Meta-analysis shows the test's validity holds across similar jobs and settings

Validity generalization comes from meta-analysis showing that much of the variation in local validity studies reflects sampling error and other artifacts, so a test's validity tends to hold across similar jobs and settings. That evidence can support using the test without a new local study, though the employer should still document job similarity. Market popularity is not evidence of validity, and one local study does not cover dissimilar jobs.

368. Answer: D — A country comparison of talent supply, language skills, attrition, wages and time zones

HR's strategic contribution to a location decision is workforce evidence: whether each market can supply and keep enough people with the right language and service skills, at what total cost, and in workable time zones. Choosing on wages alone ignores attrition and quality, which often erase the savings. Leadership staffing and benefit design come after the location is chosen.

369. Answer: B — Report site-level trends against thresholds that trigger review, without tracking any individual's union views.

Board risk oversight needs leading indicators at the level where risk actually develops, with thresholds that tell management when to act, and the data must stay aggregated so it never becomes surveillance of protected activity. A companywide average hides the outlier sites that carry the most risk. Waiting for a petition turns a risk tool into an after-the-fact report.

370. Answer: A — Limit access to job need, separate key duties, and log and regularly review privileged activity.

Privileged-user risk is managed through least-privilege access, segregation of duties, and logging with independent review, so misuse is both harder and detectable. A pledge or background check does not limit or monitor access. Routing all changes through the CHRO is impractical and simply moves the unchecked access to another person.

371. Answer: C — Validate the figure against multiple surveys with matched job content and current effective dates

Before acting, the leader should confirm whether the reported jump reflects comparable jobs, credible samples and current data, since headline figures often mix levels or skill sets. Only after validation should the leader decide whether to adjust the structure, apply a market premium or use targeted retention tools. Raising ranges, building a new structure or paying bonuses on an unverified figure risks costly overreaction, especially with turnover already low.

372. Answer: B — Set an enterprise policy and threat assessment process, then fit physical controls to each site's risk.

An enterprise program needs common standards for reporting, assessing and managing threats, while physical security should be scaled to each site's assessed risk. Identical hardware everywhere wastes money at low-risk sites and may underprotect high-risk ones. Incident reporting alone does not create a prevention process, and automatic termination can discourage reporting and escalate risk.

373. Answer: A — $7.2 million

Cost of vacancy = open roles x days open x daily contribution = 80 x 45 x $2,000 = $7,200,000. The $720,000 figure is a decimal-place error, and $3.6 million and $14.4 million result from halving or doubling the days. At this scale, cutting time-to-fill even modestly is worth significant investment in recruiting capacity.

374. Answer: C — At wage determination rates for each class, plus the required fringe benefits

Covered service contracts under the McNamara-O'Hara Service Contract Act require paying at least the wage rates and fringe benefits in the applicable wage determination for each service employee class. Bids must price these costs from the start, or the company will be bound to pay them at a loss. Fringe benefits such as health and welfare, vacation and holidays are mandatory, not optional.

375. Answer: D — Weigh mediation's lower cost and confidentiality against defense costs and the precedent of settling

EEOC mediation is voluntary, confidential and free, and taking part is not an admission of wrongdoing, so it can resolve a matter cheaply even when the employer believes it would win. The decision should weigh defense costs, management time, effects on culture and the risk of encouraging similar claims, not principle alone. Offering the full demand gives up the benefit of negotiation, and waiting for a cause finding usually means mediation is no longer offered.

376. Answer: B — $200,000 expected trial cost; settling costs $50,000 less and ends a prolonged dispute

Expected value = 0.40 x $500,000 = $200,000, which is $50,000 more than the $150,000 settlement, and defense costs would widen the gap. Settling also avoids a long adversarial fight that can damage relationships, morale and reputation. Using the 60% chance of winning gives $300,000, and multiplying the settlement amount by 40% gives $60,000; both are calculation errors, and the odds of winning alone ignore the size of the potential loss.

377. Answer: B — Managers may lose time for coaching and judgment, and fewer roles may shrink the leadership pipeline.

AI can absorb coordination work and support flatter structures, but managers still coach, develop and make judgment calls, so very wide spans can leave people without support. Removing a layer also cuts the stepping-stone roles that build future leaders. WARN notice applies to qualifying plant closings and mass layoffs, not to delayering as such, so the legal claim is not a general rule.

378. Answer: A — Define a few required enterprise elements and let units adapt others, such as review timing, within set limits.

A core-plus-flex design keeps what must be consistent enterprise-wide, such as rating principles, calibration and legal safeguards, while allowing variation where business needs differ. Full standardization ignores real differences in work, and full autonomy sacrifices comparability, talent mobility and consistent treatment.

379. Answer: C — $38,400, or 0.64% of payroll

The combined shortfall is the cost: $38,400. As a share of payroll, $38,400 / $6,000,000 = 0.0064, or 0.64%. Reading 0.0064 as 6.4% is a decimal error, $460,800 multiplies the combined shortfall by the 12 employees, and $3,200 is the average shortfall per employee rather than the total cost.

380. Answer: D — Have the CEO and executives model recognition and review leader participation data

Leader behavior signals what matters, so the most effective lever is visible role modeling by the CEO and executives, reinforced by reviewing their participation data as a team. The problem is not usability or skill, so a new tool or training module will not change behavior. Mandatory quotas for all employees produce perfunctory recognition and miss the source of the problem.

381. Answer: A — Invest in supervisor capability, working voice channels and consistent policy application at every site.

Sustainable positive employee relations comes from the day-to-day experience employees have with their supervisors, fair treatment and a real way to raise concerns, and these remove the reasons employees organize. A consultant on call is a campaign-only tactic that does nothing until risk has already surfaced. A one-time raise and a survey without follow-up action do not address the underlying drivers.

382. Answer: C — Board, then internal candidates and top leaders privately, then employees and the public together

Internal candidates who were not chosen and senior leaders should hear the news privately first so they are not blindsided and can support the transition. Employees and the public should then be told at about the same time, coordinated with required securities disclosures, because a week-long gap invites leaks and selective-disclosure risk. Letting employees learn from the press or wait for a town hall damages trust.

383. Answer: B — They show relative trait strength within a person, not trait levels compared with others.

Because every candidate's scores sum to the same constant, a high score on one trait forces lower scores on others; the scores describe each person's internal ranking, not how much of a trait they have compared with others. That makes them weak for between-candidate comparison unless normative scoring methods are used. Forced-choice formats were designed to reduce faking, not increase it.

384. Answer: D — No user or device is trusted by default, and every access request is verified

Zero trust assumes that a threat may already be inside the network, so every request is authenticated and authorized based on identity, device and context, with least-privilege access. Trusting users because they are inside the network is the perimeter model that zero trust replaces. Encryption is one layer of protection but does not replace access verification.

385. Answer: C — Transformation into a new culture

Transformation means both organizations let go of existing norms and jointly create a new culture. Blending, the most tempting choice, selects and combines the best existing elements of each culture rather than creating something new. Assimilation absorbs the target into the acquirer's culture, and separation keeps the two cultures apart.

386. Answer: B — Work with counsel to preserve records, gather validation and monitoring data, and respond accurately and on time.

A regulatory request triggers a duty to preserve relevant records and calls for a coordinated, counsel-led response that is accurate, complete and timely. HR should collect the company's own records and request the vendor's validation documentation under the contract, because the employer, not the vendor, is the party being asked to account for its use of the tool. Sending unreviewed files risks privilege waiver and inaccuracies, and a new study cannot substitute for records of what was actually done.

387. Answer: A — Communicate what is known honestly, avoid job guarantees, and use targeted retention incentives for key talent.

Promises of job security can create implied contract claims and will destroy trust if later layoffs occur, so honest updates about what is known, paired with retention incentives for critical roles, are the better path. Verbal statements can create obligations, so limiting the promise to spoken messages does not remove the risk. Silence during a merger fuels rumors and attrition.

388. Answer: C — 300%

Benefit = (20 - 12) x $25,000 = $200,000. ROI = ($200,000 - $50,000) / $50,000 x 100 = 300%. The 400% figure is the BCR (4.0) shown as a percentage. Using all 20 incidents as avoided gives 900%, and dividing net benefit by benefit gives 75%.

389. Answer: C — Codify the culture in hiring and onboarding and build first-time managers' people-leadership skills

As a company scales, the founder-centered experience can no longer reach everyone, so culture must be built into hiring, onboarding and the managers who will shape most employees' experience. Avoiding all structure leaves expectations inconsistent, founder interviews of every hire do not scale, and waiting until growth ends lets problems become entrenched.

390. Answer: A — Show the dip against the forecast, with adoption indicators and thresholds that would trigger action

Directors need evidence that the dip is expected and controlled, so showing it against the forecast, with leading indicators such as adoption and proficiency and clear triggers for intervention, gives them a basis for oversight. Simply asking the board to wait offers reassurance without data. Scaling back or adding overtime reacts to a planned, temporary dip and can undermine the change itself.

391. Answer: B — Ensuring human review and regular audits so serious complaints are not misclassified or deprioritized

An AI triage tool can misread language and downgrade complaints such as harassment, discrimination, or retaliation, which creates legal exposure if the employer fails to respond; human oversight and periodic audits for accuracy and bias are core governance controls. Auto-closing complaints, keeping logic opaque, and routing complaints only to local leaders all increase rather than reduce that risk.

392. Answer: C — Assess readiness by securing leadership alignment and infrastructure, then sequence the rollout.

Large-scale reskilling fails when leaders send mixed signals and people cannot practice on the tools they are learning. A readiness assessment that secures executive commitment and closes infrastructure gaps lets the CHRO sequence the effort for success. Launching anyway or piloting only in ready stores ignores the leadership misalignment, and waiting until the transformation is finished leaves the workforce unprepared to carry it out.

393. Answer: C — Encourage candid reporting so the team can find and fix the system causes of the failure.

Blameless reviews focus on how processes, tools and decisions combined to cause a failure, which makes people more willing to share what really happened. That candor helps the organization fix root causes and prevent repeats. Blameless does not mean no accountability for misconduct, and the review is aimed at learning, not at shifting blame or limiting disclosure.

394. Answer: A — It signals distrust and pushes employees to optimize visible activity instead of real outcomes

Intensive surveillance tells employees they are not trusted, which tends to erode engagement and increase turnover intent. It also invites productivity theater, where people game activity measures like mouse movement instead of delivering results. Federal law does not broadly ban monitoring of company systems, though notice and consent practices and some state laws still matter.

395. Answer: B — A governance model with a tool inventory, risk ratings, ongoing bias testing, human review, and board reports.

The employer is liable for outcomes from the tools it uses, so the board needs a clear owner and a model that inventories tools, rates their risk, tests before and during use, keeps human review of decisions, and reports regularly. Vendor certifications do not shift liability, and IT alone lacks the employment law and HR process expertise. Waiting for federal rules ignores existing Title VII, ADA and state and local laws.

396. Answer: B — Share the evidence with the CEO and propose revising the scope, sponsorship and measures to address executive behavior.

When diagnosis reveals that the real problem lies outside the original contract, the consultant should recontract with the client, sharing the data and agreeing on a revised scope, sponsor role and measures. Delivering only the original scope would leave the root cause untouched, and a broad program for all managers avoids the hard conversation while diluting the fix.

397. Answer: A — Compare each country's results with its own prior results and with local external norms over time.

Acquiescence and extreme or midpoint response styles are fairly stable within a culture, so tracking a country against itself over time, and against local benchmarks, largely cancels them out. Ranking countries on raw favorable scores builds the response-style bias directly into the decision. Collapsing the scale to yes or no does not remove a tendency to agree and discards useful information.

398. Answer: D — Meet with her to learn her specific concerns and co-design local adaptations that keep the process's core global standards intact.

A strategic HR leader balances global consistency with local responsiveness, and engaging the resisting executive to adapt nonessential elements builds ownership while protecting the comparability the process needs. Escalating to the CEO may force compliance but damages the relationship and invites quiet resistance. Bypassing her through local HR undermines her authority, and an indefinite exemption sacrifices enterprise talent visibility.

399. Answer: D — Make PIPs discretionary, add a clear at-will disclaimer, and get acknowledgments

Mandatory language such as "will receive" can create an implied contract that limits at-will termination. Rewording the policy as discretionary, adding a prominent at-will disclaimer, communicating the change and collecting acknowledgments reduces that risk. Relying on a general at-will statement may fail if a court finds the specific promise controls, and abandoning PIPs entirely sacrifices a useful management tool.

400. Answer: D — The control and integration described point to employee status, since contract labels do not decide it.

Federal and state classification tests look at the actual relationship, such as who controls how, when, and where work is done, whether the work is ongoing and integral to the business, and whether the worker runs an independent business. Set hours, required processes, and open-ended team membership point toward employment regardless of contracts, invoices, or equipment. No law requires all creative workers to be employees, but these facts show high misclassification risk.