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STUDY GUIDES

SHRM-SCP

Practice Questions

Set 4

400 Questions

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

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

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How to Use This Set

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

SHRM-SCP Practice Set 4

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

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

1. Hotline data for a 6,000-employee company show that one regional VP's area produces 40% of all complaints while holding 10% of headcount. Themes include favoritism and fear of speaking up. What should the CHRO do?

A. Roll out respectful workplace training for all employees in the region and then monitor future complaints.

B. Remove the regional VP right away, since the complaint volume alone proves a failure of leadership there.

C. Treat the volume as a sign of a healthy speak-up culture and take no action unless complaints rise further.

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

2. The CEO of a 9,000-employee manufacturer tells the new CHRO that people decisions are made on instinct and asks for a workforce analytics capability within two years. HR data sits in four unconnected systems, and HR has no analysts. What is the BEST way for the CHRO to design the function?

A. Build a dashboard of every available HR metric, so that leaders can explore the data and decide for themselves what matters.

B. Place data scientists in IT to build models, since IT already owns the systems and the technical skills the work requires.

C. Buy an enterprise analytics platform first, since integrated data must be in place before any analysis can add value to leaders.

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

3. A utility company's strategy depends on large, long-lived investments in plants and infrastructure. The compensation committee is choosing a metric for executive long-term incentives. Why is return on invested capital (ROIC) a strong fit?

A. It rewards executives for cutting headcount, since labor is the largest cost for capital-heavy firms.

B. It rewards executives for short-term earnings per share gains, which matter most to utility investors.

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

D. It rewards executives for raising revenue as quickly as possible regardless of how much invested capital is used.

4. An executive team is planning a reduction in force that will affect 1,200 employees across several countries. Which approach best reflects ethical principles for restructuring?

A. Keep the reasons confidential, let each manager choose who leaves, and announce all of the layoffs on one day

B. Base selections mainly on salary cost so the savings target is met with the fewest people let go

C. Notify affected employees by email to ensure consistency and limit time spent in emotional meetings

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

5. At a utility company, 30% of senior engineers will be eligible to retire within five years, and much of their knowledge about legacy systems is undocumented. Few mid-career engineers are ready to replace them. What should the CHRO do FIRST?

A. Offer retention bonuses to all retirement-eligible engineers to delay their retirements

B. Ask all retirement-eligible engineers to document their work in a shared knowledge base

C. Launch an aggressive external hiring campaign for experienced engineers

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

6. A company with a hybrid workforce finds that employees in the office four or more days a week were promoted at twice the rate of those in the office one day a week, despite similar performance ratings. The CHRO is redesigning talent policies to address this. What should the policy change emphasize?

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

B. Training managers on proximity bias and trusting them to correct for it in their own promotion decisions

C. Requiring every employee to be in the office the same number of days so visibility is equal

D. Holding back promotions for in-office staff until remote promotion rates have caught up

7. A CHRO is asked what ISO/IEC 42001 would provide if the company adopted it for its HR AI tools. What does this standard provide?

A. A technical standard that specifies the bias metrics and thresholds every hiring algorithm is required to meet

B. A binding EU regulation that classifies AI systems by the level of risk they pose to individuals

C. A voluntary U.S. framework organized into four functions: govern, map, measure and manage

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

8. The board risk committee has asked the CHRO to present the company's people risks for the first time. What should the CHRO bring?

A. A summary of the HR department's annual goals, staffing levels and operating budget

B. A dashboard of HR operating metrics such as time-to-fill, headcount and training hours

C. A detailed list of every pending employment lawsuit, agency charge and claim filed against the company

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

9. Retaliation charges filed against a company rose from 6 to 19 over two years. The board asks the CHRO to explain the increase and present a strategy. What should the CHRO do FIRST?

A. Present industry data showing that retaliation charges have risen across the country in the same period.

B. Launch mandatory anti-retaliation training for all people managers before analyzing the individual charges in detail.

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

D. Recommend settling all pending charges quickly to stop the trend before it draws regulatory attention.

10. Two months after a layoff, several managers want to bring back laid-off employees as independent contractors to do much of the work they did before. What is the BEST counsel from the CHRO?

A. Allow it if the contractors are paid through a staffing agency rather than directly by the company

B. Allow it once 90 days have passed and the separation and release agreements have taken full legal effect for all

C. Allow it, since former employees can be engaged as contractors once their employment has ended

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

11. A CHRO is designing assessments for executives who will lead businesses across several continents. Which definition of global mindset should the assessment reflect?

A. Fluency in more than one language plus at least one prior expatriate assignment in another region

B. Deep technical expertise in international trade, tax and immigration rules for each country where it operates

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

D. A firm commitment to apply the company's home-country practices consistently in every location

12. The CEO wants to issue a public statement on a divisive social issue that has little direct link to the company's business. Employees hold strongly opposing views. What should the CHRO advise FIRST?

A. Issue the statement quickly, since silence on a major social issue is seen as a stance too.

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

C. Survey employees and issue the statement only if most of the workforce agrees with the CEO's view.

D. Advise against any statement, since CEOs should not speak on social issues in their role.

13. A company removes four-year degree requirements from most job postings, but a year later, hiring of candidates without degrees has barely changed. What is MOST likely missing?

- **A.** Defined competencies for each role and validated skills assessments to replace the degree as a screen
- **B.** A requirement that recruiters hire a set percentage of candidates without degrees in each quarter of the year
- **C.** A public announcement that explains why the company removed degree requirements from postings
- **D.** A higher starting salary for roles that previously required a four-year degree to attract applicants

14. A company planning a three-year, $900 million facility build is considering a project labor agreement. What is the main strategic purpose of a PLA?

- **A.** Lower wage rates than the area's prevailing construction wage rates
- **B.** Uniform terms and a no-strike pledge for all crafts on the project
- **C.** A way to limit work on the project to nonunion contractors
- **D.** An exemption from OSHA standards that apply to construction

15. Before contract talks, executives assess the union's strike leverage at a parts plant. Which factor most reduces the union's leverage?

- **A.** A perishable product that cannot be stockpiled ahead of a strike
- **B.** A highly skilled workforce that would take many months to recruit and replace
- **C.** Several months of finished inventory and customers with other sources
- **D.** Customers that run just-in-time lines with no backup supplier

16. Which executive behavior MOST influences whether employees use AI ethically across a company?

- **A.** Leaders tying AI adoption rates to each manager's annual performance objectives
- **B.** Leaders visibly following the AI policy themselves and acting on concerns raised
- **C.** Leaders requiring every employee to complete an annual AI ethics training module
- **D.** Leaders publishing a detailed AI code of conduct on the company's intranet site

17. Under the EU Collective Redundancies Directive, what must an employer that is contemplating collective redundancies do?

- **A.** Notify the public authority only, since consultation with workers is optional
- **B.** Consult worker representatives in good time with a view to reaching an agreement
- **C.** Obtain approval from each affected employee before any redundancy takes effect
- **D.** Inform worker representatives after the final list of affected employees is chosen

18. A hospital system is preparing to bargain with a nurses' union over a three-year contract. The union is proposing raises, more paid time off and new staffing ratios. The CEO asks HR how to evaluate the proposals. What is the BEST approach?

A. Cost only the proposed wage increases, since wages make up the largest share of total labor cost for nurses.

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

C. Compare each proposal with the terms in competing hospitals' nursing contracts to judge whether it is reasonable.

D. Estimate the cost of each proposal in the first year of the contract, when the budget impact is easiest to see.

19. A company's projects repeatedly run over budget. Managers tighten review checklists each time, yet the problem continues. According to Chris Argyris, what would double-loop learning involve here?

A. Assigning a second reviewer to each project so that budget errors are corrected before final approval.

B. Training project managers on the current checklist so they apply it more consistently across projects.

C. Adding more detailed checkpoints to the review checklist so that overruns are caught at an earlier stage.

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

20. A board member questions whether the company's engagement index has any connection to business results. The company has five years of unit-level engagement scores along with unit turnover and productivity data. What study should the CHRO plan?

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

B. Survey board members on which engagement items they view as most relevant to the company's business performance.

C. Correlate this year's engagement scores with this year's productivity across units, since that data is already on hand.

D. Compare the company's engagement index with external benchmarks to show that it is above the industry average.

21. A 6,000-employee company has had 3% merit budgets for years. Analysis shows top-rated employees receive about 4% and solid performers about 3%, and exit interviews show high performers see little reward for results. The CEO asks the CHRO for a recommendation that does not raise total cost. What is the BEST recommendation?

A. Replace merit increases with an equal across-the-board raise and use promotions as the main way to reward top performers.

B. Keep the current merit matrix but communicate total rewards statements so employees better understand their full value.

C. Increase the merit budget to 4% for everyone so that every performance level receives a more noticeable raise each and every year.

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

22. An internal audit finds that the company's AI resume screener advances applicants aged 40 and over at about half the rate of younger applicants. The vendor says the model is proprietary and that any legal liability rests with the vendor. What should the CHRO do?

A. Keep using the tool while asking the vendor to document its model in more detail

B. Remove the age field from applications so the tool can no longer consider age

C. Keep using the tool, because its vendor contract shifts liability to the vendor

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

23. During due diligence for a planned acquisition, the CHRO has two weeks to review the target's workforce. Which set of issues should the review focus on FIRST?

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

B. Employee engagement scores, employer brand ratings, and the condition of office space and facilities

C. Org chart details, job titles, and the target's HR software vendor contract terms

D. Training course catalogs, onboarding materials, and the target's HR policy manual

24. A board member asks why pay gaps created by managers who left the company years ago are still a legal risk. Which principle explains the risk?

A. Pay claims are tied to the managers who made the decision, so claims end once those managers have left.

B. Pay claims can be filed only within 180 days of the original decision, so the risk is limited to recent decisions.

C. Pay claims have no filing deadline under federal law, so any past decision can be challenged at any time.

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

25. A consumer goods company operating in 30 countries launched an inclusion strategy designed at its U.S. headquarters. Regional leaders in several markets report that some priorities, such as collecting data on certain personal characteristics, conflict with local law or culture. What should the CHRO do?

A. Require every region to implement the headquarters priorities exactly as written for global consistency and control.

B. Delay the global rollout until every regional priority is fully aligned with headquarters goals.

C. Let each region design its own inclusion strategy without enterprise principles or shared metrics.

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

26. An internal audit finds that some regional offices require post-offer medical exams for all new warehouse hires, while others require them only for hires who appear to have health problems. What principle should the CHRO apply in standardizing the practice?

A. Exams may be given to selected new hires, provided the results are kept confidential afterward.

B. Exams are permitted only if they are job-related, the same standard that applies before an offer.

C. Exams must be identical across all job categories companywide in order to avoid disparate treatment.

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

27. Under the ACA look-back measurement method, how is a variable-hour employee's full-time status determined?

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

B. Scheduled hours at hire set the employee's status, which then stays fixed for the first two years.

C. Average hours during a measurement period set the employee's status, which is then reset each month as actual hours change.

D. Hours worked in each calendar month set the employee's status for the following month only.

28. A CHRO is building an executive talent dashboard that separates leading from lagging indicators. Which measure is BEST classified as a leading indicator of future leadership continuity?

A. Average time to fill executive roles over the prior four quarters

B. Percentage of critical roles with at least one ready-now successor

C. Percentage of leadership vacancies filled externally last year

D. Voluntary turnover rate among senior leaders over the past fiscal year

29. The analytics team's model forecasts next year's attrition at 12%, with a likely range of 9% to 15%. The board will use the forecast to set the hiring budget. How should the CHRO present it?

A. Report only the 12% estimate, since a range may make the board doubt the model.

B. Delay the forecast until the model can produce a single, more precise figure.

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

D. Report 15% as the forecast so that the hiring budget is safely conservative.

30. Before the board votes on a new global workforce strategy, the CEO assigns a small, independent group of senior managers who did not help develop the plan to find its weaknesses and attack its assumptions. Which technique is the CEO using?

A. Stepladder technique

B. Red team review

C. Delphi technique

D. Brainstorming session

31. A CHRO scores three ways to close a critical skills gap on a 1-10 scale. Weights are strategic fit 50%, cost 30% and speed 20%. Build: fit 9, cost 6, speed 4. Buy: fit 7, cost 5, speed 9. Borrow: fit 5, cost 8, speed 10. Which option ranks highest?

A. Build, with a weighted score of 7.1

B. Buy, with a weighted score of 7.4

C. Borrow, with an unweighted total of 23

D. Borrow, with a weighted score of 8.4

32. Automation will eliminate 100 roles, while new technical roles will open. Reskilling the affected employees would cost $12,000 each. The alternative is to lay them off at an average severance cost of $20,000 each and hire 100 new people at $25,000 each in recruiting and onboarding cost. How much does reskilling save compared with the alternative?

A. $3.3 million

B. $4.5 million

C. $1.3 million

D. $0.8 million

33. A medical device company has chosen to compete through product innovation under Porter's differentiation strategy. Which set of HR practices BEST supports this strategy?

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

B. Narrow job descriptions, close supervision and short-term individual output targets for each employee

C. Standardized procedures, efficiency training and pay set at the market median

D. Individual piece-rate incentives tied closely to weekly productivity quotas

34. A CHRO is rolling out an AI assistant to answer employee HR questions at a 20,000-employee company. A pilot showed it handles routine benefits and pay questions well, but employees said they did not know whether they were talking to a person and could not find a way to reach one. What is the BEST design for building trust?

A. Limit the assistant to managers only until employees become comfortable with HR technology

B. Let the assistant handle every topic, including complaints, to keep answers consistent and costs low

C. Launch to all employees now and add human escalation later if complaint volumes are high

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

35. A compensation review shows that most employees in several grades have compa-ratios near 1.18 to 1.20, close to the range maximums, even though turnover is low. What does this pattern MOST likely indicate?

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

B. The company leads the market, so its pay ranges can stay frozen until turnover rises

C. Employees are performing well, so the pattern shows that merit pay is working as intended

D. Managers are under-using the ranges, so new hires should be placed closer to the minimum

36. In an executive meeting about an acquisition, the CEO quickly endorses the deal. Several leaders with doubts stay silent, and the CEO concludes that "we're all in agreement" because no one objected. Which symptom of groupthink does the CEO's conclusion BEST illustrate?

A. Illusion of invulnerability

B. Collective rationalization

C. Illusion of unanimity

D. Stereotyping of outsiders

37. A company had 80 voluntary leavers last year with an average salary of $70,000. Replacement cost is estimated at 30% of salary. If a new program reduces the number of leavers by 25%, what are the annual savings?

A. $420,000

B. $1,400,000

C. $1,680,000

D. $1,260,000

38. A U.S. multinational hires a payroll provider to process its EU employees' data on its behalf. Under GDPR Article 28, which term MUST the contract with the provider include?

A. The provider stores all data inside the EU, because Article 28 prohibits any transfer of personal data outside the EU

B. The provider decides how long to keep the data and which security measures best suit its own business model, risk appetite and budget

C. The provider may use the data for its own product analytics, provided it removes employee names before doing so

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

39. A newly formed leadership team includes managers from five countries who have not worked together. Early meetings show polite agreement followed by conflict over priorities. What is the CHRO's BEST plan to help the team move toward high performance?

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

B. Hold monthly social events in rotating countries so that team members build personal relationships.

C. Have the team leader set all priorities until the team has worked together for at least a full year.

D. Let the team work through its conflicts without intervention, since the storming stage resolves itself.

40. A plant manager wants an incentive plan that shares cost savings from productivity improvements with the employees who achieve them. Which plan fits, and how is it typically funded?

A. Merit pay, funded by an annual salary increase budget set as a share of payroll.

B. Spot awards, funded by a fixed recognition budget that managers allocate at will.

C. Profit sharing, funded by a share of the company's annual net profit after all taxes.

D. Gainsharing, funded by measured savings against a historical performance baseline.

41. An employee who signed a predispute arbitration agreement files a lawsuit alleging sexual harassment that occurred in 2025. The company moves to compel arbitration. Under the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act of 2022, what is the result?

A. Arbitration is required, since the law applies only to agreements signed after March 2022 and not to older agreements.

B. The employee must arbitrate first, and may refile in court only if the arbitrator finds the agreement unenforceable.

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

D. Arbitration is required, since the law bars only class waivers and still lets employers arbitrate individual claims.

42. A company's recruiting campaign promotes flexible schedules and a culture of growth, but new hires report rigid scheduling and few development opportunities, and first-year turnover is rising. Which principle BEST explains why the employer brand must match the internal employee experience?

A. External branding raises applicant volume, so mismatches mostly affect hiring costs

B. Promises that reality does not keep break the psychological contract and erode trust

C. Candidates rarely research company culture, so the gap only matters after they are hired

D. Brand claims must be approved by legal counsel before they are used in recruiting

43. A leadership retention program cost $180,000 and is credited with avoiding 15 regretted exits. Finance and HR disagree on the cost per exit: finance uses $20,000 and HR uses $40,000. What is the program ROI under each assumption?

A. 67% at $20,000 per exit and 233% at $40,000 per exit

B. 40% at $20,000 per exit and 70% at $40,000 per exit

C. 167% at $20,000 per exit and 333% at $40,000 per exit

D. 67% at $20,000 per exit and 133% at $40,000 per exit

44. The founders of a 300-employee private technology company plan an IPO in about three years and want to grant stock options to every employee now. What should the HR leader address in the design?

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

B. Set each employee's option count so that projected IPO value equals one year of base salary, and explain this in offers.

C. Grant equal option amounts to all employees regardless of role or level, which keeps the program simple and avoids pay equity issues.

D. Grant options with immediate vesting so employees feel ownership right away, which builds commitment before the IPO.

45. When does an acquirer most likely inherit a target's liability for federal employment claims, such as Title VII or FLSA claims?

A. Only when the buyer purchases the target's stock, because asset purchases never transfer any liability

B. When the buyer had notice of the claims and substantially continues the operations and workforce

C. Only when the buyer expressly assumes the claims in the purchase agreement signed by both parties

D. Only when the claims were reduced to a final judgment before the transaction closed and was recorded

46. The private equity owners of a manufacturing company plan to sell it within 18 months and want to cut leadership development and technical training by 70% to raise EBITDA. The company's growth story to buyers relies on a strong bench of plant managers. What should the CHRO do?

A. Refuse to make the cuts and escalate the disagreement directly to the company's lenders, who rely on its long-term enterprise value.

B. Implement the cuts as directed, since the owners have authority over spending and the sale is their decision.

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

D. Cut the leadership development programs but keep technical training, since it is required for safety reasons.

47. An NLRB regional office offers a company an informal settlement of a charge involving one site. The settlement would require a notice posting at all of the company's 25 sites. What should the CHRO recommend?

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

B. Reject any settlement that includes a notice posting, because posting is a formal admission of guilt.

C. Accept the terms but tell managers privately that the notice has no practical effect on operations.

D. Accept the terms right away, since informal settlements carry no continuing obligations for employers.

48. A US company with nonunion plants merges with a firm whose Canadian plant has a certified union. Executives want one labor relations approach and ask whether the Canadian contract terms will reach US sites. What should the CHRO advise?

A. Use NLRA rules for both countries, since a US-owned parent's labor relations follow the law of the country it is based in.

B. Apply the Canadian contract to the US plants, since a single employer must treat all of its unionized and nonunion sites alike.

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

D. Move the Canadian plant under the US entity, since doing so ends the union's provincial certification at the Canadian plant.

49. A company moves from a regional structure to global product lines but keeps bonuses tied to regional profit. According to Galbraith's Star Model, what is the MOST likely result?

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

B. Employees become confused about direction because the strategy has not been communicated in enough detail.

C. Decisions stall because no lateral processes link the product lines, leading to gridlock and delays across the regions.

D. Managers lack the skills needed for their new global roles, leading to low performance until new training is provided.

50. The company will publish turnover and training-hours metrics in its sustainability report, and investors will use them to compare it with peers. Business units currently calculate turnover in different ways. What is the CHRO's BEST step to ensure the data is reliable?

A. Report only training hours this year, since that metric is less likely to be challenged by investors.

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

C. Use each unit's existing turnover figures and add a footnote explaining that calculation methods vary by unit.

D. Ask an external consultant to estimate company-wide turnover from a sample of business units.

51. An analysis shows that discretionary bonuses for men at a financial firm average 18% more than for women in the same roles with similar performance ratings. Managers set bonuses with little guidance. What governance fix should the CHRO propose?

A. Raise bonuses for women in the current cycle and leave the underlying bonus process unchanged for all future cycles.

B. Train managers on unconscious bias and let them keep full discretion in setting bonus amounts afterward.

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

D. Remove discretion entirely and pay every employee in each role the same fixed bonus amount every year.

52. A distribution company will add autonomous mobile robots to its warehouse floor beside human pickers next year. What should the CHRO do now?

A. Leave planning to the vendor, since the robots carry safety certification from the manufacturer.

B. Announce that picker jobs will be phased out so staff can start looking for other work now.

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

D. Wait until the robots are installed to see which safety and staffing issues actually arise.

53. A diversified company has one division competing on low cost in commodity chemicals and another competing on innovation in specialty materials. Division presidents want different HR approaches, while the CEO wants consistency across the company. What should the CHRO recommend?

A. Adopt the innovation division's practices company-wide because innovation drives growth

B. Apply identical HR practices in both divisions to ensure fairness and simplify administration

C. Set a common enterprise framework and values while tailoring practices to each strategy

D. Let each division build its own HR function independently with no shared standards

54. The CEO of a specialty engineering firm proposes moving the pay philosophy from the market median to the 75th percentile for all roles to win talent. The compensation committee asks the CHRO to evaluate the proposal. What is the BEST approach?

A. Survey employees about their pay satisfaction and move to the 75th percentile if most of them are dissatisfied.

B. Benchmark peer firms' pay philosophies and adopt the most common positioning for the industry and region.

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

D. Carry out the change for all roles at the start of the next fiscal year so the firm can compete for talent quickly.

55. A CHRO is using Kotter's eight-step change model to lead an enterprise inclusion initiative. Which activity BEST represents the first step of the model?

A. Drafting a vision statement that describes what an inclusive culture will look like in practice.

B. Celebrating early wins, such as improved promotion rates in a pilot business unit.

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

D. Forming a cross-functional group of influential leaders to guide and sponsor the initiative.

56. A compensation committee of a listed company is selecting a new compensation consultant. Under exchange listing rules, which factors must it consider in assessing the adviser's independence?

A. The adviser's years of experience and credentials, and how often the adviser has served other public companies.

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

C. Whether the adviser's past peer group and pay level recommendations have generally matched the views of management.

D. The adviser's fees compared with those of other consulting firms, and the size of the adviser's client list.

57. A company has completed a major customer-service transformation, and leaders want the gains to last. According to Kotter's eight-step model, what does the final step require of leadership communication?

A. Showing how the new behaviors produced the better results, so they become the norm.

B. Repeating the change vision through every channel so that it is widely understood.

C. Celebrating visible short-term wins to build momentum and quiet any remaining skeptics.

D. Forming a powerful guiding coalition that keeps pushing the change forward.

58. During a recession, voluntary attrition at a 4,000-employee retailer falls from 14% to 5%. Talent reviews show that many low performers who would normally have left are staying, and promotion paths for high performers have stalled. What is the BEST workforce strategy for the CHRO to propose?

A. Address low performance directly and create stretch moves and visibility for high performers.

B. Freeze all promotions until the economy recovers, since high performers have few outside options in the current market.

C. Run an across-the-board layoff of 5% to restore normal turnover levels and open up roles for internal promotions.

D. Celebrate the lower attrition as a sign of improved engagement and reduce the retention budget for the coming fiscal year.

59. A company and union consider using med-arb to resolve a dispute. Which description of med-arb and its main risk is correct?

A. The parties mediate alone, then arbitrate; costs rise with two stages

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

C. Two neutrals work at once; their differing views may conflict and stall the case

D. The neutral arbitrates, then mediates; the award may never be enforced

60. A board member asks why the CHRO insists that an early retirement incentive program include no pressure on eligible employees. Which principle supports the CHRO's position?

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

B. If pay is generous, the ADEA treats retirements as voluntary no matter how strongly managers urge acceptance.

C. If employees sign releases, the ADEA bars any later claim that the decision to retire was made under pressure.

D. If employees are 55 or older, the ADEA treats incentive offers as voluntary as long as the terms are put in writing for them.

61. A diversified enterprise with five business units is considering a center of excellence (COE) for advanced analytics. What is the main strategic purpose of such a COE?

A. To audit business-unit compliance with corporate financial policies

B. To give each business unit its own analytics team under local control

C. To build scarce expertise and spread best practices across the business units

D. To process routine HR and finance transactions at the lowest possible cost for all units

62. A company with rising leave costs asks the CHRO to design an integrated absence management program. Which design principle is MOST important?

A. Start counting FMLA leave only after an employee's workers' compensation absence has ended.

B. Apply the most generous law's rules to every leave type so the company avoids any compliance gaps.

C. Coordinate all leave laws through one intake that tracks concurrent leave and accommodation.

D. Run each leave program separately so each team can focus on one law's own rules and deadlines.

63. A draft five-year strategic plan commits a company to entering two new countries and launching a services business, but it says nothing about the talent needed. The plan goes to the board in six weeks. What is the CHRO's BEST intervention?

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

B. Prepare a separate HR strategic plan after board approval, so that HR priorities can follow the approved business strategy.

C. Send the CEO a memo warning that the plan is incomplete and asking that the board review be postponed until HR is involved.

D. Present the board with a talent risk briefing at the same meeting, so directors hear HR's concerns about the plan directly.

64. An audit finds 12 children under the legal working age at a key supplier's factory. The head of procurement wants to end the contract immediately. What should the company do FIRST?

- **A.** End the contract at once so the company has no further link to a supplier that used child labor.
- **B.** Require the supplier to remove the children from work and fund schooling and lost family income.
- **C.** Report the supplier to local authorities and suspend orders until a government review is done.
- **D.** Let the children keep working with shorter hours until the supplier's next scheduled audit date.

65. Before approving any AI monitoring program, which question should an executive team answer to show that the monitoring is necessary and proportionate?

- **A.** Have competitors in the industry adopted similar monitoring tools for their own workforces?
- **B.** Does the tool capture enough employee activity to support possible future uses of the data?
- **C.** Is there a specific, legitimate business purpose that less intrusive measures cannot meet?
- **D.** Can the program run without informing employees so that it remains effective as a deterrent?

66. According to the service-profit chain, which sequence links internal service quality to profitability?

- **A.** Internal service quality, customer satisfaction, employee satisfaction, service value, customer loyalty, profit
- **B.** Internal service quality, service value, customer loyalty, employee satisfaction and retention, revenue, profit
- **C.** Internal service quality, employee satisfaction and retention, service value, customer loyalty, profit
- **D.** Employee compensation, employee productivity, internal service quality, customer loyalty, market share, profit

67. A software company acquires a 40-person startup mainly for its engineering talent. Which combination of retention tools is MOST commonly used to keep key people after the deal closes?

- **A.** One-time bonuses paid in full at closing plus immediate title upgrades for all staff
- **B.** Retention bonuses that vest over time, clear roles, and preserved autonomy
- **C.** Longer notice periods for all staff plus standard corporate onboarding
- **D.** Moving everyone onto corporate job grades and processes on day one

68. To fill a critical capability, the CHRO compares two options. Building internally costs $50,000 per person with an 80% chance of success. Hiring externally costs $90,000 per person with a 95% chance of success. What is the expected cost per successful outcome of each option?

- **A.** Build $60,000; buy $94,500
- **B.** Build $62,500; buy $85,500
- **C.** Build $62,500; buy $94,737
- **D.** Build $40,000; buy $85,500

69. The CHRO wants to use a generative AI tool to summarize 30,000 open-ended engagement survey comments before an executive offsite. Employees were promised their comments would stay confidential. Which approach is BEST?

A. Have the tool pull the most negative comments verbatim so leaders hear the raw employee voice.

B. Have the tool summarize the comments, then send its output straight to the executive team.

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

D. Use a free public chatbot, since comments without names cannot identify anyone who wrote them.

70. A company is launching an employee advocacy program in which volunteers share company content on their personal social media accounts. Which governance element best manages the program's legal and reputational risk?

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

B. Mandatory participation for all salaried staff so that the company's message reaches the widest audience

C. A rule that participants may not discuss pay or working conditions on any social media platform

D. Prior approval by communications of every personal post that participants make about their workplace

71. A board member asks whether the company can cut pension benefits by amending its defined benefit plan. Which answer is accurate?

A. Amendments may reduce accrued benefits as long as the plan document reserves the employer's right to amend.

B. Amendments may not change future accruals once an employee has become fully vested in the plan.

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

D. Amendments may reduce accrued benefits if participants receive 45 days' advance written notice.

72. A multinational is deciding which HR policies to standardize globally and which to adapt locally. Which combination is MOST typical of an integrated yet responsive approach?

A. Localize all HR policies so that each country follows only its own established practices

B. Standardize ethics and leadership competencies; localize benefits and working time

C. Standardize all HR policies so that employees are treated identically in every country

D. Standardize benefits and working time; localize ethics and leadership competencies

73. When deciding whether to build custom learning content or buy off-the-shelf content, which situation MOST strongly favors buying?

A. The audience is a small senior group whose needs are unique and tied to the current strategy.

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

C. The content covers the company's proprietary processes and is a source of competitive advantage.

D. The topic requires heavy use of the company's own systems, data and internal case examples.

74. What does research on workplace team diversity generally conclude about when diversity improves team performance?

A. Benefits appear automatically once a team reaches a critical mass of demographic variety.

B. Benefits arise when inclusion and conflict management let differing views shape decisions.

C. Diversity always lowers performance because social categorization outweighs information gains.

D. Benefits depend mainly on team size, with small diverse teams always outperforming large ones.

75. An engagement survey shows that only 35% of employees trust senior leaders, down from 58% two years ago. The CEO wants to share a short summary and move on. What should the CHRO recommend?

A. Share only the top-line score to avoid drawing extra attention to the sharp decline

B. Launch an HR-led values campaign to rebuild employees' trust in the senior leaders

C. Run a second, larger survey to confirm the results before sharing them with any employees

D. Share results openly with specific executive commitments, owners and progress updates

76. A company plans to launch a generative AI assistant that answers employee questions using content from its internal knowledge base, which includes HR investigation files, salary data and draft merger plans. What governance step is MOST important before launch?

A. Add a notice that all assistant answers are confidential and may not be shared outside the firm.

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

C. Train employees to avoid asking the assistant questions about confidential company topics.

D. Limit the assistant's use to senior managers until the company is confident in its accuracy.

77. A COO wants to outsource janitorial work now performed by unit employees and, separately, to redesign the facility's services with a new capital investment model. Which criterion determines whether the outsourcing decision must be bargained?

A. Whether the COO's operations unit approved the change, since operational decisions are reserved exclusively to management under the NLRA.

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

C. Whether the subcontractor's employees are also represented by a union, since outsourcing to union firms needs no bargaining.

D. Whether the outsourcing contract runs longer than the current labor agreement, since shorter contracts need no bargaining.

78. A company plans to use AI-generated "potential" ratings to help identify successors for senior roles. Which risk should concern the CHRO MOST?

A. The ratings may be less detailed than the narrative comments managers write in talent reviews.

B. The ratings may take longer to produce than the manual talent reviews currently used by the firm.

C. The ratings may identify too many high-potential employees for the firm's development budget.

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

79. A hurricane shuts down a company's main distribution center for two weeks. The company has no history of similar crises and a good reputation. Under situational crisis communication theory (SCCT), what is the recommended primary response?

A. Denial strategies that identify an outside party as the cause of the disruption

B. Excuses and justifications that downplay the company's control of the event

C. Instructing and adjusting information about safety, operations and support

D. A full apology that accepts responsibility and offers compensation to all

80. Under Delaware's Caremark doctrine, as applied in Marchand v. Barnhill, directors face the greatest risk of personal liability for failed oversight when they:

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

B. make an informed business decision in good faith that later produces large financial losses.

C. delegate monitoring of compliance risks to a board committee that reports to the full board.

D. rely on a reasonable reporting system that nonetheless fails to detect a single compliance breach.

81. A company's merit budget is fixed at 3%, and top performers have been receiving 4% while average performers receive 3%. Leaders say the difference is too small to matter. What is the CHRO's BEST strategy?

A. Ask the board to raise the merit budget to 6% so that top performers can receive increases of 8% or more.

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

C. Replace merit increases with equal cost-of-living raises for everyone and reward top performers through public recognition programs.

D. Keep the current merit pattern, since a 1% difference compounds to a large amount over an employee's career.

82. Which capability MOST distinguishes an HR business partner with strong consulting skills?

A. Advocating for employees' interests whenever business leaders propose changes

B. Maintaining deep technical expertise in employment law and every HR policy area

C. Diagnosing the underlying business problem before agreeing to a requested solution

D. Fulfilling the program requests of business leaders quickly and to their specification

83. An organizational network analysis after a merger shows that three senior managers control most of the information flowing between the company's four divisions. Projects that cross divisions are routinely delayed waiting for their input. What should the CHRO recommend?

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

B. Replace the three managers with leaders who will share information more readily across the four divisions of the company.

C. Share the analysis widely so employees see who controls information and can choose to go to them earlier on projects.

D. Ask the three managers to approve cross-division requests within a set number of days to shorten project delays.

84. A board member emails the CHRO directly asking for a spreadsheet of names, salaries, performance ratings and medical leave status for every employee in a struggling division, saying she wants to judge whether the division is overstaffed. The company has no board policy covering such requests. What is the BEST response?

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

B. Send the spreadsheet promptly, since board members have broad oversight rights over the company's operations

C. Decline the request in writing, citing employee privacy policy, and take no further action on the matter

D. Forward the email to the CEO and let the CEO decide what to send so HR stays out of board politics

85. A U.S. company investigating fraud at a subsidiary in another country wants to transfer employees' emails to U.S. counsel for a DOJ inquiry. Local counsel warns that the transfer may violate local law. Why do some countries restrict such transfers?

A. To prevent companies from using foreign employees' data in internal disciplinary proceedings

B. To require that any data transferred be translated and certified before it leaves the country

C. To protect sovereignty and personal data by requiring official channels or government approval

D. To ensure that the subsidiary's own regulators complete their investigation before any U.S. inquiry begins

86. A multinational places its local life, disability and medical insurance contracts in several countries into one international pool. What is the main financial benefit of this arrangement?

A. The pool lets the company self-insure every local contract without needing a local insurance carrier.

B. The pool replaces each country's statutory benefits, which lowers the company's required local costs.

C. The pool fixes premiums for all countries at one global rate that cannot change during the multiyear contract term.

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

87. Employees on extended unpaid leave that is not FMLA-protected lose health coverage under the company's current practice. The CHRO must decide how long to continue employer contributions. Which principle should guide the policy?

A. End coverage when FMLA ends, since COBRA cannot be offered to people who are still employed.

B. Continue contributions case by case, based on each manager's view of the employee's value.

C. Continue contributions throughout any ADA leave, since the ADA requires paid benefits on leave.

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

88. Two division heads at a growing company are in a long-running dispute over shared engineering capacity. Both concerns are legitimate, the issue affects strategy for years to come, and the executive mediating has several weeks to resolve it. Which Thomas-Kilmann conflict style should the executive model?

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

B. Accommodating, because yielding to the louder division preserves harmony between the two leaders.

C. Compromising, because splitting engineering capacity evenly is the fastest way to end the argument.

D. Competing, because an executive decision imposed right away prevents further delay in the project pipeline.

89. A B2B company's sales VP requests 15 additional account executives. Finance reports a customer lifetime value (CLV) of $9,000 and a customer acquisition cost (CAC) of $3,000. What is the CLV:CAC ratio, and what does it suggest about the request?

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

B. 3:1, meaning the company should triple sales headcount without further review

C. 1:3, meaning each new customer costs more to acquire than it later returns

D. $6,000 net per customer, so CAC could safely rise to $9,000 with new hires

90. Hotline reports show branch staff opening accounts that customers did not request in order to meet aggressive sales targets. What should the CHRO recommend to the executive team?

A. Add ethics training for branch staff while keeping the current sales targets

B. Increase monitoring of new branch accounts and let the current incentive plans run their course

C. Investigate, and redesign the targets and incentives that are driving the behavior

D. Discipline the employees involved and remind all staff of the code of conduct

91. A manufacturer has acquired three companies in 18 months. One runs HR through a shared services center, one through embedded generalists, and one through a PEO. The CEO asks the CHRO to design a single HR operating model for the combined 9,000-employee enterprise. What should the CHRO do FIRST?

A. Benchmark HR-to-employee ratios at peer firms and size the combined HR team to that median

B. Clarify the business strategy and the HR services it requires before deciding on structure

C. Select a single HCM platform so that all three companies can be moved onto common processes

D. Adopt the shared services model already in use, since it has the most mature processes in place

92. A CHRO is helping the executive team evaluate potential locations for a new technical operations center. Which set of external labor market data is MOST relevant to the decision?

A. Local tax incentives, commercial real estate costs, utility rates, and highway and airport transportation access

B. The company's own turnover, engagement scores, and internal mobility rates at existing sites

C. National unemployment trends, consumer price inflation, and forecasts of overall GDP growth

D. Local talent supply, competing employers, prevailing wages, and the education and training pipeline

93. A national quick-service restaurant chain has relied on workers aged 16 to 24 for 70% of its crew. Demographic projections show that labor pool shrinking steadily over the next decade. What is the BEST strategic response?

A. Broaden sourcing to new worker groups and redesign jobs, schedules, and automation

B. Increase hiring bonuses for new crew members during the busiest seasons of the year

C. Expand recruiting at high schools and colleges to win a larger share of young workers

D. Raise starting pay for young workers above every local competitor's rate each year

94. A union petitions to represent the 60 employees in one department of a 400-person plant. The CHRO and counsel are deciding whether to argue that only a plantwide unit is appropriate. What should they do FIRST?

A. Accept the department unit, because employers are not permitted to challenge the scope of a petitioned unit.

B. Insist on the plantwide unit, because a larger unit lowers the union's chance of winning in every case.

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

D. Move employees between departments before the hearing so the department lines appear less distinct.

95. A CHRO is drafting a global compensation philosophy for a company operating in 18 countries. Which set of elements should the philosophy address?

A. The salary of each executive, the annual merit budget and the payroll vendor used in each country

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

C. Local minimum wage rates, statutory benefits and the tax treatment of pay in each separate country

D. A single pay scale in U.S. dollars applied to all roles in every country where the company operates

96. A telecom company's customer complaints have risen 35% over two years, during which frontline call center turnover rose from 40% to 65%. Analysis shows complaints are concentrated among agents with less than six months of tenure. What is the BEST strategic response from the CHRO?

A. Tie supervisors' bonuses to reductions in customer complaints so that they focus on service quality issues.

B. Increase recruiting volume so call centers are fully staffed at all times and customer wait times stay low.

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

D. Require all frontline agents to complete refresher customer service training within the next quarter.

97. An internal investigation confirms that a pay system error underpaid overtime to about 2,000 nonexempt employees over two years. No employee has complained and no agency is involved. What should the CHRO advise the executive team?

A. Fix the error going forward only, since no one has complained and paying back wages now would amount to an admission of liability.

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

C. Wait to pay back wages until an agency audit occurs, since the company may never be audited.

D. Pay back wages only to employees who ask about the error, so the cost reflects actual claims.

98. Two division presidents voiced support for a new shared-services model in executive meetings, but the CHRO learns from several of their direct reports that both have told their teams to 'wait it out' because the model will not last. The CEO is the sponsor of the change. What is the CHRO's BEST intervention?

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

B. Raise the issue at the next executive meeting so the full team can discuss the importance of visible alignment

C. Meet with the two presidents' teams directly to correct the message and restate the executive team's commitment to the model

D. Add division adoption metrics to the monthly dashboard so lagging results will bring the issue to light over time

99. A senior HR leader reviews results of a new enterprise-wide selection assessment. The selection rate is 50% for the highest-scoring group and 30% for another group. What is the impact ratio, and how should it be interpreted?

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

B. 1.67; it is above the 80% rule of thumb, so no adverse impact concerns are indicated at all

C. 0.20; it falls well below 80%, so the assessment must be withdrawn from use immediately

D. 0.60; it falls below 80%, which proves that the assessment is unlawfully discriminatory

100. A 5,000-employee company reduces annual turnover from 20% to 16%. The average fully loaded replacement cost is $15,000 per departure. What are the estimated annual savings?

A. $12.0 million

B. $15.0 million

C. $0.6 million

D. $3.0 million

101. A company is rolling out a recognition awards program in 20 countries. Which consideration is MOST important to build into the global design?

A. Award values set in US dollars so every country receives the same amount

B. Local tax treatment of awards and cultural norms about public versus private recognition

C. Limiting awards to cash payments, since cash is valued the same way in every culture

D. A single award catalog and identical public ceremonies to keep the experience consistent

102. A company will move all employees from a traditional PPO to a high-deductible health plan with a health savings account over three years. Past benefit changes were announced in a single open-enrollment packet, and many employees misunderstood them. What should the CHRO's communication roadmap emphasize?

A. A detailed packet mailed home at open enrollment each year with full plan documents and rate tables

B. Manager emails during each enrollment period reminding employees of the deadline

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

D. A single kickoff town hall in the first year with a recording posted on the intranet

103. A retention pilot site's turnover fell from 22% to 15% during the year. Over the same period, a comparable control site's turnover fell from 21% to 19%. Using a difference-in-differences approach, what change in turnover is attributable to the pilot?

A. A reduction of 5 percentage points
B. A reduction of 7 percentage points
C. A reduction of 4 percentage points
D. A reduction of 2 percentage points

104. After a fatal explosion at a plant, the board forms a crisis committee with the general counsel, the chief communications officer and the COO. The CHRO is asked to define HR's role. Which focus is MOST appropriate?

A. Approving all public statements to ensure they are consistent with HR policies
B. Employee and family support, input on workforce messages, and staffing continuity
C. Leading the incident investigation, since HR oversees workplace conduct and safety
D. Deciding on discipline for plant managers before the root cause is determined

105. A manufacturer has a limited retention budget and 2,500 employees across many job families. The CHRO wants to invest where retention has the greatest business value. What should the CHRO do FIRST?

A. Give each department an equal share of the budget and let managers decide how to use it with their own teams.
B. Identify pivotal roles where differences in performance or vacancies most affect strategic results and costs.
C. Invest in the roles with the highest salaries, since those employees cost the most to replace when they leave.
D. Rank roles by the highest current turnover and invest in those roles until their turnover matches the company average.

106. Instead of creating a separate innovation unit, a business unit's leaders want each employee to divide time between refining current products and exploring new ideas, supported by a culture of stretch, discipline, and trust. Which concept does this describe?

A. Structural ambidexterity
B. Contextual ambidexterity
C. Punctuated equilibrium
D. Sequential ambidexterity

107. The CEO plans to ask the board next month to approve entry into a new market that would require about 150 data engineers and deep regulatory expertise. The company now employs 10 data engineers. What should the CHRO do before the board vote?

A. Begin recruiting data engineers now so the company is ready to staff the new market as soon as the board approves.
B. Advise the CEO to postpone the vote until HR completes a full engagement survey.
C. Assess the talent gap, labor supply, cost and time to close it, and brief the CEO and board.
D. Wait for board approval and then build a detailed workforce plan for the new market.

108. A financial services firm needs 40 cloud security specialists within 12 months to meet a regulatory deadline. The external market is very tight, salaries are rising quickly, and the firm has many infrastructure engineers with related networking skills. Some monitoring tasks could also be automated. What is the BEST talent strategy for the CHRO to recommend?

A. Reskill internal infrastructure engineers to fill all 40 roles, since this builds loyalty and lowers cost.

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

C. Hire all 40 specialists externally at premium pay so the regulatory deadline is met with proven talent.

D. Use contractors for all 40 roles until the market cools, then convert the strongest performers to regular employees.

109. An HR technology team proposes adding a field to the HRIS that flags employees who have engaged in protected activity, so that any later adverse action against them triggers HR review. What trade-off should the CHRO weigh?

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

B. The flag is prohibited by Title VII, since recording protected activity is itself direct evidence of retaliatory intent.

C. The flag should replace manager judgment, with any action against a flagged employee blocked outright.

D. The flag should be visible to all managers, so they know to take extra care with these employees.

110. The CEO of a 15,000-employee company asks the CHRO for a one-page view of workforce health to review at monthly executive meetings. HR currently tracks more than 60 metrics. What is the BEST design approach?

A. Fit as many of the 60 metrics as possible on the page so executives can decide what matters most.

B. Show the current-month values for the 10 HR metrics that peers in the industry most often benchmark.

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

D. Report a single overall workforce health index and supply the underlying metrics on request.

111. A CHRO is launching a hiring program to attract neurodivergent candidates for analyst roles, partnering with community organizations. Recruiters want to confirm each candidate's diagnosis so the program serves its intended audience. What guardrail should the CHRO set?

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

B. Ask every applicant whether they are neurodivergent so that recruiters can tailor each interview.

C. Use the standard interview process for fairness, and offer accommodations only after the person is hired.

D. Require applicants to submit a diagnosis to confirm their eligibility for the program before interviews.

112. An organization's HR operating budget is $3.6 million, and it serves 4,500 employees. What is the HR cost per employee?

A. $800
B. $80
C. $1,250
D. $8,000

113. A company has lost four of its last five discharge arbitrations. In each case the arbitrator found that supervisors had tolerated the same misconduct by other employees. What is the CHRO's BEST enterprise remedy?

A. Rewrite the work rules in more detail so that arbitrators have less room to interpret the policies.
B. Replace the arbitrators on the panel with ones who have ruled more often for management.
C. Settle future discharge grievances before arbitration to avoid adverse rulings that set precedent.
D. Train supervisors on just-cause standards and have HR review terminations for consistency.

114. The CHRO wants to launch an enterprise leadership development program, but the money must come from the budgets of the chief operating, sales and financial officers, none of whom report to her. All three are skeptical. What is the BEST approach?

A. Start with a free pilot in HR to show results, then ask the three executives to fund an expanded version.
B. Meet with each executive to learn their talent pain points and tie the program to results they value.
C. Present a single business case to all three at the next executive meeting and ask for a group decision.
D. Ask the CEO to require each executive to contribute a set share of the program cost from their budget.

115. Senior leaders want a dashboard that shows whether the workplace violence prevention program is working. Which set of metrics would BEST do so?

A. The total count of incidents reported, with a goal of reducing the number of reports each year
B. The number of employees terminated under the program and total security spending each year
C. Trends in concerns reported, time to assess them, incident severity and staff sense of safety
D. The share of employees who completed annual training and signed the policy acknowledgment

116. Two years after the executive team approved an HR technology replacement based on a promised $3 million in annual savings, no one can say whether the savings were achieved. Which governance mechanism would MOST likely have prevented this?

A. Named business owners tracking agreed benefit metrics against a baseline after go-live.
B. A project closure report confirming that the system was delivered on time and on budget.
C. A survey of user satisfaction with the new system conducted soon after go-live.
D. A larger contingency reserve included in the original project budget at approval.

117. Ransomware locks a company's HRIS and payroll system two days before payday for 6,000 employees. Security estimates that restoration will take at least a week. What should the CHRO prioritize?

A. Delay payroll until the system is restored so that every paycheck is exactly accurate

B. Tell employees that pay will be late and ask managers to answer questions as they arise

C. Pay the ransom right away, since missing payroll would harm employees more

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

118. An activist investor holding 8% of the company's shares demands a 15% workforce reduction to raise margins within two quarters. Much of the proposed cut would fall on engineering teams building next year's products. The board asks the CHRO for advice. What should the CHRO advise?

A. Recommend an across-the-board 15% cut so that every function shares the burden equally and the cut looks fair.

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

C. Recommend rejecting the demand, since large workforce cuts tend to harm long-term performance and employee morale.

D. Recommend the full cut with generous severance to limit reputational damage and legal exposure from the layoffs.

119. Nurses at a hospital system report frequent sexual comments and touching by patients, and many say managers tell them it is part of the job. The CHRO must design a response that protects staff without compromising patient care. What is the BEST approach?

A. Treat the conduct as part of clinical care, since patients' medical conditions often explain the inappropriate behavior toward staff.

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

C. Discharge or refuse further care to any patient who harasses staff after a single documented incident occurs.

D. Train nurses in de-escalation and resilience, and leave the response to each nurse's professional judgment.

120. A global company headquartered in London uses an AI resume-screening tool for hiring in 30 countries, including for roles based in its New York City office. Under NYC Local Law 144, which hiring does the bias audit requirement cover?

A. All hiring worldwide, because the company has an office in New York City

B. Only hiring where the tool makes final decisions with no human review at all

C. No hiring, because the law applies only to employers headquartered in the city

D. Screening of candidates and employees for jobs based in New York City

121. A senior vice president is dismissed after an investigation finds that he falsified sales results and pressured staff to stay silent. Engagement scores on trust in leadership drop sharply. What should the CHRO do to reset leadership expectations?

A. Require all employees to complete annual ethics training and sign a statement confirming they understand the code of conduct.

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

C. Send an all-employee email confirming the dismissal and stating that the matter is now fully resolved.

D. Ask the board to review the incident and leave communication about leadership values to the board.

122. A private equity firm has acquired a mid-sized manufacturer and wants management equity tied to a sale of the business in about five years. The CHRO is asked to design incentives for the top 15 leaders. Which design BEST aligns their interests with the owner's?

A. An annual cash bonus tied to yearly revenue growth, paid in full each year so leaders feel rewarded as the business grows.

B. Restricted stock vesting fully at the end of the first year, so that leaders hold equity early and feel like owners quickly.

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

D. A retention bonus paid at the sale, set as a fixed multiple of salary regardless of the price the business achieves on exit.

123. A nonunion company wants more employee voice and is concerned about Section 8(a)(2) of the NLRA, which bars employer domination of labor organizations. Which mechanism carries the lowest risk?

A. A management-chosen council that proposes pay changes and negotiates responses

B. A committee of elected employees that bargains with managers over attendance rules

C. A standing panel that trades proposals with HR on benefits until both sides agree

D. Anonymous pulse surveys whose results management reviews and acts on as it chooses

124. An audit at a U.S. company finds 25 employees working from other countries for several months without approval, some of them permanently. What should the CHRO do FIRST?

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

B. Terminate the employees who relocated without approval, since they violated policy and created tax and legal exposure for the company.

C. Require all 25 employees to return to the United States within one week, regardless of their circumstances or immigration status.

D. Convert the employees to independent contractor agreements, since contractor status removes the company's foreign employment and tax obligations.

125. A manufacturer's heat-related illnesses and summer absenteeism have risen for three straight years at several plants in warming regions, and climate projections show more extreme-heat days ahead. What is the BEST strategic response for the CHRO?

A. Let each plant manager handle heat locally, since conditions and budgets differ by site.

B. Expand the summer temporary labor pool at the affected plants so that heat absences do not cut output.

C. Send a companywide hydration reminder and add a heat module to annual safety training.

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

126. A company that uses minimal workplace monitoring acquires a firm whose AI tools track keystrokes, screen time and productivity scores for all 2,000 of its employees. The acquired firm's leaders say the tools drive performance. What should the CHRO recommend for integration?

A. Extend the acquired firm's monitoring to the acquirer, since its data show that the tools drive results.

B. Remove the monitoring tools on day one, since the acquirer's culture should prevail in an integration.

C. Let each company keep its own approach indefinitely so that integration does not disrupt performance.

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

127. During negotiations with an external candidate for chief operating officer, the candidate's agent opens by stating that a base salary of $950,000 is expected, well above the company's planned range. How is this opening figure MOST likely to affect the negotiation?

A. It will push the company to counter at the bottom of its range to offset the candidate's high demand.

B. It will have little effect, since the board's approved range ultimately determines the final base salary.

C. It will lower the final settlement because an extreme opening demand signals the candidate is not negotiating seriously.

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

128. A U.S. company is choosing between offshoring software support to a distant country and nearshoring it to Mexico, where wages are higher than the offshore option. Which factor BEST explains why nearshoring may still be the better choice?

A. Nearshore workers are covered by U.S. employment laws, which makes cross-border compliance much simpler.

B. Nearshore wages eventually fall below offshore wages as the local labor market matures.

C. Nearshore vendors are not permitted to serve competitors, which protects proprietary work.

D. Closer time zones and cultural proximity can lower coordination costs and speed collaboration.

129. An executive team faces two problems: recurring payroll errors that a vendor can fix with a known software patch, and declining collaboration between divisions rooted in competing loyalties and values. According to Heifetz, which problem is adaptive, and why?

A. Both problems, because any issue affecting many employees is an adaptive challenge

B. The collaboration decline, because experts can solve it by applying a defined process

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

D. The payroll errors, because they require new learning by the vendor's own technical experts

130. A CLO proposes shifting 30% of the course budget to performance support tools embedded in the systems employees use daily, such as job aids and in-app guidance. The CFO supports the idea but asks what the trade-offs are. What is the MOST accurate response?

A. Embedded tools cost more to maintain than courses and rarely improve on-the-job performance results.

B. Embedded tools can fully replace formal courses, since employees learn everything they need on the job.

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

D. Embedded tools work only for new hires, so the shift should be limited to onboarding programs alone.

131. A company has annual revenue of $120 million and 800 full-time-equivalent employees. A director asks what its revenue per employee is and how to interpret it. Which response is correct?

A. $1,500,000, which shows strong productivity compared with most other firms

B. $15,000, which signals the company is overstaffed for its revenue

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

D. $150,000, which shows each employee generates $150,000 in profit

132. In an HR data governance framework, how does a data steward's role differ from a data owner's?

A. The steward is the IT administrator of the system; the owner is the employee the data describes.

B. The steward approves who may access the data; the owner enters and corrects the data in the system.

C. The steward sets the data retention policy; the owner carries out audits of the data's accuracy.

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

133. A logistic regression of voluntary turnover shows that employees who work more than 10 hours of overtime per week have an odds ratio of 2.0 for leaving within a year, controlling for tenure and pay. Which interpretation should the CHRO give executives?

A. About 20% of employees working more than 10 hours of overtime a week will leave the company within a year.

B. These employees are exactly twice as likely to leave within a year as similar peers who work less overtime.

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

D. Cutting their overtime below 10 hours a week will cut these employees' chance of leaving the company in half within the next year.

134. A company is designing a validation study for a new customer service assessment. Leaders disagree about whether success should mean 18-month retention, quality scores, sales or some combination. Why is this choice strategic?

A. The criterion matters mainly for statistical power, since combined criteria require much larger samples to analyze.

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

C. The criterion chosen determines whether the study counts legally as a content validation or a criterion-related validation.

D. The criterion must match the one the test publisher used, or the publisher's validity evidence will no longer apply.

135. A CEO's bonus is based entirely on quarterly earnings per share. To hit the target, the CEO delays essential safety maintenance, which raises long-term risk for the company. Which concept BEST explains the ethics risk in this pay design?

A. Groupthink, in which cohesive teams suppress dissent to preserve consensus

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

C. Equity theory, in which people compare their pay ratios with those of their peers

D. Stakeholder theory, in which leaders must weigh the interests of all affected groups

136. A bank is redesigning its digital business around an agile-at-scale operating model. Which design principle is MOST central to that model?

A. A central program office that approves the scope of every team's work

B. Temporary project teams that disband once each project is delivered

C. Stable, cross-functional teams that own a customer outcome end to end

D. Functional departments that hand off work through detailed service levels

137. A newly hired CHRO is asked to deliver a three-year HR strategy within 60 days, but executives describe the business strategy in conflicting ways and no written strategy exists. What should the CHRO do FIRST?

A. Benchmark the HR strategies of peer companies and adapt the most successful one

B. Write an HR strategy based on HR best practices that would fit any business direction

C. Draft separate HR plans for each executive's version of the business strategy

D. Work with the CEO and executives to clarify the strategic priorities HR must support

138. A U.S. company is rolling out one global applicant tracking system that will store candidates' data from the European Union. Under the GDPR, which design issues MUST the system address?

- **A.** Deletion of all candidate data as soon as a hire is made, and a ban on any data transfers outside the EU
- **B.** A lawful basis for processing, limits on data retention, and safeguards for transfers outside the EU
- **C.** Registration of the system with each EU country's labor ministry before any candidate applies
- **D.** Candidates' written consent for every use of their data, and storage only on servers in the U.S.

139. A business unit is managing nine major initiatives at the same time, and adoption of each has stalled. What is the MOST likely explanation?

- **A.** Employees are resisting because each initiative lacks a clear business case for why it is needed.
- **B.** Employees' limited capacity to absorb change is spread too thin, so each change gets less attention.
- **C.** Communications are too frequent, so employees have stopped opening messages about the initiatives.
- **D.** Managers are using the wrong change model, since concurrent changes require a different methodology.

140. A company plans to use an AI tool to screen and rank applicants for roles across the United States, including positions based in New York City. What governance approach should the CHRO require?

- **A.** Use the tool only for roles outside New York City, so that the company avoids the local rules on automated tools.
- **B.** Let the tool make final decisions for entry-level roles, and use human review only for professional or senior roles.
- **C.** Commission an independent bias audit before use, keep human review of decisions and give candidates the notices required.
- **D.** Rely on the vendor's written assurance that the tool is free of bias, since the vendor built and trained the underlying model.

141. The board asks the CHRO how exposed the company would be if any of its 12 most critical leaders left suddenly. Which presentation BEST answers the board's question?

- **A.** A list of all high-potential employees across the company, ranked by their latest performance ratings.
- **B.** Profiles of external candidates who could be recruited for each role if a sudden vacancy occurs.
- **C.** For each critical role, the ready-now and ready-later successors, with gaps and development plans.
- **D.** The company's overall turnover rate for managers compared with turnover benchmarks for the industry.

142. An organizational network analysis of a product division finds the following: Anita has the most direct ties; Bruno has the shortest average distance to everyone; Carla is the only link between the engineering and marketing clusters; and Devon is tied mainly to other highly connected people. Who has the highest betweenness centrality?

A. Devon
B. Carla
C. Anita
D. Bruno

143. A 250-employee company wants to self-fund its health plan but is worried about large-claim volatility. It joins with other mid-size employers in an arrangement that shares the layer of risk between each employer's retained claims and its stop-loss coverage. What is this arrangement called?

A. A multiple employer welfare arrangement
B. A professional employer organization
C. A regional purchasing coalition
D. A group stop-loss captive

144. Analysis shows that business units with higher engagement scores had higher revenue growth last year. The CEO wants to tell investors that engagement drives 20% of the company's revenue growth. What is the CHRO's BEST advice?

A. Support the claim but place it in a footnote so that the company limits its legal exposure
B. Describe the link as a correlation and avoid a causal figure the data cannot support
C. Support the claim, since a strong correlation is enough to show cause and effect
D. Remove all engagement data from investor materials to avoid any scrutiny

145. A draft reduction-in-force list for 200 roles shows that employees age 40 and over are selected at nearly twice the rate of younger employees. The selection criteria include salary level and a subjective adaptability rating. What should the CHRO do BEFORE the list is finalized?

A. Review the criteria with counsel and consider alternatives that reduce the age impact
B. Finalize the list and give all affected employees age 40 and over extra severance pay
C. Remove enough older employees from the list to equalize the selection rates by age
D. Finalize the list, since the ADEA protects age only when it is listed as a criterion

146. Two days before a planned restructuring announcement, specific details about plant closures appear on an employee social media forum. Employees are anxious, and the CEO suspects a member of the executive team leaked the plans. What should the CHRO do FIRST?

A. Launch a confidential investigation to identify the executive who leaked the plans before making any further statement to employees or the media.
B. Advise leadership to decline comment until the original announcement date so the communication plan is not disrupted.
C. Recommend that leadership quickly confirm the facts to employees and accelerate the official communication while the leak is reviewed.
D. Issue a reminder to all executives about confidentiality obligations and the disciplinary consequences of further leaks.

147. A senior leadership team decides that leadership functions, such as setting direction, facilitating decisions and coaching, will rotate among members based on expertise rather than resting with one formal leader. This BEST describes:

A. Laissez-faire leadership
B. Shared leadership
C. Transactional leadership
D. Servant leadership

148. A financial services firm is reorganizing much of its technology and product work into cross-functional agile teams that plan in two-week cycles. Which HR practice typically must be redesigned FIRST to avoid undercutting the new model?

A. Job architecture, replaced by broad salary bands with no defined career levels or promotion steps at all
B. Annual individual ratings, replaced by frequent feedback that also recognizes team results
C. Benefits eligibility, extended to cover contractors who join the new agile teams
D. Recruiting, shifted to hire only candidates who hold formal agile certifications

149. An executive team is choosing a nearshore or offshore location for a new HR service center. Which set of criteria should carry the MOST weight in the decision?

A. Where competitors have located their centers, labor cost, and the ease of hiring quickly
B. Labor cost, local unemployment rate, quality of infrastructure, and available office space
C. Talent supply, language skills, time-zone overlap, and political and data-transfer risk
D. Labor cost, available tax incentives, office lease rates, and distance from headquarters

150. A multinational is configuring a new global HRIS. Which design decision BEST reflects the principle of privacy by design?

A. Loading every legacy employee record so that the new system holds a complete work history
B. Adding privacy notices and consent forms to the system after it goes live
C. Collecting only needed fields, with role-based access and automated retention rules
D. Giving all HR staff global access so cases can be handled from any country

151. A U.S. company has 400 employees in a country where armed conflict has suddenly broken out near its main facility. Airports remain open for now, communication networks are unreliable, and the CEO asks the CHRO what to prioritize. What should the CHRO do FIRST?

A. Suspend local payroll and benefits processing until it is clear whether the facility will continue operating.
B. Issue a public statement on the conflict so that employees, customers and investors know the company's stance.
C. Shift the facility's critical work to the company's other sites so that customer commitments are still met during the conflict.
D. Account for every employee, activate the crisis plan to protect or evacuate them, and set a single channel for updates.

152. At an industry roundtable, the CHRO of a competitor proposes that the CHROs in attendance share their planned merit increase budgets and starting-pay changes for next year so they can avoid a bidding war for engineers. What should the CHRO do?

A. Agree to share the information if all of the participating companies sign a confidentiality agreement first.

B. Participate in the exchange, since sharing pay data among HR professionals is a standard benchmarking practice.

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

D. Share only the company's overall merit budget percentage, since aggregated figures carry no antitrust risk.

153. A CHRO is leading an enterprise-wide ERP implementation. She plans to use Kotter's model for the overall program and ADKAR as well. Why does combining the two models make sense?

A. Kotter measures the return on change investments, while ADKAR sets the program timeline and budget.

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

C. Kotter is designed mainly for technology changes, while ADKAR is designed for cultural and behavioral changes.

D. Kotter applies during the planning phase, while ADKAR applies only after the system goes live.

154. A global hospitality company's uniform standards date from the 1990s, and its properties receive many requests to wear religious attire such as hijabs, turbans, yarmulkes, and long skirts. Each request is handled separately, and approvals vary by property. What should the CHRO do?

A. Drop the uniform requirement so that employees can wear any clothing that meets basic safety rules.

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

C. Keep the current standards and train all property managers to approve religious attire requests more consistently across properties.

D. Standardize the request process so that every property reviews religious attire requests on the same form.

155. A large public company's advisory say-on-pay proposal receives only 42% support from shareholders. What does this result signal, and what response is expected from the board?

A. A binding rejection, requiring the board to rescind and reissue all executive pay awards made during the past fiscal year.

B. A legal violation, requiring the company to file corrective pay disclosures with the SEC within 30 days.

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

D. A routine result, requiring no action, since the vote is advisory and most companies receive similar support.

156. A ransomware attack has locked a company's payroll system two days before payday for 4,000 hourly and salaried employees, and IT cannot predict when it will be restored. The CEO asks the CHRO for a plan. What is the BEST course of action?

A. Ask employees to submit their own hours by email so payroll can be recalculated by hand

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

C. Hold all employee messaging until the forensic review confirms what data was taken

D. Delay payroll until IT restores the system so that every paycheck is calculated accurately

157. The COO of a 7,000-employee nonunion retailer asks the CHRO to cut employment lawsuits. The CHRO proposes an alternative dispute resolution (ADR) program ending in binding arbitration. Which design is MOST likely to be both enforceable and accepted by employees?

A. An arbitration program that bars employees from filing charges with the EEOC or NLRB, so that every dispute is resolved privately and quickly.

B. A single-step mandatory arbitration agreement that covers all workplace claims, with the arbitrator's fees and costs split evenly between both parties.

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

D. A management review panel of senior executives who hear complaints and issue final decisions, which replaces any later court or agency filing.

158. A company sets up a separate unit to develop new digital services while its core business keeps refining existing products for efficiency, with senior leaders integrating the two. This BEST illustrates:

A. Disruptive innovation

B. Related diversification strategy

C. Vertical integration

D. Organizational ambidexterity

159. During a union organizing campaign, leadership proposes a new engagement survey to find out what is bothering employees. The company has never surveyed employees before. What is the PRIMARY legal risk?

A. Surveys during a campaign must be approved in advance by the NLRB regional office before they are distributed to employees.

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

C. Any survey during a campaign automatically requires the employer to bargain with the union over the results.

D. Employers may not communicate with employees about working conditions at all once a petition has been filed.

160. Before a major operational change at a union site, a CHRO wants to know whether the company must bargain over the decision itself. Under First National Maintenance, which test applies to management decisions of this kind?

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

B. Bargaining is required for any decision that affects unit jobs, regardless of the burden or cost it places on the conduct of the business.

C. Bargaining is required only if the decision will lead to layoffs of more than a third of the unit employees involved.

D. Bargaining is required only if the union has a contract clause that expressly covers the type of decision involved.

161. Bartlett and Ghoshal described four international strategies. A company pursuing a transnational strategy seeks global efficiency, local responsiveness and worldwide learning at the same time. What does this strategy imply for HR?

A. Developing leaders with a global mindset and moving talent and knowledge across all units

B. Letting each country unit design its own HR practices independently with little central coordination

C. Standardizing HR practices worldwide to achieve efficiency, with minimal adaptation to local markets

D. Staffing all key subsidiary roles with home-country nationals to transfer headquarters practices

162. A senior executive asks the CHRO for a modified schedule to manage a serious medical condition and insists that only the CEO be told. The executive's assistant and chief of staff will have to adjust calendars to make the schedule work. Which principle should guide the CHRO?

A. Honor the request fully, even if staff then cannot carry out the accommodation that was approved.

B. Let the executive's own team process the request, since senior leaders manage their own accommodations.

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

D. Inform the board of directors, since executive medical conditions are material governance information.

163. The head of a business unit insists that HR approve offers up to 40% above the range maximum for data scientists, with no cap, saying the unit is losing candidates. Current incumbents are paid within the range, and the ranges were last updated two years ago. What is the BEST response from HR leadership?

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

B. Approve the offers but require that new hires keep their pay confidential from their coworkers

C. Reject every offer above range maximum to protect internal equity across the whole company

D. Approve the offers, since the unit head owns the budget and is accountable for the hiring results

164. A global manufacturer's transformation steering group consists of the heads of finance, HR, IT and strategy, plus two partners from the consulting firm supporting the program. Plant managers and regional sales leaders privately call the effort 'corporate's project.' What should the CHRO advise the CEO?

A. Have the consultants present the business case in each region so line leaders understand the strategic rationale

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

C. Add the CEO as chair so the group carries enough positional authority to secure cooperation from line leaders

D. Keep the current membership and add a line-leader sounding board that reviews and comments on steering group decisions each quarter

165. The CEO of a 2,000-employee company wants to announce layoffs of 250 employees at one site next week and complete the separations by month-end. Severance will require a release. What should the CHRO advise?

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

B. Announce next week as planned, but give each employee 21 days to consider the release, since the layoff is part of a single program.

C. Delay the layoff for six months to complete a full legal review, since any faster timeline creates unacceptable legal and reputational risk for the company.

D. Announce next week as planned, since WARN applies only when a whole site closes and not when part of a workforce is laid off.

166. A fast-growing software company's CEO wants to announce at an all-hands meeting that the company will pay at the 75th percentile for all roles to win talent. The CFO objects that this would raise payroll about 12% and is not in the plan. The CHRO is asked to propose a way forward before the meeting. What should the CHRO do?

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

B. Support the CEO's announcement because a bold public commitment will improve recruiting results quickly

C. Recommend announcing the 75th-percentile goal now and determining the funding and timeline afterward

D. Side with the CFO and recommend holding all pay at the current market position until revenue targets are met

167. After outsourcing its customer service operation, a company reports that labor cost as a share of revenue fell from 32% to 26%. Vendor fees rose sharply over the same period. How should the CHRO interpret this result for the executive team?

A. The drop shows that the outsourcing decision has improved productivity and should be extended to other functions

B. The drop is the main measure of success, because vendor fees are an operating cost outside HR's scope

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

D. The drop indicates that the labor cost ratio is no longer a useful metric and should be removed from the dashboard

168. A CHRO is applying Lepak and Snell's HR architecture to a portfolio of roles. Experienced accountants are valuable to the strategy, but their skills are widely available in the labor market and not specific to the firm. Which employment mode does the model recommend for this group?

A. Knowledge-based employment, developing talent internally with commitment-based practices

B. Contractual work arrangements, managing outsourced talent with compliance-based practices

C. Job-based employment, acquiring ready-made talent with market-based HR practices

D. Alliance-based partnerships, sharing talent with partners through collaborative practices

169. A company is deciding whether to keep one pay structure for all jobs or to create separate structures for executives, exempt, nonexempt and sales jobs and for different geographic zones. Which statement BEST describes the trade-off?

A. Multiple structures are required by the FLSA whenever an employer has both exempt and nonexempt employees on its active payroll

B. A single structure always costs less, because it eliminates the need for any market data on specific groups of jobs

C. A single structure is better at matching each market, because one structure averages out the differences among jobs

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

170. In a global matrix organization, regional leaders set revenue goals for shared sales-engineering teams, while product leaders set conflicting goals for the same teams focused on new-product adoption. Engineers say they cannot satisfy both. What design fix should the CHRO propose?

A. Have regional and product leaders jointly set shared team goals

B. Let each engineer decide which leader's goals take priority in each quarter

C. Split each team's time evenly between regional and product goals

D. Make the product leader the sole goal-setter for every shared team

171. A technology company's performance ratings now include AI-generated productivity scores built from system activity data. The latest engagement survey shows employees see the ratings as unfair and opaque, and regretted attrition is rising. What is the BEST redesign?

A. Keep the current process but launch a communication campaign explaining the benefits of AI-based ratings

B. Remove managers from the rating step so the AI scores are applied consistently and without personal bias

C. Drop all productivity data and return to manager-only ratings based on annual employee self-assessments

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

172. A CEO sets sales targets 40% above last year's results and ties most of the reps' variable pay to hitting them. What does research suggest about the ethics risk of this approach?

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

B. Specific, difficult goals reduce misconduct because they focus employees on clear, measurable outcomes

C. Stretch goals raise misconduct risk only when employees helped set the targets themselves

D. Goal difficulty has little effect on misconduct as long as a code of conduct is in place

173. A manufacturer will close its unionized plant in a small town where it is the largest employer, eliminating 600 jobs in eight months. The union contract does not address closures, and local officials are worried about the tax base. What should the CHRO's stakeholder plan include?

A. Inform the union and local officials only on the closure date so that information about the closing does not leak too early.

B. Negotiate only with the union, since the company owes no obligations to local officials or the wider community.

C. Delay announcing the closure until six weeks out to reduce the risk that productivity drops before the plant closes.

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

174. Engagement analytics after a global reorganization show scores stable in most regions but down 18 points in two regions. Both regions had leadership changes and lost local decision authority in the redesign. What should the CHRO do before recommending action to the executive team?

A. Compare the two regions with external engagement benchmarks to determine whether the drop is significant

B. Require the new regional leaders to submit engagement action plans within 30 days of the survey results

C. Recommend restoring local decision authority in both regions now, since lost authority is the most likely cause of the drop

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

175. A CHRO is reviewing ISO 45003 as guidance for the company's safety management system. Which hazards does ISO 45003 address?

- **A.** Chemical and biological hazards from the substances and agents used or handled in the workplace
- **B.** Environmental hazards from emissions, waste and the use of natural resources
- **C.** Psychosocial hazards, such as workload, job control, harassment and poor work organization
- **D.** Ergonomic hazards from repetitive motion, awkward postures and heavy manual lifting

176. A company spends heavily on external executive coaches for its top 50 leaders, but the 2,000 people managers below them rarely coach their teams. The CEO wants a coaching culture throughout the organization. What should the CHRO prioritize?

- **A.** Add a coaching module to the annual compliance training that all employees complete
- **B.** Hire a team of internal coaches to coach all employees on behalf of their managers
- **C.** Build managers' coaching skills and hold them accountable for coaching as part of their role
- **D.** Expand the external coaching budget so that every one of the 2,000 people managers has an executive coach

177. A 7,000-employee company plans to publish pay ranges in all job postings and to employees in six months. Managers worry they cannot explain why individual pay falls where it does in each range. What should the CHRO do to build manager buy-in before publication?

- **A.** Ask managers to review the ranges and vote on whether the company should proceed with publication.
- **B.** Delay publication until managers report that they are comfortable explaining pay to their employees.
- **C.** Train managers on the pay philosophy and range placement, give them talking points and resolve outliers before launch.
- **D.** Publish the ranges as planned and direct all employee pay questions to HR, so managers are not put in a difficult position.

178. A covered employer with 2,000 employees acquires a 35-person firm and continues its operations as a successor. The integration plan must address FMLA eligibility for the acquired staff. Which approach is correct?

- **A.** Count them in the employer's headcount, apply the 75-mile test, and credit their prior service.
- **B.** Exempt the acquired site from FMLA, since it had fewer than 50 employees when acquired.
- **C.** Credit prior service only for staff who already had FMLA eligibility at the former firm.
- **D.** Treat them as new hires, so each must work 12 months for the new owner before any FMLA leave applies.

179. An activist investor publicly claims a company's culture is toxic, citing rising turnover and negative online employee reviews. The board asks the CHRO for advice on how to respond. What is the CHRO's BEST role?

A. Meet with the investor directly to explain the culture programs the company already offers.

B. Commission an employer branding campaign to improve the company's external reputation.

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

D. Draft a public statement that rebuts each of the investor's claims about the company's culture and turnover data.

180. An accessibility audit of the company's HR systems finds 200 issues across the careers site, onboarding portal, benefits enrollment, learning platform and intranet. The budget covers fixing about a third of them this year. How should the CHRO prioritize the work?

A. Fix the issues that are quickest and cheapest to resolve first so the largest number gets closed this year

B. Fix the issues in the order the audit lists them so every system owner receives the same treatment

C. Fix the careers site completely first because it is the most visible system to people outside the company

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

181. A CHRO is designing a single employee relations case management system for a company operating in 20 countries, including several EU member states with works councils. Regional leaders worry that a global system will ignore local legal requirements. What is the BEST design approach?

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

B. Delay the rollout until legal teams in all 20 countries agree on one harmonized set of investigation and retention rules.

C. Adopt the U.S. headquarters process unchanged everywhere so that all cases are handled and reported in exactly the same way.

D. Let each country select and run its own case system, then combine summary statistics in a quarterly global spreadsheet for senior leaders.

182. A nonprofit learns that a foundation grant funding 25% of its budget will end in nine months. The CEO asks the CHRO for a workforce strategy. What is the BEST approach?

A. Lay off all grant-funded staff now, so the organization can save cash before the grant actually runs out in nine months.

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

C. Reduce all staff hours by 25% when the grant ends, so the cut is shared equally and no employee has to lose a job.

D. Keep the current staff in place and expect fundraising to replace the grant, since cuts would harm the mission.

183. A retailer's distribution center expects heavy intermittent FMLA leave during the holiday peak, and the COO asks HR for ways to limit it. Which approach is lawful?

A. Move all intermittent leave users to part-time status for the duration of the peak.

B. Declare a holiday blackout on intermittent leave, as long as it applies to all employees.

C. Use certification, recertification and call-in rules consistently, not blackout periods.

D. Require intermittent leave in full-day blocks during the peak to simplify scheduling.

184. A global employer brand campaign that stresses individual achievement and fast personal advancement is drawing weak applicant interest in South Korea, while it performs well elsewhere. What should the talent acquisition leader recommend?

A. Replace the global brand in South Korea with a separate local brand created by the South Korean team.

B. Raise starting pay in South Korea to make up for the weaker brand message there.

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

D. Keep the campaign unchanged, since a consistent brand matters more than local appeal.

185. After a sales misconduct scandal, the board asks the CHRO for ongoing reporting on culture risk. Which design is BEST?

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

B. The number of employees who complete the annual ethics training course each year

C. A quarterly narrative update from the CEO describing progress on culture change

D. The annual engagement score and its change from the prior year's survey, broken out by business unit

186. A CHRO is standardizing the conflict-of-interest policy across operations in 30 countries. In many locations, hiring relatives and buying from family-owned suppliers are common business practices. Which approach is BEST?

A. Exempt family business ties from disclosure in the countries where such ties are customary

B. Adopt the U.S. headquarters policy word for word in every country to guarantee full consistency

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

D. Let each country write its own conflict rules so that they fit local business norms and customs

187. The CHRO and CFO disagree on next year's workforce plan: the CFO wants a hiring freeze, while the CHRO forecasts a capability gap that will delay growth projects. The CEO is frustrated by the standoff. What is the CHRO's BEST approach?

A. Present the CHRO's forecast to the CEO and ask for a decision, since the CEO must settle the disagreement.

B. Accept the CFO's freeze for this year and revisit the capability gap once growth projects begin to slip.

C. Propose a compromise that approves half of the requested hires in exchange for the CFO's support on next year's plan.

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

188. After the merger of a U.S. company and a European company, the CHRO must harmonize leave and holiday policies in 30 countries. In several countries, the European firm's employees receive well above the statutory minimum, while the U.S. firm's employees in the same countries receive close to the minimum. What should the CHRO do?

A. Adopt one uniform global policy so that every employee receives the same number of leave days and holidays in every country.

B. Keep both legacy policies in place indefinitely so that the merger creates no employee relations problems.

C. Adopt the more generous of the two companies' policies in every country so that no employee in either firm loses any benefit.

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

189. Product teams at a technology company regularly ask members of the disability and multicultural ERGs to review features and marketing, often for several hours a month. The work is valuable but unpaid, not tracked and done on top of members' regular jobs. What is the CHRO's BEST response?

A. Stop the practice entirely because ERGs should only focus on community and belonging for members

B. Create a formal advisory program with defined scope, voluntary participation and compensation

C. Have each product team hire an outside consulting firm instead of asking employees for their input

D. Let the practice continue informally because members have chosen to volunteer their time and expertise

190. A regional grocery chain is considering joining an employer association to bargain jointly with a union. Which statement BEST describes the strategic advantage and risk of this choice?

A. It lowers bargaining costs but bars each member company from making any side agreements with the union

B. It equalizes labor costs among competitors but limits company-specific flexibility

C. It lets the company withdraw at any time but exposes it to separate strikes

D. It removes the risk of strikes but raises legal exposure under antitrust law

191. A company paid $500 million to acquire a competitor whose identifiable net assets were valued at $320 million. Within 18 months, most of the target's senior engineers left after a difficult culture integration, and the expected product synergies did not materialize. Which statement BEST describes the accounting risk?

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

B. The $180 million premium was expensed at closing, so no further charge applies

C. The premium was booked as patents and trademarks that must now be revalued

D. The engineers were recorded as an asset that is now amortized over their tenure

192. Several large investors ask a public company to disclose its employee turnover and pay equity results. The CHRO is weighing the risks of disclosure. What is the BEST approach?

A. Disclose consistent, clearly defined metrics after legal review, with context.

B. Share the most favorable available version of each metric to protect the brand.

C. Decline to share any data, since disclosure creates potential legal exposure.

D. Release the full underlying raw data at once to demonstrate transparency.

193. Iris Bohnet argues that organizations should "de-bias systems rather than people." Which practice is the BEST example of this approach?

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

B. Holding a workshop on unconscious bias for all managers who make hiring decisions each year

C. Asking interviewers to reflect on their own biases and write down how they will set them aside in interviews

D. Requiring all interviewers to take an implicit association test before they join a hiring panel

194. As part of due diligence for acquiring a unionized manufacturer, the CHRO has collected the target's labor agreements, pending grievances, open unfair labor practice charges and pension plan documents. What should the CHRO do NEXT to support the deal decision?

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

B. Summarize the documents for the deal team and leave cost estimates to the integration team after the deal closes.

C. Meet with the target's union leaders to negotiate new contract terms and wage rates before the purchase agreement is signed by both parties.

D. Focus the review on wage rates, since grievances and charges usually resolve on their own after an acquisition.

195. A CHRO is comparing HIPAA compliance burdens for a fully insured plan and a self-funded plan. If the fully insured plan receives only summary health information and enrollment data, how does its burden compare?

A. It is the same, since every group health plan must adopt the full set of HIPAA policies.

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

C. It is heavier, since the employer must audit the insurer's handling of participants' PHI every plan year.

D. It is eliminated, since fully insured plans are not covered entities under HIPAA at all.

196. A CEO is considering acquiring a competitor and asks the CHRO what talent risks should be evaluated during due diligence. What should the CHRO prioritize?

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

B. The competitor's employee handbook, job titles, and organization chart to plan future structure

C. Pay grades and benefits plans, so the company can harmonize all programs on the closing date

D. Planned staff reductions and severance costs, so the deal model includes the expected synergy savings early

197. Only 52% of a company's frontline employees participate in the 401(k) plan, compared with 85% of salaried staff. The CHRO proposes plan design changes. Which approach is MOST likely to raise participation?

A. Expand financial education first, since automatic features rarely change how employees participate.

B. Add more fund options, since a larger menu gives frontline staff more reasons to enroll.

C. Raise the employer match, since a richer match closes participation gaps reliably by itself.

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

198. A recognition analysis shows that night-shift, field and fully remote employees receive about one-third as much recognition per person as headquarters staff. Engagement scores in those groups are also lower. What is the CHRO's BEST response?

A. Remind all managers in a company-wide message that recognition should be distributed fairly

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

C. Launch a separate recognition program for those groups with its own budget and awards

D. Set a quota requiring managers to give equal recognition to every group each quarter

199. A software startup has just raised a Series C round and plans to triple headcount from 150 to 450 in 18 months. The CFO warns that the cash runway falls below a year if hiring outpaces revenue. What should be the CHRO's top priority?

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

B. Shift most new hires to equity-heavy offers with low base pay, since stock costs no cash and preserves the startup's runway.

C. Outsource most new roles to staffing firms for the first year, so the company can avoid the long-term cost of employees.

D. Hire as fast as possible while funding is plentiful, since talent will be harder to secure later and growth targets depend on it.

200. In which situation is return on expectations (ROE) a more appropriate primary measure than monetary ROI?

A. When sponsors define success in outcomes that are hard to convert credibly to money

B. When the program is a large, costly initiative intended to reduce product defects

C. When the CFO requires a single financial figure for every program in the annual portfolio

D. When the program's benefits are easy to convert into dollars using standard values

201. Senior leaders at a union plant are frustrated that the union keeps advancing grievances that management sees as weak, including some the union seems unlikely to win. What legal obligation BEST explains this union behavior?

A. The no-strike clause, which requires the union to use grievances instead of any other form of protest.

B. The duty to bargain in good faith, which requires the union to take every grievance a member files through to arbitration.

C. Weingarten rights, which require the union to represent members in every disciplinary grievance it files.

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

202. A company's new leadership mentoring program is open only to employees of one racial group, with the goal of improving representation in management. Legal counsel flags the eligibility rule. What should the CHRO do?

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

B. Keep the restriction but rename the program so it does not reference any racial group

C. End the mentoring program entirely so the company avoids any possible discrimination claims from employees

D. Keep the restriction because the program aims to remedy underrepresentation in management

203. In Boudreau and Ramstad's HC BRidge framework, HR measurement is organized into efficiency, effectiveness and impact. Which question does the impact anchor address?

A. How much the organization spends to deliver HR programs relative to the volume of services it produces

B. How improvements in talent pools and organizational capabilities contribute to sustainable strategic success

C. How well HR policies and practices change the capabilities and behaviors of the talent pools they target

D. How satisfied employees and line managers are with the HR programs, tools and services the HR function delivers

204. A company launched an internal talent marketplace, but internal moves remain low. Data show that managers often deny transfer requests, and several employees who were blocked later resigned to join competitors. What should the CHRO recommend?

A. Remind all managers in a company-wide message about the benefits of internal mobility

B. Limit internal moves to one per employee every three years to reduce disruption

C. Require HR approval before any manager can deny an internal transfer request

D. Let employees apply after set tenure without approval, and reward talent developers

205. A CHRO is reviewing restrictive covenants. Which statement BEST distinguishes an employee nonsolicitation covenant from a no-poach agreement?

- **A.** A nonsolicit is an agreement between employers; a no-poach is a promise a departing employee makes to the old employer.
- **B.** A nonsolicit is an employee's promise judged under contract law; a no-poach is between employers and draws antitrust risk.
- **C.** Both are lawful whenever they are reasonable in scope and duration, because courts review the two types under the same standard.
- **D.** Both are promises made by employees, but a no-poach covers more roles and stays in force for a longer period of time.

206. A company long known for never having layoffs must cut 8% of its workforce after losing its largest customer. What is the BEST approach for the CHRO to protect long-term trust?

- **A.** Make the cuts quietly over several months through stricter performance-based terminations
- **B.** Explain the reasons candidly, exhaust alternatives, use fair criteria and treat leavers generously
- **C.** Rely only on voluntary separation so the company can say it has still avoided layoffs
- **D.** Describe the cuts as a restructuring rather than layoffs to protect the company's no-layoff reputation

207. A company with a workforce spanning five generations is redesigning recognition so that it suits diverse preferences. Which design principle is BEST?

- **A.** Assign reward types by generation, such as experiences for younger and cash for older staff
- **B.** Ask each department head to pick the reward type that suits most of their team
- **C.** Let employees choose how they are recognized, based on individual preferences
- **D.** Standardize one reward type for everyone so that no group feels treated differently

208. An executive team asks the CHRO why the company should invest in improving how fairly pay, promotion and discipline decisions are made, since the outcomes themselves are not changing. Which research-supported link best answers the question?

- **A.** Perceptions of organizational justice build trust, which in turn increases organizational citizenship behavior and commitment.
- **B.** Perceived fairness affects only satisfaction with pay, so its effects are limited to compensation cost and turnover metrics.
- **C.** Distributive justice alone predicts trust, so only changes to the actual outcomes of decisions will affect employee behavior.
- **D.** Procedural fairness improves legal defensibility, but research finds little connection between justice and discretionary effort.

209. After a sales enablement program costing $300,000, sales profit rose by $2 million. Using participant and manager estimates adjusted for confidence, the evaluation team attributes 25% of the improvement to the training. What is the program's ROI?

- **A.** 66.7%
- **B.** 40%
- **C.** 566.7%
- **D.** 166.7%

210. A CHRO is designing a new internal dispute resolution system for a 5,000-person company with a history of low trust. Which design feature is MOST essential for employees to actually use it?

A. A requirement that employees exhaust internal steps before contacting any outside agency

B. A rule that all complaints must be submitted in writing so each case is fully documented

C. Credible anti-retaliation safeguards, with monitoring and consequences for violations

D. A guarantee that every case will be resolved within 10 business days of being filed

211. Executives ask what the company risks if its plan administrator fails to send COBRA election notices. Which statement is accurate?

A. The only remedy is to offer coverage late, and the employer then pays no other penalty or cost.

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

C. Penalties are a single flat fine per plan, however many notices were not sent.

D. Penalties apply only if the employee proves the employer meant to withhold notice.

212. A newly appointed general manager takes over a business unit that is losing money heavily and that everyone, including employees, agrees is in serious trouble. According to Watkins' STARS model, which situation is this, and what does it call for?

A. Sustaining success, calling for protecting what works and avoiding costly mistakes

B. A start-up, calling for assembling the people, funding and technology to launch

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

D. A realignment, calling for building awareness that change is needed before acting

213. Several peer companies have recently been sued over excessive 401(k) fees. The CHRO, who sits on the company's plan committee, wants to reduce litigation risk. The plan has not reviewed its recordkeeping fees or fund share classes in seven years. What is the BEST action?

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

B. Wait for rulings in the peer cases, since acting now could be read by plaintiffs as an admission that the plan's fees are too high.

C. Move every option to the lowest-cost index funds, since courts judge fiduciaries by whether plan fees were the lowest.

D. Buy fiduciary liability insurance instead of a review, since the policy will cover any judgment from a fee lawsuit.

214. An executive team is split over which of five strategic initiatives to fund, and each leader favors the project in his or her own function. The CHRO, asked to facilitate, proposes a weighted decision-criteria matrix. Why is this tool helpful in this situation?

A. It ranks the initiatives by projected cost alone, which finance often treats as the most objective comparison

B. It gives each executive equal votes so that every function's preferred project is funded

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

D. It produces a final ranking that removes the need for executive judgment and debate

215. After a major international conflict, two ERGs at a global company post opposing statements on internal channels, and members begin exchanging hostile comments. Employees on both sides say they feel unsafe, and executives ask the CHRO for a plan. What is the BEST approach?

A. Suspend both ERGs until the conflict ends so that no further statements can be posted

B. Remove all posts about the conflict and bar employees from mentioning it on any company channel

C. Issue a company statement backing the position held by the larger ERG to bring the dispute to an end

D. Restate conduct standards for all, offer support resources and hold facilitated dialogues

216. An AI governance committee approved an HR scheduling model after a thorough pre-launch review. Why should governance continue after approval rather than end there?

A. Pre-launch reviews cannot test for accuracy, so accuracy can be measured only once the model is deployed.

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

C. Vendors usually retain ownership of approved models and can reverse the company's approval at any time.

D. Pre-launch approvals remain legally valid for only one year and must then be renewed under federal law.

217. A CHRO estimates that a workforce restructuring has a 60% chance of saving $1 million and a 40% chance of costing $300,000. What is the expected value of the initiative?

A. $720,000

B. $600,000

C. $480,000

D. $700,000

218. A company has decided, for economic reasons, to close a unionized plant employing 400 people. The CHRO is planning next steps. Which approach BEST meets the company's obligations and stakeholder needs?

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

B. Bargain with the union over whether to close the plant before announcing a decision to employees.

C. Give WARN notice to the employees and local officials, and decide the effects without further talks.

D. Announce the closure publicly first, then offer the union a fixed severance package and state that it is not negotiable.

219. A CHRO and general counsel are weighing mandatory individual arbitration agreements with class and collective action waivers for 8,000 hourly employees. Which trade-off should they weigh MOST carefully?

A. The waivers are unenforceable under the NLRA, so their main value is discouraging claims informally.

B. The waivers eliminate liquidated damages, so individual awards are limited to unpaid back wages.

C. The waivers bar employees from filing DOL complaints, shifting all wage-hour risk into the agency's investigation process.

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

220. Following an SEC enforcement action against a peer company, a CHRO orders a review of all offer letters, handbooks, separation agreements and severance templates. What should the review focus on?

A. Only agreements used going forward, since older agreements with such terms are automatically void

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

C. Only separation agreements, since the SEC has not examined terms in offer letters or handbooks

D. Adding a clause that requires employees to notify the company before contacting any agency

221. As part of its net-zero plan, a utility will close two coal-fired plants in rural towns within four years. About 600 employees work at the plants, many of them in their 50s, and a union represents most of them. What should the CHRO do FIRST?

A. Give the affected workers WARN notice now so the company meets its legal duty well ahead of the closures.

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

C. Offer an early-retirement window to workers over 55 now and handle the remaining workers when plants close.

D. Wait until about a year before closure to announce the plan so that employees do not leave the plants too early.

222. At a 15,000-employee company, HR, finance and operations each report a different headcount and turnover rate to the executive team, and each function defends its own numbers. Which structural remedy BEST addresses the root cause?

A. A policy naming finance's figures as the official ones because they tie to the general ledger

B. A data governance council that sets shared metric definitions and assigns data owners

C. A new analytics dashboard that pulls data from each function's current reports

D. An annual reconciliation by internal audit that explains the gaps between reports

223. A CEO wants to fill most open director roles from outside to bring in fresh thinking. The CHRO is asked what research generally shows about internal versus external hires for comparable roles. Which summary is MOST accurate?

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

B. External hires tend to perform better at first because they bring new skills, fresh ideas and outside networks.

C. Internal and external hires perform about the same, so the choice should depend on cost alone.

D. Internal hires tend to cost more, because promotion raises exceed external offer premiums.

224. A public company is deciding which human capital metrics to include in its investor disclosures. Which characteristic MOST makes a metric suitable for disclosure?

A. It shows the company in a favorable light compared with peers in the same industry

B. It is easy to produce from the HRIS without any involvement from finance

C. It is material to the business, consistently defined and supported by controls

D. It matches the metrics that the largest competitor already discloses

225. An AI pay analysis at a company with operations in 12 countries finds unexplained gender pay gaps in most countries, with the largest gaps in two subsidiaries. Some countries have pay transparency laws with reporting deadlines. What is the CHRO's BEST remediation strategy?

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

B. Address only the countries whose laws require reporting, since gaps elsewhere carry no legal risk to the firm.

C. Make one-time adjustments to close every gap at once and then end the analysis to limit further exposure.

D. Publish the raw AI findings to all employees right away to show commitment to transparency and fairness.

226. A 400-store retailer finds that stores in the top third on employee engagement have customer satisfaction scores 12 points higher than stores in the bottom third. The CHRO wants to use this finding in a business case for store manager training. What is the BEST approach?

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

B. Present the 12-point gap as the gain each store can expect in satisfaction once its managers have completed the training program.

C. Withhold the finding until a randomized experiment is run, since correlational linkage data alone cannot support an investment decision.

D. Present the finding as proof that engagement drives satisfaction, since the large number of stores rules out chance as a cause.

227. A senior executive wants the company to sponsor a large celebration of one religious holiday that most of the leadership team observes. The workforce is religiously diverse. What should the CHRO advise?

A. Hold the celebration as planned but make clear in the invitation that attendance is entirely voluntary for all employees.

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

C. Hold the celebration now and add events for other faiths' holidays later as employees request them through HR.

D. Decline all company-sponsored observances and leave religious celebrations to employees outside work.

228. Survey results show employees rarely raise safety or ethics concerns with leaders. Based on Amy Edmondson's research on psychological safety, which leadership behavior MOST increases willingness to speak up?

A. Setting stretch targets and holding everyone strictly accountable for the results

B. Thanking people who raise concerns or bad news and visibly following up

C. Adding an anonymous hotline and reminding staff each quarter that it is available

D. Recognizing teams that report no problems or errors during each quarterly review

229. A company reaches a tentative agreement with its union and wants it ratified. Which factor most increases the chance that members vote it down?

A. A contract that matches recent settlements at peer companies

B. A detailed written summary of the terms shared with members before the vote

C. A large gap between members' expectations and the agreement's terms

D. A bargaining team that unanimously recommends the agreement

230. A crisis plan names one primary spokesperson and requires all other leaders to route media questions to that person using approved messages. What is the main purpose of this one-voice principle?

A. To keep other leaders from having to speak publicly during a stressful event

B. To keep messages consistent and avoid contradictions that damage credibility

C. To meet a legal requirement that only one officer may speak for a company

D. To limit how much information stakeholders receive about the crisis

231. A CHRO is updating policy after employees complain that a coworker keeps telling them their lifestyles are sinful, even after being asked to stop. Which principle should shape the policy?

A. Religious expression is protected, but unwelcome conduct targeting coworkers can be limited

B. Religious speech is fully protected at work under Title VII, so the employer cannot restrict it at all

C. The employer may act only if the coworkers who complained share the same religious beliefs

D. All religious discussion at work should be banned to avoid any risk of harassment claims

232. An executive team ties regional managers' bonuses to cutting average time-to-hire. Within two quarters the metric improves sharply, but first-year turnover of new hires rises. Which principle BEST explains this result?

A. Regression to the mean causes extreme metric values to drift back toward the long-run average over time

B. Lagging indicators always move before leading indicators when incentives change

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

D. The halo effect causes leaders to rate improved metrics as better than they are

233. The CHRO of a 20,000-employee company forms an AI governance council with legal, IT, privacy and DEI leaders to oversee AI used in HR. Members disagree about the council's charter. Which provision is MOST important to include?

A. A rule that IT owns all AI decisions, with the other members consulted only on technical or implementation questions as needed

B. A mandate to share information on AI tools among members, with final decisions left to each business unit

C. A focus on reviewing AI tools only after a complaint is filed, so the council does not slow down innovation

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

234. A new CHRO joins a company two months after a bitter three-week strike ended. Supervisors and union stewards barely speak, and the union president expects the CHRO to be like her predecessor. What should the CHRO do in their first meeting?

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

B. Present a detailed plan for a new partnership, to show the union that the company's approach will now be very different.

C. Offer to reopen the strike settlement's economic terms as a goodwill gesture to rebuild trust with the union's members.

D. Review the company's legal rights under the new contract, so that the union president knows where the firm stands.

235. A CHRO reviews monthly pulse results and sees that one 14-person team's engagement score fell from 78 to 73. The CEO wants to know whether the team has a real problem. What should the CHRO consider FIRST?

A. Whether the drop exceeds normal sampling variation for a group of this size

B. Whether the five-point drop is larger than the company-wide change for the same month

C. Whether the team's score is still above the external industry benchmark

D. Whether the team's manager should receive coaching on employee engagement

236. The CEO of a 4,000-employee financial services firm plans to end its hybrid policy and require all employees on-site five days a week. Many caregivers and several employees with approved disability accommodations currently work remotely part of the week. What should the CHRO do FIRST?

A. Announce the mandate with a firm start date and handle any accommodation requests as they arrive.

B. Analyze effects on caregivers, accommodated employees and proximity bias, then present options.

C. Survey managers on productivity changes since hybrid work began, then finalize the policy.

D. Exempt all caregivers and all employees with disabilities from the mandate to prevent turnover.

237. A company's internal communications team relies on hype and attention-grabbing promotion for a new initiative, with little concern for complete accuracy and no mechanism for employee feedback. Which of Grunig and Hunt's four models of public relations does this reflect?

A. Public information

B. Press agentry

C. Two-way asymmetric

D. Two-way symmetric

238. A global company plans to use one leadership assessment to identify high-potential managers in 20 countries and 14 languages. Regional HR leaders want to compare scores directly across countries. What should the CHRO require FIRST?

A. A pilot showing that average scores are similar across countries before the assessment is used for comparisons.

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

C. Separate cut scores for each country, set so that each country identifies the same percentage of high potentials.

D. Professional translation of the assessment into all 14 languages by certified translators before the global launch takes place.

239. Under the Competing Values Framework, which culture type emphasizes external positioning, competitiveness, goal achievement and results?

A. Hierarchy culture

B. Adhocracy culture

C. Clan culture

D. Market culture

240. Twelve months after a major restructuring meant to cut costs and speed up decisions, the board asks the CHRO how to judge whether it worked. Which set of measures BEST answers the question?

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

B. Number of positions eliminated, severance paid out and the number of layoff waves completed

C. Employee net promoter score, training hours delivered and participation in town hall meetings

D. Headcount relative to plan, span of control by layer and the number of org charts redrawn

241. A company is weighing whether to close a unionized distribution center whose employees participate in an underfunded multiemployer pension plan. The company's contributions are fully current. Which financial risk should the executive team quantify before deciding?

A. PBGC premiums the company must pay directly for each plan participant in the years after the closure

B. An excise tax that applies only if the plan's trustees vote to terminate the plan

C. Future contributions owed only through the end of the current bargaining agreement

D. Withdrawal liability for the company's share of the plan's unfunded vested benefits

242. After several employee complaints of biased treatment by managers at a 5,000-employee company, the CEO proposes requiring every employee to complete a two-hour bias training course as the company's main response. What should the CHRO advise?

A. Require training only for the managers named in the complaints, since they are the source of the problem.

B. Support the CEO's plan, since company-wide mandatory training shows regulators that the company took the complaints seriously.

C. Replace the training with an anonymous hotline so employees can report future concerns without fear of retaliation.

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

243. A board member asks how voluntary card-check recognition differs from an NLRB election. Which comparison is accurate?

A. Card check requires an NLRB agent to verify cards; elections are run by the union

B. Card check lets the employer pick the date; elections are scheduled by the union

C. Card check needs signed cards from 30% of the unit; elections need a two-thirds vote

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

244. A billing specialist at a hospital that bills Medicare tells her manager that coding practices appear to overbill the government, and the manager wants to move her to a lower-visibility role. How should False Claims Act retaliation protection shape HR's response?

A. Delay any response until the government confirms that a qui tam action has been filed

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

C. Ask her to confirm in writing that she has not contacted the government about the issue

D. Move her as planned, since the FCA protects only employees who have already filed a qui tam lawsuit

245. An HR director who sits on the 401(k) committee learns that the CFO, also a committee member, has been steering plan recordkeeping business to a firm owned by his brother-in-law without disclosure. What should the HR director do?

A. Resign from the committee, since resigning ends any personal liability for the breach.

B. Mention it to the CEO and leave any follow-up entirely to the CEO's own judgment.

C. Stay out of it, since the CFO made the vendor decision and only he can be held liable.

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

246. In the Satir change model, a team's performance becomes unpredictable and anxiety rises after a disruptive new element is introduced. What communication do leaders need to provide during this stage?

A. A detailed explanation of why the old status quo was no longer sustainable for them

B. Recognition of the new practices that the team has now fully integrated into its work

C. Frequent reassurance, support and a safe space to experiment while performance dips

D. Clear performance targets that push the team quickly back to its prior productivity

247. The CHRO requests funding for a company-wide engagement program. The CEO says no money will be released until HR proves engagement causes higher profit. A randomized trial across the company is not practical. What is the BEST response?

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

B. Drop the request until a randomized trial across the company becomes practical

C. Present the internal correlation between unit engagement and profit as proof

D. Cite published studies showing engaged firms earn more and ask for full funding

248. A professional services firm will pilot a four-day workweek in two offices for six months. The CHRO must design how the pilot will be evaluated before the executive team decides whether to expand it. Which evaluation design is BEST?

A. Track only billable hours in the pilot offices, since output is the one measure executives care about.

B. Survey pilot employees at the end of the six months about whether they would like to keep the four-day schedule permanently.

C. Compare the pilot offices' results this year with the firm-wide average from three years ago.

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

249. A multinational is drafting a single global policy on AI use in employment decisions. Why does the policy need local consultation before rollout?

A. Local consultation lets each country replace the global policy with its own version if preferred

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

C. Each country's HR team must formally approve a global policy before it can be put into effect

D. A global policy cannot be enforced in a country unless local employees vote to adopt it first

250. A manufacturer's executive team is choosing between two regions for a new engineering and production site, and the CHRO is asked to contribute to the decision. Which information should HR MOST directly provide?

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

B. The headcount and job titles of the existing site, used to set staffing levels at the new location

C. Land and construction costs, utility rates, tax incentives and access to major shipping routes

D. Current employees' preferences about relocating, collected through a company-wide pulse survey

251. The CFO repeatedly challenges the CHRO's proposed workforce planning model in executive meetings, arguing it adds cost without clear value. Other executives are beginning to hesitate. What is the CHRO's BEST approach?

A. Proceed with the model in HR-led units first to prove its value without needing the CFO's involvement or approval

B. Present more detailed analysis at the next meeting to rebut each of the CFO's objections

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

D. Ask the CEO to direct the CFO to support the model in future executive team meetings

252. An executive team is considering mandatory predispute arbitration with class-action waivers for all U.S. employees to cut litigation costs and keep disputes private. What is the MOST significant enterprise-level risk to weigh against those benefits?

A. Arbitrators usually award higher damages than juries in employment cases

B. Courts will refuse to enforce class waivers in individual employment agreements

C. Reputational and employee-relations harm from a perception of silencing workers

D. The NLRB will require the company to bargain over the program with a union

253. Two years after a merger, employees still describe themselves as "legacy A" or "legacy B," and cross-company teams show persistent friction. Which dynamic BEST explains this source of conflict?

A. Role ambiguity caused by unclear job descriptions and reporting lines in the combined firm

B. Groupthink within the combined executive team about integration speed

C. In-group bias rooted in employees' identification with their former company

D. Distributive injustice from pay differences between equivalent roles

254. Automation will eliminate 400 roles over 18 months. About 250 of the affected employees have skills close to those needed for open roles in a growing division. Reskilling costs about $8,000 per person, versus about $25,000 to hire externally, and the company is a major employer in its community. What should the CHRO recommend?

A. Release all 400 employees with severance and hire new people for the growing division's roles.

B. Keep all 400 employees in temporary roles until natural attrition gradually absorbs the excess staff over time.

C. Reskill all 400 employees regardless of fit so that the company can avoid any layoffs.

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

255. A company's counsel warns that its at-will status may be eroding. Which enterprise practice MOST creates implied contract risk over time?

A. A policy allowing managers to adjust work schedules with reasonable advance notice

B. A signed acknowledgment stating that employment is at will and that the handbook is not a contract

C. Annual performance reviews that use documented, job-related goals and rating criteria

D. Handbook language promising that progressive discipline steps will precede any termination

256. A company is deciding whether to arbitrate a discharge dispute. Counsel estimates a 60% chance of winning, in which case the company pays $80,000 in fees, and a 40% chance of losing, in which case it pays a $300,000 award plus $80,000 in fees. What is the expected cost of arbitrating?

A. $168,000

B. $200,000

C. $120,000

D. $152,000

257. An engineering firm creates a technical career track that runs parallel to its management track, with comparable pay ranges at each level. What is the PRIMARY purpose of this design?

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

B. Reduce the total number of job levels so the firm can operate with a flatter pay structure

C. Give managers a backup career path if they are not successful in their management roles

D. Ensure that technical experts are always paid more than the managers who direct their daily work

258. A CHRO's culture assessment of a large distributor shows heavy emphasis on beating competitors, hitting targets and individual results. Using the Competing Values Framework, what is the MOST likely risk to cross-unit collaboration?

A. Units may become too cautious and slow, relying on formal rules and procedures rather than on business results.

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

C. Units may launch so many experimental projects that resources are spread too thin to execute well.

D. Units may focus so heavily on employee well-being that performance targets are frequently missed.

259. A company's 401(k) plan has 92% participation because of automatic enrollment at 3%, but most employees never raise their deferral rate, and projections show many will not be ready to retire. The current match is 100% of the first 3% of pay. What should the HR leader propose?

A. Lower the default rate to 2% so that more employees remain enrolled instead of choosing to opt out.

B. Raise the match to 100% of the first 4% of pay while keeping the 3% default deferral rate unchanged.

C. Launch a financial wellness campaign urging employees to raise their deferral rates on their own during open enrollment.

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

260. Research on high-performance work systems finds that selection, training and pay practices aligned to the same strategy outperform the same practices adopted in isolation. What BEST explains this finding?

A. Practices that reinforce one another create synergy, while mixed signals weaken them.

B. Each practice has a fixed effect, so adding more practices adds results one at a time.

C. Bundled practices are easier for competitors to see, so they spread across firms faster.

D. Bundles cost less to administer than the same practices run separately do.

261. The CHRO is evaluating whether to add a peer review panel that employees can use to appeal terminations. Which design decision is MOST important to the program's credibility and legal soundness?

A. Letting managers select the panel members so that each panel includes people who understand the company's policies

B. Allowing the panel to recommend changes to pay and policies as well as decide individual appeals

C. Making panel decisions advisory only so that the managers involved keep the final say on terminations

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

262. A company with a $50 million base payroll sets its salary increase budget as 3% for merit, 1% for promotions and 0.5% for market adjustments. What is the total salary increase budget?

A. $1,500,000

B. $2,000,000

C. $2,250,000

D. $22,500,000

263. A wellness pilot across 40,000 employees produced a statistically significant reduction in sick days, averaging 0.1 day per employee per year. The full rollout would cost $3 million annually. Why might the CFO reasonably decline to fund it?

A. The result cannot be significant unless the reduction is at least one full day per employee per year.

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

C. A significant result from a large sample is likely a false positive, so the effect probably does not exist.

D. Significance tests apply only to randomized trials, so a pilot result cannot inform an investment decision.

264. A CHRO spends $4.5 million a year on recruiting agency fees and is considering building an in-house recruiting team instead. Hiring volume is expected to stay steady for several years. What is the BEST approach to the decision?

A. Choose the in-house team, since internal recruiting is less expensive in most cases

B. Compare this year's agency fees with the first-year salary cost of the recruiters an in-house team would need

C. Survey hiring managers on which recruiting model they would prefer to work with

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

265. Facing a revenue decline, the CFO proposes eliminating the company's entire CSR budget to meet cost targets. Employee surveys show CSR programs are a top driver of engagement, and two programs support key customer relationships. What is the BEST response from the CHRO?

A. Accept the cut and promise employees that all of the programs will return once revenue recovers.

B. Oppose any cut, since reducing CSR spending would harm the employer brand built over many years.

C. Ask employees to fund the programs through voluntary payroll gifts while the budget is suspended.

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

266. The CEO believes turnover is caused by below-market pay and wants a 6% across-the-board raise. The CHRO's analysis shows pay is near market, while turnover is concentrated under a small group of managers with low engagement scores. What should the CHRO do?

A. Share the analysis with the board so that it can overrule the CEO's across-the-board pay proposal.

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

C. Implement the raise as directed, since final decisions on compensation spending belong to the CEO.

D. Recommend a smaller raise as a compromise and plan to address the manager issue at a later date.

267. A CHRO is building a business case for investing in retention of mid-career engineers using the concept of employee lifetime value. Which definition should the case rest on?

A. Cost to replace an employee who leaves, including recruiting, onboarding and lost output

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

C. Total pay and benefits an employee receives over their tenure, including any severance paid at exit

D. Revenue per employee in the current year multiplied by the average tenure of the workforce

268. A CHRO is preparing the company's first human capital report for investors. What is the main purpose of conducting a materiality assessment first?

A. Benchmarking workforce metrics against peers to set competitive pay structures

B. Auditing the accuracy of workforce metrics before an external assurance review

C. Identifying the workforce topics that matter most to the business and stakeholders

D. Gathering every available workforce metric so that the disclosure is fully complete

269. A CHRO reports two recruiting measures to the board: pipeline coverage for critical roles and first-year turnover of new hires. How are these measures BEST classified, and why are both needed?

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

B. Pipeline coverage is lagging and first-year turnover is leading; together they predict next year's hiring costs.

C. Both are lagging measures; together they confirm how well last year's hiring plan performed.

D. Both are leading measures; together they let the board forecast next year's hiring demand.

270. A host country requires employers to report employees' religious affiliation to government authorities. The company's values and global privacy standards prohibit collecting this data. What should the CHRO do?

A. Comply fully with the reporting rule, since operating in any country means following its local law.

B. Refuse to report the data and continue operating there as though nothing has changed.

C. Ask employees to report their own religious affiliation directly to the authorities.

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

271. An unforeseen software glitch briefly exposes customers' order histories. The company has no prior incidents and a solid reputation. Under situational crisis communication theory (SCCT), which response fits this crisis?

A. Instructing information only, since the company bears no responsibility at all for the unforeseen event

B. A full apology and compensation, since every technical error is a preventable crisis

C. Diminish strategies, such as excuse and justification, along with instructing information

D. Denial and attacking the accuser, since the exposure was brief and limited in scope

272. During contract negotiations, a union requests information about the AI system the employer uses to set production quotas and evaluate bargaining-unit employees, including the factors the system weighs. The employer considers the algorithm confidential. What is the employer's obligation?

A. Refer the union to the vendor, since the employer has no duty to share information it did not create itself.

B. Provide the information only once the union shows that the AI system caused a specific grievance.

C. Decline the request outright, because proprietary software is exempt from the duty to furnish information.

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

273. The board chair suggests using an AI assessment platform to rank the three internal CEO succession candidates, saying it would remove bias from the board's decision. The platform has been validated only for mid-level manager hiring. What should the CHRO advise?

A. Run the platform and share each candidate's ranking with all three so they can plan their development.

B. Adopt the platform's ranking as the deciding factor, since it removes human bias from the board's choice.

C. Reject any data-driven assessment, since CEO selection should rest on directors' personal knowledge.

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

274. A company's code of conduct bans high-pressure sales tactics. The chief revenue officer has just designed a new commission plan that pays only on sales volume, with no measure of customer outcomes. The plan goes to the compensation committee next month. What should the CHRO do?

A. Ask compliance to monitor sales calls under the new plan and report any pressure tactics it observes.

B. Write to the compensation committee recommending that it reject the plan, without first raising concerns with the CRO.

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

D. Let the plan proceed and add a module on ethical selling to the sales team's next annual training.

275. When a company reclassifies a group of roles from exempt to nonexempt, HR leaders working with counsel usually frame the change around how the roles have evolved or the need for clarity rather than as correcting an error. What is the main reason for this framing?

A. Admitting a past error automatically triggers a DOL audit of the employer's other exempt job families.

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

C. Framing the change as job evolution exempts the employer from the FLSA's advance notice requirements.

D. The FLSA bars back-pay claims for periods before an employer voluntarily reclassifies the affected roles.

276. A company acquires a 2,000-employee distributor in a market with high corruption risk. The distributor has no hotline, no ethics training and heavy use of third-party sales agents. What should the CHRO prioritize in the first 100 days?

A. Rely on the seller's warranties of compliance and focus first on integrating payroll and benefits.

B. Roll out every enterprise policy and the full training curriculum to all employees in the first month.

C. Wait until the next annual planning cycle so that integration does not disrupt the distributor's sales.

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

277. A U.S. consumer goods company plans to open operations in Vietnam, Indonesia and Thailand within three years and wants most country leadership roles filled by local talent. The CHRO is asked to lead the leadership development effort. What should be the FIRST strategic step?

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

B. Send experienced U.S. managers as expatriates to lead each country until local leaders are ready to step in.

C. Partner with a regional business school to enroll promising local managers in an executive MBA program.

D. Translate the company's U.S. leadership curriculum into local languages and deliver it to new local hires.

278. The CFO cuts the talent acquisition budget by 30% for the coming year, while hiring targets fall only slightly. The CHRO has two years of data on cost per hire, quality of hire and retention by recruiting source. What should the CHRO do?

A. Move the entire budget to employee referrals, since referrals usually have the lowest cost per hire of any source.

B. Eliminate the most expensive sources first, since they consume the largest share of the budget.

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

D. Cut every recruiting source's budget by 30% so that all channels share the reduction equally.

279. A midsize company with immature processes and mostly inexperienced managers wants to adopt a matrix structure to boost cross-selling between its product lines. What should the CHRO advise?

A. Drop the cross-selling goals, since they conflict with a product line structure

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

C. Adopt the matrix but send every dual-boss dispute directly to the CEO for final resolution

D. Adopt the full matrix now, since it will push managers to develop new skills

280. After acquiring a startup, a company paid key engineers retention bonuses vesting at 12 months. Within three months of the payout, 45% of them had resigned, and exit interviews mention slower decisions and loss of autonomy. What is the BEST response from the CHRO?

A. Add clawback terms to future retention bonuses so that early leavers must repay part of the amount paid.

B. Increase the bonus amounts for the remaining engineers so that staying is more attractive than leaving.

C. Extend the vesting period on future retention bonuses from 12 months to 24 months to delay departures.

D. Analyze nonfinancial drivers such as culture, autonomy and decision rights, and address them.

281. The CFO proposes replacing two-hour live ethics workshops with a 10-minute annual video to save money. Data show that units that attended the workshops have higher speak-up scores and more early reports of issues. What is the BEST response from the CHRO?

A. Oppose any change and keep live workshops for all employees, since the data show they are effective.

B. Accept the proposal, since a video reaches all employees at a fraction of the cost of live workshops.

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

D. Explain that federal regulators require live, instructor-led ethics training for all employees at public companies.

282. A company spent $2 million to reskill 150 operations staff in AI-enabled process analysis. Within a year, 30 of them left for competitors at higher pay. The CFO now questions whether to fund the next cohort. What is the BEST response from the CHRO?

A. Pause the program until the labor market cools and competitors stop recruiting the reskilled employees.

B. Require future participants to sign training repayment agreements, and treat turnover as the main problem.

C. Shift the funding to external hiring of AI-skilled analysts, since reskilling has proved a poor investment.

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

283. A logistics company's executive team is considering closing a unionized depot whose employees participate in a multiemployer defined benefit pension plan. The plan's actuary estimates a large withdrawal liability. Which principle should the CHRO stress when the closure case goes to the board?

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

B. Withdrawal liability can be avoided if the company keeps funding the plan for all current contributors until the plan year ends.

C. Withdrawal liability is set by the union during effects bargaining and can be offset fully by severance paid to depot employees.

D. Withdrawal liability is a contingent figure that becomes payable only if the multiemployer plan later becomes insolvent or is terminated by the PBGC.

284. Why do many boards add discretionary clawback triggers for misconduct to executive compensation plans, beyond the clawback required by SEC Rule 10D-1?

A. The mandatory rule requires proof of fault, so a separate policy is needed to recover pay when no one is to blame.

B. The mandatory rule covers only current executive officers, so a separate policy is needed to recover pay from former officers who have left.

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

D. The mandatory rule applies only to base salary, so a separate policy is needed to recover bonuses and equity awards.

285. A company's feedback model, built at U.S. headquarters, trains managers to give blunt, immediate feedback in team settings. Employees in several Asian and Latin American offices say the approach feels humiliating, and engagement there has dropped. What should the CHRO do?

A. Drop the model in those regions and let local managers give feedback however they like

B. Keep core feedback principles but train managers to adapt delivery to local norms

C. Require all feedback in those regions to be written and sent through the HR system

D. Keep the model unchanged worldwide so feedback is consistent across the company

286. A sales role generates $1.2 million in revenue per year. The company counts 240 working days per year, and the average vacancy for this role lasts 60 working days. Assuming no other employee covers the lost sales, what is the estimated revenue lost per vacancy?

A. $300,000

B. $197,260

C. $900,000

D. $200,000

287. A 20,000-employee insurer projects that generative AI will reshape about 30% of tasks in its finance and customer service functions over three years. Many affected employees have strong customer and process knowledge, and the company expects new roles in AI oversight and complex case handling. What workforce strategy should the CHRO recommend?

A. Offer voluntary separation packages early so the company can rebuild both functions around the new tools

B. Hire experienced AI specialists for the new roles now and plan attrition-based reductions across the affected finance and service jobs

C. Delay workforce decisions until the technology matures and actual task changes can be measured reliably

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

288. A company's leadership program receives excellent participant ratings, but two years of engagement surveys show no improvement in how employees rate their managers. The CHRO learns that managers are still evaluated and paid almost entirely on short-term output, with no weight on people leadership. What should the CHRO do?

A. Replace the engagement survey with a new instrument that is more sensitive to leadership changes.

B. Align the performance management system to reward the leadership behaviors the program teaches.

C. Extend the program to more managers, since a larger group will eventually shift the survey results.

D. Redesign the program content, since high ratings show it is enjoyable but not challenging enough.

289. A privileged pay audit finds $2.4 million in pay gaps that cannot be explained by legitimate factors. The CFO says the company can fund only part of it this year. How should the CHRO prioritize the phased plan?

A. Fix gaps by spreading the available budget evenly across all affected employees in the first year.

B. Fix gaps by lowering pay for the highest-paid comparators so that the total cost stays within this year's approved budget.

C. Fix gaps in the business units with the highest turnover first, then address the rest as budgets allow.

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

290. After a reorganization shifted managers' work from technical supervision to people coaching, the average on a "my manager is effective" survey item dropped sharply. Why should HR be cautious about concluding that manager effectiveness declined?

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

B. The group of managers changed, so a paired-samples test is the only valid way to compare the years.

C. Item averages from different years cannot be compared at all unless a control group is available.

D. Score drops after a reorganization are explained mainly by changes in survey response rates.

291. An HR planning team forecast headcounts of 120 for Unit A and 170 for Unit B. Actual headcounts were 100 and 200. What is the mean absolute percentage error (MAPE) of the forecasts, using actual headcount as the base?

A. 17.5%

B. 35.0%

C. 2.5%

D. 16.7%

292. A private equity owner plans to sell a portfolio company in 18 months and asks the CHRO what HR can do to maximize the sale price. What should the CHRO prioritize?

A. Launch a new employer brand campaign, since a strong reputation in the labor market is what buyers value most in a sale.

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

C. Defer HR system upgrades until after closing, since buyers will want to choose their own systems and processes anyway.

D. Reduce benefits costs sharply in the final year, since lower costs raise EBITDA and the sale price based on its multiple.

293. John Kotter's "dual operating system" for accelerating strategic change is BEST described as which of the following?

A. A two-step approval process in which changes need formal sign-off from both line and staff executives

B. A matrix structure in which employees report to both a functional manager and a project manager

C. A temporary consulting team that replaces the hierarchy until the transformation is completed

D. A volunteer network that works alongside the traditional hierarchy to speed strategic initiatives

294. Before a board meeting, executives ask the CHRO to present workforce representation metrics using only the comparisons that look favorable, such as company-wide figures, while omitting leadership-level data that shows little change. What should the CHRO do?

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

B. Decline to present any representation metrics this cycle until the leadership numbers show some improvement.

C. Present only the favorable comparisons, since the executives own the message and the data shown is accurate.

D. Present the favorable comparisons and send the leadership data to board members separately after the meeting.

295. Grievance filings at a unionized company doubled in the four months before contract negotiations, many alleging the same issues with overtime distribution. How should the CHRO interpret and respond?

A. Settle all pending grievances in the union's favor to build goodwill and reduce tension before negotiations begin next quarter.

B. Treat the surge as a union pressure tactic and delay responses until bargaining concludes, so the grievances can be settled together.

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

D. Ask the union to withdraw the overtime grievances, since the issue will be resolved through the new contract in any case.

296. At a manufacturing plant, about 30% of production workers have been agency temps for more than two years, doing the same work as employees. Turnover among the temps is high and quality defects are rising. What is the BEST recommendation for the CHRO to make to the COO?

A. Raise the pay rate for temps through the agency so their turnover falls closer to employee levels.

B. Keep the current mix, since temps give the plant flexibility to cut labor costs quickly if product demand declines.

C. Switch to a different staffing agency that offers lower markups and a guarantee on temp quality.

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

297. An executive scorecard has three objectives weighted 50%, 30% and 20%. Attainment is 90% on the first objective, 80% on the second and 100% on the third. What is the weighted composite score?

A. 89%

B. 90%

C. 87%

D. 92%

298. At a unionized meat-processing plant, employees spend about 15 minutes per shift putting on and taking off required protective clothing at the start and end of the day. The company faces a potential claim for this time. Which option does the FLSA offer?

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

B. Obtain a signed waiver from each employee agreeing to forgo pay for the clothes-changing time.

C. Adopt a handbook rule declaring that clothes-changing time is preliminary activity and unpaid.

D. Treat the time as de minimis, since any work activity under 20 minutes per shift is noncompensable.

299. A company is considering a balanced scorecard approach for its management incentive plan. Which description BEST fits this type of plan?

A. Payouts depend on goals that each manager selects, with weights adjusted at year-end to reflect actual results achieved.

B. Payouts depend on one financial goal, with customer and people results used only to break ties among managers.

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

D. Payouts depend on financial goals only, balanced across short-term and long-term periods to limit risk-taking.

300. A company is launching stay interviews for 300 employees in critical-skill roles. Which factor is MOST important to the program's success?

A. Using a standard script that is identical for every interview so the results can be compared across all business units.

B. Scheduling the interviews right after annual performance reviews so that development topics are fresh for both sides.

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

D. Using a third-party firm to conduct the interviews so that employees will speak more openly than with their managers.

301. After customer complaints that employees opened accounts without authorization to hit aggressive cross-selling quotas, a bank's board asks the CHRO to redesign the retail sales incentive plan. Which approach BEST addresses the root cause?

A. Terminate the employees who opened unauthorized accounts and keep the current plan unchanged

B. Lower every quota by a set percentage while keeping the same payout structure and sales metrics

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

D. Keep the quotas but add mandatory ethics training and an annual code of conduct certification for all staff

302. The CEO of a 9,000-employee bank forms an AI steering committee with the CIO, CFO, general counsel and chief risk officer, and invites the CHRO to join. What unique contribution should the CHRO bring to the committee?

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

B. Technical evaluation of AI vendors' models and algorithms, since HR will be the largest internal user of the tools.

C. Legal review of employment-law risks, since HR is accountable for compliance in hiring decisions.

D. Oversight of AI-related headcount savings, since HR maintains the official position and payroll data.

303. A technology company's draft five-year plan doubles R&D headcount, which would require about 40 new engineering managers. The plan has no leadership supply strategy, and only 10 internal candidates are rated ready within two years. The plan goes to the board next month. What should the CHRO do?

A. Wait until the board approves the plan, then build a leadership program to fill the gap

B. Raise the gap directly with the board at the meeting as an unaddressed risk in the plan

C. Start recruiting 30 external engineering managers now so the gap closes before approval

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

304. A U.S. multinational is preparing its EU operations for the EU Pay Transparency Directive. Which set of requirements reflects the Directive's core principles?

A. Pay range information for applicants, salary history checks, and gap reporting only for listed companies.

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

C. Publication of individual salaries, gap reporting, and joint pay assessments when unexplained gaps reach 10% or more.

D. Gap reporting by all employers, regardless of size, and mandatory pay adjustments when any gap is found.

305. Many organizations have HR business partners report to the CHRO with a solid line and to the business unit leader with a dotted line. What is the main rationale for this design?

A. It makes HRBPs act chiefly as advocates for the business unit leaders' own interests

B. It aligns HRBPs with business priorities while keeping HR standards and objectivity

C. It removes the need for centers of expertise by making HRBPs self-sufficient

D. It lets the business leader set HRBP pay while HR assigns their daily workload

306. Under Section 8(c) of the National Labor Relations Act, when is an employer's expression of views, arguments or opinions about unionization protected from being treated as an unfair labor practice?

A. When it is made in writing and reviewed in advance by labor counsel

B. When the union is given equal time to respond at the same meeting

C. When it contains no threat of reprisal or force and no promise of benefit

D. When it is delivered only by senior executives rather than by supervisors

307. An HR system costs $200,000 up front and is expected to save $80,000 at the end of each year for four years. Using a 10% discount rate, what is the approximate net present value (NPV)?

A. $120,000

B. $253,600

C. $53,600

D. -$1,100

308. Three employees who led an organizing drive are discharged during the campaign. What is the purpose of the NLRB seeking relief under Section 10(j) of the NLRA?

A. To obtain a final back pay award for the three employees after the Board issues its decision

B. To certify the union without an election because the discharges made a fair vote impossible

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

D. To refer the employer to the Department of Justice for criminal prosecution of the three unlawful discharges

309. A CHRO is redesigning a policy that gives birth mothers 16 weeks of paid 'maternity leave' and fathers and adoptive parents 2 weeks. Which redesign BEST reduces sex discrimination risk?

A. Keep the current terms, since leave tied to childbirth can always be limited to birth mothers

B. Give every parent 16 weeks of leave but require fathers to show they are the primary caregiver

C. Shorten maternity leave to 2 weeks so that every parent receives an identical benefit

D. Split it into childbirth recovery leave and bonding leave offered equally to all parents

310. A retailer's suppliers consistently pass social compliance audits, yet investigative journalists later uncover forced labor at several of them. Why do audit results alone often fail to reveal such abuses?

A. Audits measure product quality rather than labor conditions, so any labor abuses fall outside their defined scope.

B. Audits are legally barred from including worker interviews, so auditors can review only paper records.

C. Audits are performed only by government inspectors, who lack the authority to enter private facilities.

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

311. A regression analysis at a 7,000-employee firm shows that an 11% raw pay gap between men and women is almost entirely explained by job level. Several executives conclude that the company has no pay equity problem. What is the CHRO's MOST important next strategic question?

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

B. Whether the regression should drop job level as a factor so that the adjusted gap appears larger.

C. Whether employees at lower job levels should receive across-the-board increases to close the gap.

D. Whether the small unexplained gap that remains can be reported to the board as effectively zero.

312. Two business unit presidents are fighting over how HR shared-service costs are charged back. One unit has many more employees but uses few services; the other is smaller but uses recruiting and employee relations heavily. The CEO asks the CHRO to settle on a formula. What is the BEST approach?

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

B. Allocate costs by headcount, since it is simple and each unit can easily verify its own numbers

C. Split the costs evenly between the units so neither president can claim the other was favored

D. Let the two presidents negotiate their own split and escalate to the CEO only if they deadlock

313. An HR director reports that interpersonal conflicts escalated to HR have doubled in two years across a 6,000-employee company. Which approach is the most sustainable way to reduce these escalations?

A. Train managers to resolve conflict early and include conflict handling in their performance expectations

B. Launch an anonymous hotline so employees can report conflicts directly to HR without going through managers

C. Outsource complex employee disputes to external mediators who can resolve them more impartially

D. Expand the employee relations team so each escalated case can be handled faster and more thoroughly

314. Business units disagree sharply on expatriate allowances: one offers generous housing and hardship pay to attract volunteers, while another pays the minimum to control costs. Assignees compare packages and complain. The CHRO is tasked with a global standard. What is the BEST approach?

A. Let each unit keep its own package but require that packages be kept confidential among assignees

B. Adopt the most generous unit's package for everyone so no assignee feels shortchanged by the new global standard

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

D. Adopt the lowest-cost unit's package for everyone so the standard reduces total assignment spending

315. The 401(k) plan's recordkeeper notifies the committee that a cybersecurity breach exposed some participant data. What is the BEST response by the committee?

A. Terminate the recordkeeper at once to show participants the committee takes the breach seriously.

B. Leave the response to the recordkeeper, since the breach occurred on the vendor's own systems.

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

D. Hold any discussion until the annual vendor review so the record of the review stays complete.

316. The CEO believes hybrid work is eroding the company's culture and wants to require employees in the office five days a week. What is the BEST approach for the CHRO?

A. Oppose the mandate outright, since most employees prefer hybrid work

B. Implement the mandate as requested, since the CEO owns final decisions about the company's culture

C. Survey employees and adopt whichever policy most of them say they prefer

D. Analyze data on collaboration, performance, and attrition risk to shape the decision

317. A multinational coordinated its divisions with formal planning systems, central review of capital spending and many headquarters staff programs. Managers now complain of bureaucracy and slow decisions. Under Greiner's model, which crisis has emerged, and what growth phase resolves it?

A. Leadership crisis, resolved by growth through strong central direction

B. Red-tape crisis, resolved by growth through collaboration

C. Control crisis, resolved by growth through coordination

D. Autonomy crisis, resolved by growth through delegation

318. A CHRO is replacing a single annual engagement survey with an enterprise employee listening system that includes a census, pulses, lifecycle surveys and passive signals. What should MOST guide the design?

A. Replace all surveys with passive data like collaboration metadata, since it avoids survey fatigue for every employee.

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

C. Add as many listening channels as possible, since more data points always produce better insight into the workforce's views.

D. Run a quarterly census of all employees using identical items, since frequent full surveys maximize trend accuracy.

319. A telecom company's transformation strategy targets customer retention and lifetime value, but the executive annual bonus plan still pays mainly on quarterly new-subscriber volume. Retention has not improved. What should the CHRO recommend to the compensation committee?

A. Rebalance executive bonus measures toward retention and customer value, away from volume

B. Add a one-time retention bonus pool for frontline staff while leaving executive measures unchanged

C. Keep the bonus plan and add a retention message to executive communications and town hall meetings

D. Replace the annual bonus with time-vested restricted stock so executives focus on long-term value

320. The COO owns a lean transformation that will redesign jobs, change shift schedules, and reduce headcount in three unionized plants. He sees HR's role as processing the resulting job changes and separations. What is the CHRO's BEST approach?

A. Run a separate HR change program in parallel so employees hear consistent people messages from HR.

B. Let the COO lead and have HR process the job changes and separations efficiently, as he has requested.

C. Ask the CEO to make HR co-owner of the transformation, since its people effects outweigh operational ones.

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

321. In a global matrix organization, regional leaders and product-line leaders regularly give conflicting directives to the same field staff, who complain of competing priorities. What structural recommendation should the CHRO make?

A. Clarify decision rights with a responsibility matrix and an escalation path for conflicts.

B. Require regional and product leaders to meet weekly to coordinate the directives they send to staff.

C. Train field staff in prioritization and conflict skills so they can balance the competing directives.

D. Eliminate the matrix and return to a regional structure, giving product leaders an advisory role only.

322. Several employees report through the ethics hotline that the COO has pressured staff to alter safety inspection records. The COO reports to the CEO, who is a close personal friend. What should the CHRO do FIRST?

A. Interview the COO right away to hear the COO's side before the allegations spread further.

B. Run an anonymous pulse survey in the COO's division to test how widespread the concerns are.

C. Brief the CEO and ask the CEO to appoint an internal team to investigate the COO's conduct.

D. Escalate the report to the board's audit committee and urge outside investigators.

323. A CHRO is redesigning the human capital dashboard presented to the board. Which set of metrics BEST shows enterprise talent risk?

A. Key-role vacancies, successor coverage for critical roles, and regrettable turnover

B. Total headcount, overall turnover rate, and open requisitions by department

C. Time to fill, cost per hire, and total hours of training delivered to all employees last year

D. HR-to-employee ratio, benefits enrollment rates, and payroll accuracy

324. A unionized employer wants to subcontract work now performed by bargaining-unit employees, and the subcontractor would do the same work at the same facility. Why must the employer generally bargain with the union before doing so?

A. Subcontracting is a permissive subject that the employer must offer to discuss upon request

B. The WARN Act requires bargaining before any action that results in a loss of union jobs

C. The NLRA requires union approval of any change that eliminates bargaining-unit positions

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

325. A software company's generous benefits package, including unlimited paid time off and a remote work stipend, has long been central to its employer brand. A larger rival has just copied the package almost exactly. The CEO asks the CHRO how to keep a talent advantage. What should the CHRO recommend?

A. Add several new benefits that the rival does not yet offer and promote them heavily in the company's recruiting.

B. Increase the value of each benefit so that the company stays ahead of the rival package for the next several years.

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

D. Shift spending from benefits to higher base salaries, since candidates compare pay more closely than benefit plans.

326. A company runs 14 HR applications connected by more than 40 custom point-to-point file feeds, and failures are often discovered only when payroll errors appear. What is the main strategic advantage of moving to an integration platform with standard APIs?

A. Elimination of the need for data governance, because data moves between systems automatically

B. Faster payroll processing, because pay calculations move onto the integration layer itself

C. Lower license costs, because the company will need fewer HR applications overall after the move

D. Central monitoring, more reliable data flows and easier replacement of individual applications

327. A recent crisis showed that several critical processes depended on one or two people, and three senior roles had no backup. What should the CHRO prioritize to build organizational resilience?

A. A detailed crisis manual naming the person who handles each process next time

B. Outsourcing the critical processes to a vendor that guarantees continuity

C. Cross-training, documented processes, and deeper benches for critical roles

D. Retention bonuses for the few people who hold the critical process knowledge

328. Executives are debating whether to publish every team's OKRs on the company intranet. What is the BEST assessment?

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

B. It improves alignment, but it typically requires each employee's written consent because OKRs count as personal performance data under privacy law.

C. It increases transparency, but it works only if every OKR is fully achieved so that teams do not lose credibility.

D. It increases accountability, but it must be avoided because employees may compare their goals with those of peers.

329. Over three years, a company's human capital return on investment (HCROI) has fallen from 1.8 to 1.4 while headcount and total people costs have risen steadily. What is the MOST likely strategic meaning of this trend?

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

B. Revenue has declined in each of the three years, pulling down the HCROI ratio

C. The company is investing less in its people, so the returns on them are falling

D. Voluntary turnover has risen, since HCROI measures retention of trained talent

330. A CHRO is designing a plan to shift mindsets and behaviors across a global company using the McKinsey influence model. Which set of levers does the model include?

A. Unfreezing, changing, and refreezing, supported by strengthening the driving forces for change

B. Awareness, desire, knowledge, ability, and reinforcement of the desired new behaviors

C. Structure, systems, shared values, skills, style, staff, and strategy

D. Role modeling, understanding and conviction, talent and skills, reinforcing mechanisms

331. A global company's subsidiaries routinely reject practices developed in other parts of the company, even when those practices have strong results. What is the BEST strategy for the CHRO?

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

B. Mandate adoption of proven practices across all subsidiaries by a firm deadline

C. Let each subsidiary decide for itself, since local autonomy tends to produce better results

D. Publish a best-practice library on the intranet and encourage subsidiaries to draw on it whenever they can

332. A plant recorded 9 days-away, restricted or transferred (DART) cases, and its employees worked 300,000 hours. What is the DART rate?

A. 13.5
B. 3.0
C. 1.5
D. 6.0

333. Dave Ulrich's outside-in view of HR argues that HR's value should be defined primarily by which of the following?

A. Responsiveness to the requests made by line managers inside the firm
B. Value created for customers, investors and communities outside the firm
C. Satisfaction ratings from employees with HR programs and services
D. Efficiency and accuracy of HR transactions such as payroll and benefits

334. What is the main trade-off of using virtual international assignments instead of relocating employees?

A. Lower cost overall, but a heavier tax and immigration burden than a traditional physical relocation carries
B. Lower cost and family disruption, but less cultural immersion and local relationship-building
C. Faster deployment, but no practical way to measure the assignee's performance
D. Greater cultural immersion, but higher technology and international travel costs

335. Six months after a fatal accident at a plant, absenteeism and turnover at that site remain well above prior levels. Employee assistance program counseling was offered in the first week after the event. What is the BEST next step for the CHRO?

A. Reannounce the EAP and remind employees that counseling sessions are still free and confidential.
B. Allow more time to pass, since grief reactions usually resolve on their own within a year.
C. Tighten the attendance policy at the site so that absence patterns return to normal levels.
D. Assess the site's ongoing needs and provide sustained support, with leaders visibly engaged.

336. A company removed its middle management layer, and team leads now coordinate peers without formal authority. Decisions are stalling and accountability is unclear. What should the CHRO do?

A. Give every team lead formal supervisory authority over peers so that someone is accountable for decisions.
B. Define shared leadership roles, decision rights and team accountabilities, and build skills to lead without authority.
C. Let teams work out leadership on their own over time, since shared leadership tends to emerge naturally with enough practice.
D. Restore the middle management layer, since flattening has clearly failed to produce the results expected.

337. A compensation committee is updating the peer group used to benchmark executive pay. Which set of criteria is MOST appropriate for selecting peer companies?

- **A.** Any public company with available proxy data, so the peer group is as large as it can possibly be
- **B.** Geographic proximity to headquarters only, since executives are usually recruited from the local market
- **C.** Comparable size range, similar industry or business model, competition for talent and business complexity
- **D.** Highest executive pay levels, strongest recent stock returns and the CEO's preferred list of admired companies

338. Why should an organization track whether corrective actions recommended after workplace investigations are actually carried out?

- **A.** Tracked actions let HR show regulators that every substantiated complaint ended in termination.
- **B.** Tracking lets the organization close investigation files sooner and lower its overall records retention costs.
- **C.** Completion data replace the need for follow-up interviews with complainants after cases close.
- **D.** Records that remedies were completed and worked support legal defenses and reveal recurring root causes.

339. A CHRO is introducing a personality assessment into the executive coaching program. What is the MOST appropriate use of the results?

- **A.** To give leaders developmental insight into their tendencies, interpreted with a qualified professional
- **B.** To decide which executives should receive coaching and which should be moved out of their roles
- **C.** To rank executives for succession slots based on how closely their profiles match those of current top performers
- **D.** To share each leader's profile with their direct reports so the team can adapt to their style

340. A union at a well-known consumer brand pairs an election petition with a social media campaign that criticizes working conditions. The CEO wants an aggressive response. Which principle should the CHRO emphasize?

- **A.** The company should not respond publicly at all, because any public statement during a campaign is unlawful.
- **B.** Responses that comply with the NLRA carry no meaningful risk, so the CEO can choose any lawful tactic.
- **C.** The company should answer each social media post directly, since silence is treated as an admission.
- **D.** Even lawful tactics can damage the brand, so judge each response on both legal and reputational grounds.

341. A CHRO is deciding where to invest to reduce PWFA risk across 300 stores. Which reason BEST supports making frontline manager training the main control?

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

B. The PWFA holds individual managers personally liable, with uncapped damages, for any denied accommodation request

C. Training managers fully satisfies the PWFA even if requests are not tracked or answered

D. Requests count only once they reach HR in writing, so managers must tell employees to use a form

342. A company offers employees a large premium discount for completing a biometric screening that includes blood pressure, glucose and cholesterol tests. Many employees say they cannot afford to skip it, and benefits counsel warns that the incentive may make the program involuntary under the ADA. How should the CHRO redesign the program?

A. Make screening mandatory for all plan enrollees, since required programs avoid any incentive questions.

B. Keep the incentive, since a signed consent form makes participation voluntary regardless of the amount.

C. Convert the discount into a surcharge on nonparticipants, which removes the legal concern about voluntariness entirely.

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

343. A board asks the chief risk officer to align the company's program with the 2017 COSO Enterprise Risk Management framework, Integrating with Strategy and Performance. Which list gives that framework's five components?

A. Internal environment; objective setting; event identification; risk assessment and risk response; control activities and monitoring

B. Risk identification; risk analysis; risk evaluation; risk treatment; recording and reporting, communication, monitoring and review

C. Control environment; risk assessment; control activities; information and communication; monitoring activities and follow-up

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

344. A company's EEOC charges have risen, and exit data show many employees left with concerns that were never raised internally. Which ER program element would best stop complaints from escalating to agency charges?

A. A policy requiring that all complaints be submitted in writing before HR opens a case file

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

C. A stronger arbitration agreement that requires employees to waive the right to file agency charges

D. Exit interviews conducted by an outside firm with results reported to the board each year

345. A manufacturer has 11 unionized plants, each covered by a different collective bargaining agreement. Several agreements set specific rules on union representation in interviews, notice of discipline and grievance deadlines. The CHRO wants one enterprise standard for workplace investigations. What is the BEST approach?

A. Let each plant's labor relations team keep its own investigation practice so that local agreements are respected.

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

C. Adopt one uniform protocol for all plants and apply it in place of the investigation terms in each agreement.

D. Delay the enterprise standard until all 11 unions agree to identical investigation terms in their next contracts.

346. An employer has shown that its cognitive ability test is job related and consistent with business necessity, even though it has adverse impact. How can the plaintiffs still win the disparate impact claim?

A. Show that some managers held biased views when they chose the test vendor years ago.

B. Show that the employer's validation study used a sample from another company's workers.

C. Show that the test's adverse impact ratio is below 50%, well under the 80% rule-of-thumb level.

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

347. A CHRO uses the competing values framework to assess culture. The current culture emphasizes internal control, stability and formal procedures, and the strategy requires faster innovation. Which shift does the framework suggest?

A. From an adhocracy culture toward a clan culture

B. From a clan culture toward a market culture

C. From a market culture toward a hierarchy culture

D. From a hierarchy toward an adhocracy culture

348. A company's values statement highlights inclusion, and leaders speak about it often. Yet promotion data show that employees from underrepresented groups advance much more slowly, and exit interviews describe an in-group that receives the stretch assignments. Using Schein's model, what should the CHRO conclude and do?

A. The artifacts do not yet reflect the value, so redesign workspaces and internal communications to signal inclusion clearly.

B. The gap reflects individual bias, so require bias training for all managers before the next promotion cycle.

C. The espoused values are too vague, so rewrite the values statement with more specific language about inclusion.

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

349. The CFO asks the CHRO for the company's total cost of workforce to guide enterprise planning. Which set of components should the figure include?

A. Wages and benefits for employees, plus recruiting fees for open roles in the current year.

B. Wages, benefits, payroll taxes, contingent and contractor spend, and workforce-related overhead.

C. Base salaries and annual bonuses paid to regular full-time and part-time employees on the company payroll.

D. Payroll for regular employees and the cost of HR department staff who administer programs.

350. Why should a CHRO use scenario planning rather than a single-point forecast to estimate AI's impact on the workforce over five years?

A. Scenario planning produces a more precise headcount estimate than any single forecast can produce.

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

C. Single-point forecasts are not permitted in board materials whenever outcomes depend on emerging technology.

D. Scenario planning removes the need to update workforce plans as AI capabilities continue to change.

351. A CEO wants to name his successor in three years, but the board's compensation committee, which oversees succession at this company, wants a transition within 12 months because of investor concerns. Both have asked the CHRO for support. What is the BEST approach?

A. Stay out of the disagreement and let the CEO and the committee resolve the timing before resuming succession work.

B. Support the committee's timeline, since the board has final authority and the CHRO should align with the board's stated preferences.

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

D. Support the CEO's timeline, since the CEO is the CHRO's direct manager and is the person responsible for the company.

352. A company pilots a new team-based work design at two sites, where senior leaders visit often and consultants observe the teams closely. Productivity rises at both sites, and leaders want to roll out the design enterprise-wide. Which effect should the CHRO warn could explain part of the gain?

A. Survivorship bias

B. Regression to the mean

C. The halo effect

D. The Hawthorne effect

353. A software company's CEO has announced a five-day return-to-office mandate. Several senior engineers who own critical platforms say they will resign, and the CEO asks the CHRO to hold the line. Exit data shows engineering attrition already rising. What is the BEST approach for the CHRO?

A. Grant exceptions to the senior engineers who threatened to leave while keeping the mandate for everyone else

B. Ask the CEO to delay the mandate for a year while HR runs a company-wide survey on work preferences

C. Support the mandate as announced and plan retention bonuses for the senior engineers judged hardest to replace in the near term

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

354. Which statement BEST distinguishes integrative negotiation from distributive negotiation?

A. Integrative negotiation is used only in labor relations, while distributive is used only in commercial contracts.

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

C. Integrative negotiation involves several parties at once, while distributive involves only two parties.

D. Integrative negotiation relies on a strong opening anchor, while distributive relies on sharing information.

355. A draft reduction-in-force list for 600 positions shows employees over age 50 selected at nearly twice the rate of younger employees. The executive team wants to approve the list this week. What should the CHRO recommend before approval?

A. Approve the list but offer older employees larger severance packages to discourage them from suing.

B. Remove enough older employees from the list to bring the selection rates into line with those of others.

C. Approve the list, since age discrimination claims require proof of intent and none appears in the record.

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

356. A company introduces a lifestyle spending account that employees can use for fitness, child care or professional development. How is this account typically funded and taxed?

A. It is funded jointly by both parties, and only the employer's share is taxable to employees.

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

C. It is funded by the employer, and reimbursements are tax-free like those from a health FSA.

D. It is funded by employee pretax deferrals, and reimbursements are tax-free to the employee.

357. Political unrest is rising in a country where a company has 1,200 employees, including 40 expatriates, and runs its regional finance shared services center. What should the CHRO's contingency strategy include?

A. Move the shared services center to another country now, since staying exposes the company to an unacceptable level of risk.

B. Monitor the news and act if conditions worsen, since early action may cause panic and disrupt the operation unnecessarily.

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

D. Evacuate all expatriates immediately, since their safety is the employer's main duty of care in a country facing unrest.

358. The marketing team wants the company's new careers campaign to promise 'unlimited growth opportunities.' The company has had a promotion freeze for a year, and the freeze is expected to continue. What is the BEST response from the CHRO?

A. Approve the message, since the freeze is temporary and candidates expect bold language in ads.

B. Remove all mention of growth from the campaign until the promotion freeze has been fully lifted.

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

D. Approve the message but brief recruiters to tell finalists about the promotion freeze in interviews.

359. A company plans to automate 50 roles in its accounts processing unit. Finance projects annual labor savings of $3.5 million. One-time severance and reskilling costs for affected employees total $2.1 million, all incurred in the first year. What is the first-year net financial impact?

A. A net savings of $4.9 million

B. A net savings of $1.4 million

C. A net savings of $5.6 million

D. A net savings of $3.5 million

360. An organization is forming a new global product team with members in five countries who will work almost entirely online. Which strategic intervention is most likely to accelerate trust among team members?

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

B. Assign each member a defined task area so collaboration and potential conflict across sites is limited

C. Require cameras on in all meetings so members can read each other's nonverbal cues during the work

D. Rotate meeting times so each location equally shares the burden of working outside normal hours

361. A software company's product strategy depends on specialized AI engineers, who now command pay premiums of 40% or more and frequently leave for competitors. Using a Porter's five forces lens, the CEO calls this a rise in supplier power. What strategy should the CHRO recommend to reduce the company's dependency?

A. Move all AI development to an outside vendor, since outsourcing passes the talent scarcity problem to another company.

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

C. Require new AI engineers to sign long retention agreements, since contracts lock in the talent the product strategy depends on.

D. Match the market's highest offers for all AI engineers, since paying above market is the only way to hold scarce specialists.

362. A multinational company is building a global job architecture with common job families and levels. Leaders ask how U.S. FLSA exemption status should be determined and governed within it. What is the BEST approach?

A. Base exemption status on market pay data, since pay above the salary threshold settles a job's status.

B. Keep each job's legacy exemption status in the new structure to avoid creating reclassification risk.

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

D. Assign exemption status by global job level, so every job at or above a set grade is treated as exempt.

363. A multistate employer plans to keep promotion records for one year to save storage costs. Why should the CHRO recommend a longer schedule?

A. The federal charge deadline is one year in every state, so one year covers all claims

B. Once 300 days pass, no claim can be brought about the promotion in any forum

C. Records may be destroyed after one year because state claims must follow federal deadlines

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

364. Which characteristic BEST distinguishes a digitally mature HR function?

A. A large number of specialized HR applications, each chosen as best in its category

B. A mobile app that lets employees view pay stubs and request time off from anywhere

C. Electronic forms and workflows that have replaced most paper-based HR processes

D. Integrated data and platforms that support workforce decisions across the business

365. Managers have started using generative AI tools to draft performance reviews. What governance policy should the CHRO set?

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

B. Require AI to draft every review so that the language used is consistent and free of individual bias.

C. Allow any AI tool managers prefer, as long as each review includes a disclaimer stating that AI was used to help write its contents.

D. Ban all AI use in reviews, since any AI-drafted text is legally invalid as performance documentation.

366. A CHRO uses the stakeholder salience model to plan a major restructuring. Which stakeholder is classified as a definitive stakeholder?

A. One with an urgent interest and a legitimate claim but no power to act

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

C. One with power and a legitimate claim but no urgent interest in the decision

D. One with power and an urgent interest in the decision but no legitimate claim

367. An employer wants to use a widely researched cognitive ability test without running its own local validation study. What does validity generalization mean in this context?

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

B. The test is valid for every job in the company once one job is validated locally

C. The test's validity is shown by comparing scores of current staff with applicants

D. The test is presumed valid because a publisher sells it to many large employers

368. The COO is choosing between Costa Rica and the Philippines for a 500-seat customer support center serving North American customers. She asks HR for input before the decision. What should HR provide?

A. A benefits design for the new center modeled on the company's U.S. benefit plans

B. A recommendation for the lower-wage country, since labor is the center's largest single operating cost

C. A plan to send headquarters managers to lead whichever site the COO selects

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

369. A CHRO is designing a labor relations risk dashboard for the board's audit and risk committee. The proposed indicators include site turnover, grievance volume and survey trust scores. What design choice is BEST?

A. Report the indicators only after a petition is filed, so the committee stays focused on actual events.

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

C. Report a single companywide average for each indicator so the committee can follow one overall organizing risk score.

D. Report grievance volume alone, because it is the most objective indicator and the easiest to audit.

370. An HRIS administrator can view and export every employee's compensation and medical leave records, and no one reviews that activity. What should the CHRO do?

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

B. Have the administrator sign a confidentiality pledge each year as the main control on access.

C. Run a new background check on the administrator to confirm that there is no current reason for concern.

D. Remove the administrator's access and route all HRIS changes through the CHRO personally.

371. Executives see a news report that pay for AI engineers rose 20% in one year and want the AI engineering ranges raised 20% immediately. The company employs 60 AI engineers, and their turnover has been low. What should the total rewards leader do FIRST?

A. Give each AI engineer a 20% retention bonus while waiting for the next annual survey cycle

B. Create a separate structure for AI roles with ranges set 20% above the current midpoints

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

D. Raise the AI engineering ranges by 20% at once to stay ahead of the market and avoid any engineer losses

372. A company with 60 sites has inconsistent security practices and no common process for handling threats of violence. The CEO asks the CHRO to lead the fix. What is the BEST approach?

A. Let each site keep its current practices but report all incidents to corporate HR each quarter.

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

C. Adopt a zero-tolerance policy requiring termination of any employee who makes a threat at work.

D. Install the same guards, cameras and badge readers at every site to give equal protection to all employees.

373. A sales organization has 80 open quota-carrying roles. Each stays open an average of 45 days, and each filled role contributes about $2,000 in gross margin per day. What is the estimated total cost of these vacancies?

A. $7.2 million

B. $14.4 million

C. $720,000

D. $3.6 million

374. A facilities services company is pursuing its first federal service contracts and asks HR to model labor costs for the bids. How should HR price labor?

A. At wage determination rates but without fringes, since those are optional extras

B. At the federal minimum wage, since service contract law sets only a basic hourly pay floor

C. At wage determination rates for each class, plus the required fringe benefits

D. At current company pay rates, then adjust to the wage determination after award

375. The general counsel wants to contest a former employee's EEOC charge on principle, though the claim looks weak. The charging party has accepted the EEOC's offer of mediation. What should the CHRO recommend?

A. Accept mediation and offer the full amount demanded so the charge is closed as quickly as possible

B. Decline mediation, since agreeing to it is treated as an admission that the company acted unlawfully

C. Decline mediation until the EEOC has issued its finding on whether reasonable cause exists

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

376. An employer faces a lawsuit. Counsel estimates a 40% chance of losing $500,000 at trial, with no liability otherwise, and the plaintiff will settle now for $150,000. Ignoring defense costs, how should the CHRO frame the decision?

A. $60,000 expected trial cost; going to trial is better since it costs $90,000 less

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

C. $200,000 expected trial cost; going to trial is better since losing is less likely

D. $300,000 expected trial cost; settling costs $150,000 less and ends a prolonged dispute

377. AI tools now handle much of the reporting and coordination that middle managers once did, and executives propose widening spans of control and removing a management layer. What is the MAIN risk the CHRO should raise?

A. Removing a layer violates federal labor law unless employees are given 60 days' advance written notice.

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

C. Wider spans make AI reporting tools less accurate, because the tools work best with smaller teams.

D. Wider spans will automatically increase costs, because each manager will require higher pay than before.

378. A global company with five business units is redesigning performance management. The executive team wants one enterprise-wide process, but the R&D and retail units argue that their work cycles and roles differ sharply. What should the CHRO recommend?

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

B. Implement a single process in all units, because consistency matters more than local fit in a global performance system.

C. Pilot the enterprise process in R&D and retail first, and then decide whether any changes are needed after one cycle.

D. Let each unit design its own process, because business units understand their performance needs better than HR does.

379. After a structure adjustment, 12 employees fall below their new range minimums, with a combined shortfall of $38,400. Total annual payroll is $6 million. What is the cost of bringing these employees to the new minimums, and what share of payroll does it represent?

A. $460,800, or 7.68% of payroll

B. $38,400, or 6.4% of payroll

C. $38,400, or 0.64% of payroll

D. $3,200, or 0.05% of payroll

380. Two years after launching a peer recognition platform, data show that fewer than 10% of the 40 senior leaders have sent any recognition, and participation is lowest in their organizations. The CEO supports the program. What should the CHRO do?

A. Require every employee to send a set number of recognitions each month to raise participation

B. Replace the platform with a simpler tool that senior leaders will find easier to use

C. Send senior leaders a training module on how to use the recognition platform

D. Have the CEO and executives model recognition and review leader participation data

381. The board of a company with 30 nonunion sites asks the CHRO how to reduce organizing risk over the next several years. The board does not want to fund a large consultant retainer. What is the BEST recommendation?

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

B. Grant a one-time companywide wage increase and publicize it as a sign of the company's commitment.

C. Run an annual engagement survey at each site and report the overall scores to the board at its year-end meeting.

D. Keep a labor consultant on call so a response team can deploy quickly if a petition is filed.

382. A public company's board has selected an outside candidate as its next CEO. The CHRO is planning the announcement sequence. Which sequence is BEST?

A. Board approval, then the press release, then internal candidates and employees learn of it afterward

B. Board approval, then internal candidates, then the public, with employees told at the next town hall

C. Board, then internal candidates and top leaders privately, then employees and the public together

D. Board approval, then a company-wide employee announcement, then a press release one week later

383. A forced-choice personality assessment requires each candidate to rank four statements in every block, so all candidates' scale scores sum to the same total. Why are these ipsative scores poorly suited to comparing candidates against one another?

A. They measure cognitive ability rather than personality, so personality norms do not apply.

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

C. They are more vulnerable to faking than formats that rate each statement on its own scale.

D. They cannot be scored or interpreted without the involvement of a licensed psychologist.

384. A chief information security officer tells the CHRO that HR systems will move to a zero trust security model. Which principle defines this model?

A. Users inside the corporate network are trusted for the day once they log in successfully

B. Only employees with no prior security incidents are granted system access

C. Sensitive data is encrypted, so access controls are no longer needed

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

385. After an acquisition, executives decide not to keep either company's culture or pick the best elements of each. Instead, both companies will build a new culture that neither had before, suited to the combined strategy. Which culture integration approach is this?

A. Separation with both cultures intact

B. Assimilation into the acquirer's culture

C. Transformation into a new culture

D. Blending the best of both cultures

386. A federal agency sends a company a request for documents on how its AI hiring tool was validated and monitored for adverse impact. The tool was bought from a vendor three years ago, and HR's records are scattered across teams. What is the CHRO's BEST response strategy?

A. Send every HR file that mentions the tool right away to show cooperation, without waiting for legal review.

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

C. Refer the agency to the vendor, since the vendor developed the tool and holds the original validation studies and data.

D. Commission a new validation study and submit it in place of the original records the agency requested.

387. During a merger, attrition is rising. The CEO wants managers to tell employees that no one will lose their job, even though integration planning is not complete. What should the CHRO advise?

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

B. Avoid all communication about the merger until integration planning is complete and decisions are final.

C. Give the job security promise as planned, since verbal statements by managers cannot create any legal obligations.

D. Have managers make the promise verbally but leave it out of written messages to limit the legal exposure.

388. A company-wide safety training program costs $50,000. In the following year, recordable incidents fall from 20 to 12, and each incident costs the company an average of $25,000. Assuming the reduction is fully attributed to the training, what is the program's ROI?

A. 75%

B. 900%

C. 300%

D. 400%

389. A software company plans to grow from 200 to 1,000 employees in 18 months. Engagement is currently high, driven by close access to founders and a strong sense of mission. Most new hires will report to first-time managers. What should the CHRO prioritize?

A. Keep the culture informal and avoid formal processes or policies that could make the growing company feel bureaucratic

B. Have founders personally interview every new hire so they can protect the culture

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

D. Run an annual engagement survey and address any problems once the growth phase ends

390. Three months into a lean manufacturing transformation, plant productivity has fallen 8%, which is within the range the implementation plan forecast for the transition period. Several board members are alarmed and question whether to continue. What is the CHRO's BEST response?

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

B. Recommend scaling the transformation back to the two best-performing plants until productivity recovers

C. Propose added overtime to restore output to the prior level while the new methods are adopted

D. Reassure directors that dips are normal and ask them to wait for results at the 12-month review

391. A company plans to use an AI tool to read employee complaints and automatically classify and route them by urgency. Which governance concern should the CHRO address before launch?

A. Ensuring the tool closes routine complaints automatically so investigators can focus on serious ones

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

C. Ensuring complaints are routed only to the business unit's own leaders for fast local resolution

D. Ensuring the vendor keeps the scoring logic confidential so employees cannot game the classifications

392. A retailer announces a digital transformation and the CEO wants to launch reskilling for 8,000 store and distribution employees next quarter. The CHRO learns that two executive committee members still question the strategy and that many stores lack reliable devices and network access. What should the CHRO do before launching mass reskilling?

A. Delay any reskilling until the transformation is complete so that the training reflects final systems.

B. Start the reskilling on schedule with mobile content so stores without good access can still take part.

C. Assess readiness by securing leadership alignment and infrastructure, then sequence the rollout.

D. Begin with the employees whose stores already have good access and extend reskilling to others later.

393. After an AI scheduling tool assigned shifts that violated several employees' approved accommodations, the company holds a blameless post-incident review. What is the main purpose of using a blameless approach?

A. Avoid holding anyone accountable, so that no employee faces discipline for any part of the failure.

B. Limit the company's legal exposure by keeping the review findings away from the affected employees.

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

D. Show regulators that the failure was caused by the vendor's software rather than by the company's staff.

394. To raise output, a COO proposes keystroke logging, random screenshots and activity scores for all remote employees. What is the most significant strategic downside for engagement?

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

B. It can be used only on company-owned devices, so remote employees with personal devices are exempt

C. It improves output in the short term but has no measurable effect on employee attitudes or retention

D. It is illegal under federal law to monitor the keystrokes of employees who work from their homes

395. The board asks the CHRO for a briefing on discrimination risk from AI tools used in hiring and promotion. The company uses six such tools from four vendors, and no single function owns oversight. What should the CHRO propose?

A. Have IT own AI oversight, since the risks are mainly technical and IT already manages the company's vendor relationships.

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

C. Rely on each vendor's certification of fairness, since vendors carry legal responsibility for the tools they design and sell.

D. Stop using all six tools until federal regulators issue binding rules on AI use in employment decisions.

396. The CEO engaged the CHRO to reduce turnover among high-potential managers. Exit interviews and focus groups now show that the main driver is inconsistent and sometimes demeaning behavior by two members of the executive team. The original scope covered only career paths and pay. What should the CHRO do NEXT?

A. Finish the career-path and pay work as contracted and mention the leadership findings in the final project report.

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

C. Raise the findings directly with the two executives and offer them confidential coaching before the CEO is involved.

D. Expand the work to include a leadership program for all managers so that the two executives are not singled out by name.

397. A CHRO knows that employees in some countries tend to agree with most survey statements, while employees in other countries avoid the endpoints of rating scales. Which approach gives the MOST valid basis for judging where engagement is improving?

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

B. Rank countries on favorable percentages and focus action plans on the countries in the bottom quartile.

C. Convert every rating to a simple yes or no answer so that all countries' scores are directly comparable.

D. Weight each country's results by headcount so that larger countries drive the overall global average.

398. A global manufacturer is rolling out a single talent-review and succession process across all regions. The president of the Asia-Pacific region refuses to adopt it, saying the headquarters model ignores local leadership norms, and her region's leaders have stopped submitting data. What is the CHRO's BEST approach?

A. Allow the region to keep its own talent process for now and revisit global alignment at the next annual planning cycle.

B. Have the global talent team collect the region's data directly from local HR so the review can proceed on schedule.

C. Ask the CEO to direct the regional president to comply, since a global process loses its value and credibility if any region opts out.

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

399. An at-will employer's handbook states that employees "will receive a PIP before termination for performance." Which response BEST addresses the legal risk?

A. Keep the language but add a note that managers may skip the PIP for serious performance issues

B. Remove all mention of PIPs from the handbook and stop using them for performance problems

C. Keep the language as written, since an at-will statement elsewhere in the handbook overrides it

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

400. A product company's design leader wants all new designers engaged as 1099 contractors who will work set hours, follow the company's design process, and sit on product teams indefinitely. What should the CHRO's risk analysis conclude?

A. The plan is acceptable if every designer signs a contractor agreement and submits invoices each month for payment.

B. The plan must be rejected because all creative workers have to be classified as employees by law.

C. The plan is acceptable if the designers work remotely and use their own computers and software.

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