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SHRM-SCP

Practice Questions

Set 8

Answer Key & Explanations

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

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

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How to Use This Set

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

SHRM-SCP Practice Set 8 — Answer Key

Quick key first, then a full explanation for every question

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

Answers and Explanations

1. Answer: D — SEC rules bar impeding contact with the SEC, and the agency has fined firms over such clauses

SEC Rule 21F-17, adopted under the Dodd-Frank Act, prohibits any action to impede a person from communicating with the SEC about possible securities violations, including through confidentiality or release terms. The SEC has brought enforcement actions and imposed penalties on companies whose agreements required notice or consent before such contact. Agreements should include a clear carve-out for communications with government agencies.

2. Answer: C — It builds warm, pre-assessed pipelines that cut time to fill and sourcing costs for future openings.

Nurturing strong past finalists and passive talent creates a ready pool of people who already know the company and have been partly assessed, which shortens time to fill and lowers sourcing cost when roles open. Skipping selection steps for pipeline candidates creates inconsistent treatment and legal risk. Relying on the pipeline instead of posting narrows the pool, and record-keeping is a side effect rather than the strategic purpose.

3. Answer: A — Charter a fiduciary committee with defined duties and minutes, and have it monitor any 3(38) manager it appoints.

A chartered committee with defined duties and documented meetings shows the prudent process ERISA requires. A 3(38) manager takes on discretion over selecting and monitoring investments, but the fiduciaries who appoint it keep the duty to prudently select and monitor the manager, so the appointment does not transfer all responsibility. A 3(21) adviser only recommends, leaving decision liability with the plan fiduciaries.

4. Answer: A — The practice was unequivocal, consistently followed over many years, and known to and accepted by both parties.

Arbitrators generally enforce a past practice as an implied term of the contract when it is clear and unequivocal, consistently acted on over a reasonable period, and mutually known and accepted. Uneven application undercuts a practice even if a manager once approved it in writing. Widespread benefit to employees doesn't make a practice binding if management never knowingly accepted it.

5. Answer: D — Review whether the stretch assignments, development and moves promised to high potentials were delivered.

Exit data point to unmet career expectations, so the first strategic step is to test whether the organization honored the development commitments that come with the designation. Retention bonuses treat the symptom and may not address the cause, and hiding status or changing selection criteria assumes the problem lies with the employees rather than with the program's follow-through. Diagnosing delivery gaps lets leaders fix the cause before spending money.

6. Answer: C — Inventory every automated tool used for NYC roles, get yearly independent bias audits, publish summaries and notify candidates.

Local Law 144 requires that an automated employment decision tool used for NYC hiring or promotion decisions have a bias audit by an independent auditor within one year before use, that a summary of the results be made publicly available, and that candidates receive advance notice. An enterprise approach inventories all covered tools and builds these steps into procurement and annual review. An internal team is not independent, vendor assurances are not a bias audit, and the law has no exemption for tools adopted before it took effect.

7. Answer: C — Systematically promoting leaders from subcultures whose assumptions fit the direction the firm must take

Schein describes midlife change mechanisms that work through the firm's existing diversity, chiefly the systematic promotion of people from selected subcultures whose assumptions suit the new environment, along with technological seduction and the infusion of outsiders. Natural evolution guided by founder insight belongs to the founding and early growth stage. Turnaround, scandal and the explosion of myths, and destruction and rebirth are mechanisms Schein ties to maturity and decline.

8. Answer: D — Present it as a correlation, note other possible causes such as store location, and propose a study to test causation.

A correlation does not show that engagement causes sales; other factors, such as location, store manager quality, or sales success itself, could drive both. The responsible approach is to share the finding accurately, name its limits and propose a stronger test, such as controlling for confounders or piloting engagement interventions. A large sample does not prove causation, withholding useful findings is unnecessary, and showing only favorable stores is misleading.

9. Answer: B — It holds that firms should manage for all groups that affect or are affected by them, not just shareholders.

R. Edward Freeman's stakeholder theory holds that a firm should create value for all groups that can affect or are affected by its activities, treating their interests as integral to strategy. The first board member is describing shareholder primacy, often linked to Milton Friedman. The view that shareholder value indirectly serves everyone is a defense of shareholder primacy, not stakeholder theory, and stakeholder theory does not require shared ownership or rely on philanthropy.

10. Answer: D — Rank initiatives by strategic impact and cut the lowest-value work first

A strategic budget response protects work that drives business results, such as reskilling for automation, and cuts or streamlines lower-value spending, ideally with the trade-offs explained to the CFO. Across-the-board cuts weaken critical work as much as marginal work. Popularity is not strategic value, and cutting learning first would gut the reskilling program the strategy depends on.

11. Answer: C — The harm is acknowledged, participation is voluntary, and the parties want to repair working relationships.

Restorative practices work when the people involved accept that harm occurred, choose to participate and share a goal of repairing relationships. They should not replace a pending investigation, especially where there is a power imbalance between complainant and accused. Compelled participation undermines the process, and using circles to avoid findings leaves misconduct unaddressed.

12. Answer: A — Use independent reviewers directed by counsel, with set criteria for reopening cases.

A credible lookback requires reviewers independent of those who handled the original cases, consistent criteria for whether a case was handled adequately or should be reopened, and reporting to the board that commissioned it, with counsel to manage privilege. HR reviewing its own work has a conflict, and limiting the review to substantiated cases misses the cases most likely to have been mishandled.

13. Answer: B — An executive steering committee for key decisions, a program office for coordination and clear workstream decision rights.

Large transformations need layered governance: senior leaders decide on direction, funding and trade-offs, a program office manages integration and tracking, and decision rights are clear so issues escalate properly. A 40-person consensus committee slows decisions, and separate functional governance fragments a change that must be integrated.

14. Answer: C — Notify the union and offer to bargain over the plan, proposing a joint labor-management team to help design it.

Bonus and incentive plans are wages and a mandatory subject of bargaining, so the employer must give the union notice and an opportunity to bargain before implementing one, even if it only adds pay. Joint design also builds the trust gainsharing depends on. Going directly to employees or polling them first risks unlawful direct dealing, and the parties may agree to midterm changes without waiting for the next contract.

15. Answer: A — It likely reflects growing confidence in the program, since more employees are willing to raise concerns and to identify themselves.

A rising report rate, combined with steady substantiation and fewer anonymous reports, generally signals that employees trust the program and are less afraid to come forward, not that misconduct has grown. Reading the rise as more wrongdoing ignores the other indicators. Narrowing intake or cutting communications would discourage the very reporting that lets the company catch problems early.

16. Answer: C — Diminish, using excuse or justification to lower blame

An unforeseeable technical failure falls in SCCT's accidental cluster, where attributed responsibility is low, so diminish strategies (excuse and justification) are the recommended primary response. Rebuild strategies are reserved for preventable crises with high responsibility. Denial fits rumors or unfounded challenges, not a real leak, and ingratiation is a secondary bolstering tactic rather than a primary strategy.

17. Answer: D — $1,000,000

Cost of delay = monthly benefit x months delayed = $250,000 x 4 = $1,000,000. The $250,000 figure counts only one month, and $3,000,000 is a full year of benefits rather than the four months that were lost.

18. Answer: D — Responses depend on the behavior: console human error, coach at-risk choices, sanction recklessness

A just culture separates the quality of the behavior from the outcome: human error calls for consoling and system fixes, at-risk behavior calls for coaching, and reckless disregard of a substantial risk can warrant discipline. Basing discipline on outcome severity punishes bad luck and discourages reporting. A blame-free approach also fails, because it does not hold people accountable for reckless choices.

19. Answer: B — Offer assignments to all qualified candidates directly and track selection by gender.

The barrier is managers deciding for candidates, so the fix is to let every qualified person consider the opportunity and to monitor outcomes at each selection stage. Reserving assignments by sex and offering benefits only to women raise discrimination concerns, and bias training alone, without changing the process or measuring results, rarely changes outcomes.

20. Answer: B — With large samples, a small ratio gap can still be very unlikely to occur by chance

The 80% rule of thumb measures practical size, while significance tests show whether a gap is likely due to chance; with large samples, a ratio above 80% can still be statistically significant. Using both gives a fuller picture. Significance tests do not show intent, and practical significance still matters when interpreting results.

21. Answer: A — Treat the status quo as a choice with its own costs, including lost talent share to faster-moving rivals.

Opportunity cost means a decision not to invest also carries a price: here, losing candidates and speed to competitors whose hiring is faster. A sound business case compares the investment against a realistic baseline in which the status quo erodes, not one in which it is free. Waiting for competitors to publish results sounds prudent but lets the gap widen while still ignoring the cost of standing still.

22. Answer: C — Tier vendors by risk and focus audit rights on high-stakes uses, such as tools that affect hiring or pay.

Audit rights matter most where an AI tool's errors or bias could cause serious harm, such as in hiring, promotion, pay or discipline, and where the employer is legally accountable for the outcomes. A risk-tiered approach puts scarce audit capacity there and uses lighter checks for low-risk tools. Equal annual audits sound fair but spread resources too thin to examine the tools that matter most.

23. Answer: C — A lawful transfer mechanism and a valid legal basis for processing health data as a special category

Health data is a special category under the GDPR, so processing requires both a lawful basis and an Article 9 condition, and a transfer to the U.S. requires a mechanism such as Data Privacy Framework certification or standard contractual clauses. Employee consent is a weak basis in employment because of the power imbalance and does not by itself cover every requirement. HIPAA compliance is not recognized as GDPR adequacy.

24. Answer: D — Follow ombuds standards of independence, neutrality and confidentiality, and state that ombuds contacts are not formal notice.

An ombuds adds value as an informal, confidential and independent resource, and published standards along with clear communication that the ombuds is not an agent of notice, plus prominent formal reporting channels, best address the notice concern. Mandatory forwarding or legal oversight destroys the confidentiality and independence that make the role useful. Banning harassment topics removes much of the program's value and is hard to administer when concerns are mixed.

25. Answer: D — Time for participation, visible recognition and resources, while members set their own agenda

Communities of practice thrive on voluntary participation and member ownership, so sponsors help most by legitimizing the time spent, recognizing contributions and providing resources such as facilitators and tools. Mandatory membership, assigned topics and formal targets turn them into bureaucratic teams and reduce the informal sharing that makes them valuable.

26. Answer: B — Base the decision on expected future benefits, and propose ending or redesigning it.

The executive is showing escalation of commitment: past spending is gone whatever happens next, so only future costs and benefits should drive the decision. With two years of null results against a matched group, more of the same is unlikely to pay off. Adding modules or shrinking cohorts still keeps money flowing to protect the earlier investment rather than because of expected value.

27. Answer: B — Confirmation bias

Confirmation bias is the tendency to seek, favor and interpret information that supports existing beliefs while discounting contrary evidence. Anchoring is overreliance on the first piece of information encountered, availability bias overweights examples that come easily to mind, and recency bias overweights the latest information. The CHRO can counter confirmation bias by assigning someone to argue the opposing case or by agreeing on decision criteria in advance.

28. Answer: A — Use accurate claims that reflect the overall result without overstating it, and address the weak divisions before advertising there.

Employer branding must be authentic; overselling engagement to candidates headed to low-scoring divisions creates broken expectations and early turnover. Accurate claims plus fixing the weak areas protects the brand. Removing divisions from published data is misleading, and a blanket ban gives up a legitimate benefit.

29. Answer: D — Set shared enterprise goals for the team and tie part of each executive's incentive to them

Silo behavior here is reinforced by a reward system that pays only for functional results, so shared enterprise goals with a joint incentive component change what executives are accountable for together. Forced ranking intensifies competition. CEO mediation treats symptoms one at a time, and relationship workshops do not change the incentives that drive the behavior.

30. Answer: B — Women's rate is 75% of men's, below the 80% rule of thumb, so a closer review is warranted.

The ratio of rates is 9% / 12% = 0.75, below the 80% rule of thumb used to flag possible adverse impact. That is a signal to review the promotion process, check statistical significance and examine eligibility and criteria, not proof of unlawful discrimination. Judging only by the percentage-point gap ignores how large the relative difference is.

31. Answer: D — Standardize discipline criteria, add second-level review of final warnings, and track results by group over time.

An unexplained gap for the same infractions points to inconsistent discretion, so clearer criteria, a second review of serious discipline and ongoing monitoring address the cause across the network. Proportional targets would base discipline on race and create their own legal exposure. Retraining only some managers ignores a network-wide pattern, and softening all discipline does not fix how decisions are made.

32. Answer: C — Give direct feedback on the derailing behavior, provide a coach and a plan, and tie promotion to visible change.

Interpersonal problems are a leading cause of executive derailment, and strengths that drive results can become liabilities at higher levels. The CHRO should make the issue explicit, support change through coaching and a development plan, and make further advancement depend on improved behavior. Promoting now rewards the behavior and raises the risk, while a generic workshop is unlikely to change entrenched behavior, and giving up on the VP wastes potential that targeted development could save.

33. Answer: C — Mandatory benefits, social charges and severance rules can change total employment cost substantially.

Fully loaded labor cost includes employer social security contributions, statutory bonuses and benefits, required paid leave and the cost of terminating employees, which in some countries involves high mandated severance and lengthy procedures. These items can narrow or reverse a base-pay advantage. Wage growth and productivity also matter, but they do not make base pay a complete measure, and exchange rates complicate comparisons without making them impossible.

34. Answer: C — A comparison of projected talent demand with projected supply for critical roles.

Strategic workforce planning forecasts the workforce the strategy will need (demand), projects the workforce the company will have given attrition, retirements and movement (supply), and quantifies the gap, which then drives build, buy, borrow and automate decisions. A skills inventory is an input to the supply side, not the core output, and talent rankings and recruiting targets are operational tools.

35. Answer: C — Treat both as valid views and probe where understanding breaks down across levels

The two sources measure different things: executives' clarity about the strategy and employees' understanding of it. The gap itself is the finding, so the CHRO should explore through focus groups or results by level where communication or cascading breaks down. Picking one source discards real evidence, and rewording the survey assumes the employees are wrong.

36. Answer: A — Interactional justice

Interactional justice concerns the dignity, respect and adequate explanation people receive when decisions are communicated. Employees accepted the selection criteria (procedural justice) and the severance outcomes (distributive justice), so the harm lies in how the news was delivered. Transformative justice concerns addressing harm by changing underlying social conditions and is not one of the core dimensions in this model.

37. Answer: B — Basing decisions on assumptions about a pregnant leader's future availability is sex discrimination

The Pregnancy Discrimination Act makes pregnancy-based treatment a form of sex discrimination, and assumptions about a woman's commitment or availability because of pregnancy are unlawful stereotypes. Succession slates shape promotions, so excluding her on that basis is an adverse decision that creates liability and loses talent. Keeping her pay and title unchanged does not cure a promotion delay driven by pregnancy.

38. Answer: D — Risk-based triage tiers, central case management, and metrics such as cycle time

Triage tiers route serious matters to qualified investigators and simpler issues to local handling, a central system ensures consistent records and oversight, and metrics like cycle time, substantiation rates and retaliation reports show whether the program works. One central investigator cannot scale, managers investigating their own teams have conflicts, and annual volume counts alone reveal little about quality.

39. Answer: B — Use scalable platforms and selective outsourcing before building centers of excellence

In hypergrowth, scalable technology and selective outsourcing absorb volume without fixed headcount, letting HR add specialist depth when scale justifies it. Building centers too early adds cost before demand exists, linear hiring doesn't take advantage of scale, and full outsourcing gives up control of culture-critical work during a formative period.

40. Answer: A — It can resolve the charge quickly and confidentially, before an investigation and with no finding of fault

EEOC mediation is free, voluntary, and confidential, takes place before an investigation, and usually resolves charges faster; any settlement involves no admission or finding of wrongdoing, and if it fails the charge simply proceeds. Mediators do not investigate or decide charges, and mediation produces no binding decision unless the parties sign a settlement.

41. Answer: A — Lose-lose, in which damaging the other side outweighs self-interest

In Glasl's lose-lose phase (stages 7 to 9), parties accept their own losses as long as the other side loses more, which matches leaders willing to sabotage their own results. Coalition building and threats are features of the win-lose phase, where each party still expects to win. The win-win phase involves hardening positions and debate but not deliberate harm.

42. Answer: B — German law requires a supervisory board with half its seats held by employee representatives.

Under the Codetermination Act, German companies with more than 2,000 employees must have a supervisory board with equal numbers of shareholder and employee representatives, with the shareholder-side chair holding the tie-breaking vote. One-third representation applies to companies with 501 to 2,000 employees, and it applies to the supervisory board, not the management board. Codetermination applies to covered company forms whether or not they are listed.

43. Answer: D — Clarify the team's purpose, members' roles, and decision rights through a shared executive team charter

A newly formed team is in the forming stage, when members need clarity on purpose, roles, and how decisions get made; a charter provides that structure. Structured conflict work fits the storming stage, full delegation fits a performing team, and celebrating and transitioning fits adjourning.

44. Answer: C — Give a data-based view of what work AI can absorb, the timing, and the risks of rapid cuts.

The CHRO's value is evidence about which work AI can realistically take on, how fast, and what rapid cuts would cost in capability, risk and morale, so that the CEO can respond credibly. Accepting the demand in full commits the company to an arbitrary target. Rejecting it outright ignores shareholders' legitimate interest, and a hiring freeze is a tactic adopted before the analysis is done.

45. Answer: A — A two-level game, in which a deal must work at the table and be ratifiable by each side's internal constituents

Putnam's two-level game describes negotiators who bargain with a counterpart while also needing approval from their own constituents; only agreements inside both sides' 'win-sets' can be ratified. Logrolling and anchoring are tactics within the table negotiation, and impasse is a legal state of deadlock, so none of them captures the dual internal and external pressure described.

46. Answer: D — Linking teams through shared awareness and trust so the whole organization can adapt like a small team

Team of Teams describes extending the trust and shared consciousness of small teams across a large organization, with leaders building transparency and cross-team relationships and then pushing decisions to those closest to the problem (empowered execution). It was developed as an alternative to rigid hierarchy and siloed specialization, which proved too slow for a fast-changing environment.

47. Answer: B — Partner with procurement on central governance, a vendor management system and classification controls.

Contingent workforce management works best as a joint HR and procurement responsibility: shared governance sets rules, a VMS gives visibility into headcount, cost and tenure, and classification controls reduce misclassification and co-employment risk. Converting everyone is costly and may not fit the work, spreadsheets are unreliable, and a freeze disrupts operations without building lasting controls.

48. Answer: A — A long-term cash plan that pays out on three-year goals and vests over time

A deferred or performance-based long-term cash plan ties payouts to multiyear results and requires continued service to vest, giving retention and performance incentives without granting or tracking equity. Restricted stock units and stock purchase plans are equity awards the owners have ruled out. An annual bonus rewards one-year results and lacks the multiyear vesting that drives retention.

49. Answer: D — Add an individualized review before termination to see whether more leave would be reasonable.

Inflexible maximum-leave policies create ADA risk because additional leave can be a reasonable accommodation unless it causes undue hardship. An individualized review before termination lets the company consider facts like an expected six-week return. Any fixed limit, short or long, has the same flaw, and a narrow exception for 30-day returns still skips the individualized assessment the ADA requires.

50. Answer: B — Multiple channels with an anonymous option, independent escalation, retaliation monitoring and outcome reporting.

Trust returns when employees have several safe ways to report, cases involving senior leaders go to an independent body such as the audit committee, retaliation is actively monitored and the company shows reports lead to action. Routing all reports through the CEO or requiring manager-first reporting fails when the leader is the problem. A one-time amnesty does not fix the underlying system.

51. Answer: B — Use one global philosophy but let positioning vary by country and talent market.

A sound global compensation philosophy sets common principles but allows market positioning to differ where talent is scarcer or more abundant, so pay is competitive without overspending. Paying U.S. rates everywhere ignores local markets, and legal minimums will not attract needed talent. A single percentile everywhere can overpay in some markets and underpay in critical ones.

52. Answer: A — Link inclusion to the growth strategy with evidence on diverse teams' problem solving and customer insight, plus company results.

The strongest case ties inclusion to the business strategy: teams that bring varied perspectives and feel able to speak up tend to solve problems better and understand diverse customers, which matters for a strategy built on new customer segments. Pairing that evidence with the company's own results makes the case concrete. No federal law requires inclusion programs, cutting them ignores their strategic role, and representation figures and awards describe activity rather than business impact.

53. Answer: A — Apply consequences consistent with the values, up to removal, involving the board as needed

Exempting a top performer from documented values breaches tells employees the values are optional and exposes the company to legal, retention and reputational risk. The CHRO should advise accountability consistent with how others would be treated, engaging the board where an executive of this level is involved. Coaching alone, delay or moving his staff leave the conduct unaddressed.

54. Answer: B — A process for reporting work-related home injuries, since recordkeeping and workers' comp still apply

OSHA does not inspect home offices or hold employers responsible for their conditions, but work-related injuries there may be recordable for employers that keep OSHA logs, and workers' compensation can cover injuries that arise out of and in the course of work. A clear reporting process, plus ergonomic guidance, addresses those real exposures. Home inspections are not required by OSHA, and treating home injuries as personal is inconsistent with workers' compensation law.

55. Answer: A — Quantify the exposure, seek indemnities, escrow or a price adjustment, and plan post-close wage audits and a complaint process.

Employment liabilities are a normal part of diligence, and the CHRO's role is to size the risk, help the deal team protect value through contract terms, and plan integration fixes for the practices that led to the claims. In a stock purchase or merger, liabilities generally transfer to the buyer, and successor liability can apply even in some asset deals. Walking away or waiting for resolution may be unnecessary when the exposure can be priced and managed.

56. Answer: B — Human capital drives long-term value and major risks, so investors increasingly expect board-level oversight.

Boards increasingly oversee culture and talent because these drive strategy execution, innovation and risk, and because failures such as misconduct scandals or the loss of key talent can destroy shareholder value. Growing investor attention to human capital reinforces that oversight role. No federal law requires boards to approve all HR policies, and board oversight is about governance, not taking over management's operational decisions or merely catching policy errors.

57. Answer: C — Borderline cuts rest on subjective judgment, so in-group favoritism can decide who is pushed into the bottom group.

When managers must place someone at the bottom, the hardest calls are among similar performers, and those calls tend to rely on visibility, rapport and perceived fit, which favors people who resemble the rater. Underrepresented employees can therefore be overrepresented in the bottom group even without real performance differences. Forced ranking is not illegal by itself; it creates legal risk when it causes unjustified disparate impact or reflects disparate treatment.

58. Answer: D — The risk each option poses to pay accuracy and to year-end tax reporting

Payroll errors directly harm employees and create tax and legal exposure, and going live near year-end raises the risk of errors in annual wage and tax reporting. The decision should rest on which path best protects pay accuracy and year-end compliance; many organizations choose a January 1 start for that reason. Fees, team preference and keeping the date are secondary.

59. Answer: C — Broaden sourcing and document job-related reasons, since practices that screen out older applicants create claim risk.

The ADEA protects applicants from disparate treatment, and campus-only sourcing combined with phrases like 'recent graduate' has supported age claims. Several federal appeals courts have held that applicants cannot bring disparate impact claims under the ADEA, but the issue is not settled everywhere and state laws may reach further. Widening sources and documenting job-related reasons lowers the risk without abandoning a useful pipeline, and no hiring source is unlawful just because it skews young.

60. Answer: B — A requirement to train internal staff and transfer tools, methods and documentation

Building in knowledge transfer, such as pairing consultants with internal staff, training and handing over tools and documentation, builds internal capability and reduces long-term dependence on the firm. A fixed fee and service levels control cost and timing but do not build capability. Granting the firm exclusive rights to follow-on work increases dependence rather than reducing it.

61. Answer: B — An alliance or partnership with outside experts

Lepak and Snell recommend alliances for human capital that is unique but of limited strategic value. The firm gains access to specialized knowledge through collaborative arrangements without investing in permanent employment. Knowledge-based employment is tempting because the skill is rare, but it is reserved for skills that are both unique and strategically core.

62. Answer: A — Explain that the benchmark should first be adjusted for differences in HR scope, scale and sourcing.

HR cost benchmarks are only meaningful when compared like for like: functions included in HR (such as learning), the amount outsourced (which shifts costs out of HR's budget), company size and geographic complexity all move the ratio. Normalizing the comparison shows how much of the 40% is a real efficiency gap. Rejecting benchmarks outright or assuming cost equals quality is not credible, and cutting to the median ignores the scope differences.

63. Answer: A — Present a risk-tiered view of critical HR vendors, their control assurance, key gaps and contingency plans, tied to the enterprise risk framework.

A board committee needs a concise, risk-based view: which vendors are critical, what assurance exists (such as SOC reports and audits), where the gaps are and how failures would be handled, framed within enterprise risk management. A contract and spend list gives data without a risk assessment. Deferring entirely to procurement abdicates the CHRO's accountability for HR services, and insourcing is a sweeping response that the facts do not justify.

64. Answer: B — Link each unit's engagement scores to that unit's later turnover, safety and productivity results over several periods.

Linkage research connects engagement in specific business units to those units' later results, which shows a relationship at the level where performance happens and supports a time-ordered argument. Benchmarks show relative standing, not business impact. A single-year enterprise correlation between engagement and revenue cannot rule out other causes.

65. Answer: A — Training investment and average hours of training per employee

Investors and human capital reporting frameworks commonly look for training spend and average training hours per employee, often alongside measures such as internal mobility, because these show how much the company invests in its workforce. Catalog size, satisfaction scores and logins are internal activity measures that do not show investment or capability building.

66. Answer: B — Prepare disclosures linking key workforce metrics, such as critical-talent retention, to strategy and value.

Investors want to understand how the workforce supports long-term value creation, so the strongest disclosure ties a focused set of metrics, such as retention of critical talent, skills development, productivity and engagement, to the strategy. Raw demographic data without context does not answer the investor's concern. Award-focused messaging reads as public relations, and the bare minimum invites further activist criticism.

67. Answer: D — Active users, completions and content use by role, compared with the skills the strategy requires

Renewal decisions should rest on whether employees actually use the library and whether what they use supports strategic skill needs, so active users, completion and consumption by population, mapped to priority skills, are the key data. A large catalog says nothing about use, satisfaction ratings come only from those who used it, and vendor case studies do not reflect this organization's results.

68. Answer: D — Investigate the internal report, ensure no retaliation, and avoid asking about or limiting her SEC contact

The employee is protected for both reports, and the company should investigate her internal concern on its own merits while protecting her from retaliation. SEC Rule 21F-17 prohibits steps that impede communication with the SEC, so asking her to hold off is improper, and requesting her filing can look like an attempt to monitor or discourage her. Pausing the investigation delays remediation the company needs regardless of the SEC's actions.

69. Answer: D — Work with finance to rebuild the case with baselines, NPV and sensitivity analysis.

Partnering with finance to quantify current-state costs, conservative benefits, cash flows and how results change under different assumptions addresses the specific objection and builds the CFO's ownership of the numbers. Going around the CFO damages a key relationship, more survey data does not add financial rigor, and shrinking scope may avoid scrutiny without proving value.

70. Answer: D — Executives can weigh the initiatives against other investments using the measures they run the business by.

Business acumen lets HR compete for resources on the same terms as other functions, linking people initiatives to revenue, cost, productivity and risk so executives can compare returns. Qualitative outcomes still matter and complement financial measures. No governance rule limits approval to dollar-based proposals, and cost-cutting goodwill is not the reason financial fluency builds credibility.

71. Answer: D — Have respected local leaders deliver it privately, with dignity-preserving framing and support

In face-saving cultures, private conversations led by respected local leaders protect dignity and keep relationships intact for both departing and remaining staff. A global town hall or a mass email naming teams exposes affected people in public. Leaving the decision entirely to local HR gives up the global consistency and oversight the CHRO is responsible for.

72. Answer: A — Help the executive trace the data and assumptions behind the conclusion before acting

The ladder of inference shows how people select limited data, add meaning and assumptions, and jump to conclusions and actions, so the CHRO should walk the executive back down the ladder to test what was observed and assumed. Offering leadership training is tempting because it seems moderate, but it still accepts the unverified conclusion. A survey framed to confirm the view repeats the same bias.

73. Answer: B — Single negotiating text

The single negotiating text technique, used in multiparty settings such as the Camp David talks, has a facilitator circulate one draft that is improved through rounds of critique until all parties accept it. Logrolling trades concessions across issues, final-offer arbitration has a neutral pick one party's final offer, and positional bargaining trades demands from fixed positions.

74. Answer: B — Giving the work back

Adaptive problems can be solved only by the people whose priorities, habits and loyalties must change, so the leader gives the work back to them rather than supplying a technical fix. Getting on the balcony is about observing patterns, regulating distress is about managing the level of tension, and amplifying dissenting voices concerns who is heard, none of which describes returning ownership of the problem.

75. Answer: C — Analyze absence patterns by shift and group and gather employee input on the schedule change before choosing a response.

The timing points to the schedule change, but root-cause analysis by shift and group and direct employee input show what is driving absence, such as caregiving or transportation conflicts, and which fix will work. Stricter enforcement treats the symptom and may raise turnover. Reversing the change without analysis may give up a real business need, and attendance bonuses can cause employees to work while sick and do not address the cause.

76. Answer: A — Diagnose the culture gaps, co-create shared norms with leaders from both sides and align HR systems

Lasting culture repair needs a clear diagnosis of the real differences, shared ownership of the new norms by leaders from both companies, and reward, promotion and decision-rights systems that reinforce those norms. Imposing one culture deepens the us-versus-them divide. Separating the groups gives up merger synergies, and a values campaign without system changes rarely changes behavior.

77. Answer: A — 97.5%

Grievances resolved before arbitration = 84 + 24 + 9 = 117. Divide by all grievances filed: 117 / 120 = 0.975, or 97.5%. Counting only step 1 gives 84 / 120 = 70.0%, and counting steps 1 and 2 gives 108 / 120 = 90.0%. Dropping the 3 arbitrated cases from the denominator (117 / 117) wrongly gives 100%.

78. Answer: D — A manifest imbalance in traditionally segregated jobs, no unnecessary trammeling of others, and a temporary plan.

Weber and Johnson allow a voluntary plan only when it addresses a manifest imbalance in traditionally segregated job categories, does not unnecessarily trammel the interests of other employees, and is temporary, aimed at attaining rather than maintaining balance. A past-discrimination finding is not required. These cases remain precedent, but the rescinded guidance and federal scrutiny make any such plan high risk and a matter for counsel.

79. Answer: A — Build the core peer group from similar-sized comparable companies and use data on larger firms only as a reference

A defensible peer group consists of companies of comparable size and scope in related industries, often within a range around the company's revenue or market capitalization, because pay scales with size and complexity. Talent competition from larger firms can be noted through supplemental reference data without anchoring pay to companies many times larger. Using much larger firms as the full peer group inflates pay and invites shareholder and proxy advisor criticism, and selecting peers for high pay is a clear bias.

80. Answer: D — Not as it stands; having used the tool, the company must supply its own data or commission its own audit.

New York City's rules on automated employment decision tools allow an employer to rely on a bias audit that uses other employers' historical data only if it provided its own historical data to the auditor or has never used the tool. Because this company has two years of use and did not contribute data, it should have its data included in an audit or commission an independent audit of its own. The law requires an independent auditor, not internal staff, and a vendor certification does not replace the audit.

81. Answer: B — Define the core cultural behaviors, then align structure, decision rights, hiring and rewards to reinforce them.

Culture at scale is sustained by the systems that shape daily behavior: how decisions are made, who has authority, whom the company hires and promotes, and what it rewards. The CHRO should name the behaviors to preserve and redesign those levers to support them. A values campaign without system changes rarely shifts behavior, a separate lab isolates innovation instead of restoring it broadly, and removing structure wholesale is impractical at 1,200 employees.

82. Answer: C — Define a few global principles and have local HR leaders co-design how the program works in their countries.

Skepticism of headquarters programs is best addressed by pairing a small set of global standards with genuine local co-design, which builds ownership and respects legitimate cultural and legal differences. Mandating adoption deepens the perception that headquarters does not listen. Full local autonomy sacrifices consistency, and consultant-built versions still exclude the local leaders whose buy-in is needed.

83. Answer: C — Culture shifts only after new behaviors produce results that people can see and credit

Kotter argues that norms and shared values change last: people adopt new behaviors, see that they produce better results, and only then do those behaviors become 'the way we do things here.' Trying to redesign culture first reverses this logic. Culture is not just a communication task, and the coalition stays engaged through anchoring.

84. Answer: A — Career progression is based on the skills employees build rather than on job titles

A skills-based architecture maps roles to the skills they require, so employees can see adjacent paths across functions and advance by building and demonstrating skills. It supports internal mobility and workforce agility. Tenure-based, degree-based and siloed title ladders are the traditional approaches it replaces.

85. Answer: C — Leader interviews, reviews of real past decisions, and analysis of people data

Culture shows up in how decisions are actually made and how people are treated, so combining interviews, case reviews of real decisions and people data (turnover, promotions, pay) gives a triangulated, reliable view. Published values describe aspirations, not practice. Executive-only surveys and public review sites each give a single, potentially biased lens.

86. Answer: D — Choose the first plant carefully, because its terms are likely to become the floor for the other three.

In pattern bargaining, the first agreement sets expectations that the union will press for at each later table, so the company should sequence talks and choose the first settlement it can afford to replicate. The pattern is not legally binding, but it is powerful in practice. Employers may lawfully coordinate their own strategy across plants.

87. Answer: C — Investigate the safety claims promptly, protect the employee from retaliation, and share factual updates on findings and corrective actions.

Safety complaints can be protected under the OSH Act's whistleblower provision and, when they concern working conditions, under the NLRA, so retaliation creates serious legal risk. The credible response investigates, fixes real problems and communicates facts. Discipline for the post invites a retaliation claim, and a denial before investigating can backfire if the claims prove true. Trading a takedown for a vague review looks like suppression and may itself be retaliatory.

88. Answer: D — Whether the work requires firm-specific knowledge and is central to the company's competitive advantage.

Workforce mix decisions weigh how strategic and unique the work is, how stable demand is, how much firm-specific knowledge it needs, risk, and total cost. Work that is core and relies on firm-specific knowledge is usually best kept with employees who build and retain that capability. Speed to fill and hourly rate matter, but they are secondary to strategic value and can lead to hollowing out critical capability.

89. Answer: B — Experience is the set of interactions across the employee journey; engagement is an outcome it shapes

Employee experience is everything employees encounter and perceive across their journey, from recruiting to exit, including culture, technology and physical space. Engagement is the commitment and energy employees bring, and it is largely a result of that experience. Treating engagement as the broader idea reverses the relationship, and experience is not limited to physical space and tools.

90. Answer: A — Have senior leaders take visible, proportionally larger cuts to show shared sacrifice

Visible leadership sacrifice signals fairness and builds the trust needed for staff to accept their own cuts, and leaders' larger incentive pay usually makes proportionally larger cuts feasible. Exempting leaders while staff are cut damages credibility. A quiet cut forfeits the signaling value, and equal percentages are defensible but send a weaker message than leaders taking a larger share.

91. Answer: C — Refer the candidate into the same process, disclose the relationship, and recuse the director from it.

Good governance and fairness require that a director's relative be evaluated on the same criteria as other candidates, with the relationship disclosed and the director kept out of the decision. An automatic ban may screen out a qualified candidate and is not required by most conflict-of-interest policies. Hiding the relationship, or passing the issue to the CEO without disclosure, leaves the conflict unmanaged.

92. Answer: D — $700,000

Build cost = 20 x $15,000 = $300,000. Buy cost = 20 x ($30,000 + $20,000) = $1,000,000. Savings = $1,000,000 - $300,000 = $700,000. Leaving out the cost-per-hire gives 20 x ($30,000 - $15,000) = $300,000. In practice, leaders also weigh time to capability and the risk that trained employees will leave.

93. Answer: B — Agency theory, which seeks to align the interests of managers with those of the owners

Agency theory notes that managers (agents) may pursue their own interests rather than those of shareholders (principals). Tying pay to shareholder outcomes and requiring stock ownership reduces this divergence, lowering agency costs. Tournament theory addresses pay gaps between levels, equity theory deals with fairness comparisons, and reinforcement theory concerns repeating rewarded behavior rather than aligning managers with owners.

94. Answer: A — Setting procedures for anonymous employee complaints about accounting or auditing matters

SOX Section 301 requires the audit committee to establish procedures for receiving, retaining and handling complaints about accounting, internal controls and auditing matters, including confidential, anonymous submissions by employees. Approving executive pay is the compensation committee's role, and director nominations and board evaluations belong to the nominating and governance committee.

95. Answer: B — Net benefit of $1.2 million; ROI of about 67%

Avoided exits = 3,000 x (20% - 16%) = 120, worth 120 x $25,000 = $3.0 million in gross savings. Net benefit = $3.0M - $1.8M = $1.2M, and ROI = net benefit / cost = $1.2M / $1.8M, about 67%. Treating $3.0 million as the net figure ignores the program's cost, and dividing $1.2 million by gross savings rather than by cost understates ROI at 40%.

96. Answer: B — Decline, and rely on lawful sources such as third-party compensation surveys.

Soliciting a competitor's confidential pay data from former employees risks misappropriation of trade secrets, breach of the employees' confidentiality obligations and antitrust exposure for exchanging competitively sensitive wage information. Voluntary sharing, lower-level jobs or older data do not cure these problems. Properly run third-party surveys provide market data without those risks.

97. Answer: A — Plaintiff shows impact; employer shows business necessity; plaintiff shows an alternative

Under Title VII as amended in 1991, the plaintiff first shows that a specific practice causes disparate impact, the employer must then show the practice is job related and consistent with business necessity, and the plaintiff can still win by showing a less discriminatory alternative that the employer refuses to adopt. The legitimate-reason and pretext steps belong to the McDonnell Douglas framework for disparate treatment, which is why they are tempting. Intent is not required in a disparate impact case.

98. Answer: A — Hirschman's exit-voice theory, since effective voice reduces quitting

Hirschman argued that dissatisfied members can either exit or use voice, and that credible voice options reduce exit. Applied to employment, giving workers effective ways to fix problems lowers voluntary turnover. Equity and expectancy theories explain motivation through pay comparisons and effort-reward beliefs, not the trade-off between quitting and speaking up.

99. Answer: B — Tie each listening source to a specific decision owner, purpose and cadence so the data reaches people who can act on it.

A continuous listening architecture works when each source has a clear purpose, a decision owner and a cadence matched to how quickly that owner can act. Repeating the full item set everywhere increases survey fatigue without adding insight. More frequency without ownership produces data nobody uses, and holding all results centrally slows action.

100. Answer: D — 15% for those 40 and older; 6.7% for those under 40

Termination rate equals those terminated in a group divided by that group's headcount: 60 / 400 = 15% for employees 40 and older, and 40 / 600 = 6.7% for employees under 40. The 60% and 40% figures are each group's share of the layoffs, and dividing by total headcount (1,000) gives 6% and 4%. A rate more than twice as high for older workers warrants close review before the layoff is finalized.

101. Answer: D — Consulting worker representatives in good time on ways to avoid or reduce job losses

The EU Collective Redundancies Directive requires employers planning large-scale redundancies to inform and consult worker representatives in good time, with a view to reaching agreement on avoiding or reducing redundancies and mitigating their effects, and to notify the competent national authority. It does not require individual consent or set a uniform EU severance amount. Notice goes to national authorities rather than to the European Commission for approval.

102. Answer: C — Ba

Nonaka and Konno introduced ba as the shared context, whether physical, virtual or mental, in which knowledge is created, shared and used. SECI (socialization, externalization, combination, internalization) is Nonaka's model of the knowledge-conversion process that takes place within ba, not the space itself. Kaizen means continuous improvement, and gemba is the place where work is done in lean practice.

103. Answer: D — Account for every employee and activate the crisis plan with the security provider

The first step in a duty-of-care response is to locate and confirm the safety of all affected people, local staff included, and activate the crisis management plan and the security or evacuation provider so decisions rest on current information. Evacuating only expatriates overlooks the employer's obligations to local employees, and waiting to monitor the news wastes time as exit options close.

104. Answer: B — Employees deal with them daily and judge real priorities by what those managers reward and tolerate

Most employees rarely interact with senior executives, so they infer what the organization truly values from their direct and middle managers: what those managers reward, ignore, and say when targets conflict with standards. That is why a strong tone at the top can be undercut by a weak tone at the middle, and why ethics programs train and hold managers accountable for their responses to concerns.

105. Answer: A — Legal acceptability of images, indexing standards, access controls and disposal of already-expired records

Before destroying originals, the company should confirm that scanned images will be legally acceptable, set indexing so records can be found, protect access to sensitive data, and apply the retention schedule so expired records are destroyed rather than digitized. Vendor and naming choices are implementation details, and keeping all originals defeats the purpose while preserving over-retention risk.

106. Answer: C — Define the 25% gain against a measured baseline, with fee credits or exit rights if it is not met.

A performance promise is only enforceable if it is tied to a defined metric, a measured baseline and a consequence such as service credits or termination rights. Without a baseline, neither party can show whether the gain was achieved. A headcount-reduction guarantee shifts the promise to an outcome the vendor does not control, and a short contract without terms still leaves the company paying for unproven results and switching costs.

107. Answer: A — Apply the same consequence given to others for similar fraud, since an exception signals results excuse misconduct.

Employees watch how the company treats powerful people, and sparing a top performer for conduct that cost others their jobs shows that the stated values are negotiable. Consistent consequences protect both the culture and the company's position in future discipline cases. A quiet resignation with severance appears to avoid harm, but it still rewards the misconduct and hides the outcome from the people the culture depends on.

108. Answer: B — It ties offers to job factors rather than negotiation skill or prior pay, so gaps shrink

Starting pay is where many disparities begin; placing new hires by documented factors such as job-related experience and skills limits the role of negotiation style and prior pay, which can carry past bias forward. Ranges still allow placement above or below the midpoint for valid reasons. Matching prior salary can import inequity, and structured ranges do not replace periodic pay equity audits.

109. Answer: B — Designate the paid leave to run concurrently with FMLA leave and keep all FMLA protections.

The FMLA is a floor: employers can offer more generous benefits, and paid leave for an FMLA-qualifying reason can run concurrently with FMLA leave if the employer gives proper designation notice. Employees cannot waive prospective FMLA rights, and job restoration and group health coverage must continue through the full FMLA entitlement. Paying for part of the leave does not shorten those protections.

110. Answer: B — What leaders regularly pay attention to, measure and control

Schein's primary embedding mechanisms include what leaders pay attention to, measure and control; how they react to critical incidents; how they allocate resources and rewards; and how they select, promote and remove people. Formal statements, physical design and structure are secondary articulation and reinforcement mechanisms that work only when they are consistent with the primary ones.

111. Answer: D — Formal position, control of resources, and network centrality

Pfeffer emphasizes that power flows from where a person sits in the organization: formal position, control over budgets, information and other resources, and a central place in communication and influence networks. Personal traits such as likability, credentials or tenure can help but are not structural, and he argues that good performance and loyalty alone are less reliable routes to power than many people assume.

112. Answer: C — Signaling theory, because costly observable actions reveal true priorities

Signaling theory holds that observers infer hidden intentions from visible, costly choices, so how leaders spend money and time conveys priorities more credibly than what they say. Cognitive dissonance theory is tempting because there is a gap between words and actions, but it explains how people resolve inner conflict, not how employees read leader behavior. Attribution theory and agenda-setting do not fit the scenario.

113. Answer: D — Adopt one professionalism code for all clinicians, enforced through tiered peer feedback and medical staff processes.

Incivility in clinical teams harms patient safety and retention, and fixing it requires a shared standard for physicians with graduated accountability, applied through employment terms for employed surgeons and through medical staff bylaws and credentialing for independent ones. Training nurses or rotating them treats the targets rather than the cause. Hospitals can hold independent physicians to conduct standards through the medical staff process, so limiting action to employees leaves the main problem in place.

114. Answer: B — Share the rationale and timeline now, and announce the structure once roles are designed

Announcing boxes before roles and decision rights exist creates confusion, rumors and anxiety that are hard to undo. Explaining why change is coming and when details will follow keeps people informed without committing to an untested design. Total silence fuels speculation, and limiting questions damages trust.

115. Answer: B — The reassignment is ordinarily not reasonable unless the employee shows special facts, such as frequent exceptions.

In US Airways v. Barnett, the Supreme Court held that an accommodation conflicting with a seniority system is ordinarily not reasonable, because of employees' expectations of consistent treatment. The employee may still show special circumstances, such as an employer that often changes the system or makes exceptions, which make the accommodation reasonable in that case. The rule is a strong presumption, not an absolute bar, and the ADA does not automatically override seniority.

116. Answer: A — Reduce regrettable turnover in pivotal roles from 14% to 9% by the end of the fiscal year.

A strong key result is a measurable outcome with a baseline, target and deadline that directly reflects the objective. Regrettable turnover in pivotal roles is the precise outcome that matters. Conducting stay interviews is an activity rather than a result, improving retention through programs is not measurable, and company-wide turnover does not focus on the pivotal roles.

117. Answer: D — To test whether the strategy holds up across different futures and to identify signals that would trigger changes

Scenario planning does not try to predict one future; it builds several plausible ones so leaders can test the robustness of a strategy, prepare contingencies and watch for early signals. Optimizing for the single most likely outcome is the forecasting mindset that scenario planning is meant to challenge.

118. Answer: A — Requirements for a compliance management system that can be independently certified.

ISO 37301 sets requirements, with guidance, for establishing and improving a compliance management system, and organizations can be certified against it. It replaced the guidance-only ISO 19600. Anti-bribery management systems are covered by ISO 37001, social responsibility guidance by ISO 26000, and information security by ISO/IEC 27001.

119. Answer: B — Show scenarios with headcount ranges and the triggers that would move the company from one to another.

Under real uncertainty, scenario planning with ranges and leading indicators, such as the contract award or automation milestones, lets the board see the options and agree in advance on when to act. A single point estimate hides the uncertainty the board needs to understand. Planning only for the highest scenario commits costs that may not be needed, and refusing to look past one year fails the board's strategic request.

120. Answer: D — $22,500

Cost of vacancy = daily value x days vacant = $500 x 45 = $22,500. The figures of $2,250 and $225,000 come from decimal errors, and $11,250 wrongly halves the result. Presenting this cost helps executives see the value of faster hiring.

121. Answer: A — A combination of an employee's current performance and assessed potential

The standard 9-box plots current performance on one axis and assessed potential on the other, each in three levels, so each box is one combination of the two. Leaders use the placements to guide development, succession and retention decisions. Tenure, flight risk and readiness are often discussed in talent reviews but are not the axes that define the boxes.

122. Answer: A — Standardize principles, the cycle and core competencies; localize rating labels and feedback style

Global performance systems usually keep a consistent framework, such as guiding principles, a common cycle and core competencies, so results can be compared and talent decisions are coherent. Elements most shaped by culture, such as how ratings are worded and how direct feedback should be, are adapted locally. Full standardization ignores cultural differences, full localization loses comparability and reversing the split adapts the elements that need to be consistent.

123. Answer: A — Early, transparent notice with redeployment priority, reskilling, career support and fair severance

Employer brand is shaped by how departing and remaining employees are treated, and by what they tell others. Early, honest communication combined with first access to internal roles, funded reskilling, career transition help and fair severance shows the company shares the gains from AI responsibly. Generous severance alone, paired with minimal notice, tends to read as transactional and leaves people little time to prepare.

124. Answer: C — Compare both handbooks, adopt critical compliance policies first, then phase in other changes

A gap analysis shows legal conflicts, collective bargaining or contract limits and cultural differences. Policies tied to legal compliance, such as anti-harassment, reporting and safety, should be aligned quickly, while changes to items like leave and scheduling are phased in with explanation to limit disruption and attrition. Adopting the most generous version of everything can create unsustainable costs.

125. Answer: D — Build career paths with technical tracks, broader levels and lateral moves that count as growth

When delayering removes rungs, careers must be redefined around skill growth, dual or technical tracks, broadbands and lateral or project moves, so employees can progress without a management title. Inflating titles erodes credibility, and restoring a layer undoes the business decision rather than adapting the career system to it.

126. Answer: A — Align timing with the public disclosure and share the interim leader and support resources

A CEO's death is material information, so employee communication must be coordinated with the board, legal and investor relations and released at the same time as the public disclosure, which limits leaks and trading on material nonpublic information before the market is informed. The message should name the interim leader, explain what happens next and offer grief support. Telling employees well before the market creates leak and insider-trading risk, and delaying or decentralizing the message invites rumor and inconsistency.

127. Answer: C — The interview measures different job-related traits, so it adds unique predictive value

Incremental validity is the added prediction a new measure provides beyond existing ones. A second cognitive test largely overlaps with the first, so it adds little, while a structured interview captures other job-related traits and adds unique information. The goal is to combine the two, not replace the test, and unstructured or free ratings reduce rather than raise validity.

128. Answer: D — 3 years

Payback period = investment / annual benefit = $480,000 / $160,000 = 3 years. Dividing the annual benefit by the investment (0.33) inverts the formula. The 2- and 4-year answers come from miscounting when cumulative benefits ($160,000, $320,000, $480,000) first equal the cost.

129. Answer: B — As an enterprise risk, quantifying the cost of critical leadership vacancies

Senior finance leaders compare investments by return and risk, so describing succession gaps as a quantified enterprise risk (vacancy costs, time to fill and revenue exposure from leadership gaps) puts talent spending on the same footing as capital spending. Cultural and benchmarking arguments may support the case but do not answer the CFO's comparison. Funding the program by cutting merit pay creates a new retention risk and sidesteps the strategic question.

130. Answer: B — Warn that suing a former charging party can be retaliation, so any claim needs solid evidence and counsel review.

Title VII's anti-retaliation provision protects former employees, and a baseless lawsuit against someone who filed a charge can be materially adverse because it could dissuade a reasonable worker from complaining. Any claim must rest on solid, independent evidence and be reviewed by counsel. Waiting for the EEOC to close the charge does not change the analysis, and a public accusation could be both retaliatory and defamatory.

131. Answer: A — Compare total cost, service, risk and strategic fit with keeping it in-house.

A sound decision compares the full cost of outsourcing and in-house delivery (including transition, contract management and exit costs) along with service quality, data security and compliance risk, flexibility and whether the work is core to strategy. A fee-versus-budget comparison leaves out hidden costs, reference checks are only one input, and rejecting outsourcing on principle ignores a potentially strong case.

132. Answer: C — Share the findings privately with the CEO first, then present them accurately with options

Ethical practice requires accurate reporting, and giving the CEO a private preview respects the relationship, avoids surprising him in front of the board and lets the CHRO frame the findings with constructive options such as redesigning or redirecting the investment. Spinning or delaying the results misleads the board. Going around the CEO is an escalation that should be reserved for cases where he insists on misrepresentation, and it damages trust unnecessarily at this stage.

133. Answer: A — The exception is not available for this mass layoff, as it applies only to plant closings.

The faltering company exception covers only plant closings, and only when the employer was actively seeking capital or business that would have avoided or postponed the shutdown and reasonably believed notice would have prevented it. Because this is a mass layoff at a plant that remains open, the exception cannot apply no matter how strong the financing efforts are. Documentation created after the fact would not cure that problem.

134. Answer: B — $3,000

HR cost per employee = total HR cost / total employees = $3,600,000 / 1,200 = $3,000. $300 and $30,000 come from misplacing a decimal, and $333 comes from dividing the employee count by the HR cost in millions (1,200 / 3.6).

135. Answer: B — Causation requires a decision-maker who knew, so need-to-know limits help, but proof of informal awareness defeats them.

A retaliation claim requires that the decision-maker knew of the protected activity, so confining complaint information to those who need it can strengthen a causation defense. The protection fails when evidence shows the decision-maker learned through gossip, coworkers or a biased subordinate who influenced the decision. Causation is not presumed from timing alone, although close timing can support an inference.

136. Answer: A — Stop the plan because direct exchanges of current or future pay plans with rivals create serious antitrust risk

The Department of Justice and the Federal Trade Commission view direct exchanges of competitively sensitive pay information among competing employers as potentially unlawful, especially when they are used to restrain wage competition. An agreement to fix or limit pay can be prosecuted criminally. Avoiding written records, changing who shares the data or limiting the exchange to starting pay does not remove the risk. Legitimate benchmarking is usually done through independent third-party surveys with aggregated data.

137. Answer: A — Define role requirements for the new strategy, then apply consistent assessments using balanced panels.

A process seen as fair by both sides rests on clear, forward-looking role requirements and the same assessment applied to every candidate by decision-makers neither side controls. Splitting roles evenly or alternating nominations puts political balance ahead of fit and can leave weaker leaders in critical roles. Using function size as the criterion is arbitrary and systematically favors one company.

138. Answer: A — Upper limit of 42 days; last month signals a special cause to investigate

Upper control limit = mean + 3 x SD = 30 + 3 x 4 = 42 days. A 44-day month falls above the limit, which signals a likely special cause, such as a hiring freeze or a recruiter vacancy, that should be investigated. A limit of 38 uses two standard deviations, and 46 uses four standard deviations.

139. Answer: A — Analyze turnover, candidate, and operational data to assess risk and feasibility

A strategic response should rest on evidence: whether the company is actually losing people or candidates to the competitor, which roles are at risk, and whether a compressed schedule is operationally workable. That analysis then informs whether to match, offer different flexibility, or hold. Launching a pilot, ruling it out or raising pay before understanding the risk are reactions rather than strategy.

140. Answer: D — Knowing-hire fines rise for repeat offenses, and a pattern or practice can be criminal

Civil penalties for knowingly hiring or continuing to employ unauthorized workers increase in tiers for second and subsequent offenses, and engaging in a pattern or practice of such violations can lead to criminal fines and imprisonment. Paperwork violations carry separate per-form civil fines even when all workers are authorized. The employer itself is the primary target of these penalties.

141. Answer: B — Diagnose why internal candidates were not ready and fix development for VP feeder roles

A pattern of external hiring and the loss of passed-over directors point to a weak pipeline, so the first step is to find the cause, such as unclear success profiles, missing development experiences or biased selection, before choosing a fix. An internal quota could place unready leaders in key roles, and expanding a program without understanding the gap may repeat the same failure.

142. Answer: C — Provide channels that bypass the direct chain of command, since people tend to defer to those in authority

Milgram found that many ordinary people follow an authority figure's instructions even when doing so conflicts with their conscience. Employees may therefore hesitate to challenge, or report through, the very managers directing questionable conduct. Escalation channels such as skip-level paths, an ethics office and anonymous hotlines, plus leaders who explicitly invite dissent, counter that pull. Requiring supervisor-first reporting reinforces it.

143. Answer: C — Assess the vendor's controls with IT and legal, require fixes and plan contingencies.

Managing third-party risk means assessing the vendor's controls with security and legal experts, holding it to contract and data protection obligations, requiring remediation, and preparing a backup plan. Terminating at once can disrupt pay in 12 countries, accepting assurances ignores a pattern, and more insurance transfers some financial loss without reducing the risk.

144. Answer: A — A transition services agreement

A transition services agreement is a temporary arrangement in which the seller continues to provide services such as payroll, benefits administration or HRIS to the divested business after closing, usually for a set fee and period. A shared services agreement is an ongoing internal arrangement rather than a time-limited bridge after a sale. A professional employer arrangement makes a third party a co-employer, which is not what happens here.

145. Answer: D — 1.9, though a rise after AI adoption may reflect lower labor cost rather than greater workforce value

Human capital ROI = (Revenue - (Operating expenses - Labor cost)) / Labor cost = ($800M - ($620M - $200M)) / $200M = $380M / $200M = 1.9. Because AI spending sits in nonlabor expenses, shrinking the labor base can raise the ratio even if workforce contribution has not improved, so trends need careful interpretation rather than being read as proof of productivity gains. Dividing operating profit by labor cost gives 0.9, and dividing revenue by labor cost gives 4.0.

146. Answer: A — A confidential climate survey with civility items analyzed by division and manager group

Incivility often stays below the level people formally report, so a confidential survey of all employees, analyzed by division, captures behavior that complaint logs and hotlines miss. Exit interviews reach only people who have left and are often guarded. Complaint and hotline data reflect willingness to report as much as the behavior itself.

147. Answer: C — As a net liability on the balance sheet; funding needs can divert cash from growth

U.S. GAAP requires sponsors to report a plan's funded status on the balance sheet, so an underfunded plan shows up as a net liability. Contributions needed to close the gap compete with capital spending, hiring and other investments, and the obligation also affects credit ratings and deal valuations. Footnote-only disclosure ended when funded-status reporting became required in 2006.

148. Answer: A — Employees take cues on acceptable conduct from what senior leaders do and reward, not just say

Employees learn what is truly expected by watching how senior leaders behave, what they tolerate and whom they reward, so leaders' conduct shapes the ethical climate more than formal rules do. Writing the code and funding training are minor factors by comparison, and regulators evaluate whether a compliance program actually works rather than whether executives sign a policy.

149. Answer: C — Explain that denial requires grievous harm from restoring her, not from her absence, and notice.

The key employee exception applies only to salaried employees among the highest-paid 10% within 75 miles, and only when restoring the employee would cause substantial and grievous economic injury to operations. Harm caused by the absence itself does not count. The employer must give written notice when it determines the injury will occur and give the employee a chance to return, and key employees still have the right to take the leave.

150. Answer: C — Cooks may join a mandatory pool only if no tip credit is taken for anyone in it, and managers must stay out of it.

Under the FLSA, an employer that pays the full minimum wage and takes no tip credit may include back-of-house employees such as cooks in a mandatory tip pool, but a pool that includes them cannot be used with a tip credit. Managers and supervisors may never keep tips from a pool, though they may keep tips they receive directly for service they provide alone. State law may be stricter, so it must also be checked.

151. Answer: D — Set a global minimum and apply each country's statutory entitlement wherever it is more generous.

A global policy can set a company-wide floor, but it can never fall below the statutory entitlement in any country where employees work, so local law prevails where it is richer. The FMLA governs only U.S. employees, and it is itself only a federal floor. No law requires a company to extend its most generous benefit to every country, and a global minimum does not conflict with local law as long as local entitlements are honored.

152. Answer: B — Notify the nurses' union and offer to bargain over the change before it is implemented

Staffing levels and workloads affect nurses' terms and conditions of employment, so the employer must give the union notice and an opportunity to bargain before making the change. Going straight to nurses, whether through physicians or a leadership email, risks unlawful direct dealing with represented employees, and a pilot launched without notice can be a unilateral change. Physician support is valuable, but it belongs in the clinical case presented within the bargaining process.

153. Answer: D — Building collective leadership capacity so direction and commitment come from leaders at all levels

Collective leadership capacity treats leadership as an organizational capability, with shared direction, alignment and commitment produced through relationships and practices across levels, not as the traits of a few individuals. Retention packages, star hiring and successors who imitate the stars all keep the company dependent on individual heroes. Building leadership into the system is what reduces that dependence over the long term.

154. Answer: A — Rank the forces by impact and uncertainty to isolate the critical uncertainties

In scenario planning, the driving forces are next ranked by importance and uncertainty; the few that are both high-impact and highly uncertain become the axes for building contrasting scenarios, which are then used to test strategies. Testing strategies comes later, and writing one most-likely narrative or a single probability-weighted forecast is conventional forecasting, which scenario planning is designed to avoid.

155. Answer: D — Tone at the top and middle, pressure to compromise standards, comfort speaking up, and accountability

Ethical culture assessments typically measure employee perceptions of senior and middle management behavior, pressure to cut corners, willingness and comfort to speak up without retaliation, and whether misconduct is consistently addressed. Hotline volume, training completion and acknowledgment rates are compliance program activity measures that can look strong even when the culture is weak.

156. Answer: C — Weigh strike avoidance against giving a neutral control over terms, and if proposed, define its scope, criteria and format in advance.

Interest arbitration removes strike risk but gives a neutral the power to set wages and terms, so the trade-off must be weighed against the plant's strategic importance. If the company pursues it, defining the issues, decision criteria and format, such as final-offer selection, limits the risk. It is lawful in the private sector by agreement, but it is a permissive subject, so the company may not insist on it to impasse.

157. Answer: B — Fund the pool only from profit above a threshold that covers plan cost and a base return, using a capped funding curve.

A self-funding plan pays only when the business generates enough profit to cover the cost of the awards and a minimum return to owners, so a profit threshold with a defined funding curve and cap meets the CFO's requirement. A fixed payroll-based pool pays regardless of results, and funding at target with later cuts relies on discretion. Revenue growth can rise while profit falls, so it does not ensure the plan pays for itself.

158. Answer: C — Trusted peers without formal authority often shape how others see the change and whether they adopt it

Adoption spreads through trust and social ties, so employees who are central in informal networks can speed or stall a change regardless of their title. Including them lets the CHRO enlist them early and hear concerns sooner. Informal networks complement formal leadership rather than replace it, and using them to bypass resistant executives would erode the sponsorship the change still needs.

159. Answer: D — Design the offer with a clear decision period and no threat of adverse action, so declining carries no penalty.

Early retirement incentives are lawful under the ADEA only if they are truly voluntary; implied threats that declining will lead to layoff can make a resignation a constructive discharge. A clean design gives a reasonable decision period, accurate information and no pressure. Generous benefits do not cure coercion, and age-based eligibility for early retirement is permitted when the offer is voluntary.

160. Answer: B — Refine retention agreements and have leaders talk directly with key talent about their roles

The data point to two causes: role uncertainty and a payout timing that does not hold people through the risk period. Revising agreement terms, for example with staged payments, and having managers clarify each person's future role address both causes. Simply raising bonus amounts ignores the uncertainty, and a general message does not answer individual questions about roles.

161. Answer: C — Giving employees a reasonable window to opt out without any adverse action

A meaningful opt-out period with no penalty shows that agreement was voluntary, which courts have relied on to reject procedural unconscionability claims, and it signals respect for employee choice. Tying acceptance to pay can look coercive, and passive intranet posting invites disputes over notice and assent. Limiting coverage to new hires avoids the issue rather than strengthening the program for the existing workforce.

162. Answer: D — The model may replicate past inconsistent or biased outcomes and obscure accountability for decisions

A model trained on historical decisions learns whatever inconsistency or bias those decisions contained and can apply it at scale. Its recommendations may also be hard to explain, which weakens defensibility and blurs who is accountable for discipline. Strong governance means human review, bias testing and documentation of how recommendations are used.

163. Answer: B — Pilot a developmental-only 360 with senior leaders through an outside vendor, and address trust issues first.

In a low-trust culture, raters fear retaliation and respondents doubt confidentiality, so a broad launch would yield guarded, inaccurate data. Starting with leaders, a developmental purpose and an outside vendor that guarantees anonymity builds trust and shows leaders acting on feedback. Signed feedback deepens fear, and permanently cancelling gives up a tool that can work once trust improves.

164. Answer: C — Propose necessary modifications to the union, share relevant information and confer in good faith.

Section 1113 requires the debtor to propose modifications necessary to permit reorganization that treat all parties fairly, to provide the union with relevant information and to meet and confer in good faith. The court may approve rejection only if the union refused the proposal without good cause and the balance of equities clearly favors rejection. No automatic notice period, employee vote or market-wage test replaces these steps.

165. Answer: B — What was planned, what happened, why, and what to change in plans and training

An after-action review is a blameless learning process that compares the plan to what actually happened, explores why, and turns findings into specific changes to plans, training and resources. Focusing on blame discourages candor and hides root causes. Documentation and recognition may be useful by-products but are not the purpose.

166. Answer: B — Accountable

RACI stands for responsible, accountable, consulted and informed. Only one person should be accountable, the one who approves the work and owns the decision, to avoid confusion over who decides. Several people can be responsible for doing the work, consulted for input before the decision, or informed after it.

167. Answer: B — The EVP should attract, develop and reward the people and behaviors that deliver the customer promise.

An EVP creates the most value when it is aligned with the customer value proposition: it draws in and reinforces the employees whose behavior makes the brand promise real (here, empowerment, recognition for service and development in guest care). Pay leadership alone does not select for service behavior, and copying competitors or decoupling the EVP from the brand forfeits the alignment that differentiates the business.

168. Answer: D — It suppresses competition for workers, and naked no-poach deals between competitors can be per se illegal.

Employers that compete for the same workers are competitors in the labor market, and an agreement not to hire each other's employees that is not tied to a legitimate collaboration can be treated as per se illegal under Section 1 of the Sherman Act, with possible criminal exposure. An informal or unwritten agreement is still an agreement. The harm is to competition, not concerted activity rights or protected-class status.

169. Answer: B — Do a human rights impact assessment, with local stakeholder input, before the decision is made.

A human rights impact assessment before entry identifies the salient risks, such as forced labor, wages and freedom of association, and lets findings shape whether and how to proceed and what safeguards are needed. Auditing after the move reacts too late, and code signatures do not reveal real conditions. Weak enforcement raises risk but does not automatically make it unmanageable.

170. Answer: C — Set transparent criteria for development opportunities and track access by work location.

The gap reflects proximity bias in how opportunities are allocated, so transparent criteria for assignments and programs, plus monitoring by location, address the cause and build accountability. Requiring on-site work for development undermines the hybrid model, a separate self-directed track does not fix unequal access to stretch assignments, and a minimum of one program is too low a bar.

171. Answer: D — Review the full initiative portfolio together, then prioritize, sequence or stop work based on strategic value and capacity.

Change saturation is a portfolio problem, so the executive team must decide which initiatives matter most and sequence or stop the rest. Resilience training places the burden on managers without reducing demand. Adding coordinators keeps everything running at once, and letting each manager choose creates inconsistent execution.

172. Answer: D — It gives people and roles a shared skills language, so the AI can compare them consistently.

AI matching works by comparing the skills a person has with the skills a role or project needs, which requires a common, governed vocabulary for both. Without a taxonomy, the same skill appears under many names and matches become unreliable. A taxonomy improves consistency but does not by itself remove bias, and it complements job architecture rather than replacing it.

173. Answer: C — Business units with higher engagement tend to have better profitability, productivity, and retention.

Meta-analyses spanning many companies, industries, and countries, such as Gallup's long-running Q12 research, have found that business units in the top quartile of engagement outperform those in the bottom quartile on profitability, productivity, customer outcomes, safety, and turnover. The link holds across industries. Correlational findings do not prove causation, but the relationship is consistent and practically meaningful.

174. Answer: C — Analyze the competitor's offer and close the most important gaps in career pace and technical work for at-risk engineers.

Retention responses should target the reasons people leave, which here are career pace and work content. Understanding the competitor's value proposition lets the company close those specific gaps. Pay increases miss the stated drivers, and noncompete agreements carry legal uncertainty and do not address why engineers want to leave.

175. Answer: B — Model the added match cost and certification process, then adopt it if it advances retention and savings goals.

The student loan match is optional, so the decision should rest on modeled cost, uptake, the administrative work of collecting employee payment certifications, and fit with retention and savings goals. The feature must be available on the same terms to all employees eligible for the regular match, so it cannot be limited to an age group. Employer student loan repayments under an educational assistance program are tax-free only up to an annual cap.

176. Answer: A — Show results of key programs, cut low-value ones, and offer a smaller budget that keeps priorities.

A senior L&D leader responds to budget pressure with business evidence and portfolio discipline: protect programs linked to safety and revenue, prune those with low use or impact, and propose a reduced budget the board can trust. Across-the-board cuts weaken high-value programs, general survey arguments are less persuasive than the company's own results, and free content cannot replace programs tied to specific outcomes.

177. Answer: D — Use the survey data to propose a redesigned benefits mix that meets the savings goal

Preference data let the CHRO protect the benefits employees value most while still finding the savings, for example by cutting the low-value supplemental option and adjusting other benefits. This meets the CFO's financial goal and limits the effect on retention. Opposing all cuts ignores a real business need, and supporting cuts without the data gives up HR's role as a strategic advisor.

178. Answer: B — Set norms for productive conflict, such as a devil's advocate and confirmed commitments.

This is artificial harmony: fear of conflict prevents honest debate, so commitment is weak and execution suffers. Building explicit norms for constructive disagreement and clear commitment addresses the root cause. Status reporting and fewer initiatives treat symptoms, and an anonymous survey can surface the problem but doesn't change the behavior.

179. Answer: B — Confidentiality and candor without reporting relationships that could create conflicts

Any internal coach ultimately reports to the CEO, which limits candor and creates conflicts of interest. An external coach can offer confidential, independent challenge. Internal coaches do know the culture better, but that advantage is outweighed at the top, and external coaches are not typically cheaper.

180. Answer: D — Quantify the turnover cost, connect inclusion to product innovation goals and propose measurable targets.

Skeptical executives respond to a business case expressed in their terms: the cost of losing engineers and the link between inclusion and innovation, with measurable targets that make progress testable. An ethics-only appeal is valid but does not answer the 'soft' objection. Copying peers' pledges shifts the argument to optics rather than the company's own data.

181. Answer: D — Extend the pre-program trend line and credit only the gain above the projected level

Trend-line analysis projects the pre-program trajectory forward and attributes to the program only the improvement beyond that projection, which fits here because performance was already rising. A simple before-and-after comparison would wrongly credit the program with growth that the existing trend would have produced anyway. Participant estimates can be used in the Phillips method, but they must be adjusted for confidence, and they are weaker than a trend line when stable pre-program data exist.

182. Answer: D — Time to decision, approval and denial patterns by unit, and retention of employees after accommodation

Time to decision shows whether the interactive process is timely, approval and denial patterns by unit reveal inconsistency, and retention after accommodation shows whether accommodations actually keep people working. Falling costs or request counts may reflect barriers to asking rather than success. A rising rate of undue-hardship denials is a risk signal, not a sign of rigor.

183. Answer: B — Religious organizations may prefer members of their own faith when hiring for any position, including secular roles.

Section 702 exempts religious corporations, associations and educational institutions from the ban on religious discrimination, so they may employ individuals of a particular religion; in Corporation of the Presiding Bishop v. Amos (1987), the Supreme Court upheld its application to secular jobs. Courts have generally held that it does not permit discrimination based on race, sex, color or national origin. A protection limited to ministerial roles describes the separate ministerial exception, which is narrower in roles but broader in claims barred.

184. Answer: B — Sensing, seizing and transforming

Teece describes dynamic capabilities as sensing opportunities and threats, seizing them by mobilizing resources, and transforming or reconfiguring the organization's assets and structures to stay competitive. Unfreezing, changing and refreezing is Lewin's change model, exploring and exploiting describe organizational ambidexterity, and planning, organizing and controlling are classic management functions.

185. Answer: B — Pareto analysis

Pareto analysis ranks causes by frequency, often in a bar chart with a cumulative line, to show the vital few causes that drive most outcomes (the 80/20 principle). Regression estimates relationships between variables, SWOT assesses strategic position and scenario planning explores possible futures; none of them ranks complaint causes this way.

186. Answer: A — Keep email for some audiences, but add app videos and huddle talking points based on reach data.

The data support a channel mix: each channel reaches a different part of the workforce, and huddles reach frontline staff that email misses. The recommendation keeps the CEO's preferred channel where it works. Dropping email ignores audiences it does reach, and better subject lines or forwarding cannot reach employees who do not use email.

187. Answer: D — It gives early information and influence, but others may come to view the CHRO as self-serving.

Burt's research shows that brokers who span structural holes gain information advantages and control over how ideas move, which can boost influence and performance. The risk is that those on either side may see the broker as manipulating the gap for personal gain, which erodes trust. Brokerage does not guarantee formal authority, and it is associated with access to diverse, nonredundant information rather than dense ties within a cohesive group.

188. Answer: D — Confirm an approved GDPR transfer mechanism, a data processing agreement, and safeguards such as minimization and access limits.

Transfers of EU personal data outside the EU need a valid GDPR transfer mechanism, such as standard contractual clauses or an adequacy-based framework, along with a processing agreement and safeguards. Employee consent is generally weak under GDPR because of the power imbalance in employment. Survey data is often identifiable, and a retention limit alone does not legitimize a transfer.

189. Answer: A — Supplement the regression with cohort reviews comparing each employee with similarly situated peers.

When groups are too small for meaningful regression, a cohort or case-by-case review compares each person's pay with peers in similar roles, levels and locations, so potential disparities can still be found and fixed. A coefficient that is not significant because of a tiny sample does not prove that no gap exists. Excluding or postponing the review leaves these employees without the protection the audit is meant to provide.

190. Answer: A — HQ practices will need more local adaptation, and integration and control will be more difficult and costly.

The Kogut-Singh index combines differences on Hofstede's cultural dimensions into one distance score. Greater distance is associated with more difficulty transferring HQ practices, higher coordination and integration costs, and a greater need for local adaptation. The index measures culture, not legal systems, engagement levels or country economic risk.

191. Answer: C — Present a range of scenarios with stated assumptions, and propose staged funding tied to measured results.

When benefits are uncertain, the credible approach is to show the range with clear assumptions and reduce risk through staged funding tied to results. Presenting only the high estimate overpromises. Presenting only the low estimate may understate value and lead to a wrong decision, and waiting for certainty can mean missing the opportunity.

192. Answer: D — To probe the system adversarially for harmful, biased or wrong outputs before employees use it

Red-teaming is structured adversarial testing in which testers deliberately try to make a system fail, for example by prompting it to give wrong legal advice, reveal confidential data or produce biased answers. Finding those failures before launch lets the company fix them or add safeguards. Load testing, usability testing and cost comparisons are separate activities.

193. Answer: D — A covered subcontract carries the equal opportunity clauses, so the supplier is covered

The equal opportunity clauses of Section 503 and VEVRAA flow down to subcontracts that meet the dollar thresholds and involve goods or services needed to perform the prime contract. A supplier in that position becomes a covered subcontractor without contracting directly with the government. Its obligations then depend on its contract value and size, not on a 500-employee rule.

194. Answer: A — Cultural response styles, such as a habit of agreeing or of avoiding extreme ratings, can shift scores apart from engagement.

Research on cross-cultural surveys shows systematic response styles: some cultures agree more readily (acquiescence) or use scale endpoints more often, while others favor the midpoint. A 23-point gap may therefore reflect how people answer rather than how engaged they are. Sample size can matter, but the claim that response rates are always lower in some countries is unfounded and does not explain the core problem.

195. Answer: A — Human review and ownership of all content, and no confidential data in unapproved tools

A sound policy lets leaders benefit from AI while managing its main risks: leaders remain accountable for accuracy and tone through human review, and confidential or nonpublic information stays out of tools the company has not approved. A total ban is hard to enforce and gives up real benefits. A disclaimer does not prevent errors or data leaks, and IT approval of every message is impractical and not IT's role.

196. Answer: A — It sets accountability and matches oversight to risk, so high-impact decisions keep human review.

Defined decision rights tell everyone who is accountable for each type of decision and ensure that consequential decisions, such as hiring, discipline or termination, get human judgment while routine ones can be automated. The employer remains liable for employment decisions regardless of who built the tool, and no federal registration requirement exists. Decision rights calibrate AI's role rather than banning it from every decision touching pay or status.

197. Answer: B — Framing work as a learning problem, admitting one's own fallibility and asking for input

Edmondson identifies framing work as a learning problem rather than an execution problem, acknowledging one's own fallibility and modeling curiosity by asking questions as core leader moves that make it safe to speak up. Psychological safety is not about avoiding criticism or making everyone comfortable, and it can coexist with high standards; however, close monitoring and rewarding only top results, without these behaviors, tend to increase fear of mistakes rather than reduce it.

198. Answer: A — A global minimum standard, with each site following local law where it is more protective

Leading multinationals set an enterprise minimum, often aligned with ISO 45001, and require sites to meet that standard or local law, whichever is more protective. A company standard cannot replace local legal requirements, and leaving each country to set its own rules produces uneven protection and reputational risk. Building to the lowest legal floor undermines the purpose of a global standard.

199. Answer: D — The model's results can drift as applicant pools, jobs and model updates change over time

AI models can drift: applicant demographics, labor markets, job requirements and vendor retraining all change the tool's outputs, so impact found at launch may not match impact today. Ongoing monitoring catches these changes. No federal law sets a six-month audit cycle, and pre-launch audits can detect impact when the data are adequate.

200. Answer: D — Germany's mandatory employment and data protection rules, which apply where the employee works

Employment and data protection protections generally attach where the employee habitually works, so German law and the GDPR govern monitoring of an employee based in Germany. A choice-of-law clause cannot strip away mandatory protections of the country of work, and German law also gives works councils rights over technical monitoring systems. The company should assess the tool for each country of work before extending it.

201. Answer: B — Proceed in funded phases, test conclusions against the gaps, and refine as data improves.

Strategic decisions rarely wait for perfect data. Evenly spread gaps make 70% coverage reasonably informative, and a phased commitment lets the CHRO act while checking whether conclusions hold and adjusting as data fills in. Waiting for complete data delays a time-sensitive investment, and there is no industry standard that makes 70% automatically sufficient. Imputing averages and treating the result as final hides the uncertainty.

202. Answer: C — Analyze claims data on cost drivers and build a multi-year benefits strategy around them

Lasting cost control comes from understanding what drives costs, such as chronic conditions, high-cost claimants, pharmacy or provider pricing, and targeting those drivers over several years. Shifting premiums to employees and cutting benefits are one-time fixes that can hurt retention without changing the trend. Switching carriers may help for a year but does not address utilization or cost drivers.

203. Answer: C — Two-step flow theory

Katz and Lazarsfeld's two-step flow theory holds that messages reach opinion leaders first, and those leaders then interpret and pass them on to others, so engaging trusted peers can increase acceptance. Uses and gratifications focuses on why audiences choose certain media. Agenda setting describes how media shape which issues seem important, and the hypodermic needle model assumes messages directly affect passive audiences without intermediaries.

204. Answer: A — Use only material, measurable goals with modest weighting, and explain their link to strategy in the proxy disclosure.

Nonfinancial goals in executive pay draw investor scrutiny, so they should be material to the business, objectively measurable, weighted modestly and clearly explained in the CD&A. Discretionary qualitative scoring is a common investor criticism, and heavy weighting can dilute accountability for financial results. Divided investor opinion does not create legal barriers; it calls for rigor and disclosure.

205. Answer: B — It focuses analysis on decisions that matter and reduces spurious findings.

Starting from a business question ties the work to a decision leaders actually face, and stating hypotheses in advance limits the chance of mistaking random correlations in a large data set for real effects. Hypotheses do not remove the need for data quality work or allow smaller samples. They are meant to be tested, not confirmed.

206. Answer: A — Align leader behavior, rewards, and processes with the values, using training as support

Culture is shaped by what leaders do, what gets rewarded and how decisions are made, so training changes little unless those systems change too. Completion rates measure activity, not culture. A multiyear delay loses momentum, and posters and messages without behavioral change can increase cynicism.

207. Answer: C — Vendor X costs $30,000 less over the five-year term

Five-year TCO for Vendor X is $150,000 + (5 x $100,000) = $650,000, and for Vendor Y it is $30,000 + (5 x $130,000) = $680,000, so X is $30,000 cheaper. Looking only at the implementation fee difference ($120,000) wrongly favors Y, reversing the subtraction names the wrong vendor, and comparing only annual fees ($150,000) ignores implementation costs. TCO must include all costs over the full contract term.

208. Answer: C — Give hands-on training, coaches and practice time with no penalty for early mistakes, with executives modeling learning.

The barrier described is learning anxiety, the fear of appearing incompetent, so the CHRO should lower it with training, coaching, safe practice and visible role modeling by leaders. Bonus pressure, audits and replacement all raise survival anxiety instead, which tends to produce compliance on the surface and more defensiveness. Linking pay to usage can look strategic, but it rewards logging in rather than building the skill and confidence the culture needs.

209. Answer: D — Brief the CEO privately and promptly on the findings, their limits and options for redesign

Ethical practice requires sharing sound but unwelcome results honestly and in time, and a private, prompt briefing respects the CEO while giving them the chance to adjust the conference message and consider a redesign. Delaying lets the CEO make claims the data do not support. Going around the CEO damages trust, and searching for a favorable measure is selective analysis.

210. Answer: A — A greenfield operation that it wholly owns

A greenfield operation is built from scratch, so the company hires its own workforce and sets its own culture and HR systems from day one. An acquisition is faster but brings an existing culture, contracts and practices that must be integrated. Joint ventures and licensing share or give up control to a partner.

211. Answer: B — A service blueprint

A service blueprint shows the user's actions alongside both frontstage and backstage activity and the support systems behind them, with a line of visibility separating what the user sees from what they do not. An employee journey map focuses on the employee's own steps and feelings and usually leaves out the hidden HR processes. A RACI matrix assigns roles and responsibilities but does not map a service experience.

212. Answer: A — Assess local laws, cultural norms and labor practices with local experts to decide what to adapt

Before deciding what to keep or change, the CHRO needs cultural and legal due diligence: employment law, norms around hierarchy and feedback, pay customs and labor market expectations, gathered with local expertise. Applying U.S. practices unchanged risks legal violations and poor fit. Handing full control to a local hire or copying another employer skips the analysis of what should stay consistent with the company's own culture and strategy.

213. Answer: D — Work with counsel to find the cause, check criteria and raters, and fix any bias in the process and decisions.

A significant gap is a risk signal, so the company should investigate, ideally under privilege with counsel, to determine whether legitimate factors explain it or whether criteria, raters or processes introduce bias, and then fix the causes and affected decisions. Adjusting scores by race is itself disparate treatment. Ignoring the gap leaves disparate impact exposure, since intent is not required, and tenure-based decisions sacrifice merit.

214. Answer: B — Regiocentric

A regiocentric orientation staffs positions from within a broader region, so managers move across countries in that region but seldom beyond it. Ethnocentric staffing uses home-country nationals, polycentric staffing uses host-country nationals in each country and geocentric staffing selects the best person from anywhere in the world.

215. Answer: C — Large, cyclical or scaling hiring volume the internal team cannot flex to meet

RPO is most valuable when hiring volume is high, seasonal or growing faster than an internal team can scale, because the provider can add or reduce capacity as needed. A few executive searches are better suited to retained search firms, and stable low-volume hiring rarely justifies the cost of an RPO arrangement.

216. Answer: D — Reduced-hours phased retirement, which can lower final-average pay for a pension and affect health plan eligibility.

Cutting hours before retirement can reduce the earnings used to calculate a final-average-pay pension and can drop the employee below the hours needed for health or other plan eligibility, so phased programs must be designed with plan terms in mind. Independent consultants are generally not eligible for employee benefit plans. Rehired or seasonal workers keep ADEA protection, and paying pensions to active employees is limited by plan and tax rules.

217. Answer: D — BCR of 3:1 and ROI of 200%

BCR = total benefits ÷ costs = $900,000 ÷ $300,000 = 3.0, or 3:1. ROI uses net benefits: ($900,000 − $300,000) ÷ $300,000 × 100 = 200%. The common error is to report the BCR as ROI (300%); BCR uses total benefits, while ROI subtracts costs first, so ROI is always BCR minus 1, times 100.

218. Answer: D — Advise the CEO to stop such statements and confirm in writing to the union that the company remains willing to bargain over wages.

The NLRB judges good faith by the totality of conduct, and a public vow never to move on a mandatory subject can be evidence of a closed mind or take-it-or-leave-it bargaining. Promptly correcting course with the union and keeping executives on a consistent message reduces the risk of a bad-faith finding. Section 8(c) protects noncoercive opinions but does not stop statements from being used as evidence of bad faith, and suspending talks would add a new refusal-to-bargain problem.

219. Answer: D — Apply a systems model, such as the congruence model, to assess how well each component fits the combined strategy.

The question is about alignment among multiple organizational components, which is what systems diagnostic models such as Nadler-Tushman's congruence model, the Star Model or Burke-Litwin are built to assess. Force-field analysis is useful for planning a specific change but does not examine fit across strategy, structure, processes, culture and rewards.

220. Answer: D — Governance, strategy, risk management, and metrics and targets

TCFD organized its recommendations around four pillars: governance, strategy, risk management, and metrics and targets. The ISSB's IFRS S2 climate standard carries these pillars forward. Materiality, inclusivity, responsiveness and impact are the AccountAbility AA1000 principles, a common point of confusion.

221. Answer: B — Remind vendors of the policy in writing before the season, and tell employees how to decline or report gifts.

Proactively telling vendors the policy before the season sets expectations, reduces awkward refusals and shows the company takes it seriously, while reminding employees reinforces the internal side. Leaving decisions to individual employees invites inconsistency, and donating gifts that arrive does nothing to stop them. Banning all vendor contact is impractical and out of proportion to the problem.

222. Answer: C — Examine what changed for 2025 hires in recruiting, onboarding and early management

A gap that appears in months 3 to 6 and then disappears points to the hiring and early-tenure experience, such as sourcing changes, job previews, onboarding or new managers, so the CHRO should diagnose those first. Company-wide raises do not target a cohort-specific pattern. A 12-month bonus treats a symptom before the cause is known, and waiting another year lets avoidable losses continue.

223. Answer: A — Build a common framework of job families and levels, then map titles with leaders' input

A job architecture provides a common structure of job families, functions and levels that supports pay equity analysis, career paths and reporting, and mapping titles with leaders' input ensures accuracy and buy-in. Unit-by-unit cleanup keeps the inconsistency, an arbitrary title count ignores real work differences, and a new system depends on the architecture rather than creating it.

224. Answer: B — Support a risk-based program for high-risk roles and systems, with transparency and data-use limits.

The CHRO should help the enterprise meet a real security need in a way that is proportionate: concentrating monitoring where risk is highest, telling employees what is monitored and why, and limiting access and secondary use of the data. Secret, blanket monitoring erodes trust and can create legal exposure, while opposing all monitoring ignores the firm's duty to protect client data. Monitoring that affects every employee is a workforce issue on which the CHRO should have a voice.

225. Answer: A — Conduct a knowledge audit to identify critical knowledge, who holds it and how soon it is at risk.

A knowledge audit identifies which knowledge is critical, who holds it, how easily it can be transferred and when it will be lost, which allows the company to target transfer methods and resources. Documentation, bonuses and mentoring may all be part of the response, but without the audit they are applied broadly and may miss the knowledge that matters most.

226. Answer: C — When the organization is performing well and needs sustained, discretionary commitment to grow

Fear-based burning-platform messages can produce quick compliance in a crisis but often fade or breed anxiety over time. When there is no immediate threat and the goal is long-term growth or innovation, an aspirational vision is more credible and better sustains discretionary effort. Imminent threats, regulatory deadlines and urgent safety issues are situations where a clear, urgent case is appropriate.

227. Answer: C — Outcome measures focus on value delivered and signal trust, while blanket monitoring tracks activity and erodes it.

Managing by outcomes ties evaluation to the results the business needs and conveys trust and autonomy, whereas pervasive surveillance measures activity rather than value and signals distrust, which can reduce engagement and increase turnover. Outcome management actually requires clear goals rather than eliminating them. Federal law does not generally prohibit monitoring of company equipment, so a legal-ban argument would be inaccurate.

228. Answer: A — Advise that the stated reason must match the real one and propose truthful messaging on the cost-driven cuts

A false reason for a termination can be treated as evidence of pretext in a discrimination claim, and inconsistent explanations are especially damaging, so the CHRO must push back and propose honest messaging built on documented, cost-based selection criteria. Keeping accurate internal records while telling employees otherwise is tempting, but it creates the very inconsistency that supports a pretext argument. Mixing vague public language with private performance claims is equally inconsistent and erodes trust.

229. Answer: A — 2.5%

Burn rate measures the shares granted in a year as a percentage of shares outstanding: 1,500,000 / 60,000,000 = 0.025, or 2.5%. A result of 0.25% or 25% misplaces the decimal, and 1.5% simply restates the 1.5 million shares granted as a percentage without dividing by shares outstanding.

230. Answer: A — Apply the enterprise AI governance process to assess each proposed use on its purpose, proportionality and risk.

An enterprise governance framework lets each use be judged on consistent criteria: business purpose, whether the monitoring is proportionate to that purpose, legal and privacy risk, and the effect on trust. Different answers for sales and R&D can then be justified on principle rather than by preference. Leaving it to each unit produces inconsistent risk decisions, and a blanket policy ignores real differences between the roles.

231. Answer: D — Favor temporary, shared pay reductions with a restoration plan, since demand should recover in a year

When a downturn is expected to be short and talent is scarce and slow to develop, temporary shared reductions preserve the skills the firm will need for the recovery, and a clear restoration plan with leaders taking the largest cuts limits the morale damage. Layoffs would force the firm to recruit and train hard-to-find engineers just as demand returns, which often costs more than the payroll saved. Waiting for certainty lets losses mount.

232. Answer: D — Recommend a privileged pay equity review and fixes, then a phased rollout with training

Transparency can improve trust and recruiting, but publishing ranges while unexplained gaps exist invites complaints and legal claims, so the board should see the risk mitigated first through an attorney-privileged pay equity analysis and remediation. A phased rollout with manager training then prepares leaders to explain pay decisions. Immediate publication ignores the risk, waiting for competitors is not a strategy, and posting-only disclosure would let current employees discover gaps on their own.

233. Answer: C — Pause the PIP and have an independent reviewer test it, given SOX retaliation risk

Sarbanes-Oxley protects employees of public companies who report suspected securities or accounting fraud, and an adverse action shortly after a protected report creates a strong inference of retaliation. An independent review of whether the PIP is supported by pre-existing, documented issues is the prudent step. An unrequested transfer can itself be seen as adverse action, and asking the employee to sign a statement could look like an attempt to chill protected activity.

234. Answer: A — Add safety leading indicators to supervisor goals and bonuses and have executives model the value.

Culture follows what leaders reward and model, so aligning supervisor incentives with safety activities such as hazard correction and coaching makes the stated value real. Slogans do not change incentives. Bonuses tied to zero recordables are the tempting choice, but they tend to discourage injury reporting and can raise concerns under OSHA's anti-retaliation provisions.

235. Answer: C — Build finance and analytics skills, use business rotations, and clarify role expectations

Combining skill building in finance and analytics, business exposure through rotations, and a clear definition of the role addresses the capability gap in a lasting way. Wholesale replacement is costly and loses institutional knowledge, certification focuses on HR content rather than business acumen, and observation alone builds little skill.

236. Answer: A — They are entitled to recall to vacancies as positions open, ahead of new outside hires.

Economic strikers who have been permanently replaced remain employees and, after an unconditional offer to return, are entitled to preferential recall as vacancies arise (the Laidlaw doctrine). Immediate reinstatement with displacement of replacements applies to unfair labor practice strikers, not economic strikers. Back pay generally begins only if the employer unlawfully fails to recall them when a vacancy opens.

237. Answer: D — Analyze which tasks AI will absorb, then shift competencies toward judgment, oversight, and AI fluency.

Revising roles starts with task-level analysis of what AI will automate or augment, then reweighting competencies toward what remains human, such as judgment, quality review, client relationships, and effective use of AI tools. Adding a tool skill to unchanged requirements misses how the job has shifted. Requirements may need to rise in some areas rather than fall, and waiting for vendor models ignores the firm's own work.

238. Answer: B — It avoids sourcing fees and pay premiums and shortens the time to full productivity.

External hires typically carry recruiting and agency costs, a pay premium to attract them and a longer ramp-up as they learn the company, while internal movers already know the culture and systems. The backfill still has to be filled, so that is the tempting error, and paying movers below market or assuming they need no development undermines the strategy.

239. Answer: D — Translate the plan into yearly skill and headcount needs, compare them with internal supply, and plan build, buy, borrow.

Strategic workforce planning starts with demand (the skills and numbers the strategy requires and when), compares it with current and projected internal supply, and closes gaps through a deliberate mix of developing, hiring and contracting. Scaling recruiters or pay uniformly treats every role the same and ignores internal supply. Hiring everyone in year one front-loads cost and risks idle capacity if the growth slips.

240. Answer: D — Require targeted supervisor training on leave rights and HR referral, with accountability.

The pattern points to supervisor behavior, so the remedy should build skills on recognizing leave requests, avoiding discouraging comments and referring to HR, backed by accountability. A policy email does not change behavior, and employee acknowledgments do not address supervisors' conduct. Settling claims treats the symptom rather than the cause.

241. Answer: D — Map the combined impact on these managers and have executives sequence the changes by priority and capacity.

Change saturation is an enterprise issue: when several changes hit the same people at once, adoption of all of them suffers, so leaders need a portfolio view and must decide trade-offs together. Delaying HR's project alone may not address the real conflict between priorities. Extra support or shorter training leaves the same overload in place and weakens adoption.

242. Answer: A — Decline to make the statement and work with leadership on honest messaging about what can and cannot be shared.

Telling employees that no layoffs are planned while knowing that cuts are already planned is a deliberate misrepresentation that can lead employees to forgo other opportunities and exposes the company to claims. The CHRO can honor deal confidentiality by limiting what is said, without making false assurances. Saying the seller itself plans no cuts is technically true but still misleading given what the CHRO knows.

243. Answer: B — Benchmark fees through an RFP or survey and check for lower-cost share classes of the same funds.

Excessive-fee lawsuits often target large plans that fail to benchmark recordkeeping fees or that keep higher-cost share classes when cheaper ones of the same funds are available. Regular benchmarking documents that fees are reasonable for the services received. ERISA requires reasonable fees, not the lowest price, and failing to monitor is itself a potential breach.

244. Answer: A — Bring independent market benchmarks and evidence linking pay to performance, and prepare for likely objections

Boards and investors respond to objective evidence: independent benchmarking and clear pay-for-performance alignment, along with prepared responses to anticipated concerns, let the CHRO negotiate on the merits. Executive pay is a compensation committee responsibility, so treating it as management's call is wrong, and conceding everything or lobbying through the CEO avoids the substantive issues.

245. Answer: B — About 111

At a span of 6, 2,000 / 6 = about 333 managers are needed. At a span of 9, 2,000 / 9 = about 222. The reduction is about 333 - 222 = 111 managers. Assuming a 50% span increase cuts managers by 50% gives 167, and 222 and 333 are the new and original manager counts, not the change.

246. Answer: C — Engage counsel in both countries to address data privacy rules and works council rights before collecting evidence.

German law imposes strict data protection rules and may give the works council rights that affect monitoring and investigations, so local counsel must shape how evidence is gathered and transferred. Applying a U.S. protocol or exporting emails without a lawful basis risks privacy violations. Splitting off the Munich side would leave half of a joint allegation uninvestigated.

247. Answer: A — Sensemaking

Karl Weick described sensemaking as the process by which people build a shared, plausible account of an ambiguous situation so they can act, then revise it as new cues appear. Groupthink is the suppression of dissent in pursuit of consensus, and satisficing is choosing the first acceptable option. Bounded rationality describes limits on decision-making, not a leadership practice.

248. Answer: C — Keep controls that protect safety and compliance while piloting faster decisions in lower-risk areas.

The Competing Values Framework treats culture types as values to balance, not absolutes. In a hierarchy culture where control serves real purposes such as safety and regulatory compliance, the CHRO should preserve those controls while introducing faster decision-making where risk is lower. Wholesale removal of procedures creates compliance risk, and the framework does not say a culture cannot shift or must pass through clan first.

249. Answer: B — Seek a federal court injunction ordering the union to end the strike

Under Boys Markets, a federal court may enjoin a strike over a grievance that is subject to binding arbitration under a contract with a no-strike clause, despite the Norris-LaGuardia Act's general limit on labor injunctions. The court usually orders the employer to arbitrate the dispute as well. The NLRB does not decertify unions as a penalty, and repudiating the contract would expose the employer to its own liability.

250. Answer: C — The rate more than doubled, signaling a deteriorating climate; analyze by issue, unit, and supervisor

The increase is (42 - 18) / 18 = 133%, meaning the rate is about 2.3 times its earlier level, which is a strong signal of growing labor-management friction; breaking the data down by contract clause, unit, and supervisor identifies root causes. Treating the 24-point difference as a 24 percent rise is a calculation error, and assuming the rise is good news or a union tactic skips the diagnosis.

251. Answer: C — Avoiding harm to human rights and addressing impacts through policy, due diligence and remedy

Under the Guiding Principles, states have the duty to protect human rights, while businesses have the responsibility to respect them. Respecting means avoiding infringing on others' rights and addressing adverse impacts they are involved in, through a policy commitment, ongoing human rights due diligence and processes for remediation. Legal compliance alone is not enough where local law falls short, and philanthropy does not offset harm.

252. Answer: B — Reskill employees with strong adjacent skills while hiring externally for scarce expertise

A blended build-and-buy strategy balances speed with long-term cost and culture: reskilling employees whose skills are adjacent keeps institutional knowledge, avoids severance and hiring costs, and supports engagement, while selective hiring covers expertise that cannot be built in time. Hiring everyone externally ignores those costs and the effect on trust, and promising to retrain every employee or pausing the program is not realistic or aligned with the business strategy.

253. Answer: D — Adapt the rollout locally, with senior leaders modeling feedback first, anonymous channels and gradual expansion of open discussion.

In high power distance cultures, open feedback is more likely to take hold when senior leaders visibly endorse and model it and when safe, often anonymous, channels exist at first, with openness expanded over time. Exemptions or permanent substitutes abandon the enterprise goal. Rolling out unchanged ignores cultural realities and is likely to produce silence or superficial compliance.

254. Answer: C — Analyzing public filings, job postings, and third-party salary surveys that aggregate data from many employers.

Public sources and properly aggregated third-party surveys are legitimate ways to gather competitive intelligence. Soliciting a rival's confidential documents from new hires risks trade secret misappropriation claims, and posing as candidates is deceptive. Directly exchanging current pay information with a competitor can violate antitrust law, which is why benchmarking is normally done through anonymized, aggregated surveys.

255. Answer: B — Title VII still allows disparate impact suits, and an employer must then show job-relatedness and business necessity.

Disparate impact liability is written into Title VII by the Civil Rights Act of 1991, so private plaintiffs can still sue regardless of agency priorities, and an employer whose test has adverse impact must prove it is job related and consistent with business necessity. Validation evidence is that proof, and it also supports better hiring. Executive Order 11246 has been revoked, and building validation evidence after a charge is filed is too late and risky.

256. Answer: A — Target market adjustments to the two high-turnover job families instead of spreading funds across the company.

The data shows a market gap in specific job families, so targeted adjustments solve the actual problem at lower cost. A uniform 3% raise falls well short of the 10% market movement in those roles while spending money where attrition is low. One-time bonuses do not fix a base pay gap, and waiting extends the loss of talent.

257. Answer: A — Acknowledge the harm openly, pay owed wages promptly, explain the fixes and report progress.

Trust is rebuilt when leaders take responsibility, make people whole, show what has changed and keep following through over time. Paying quietly or declining to explain leaves employees uncertain about whether it could happen again. Blaming the vendor deflects accountability, and employees see the employer, not the vendor, as responsible for their pay.

258. Answer: C — Build standing pipelines for these pivotal roles, such as talent communities, ahead of demand.

Time-to-fill for scarce, pivotal roles is driven mainly by the size of the qualified candidate pool, not by recruiter workload. With repeated launches ahead, building pipelines before demand arises, through talent communities, university and professional partnerships, and internal development, shortens future searches. More recruiters, higher offers or search firms may speed individual hires but restart from zero each time.

259. Answer: C — Due diligence on I-9s and visa petitions, with remediation, indemnities and a transfer plan

Immigration due diligence should quantify I-9 penalty exposure and determine how each sponsored worker's status will carry over, since some petitions may need amendment or new filings depending on the deal structure. Findings feed into remediation plans, indemnities and price. A bare representation leaves the buyer exposed, automatic new I-9s ignore successor-employer options, and terminating sponsored workers loses talent and may raise discrimination concerns.

260. Answer: C — Retention of key talent, engagement of acquired staff, and time to fill critical roles in the new structure

Integration health depends on keeping the people the deal relies on, maintaining engagement among the acquired workforce, and staffing critical roles in the new organization quickly, so these metrics best signal whether value is at risk. Headcount and cost figures track synergy capture but not whether the talent being integrated is staying. Activity counts such as communications and town halls measure effort, not outcomes.

261. Answer: B — $153,600

Remediation budget = number of affected employees x average shortfall = 48 x $3,200 = $153,600. The amounts $15,360 and $1,536,000 come from misplacing the decimal, and $76,800 results from funding only half the shortfall. Leaders should also budget for related payroll taxes and benefits tied to pay, which this question excludes.

262. Answer: D — Keep job-related standards, but route medically related quota misses into an interactive accommodation review.

Employers generally need not lower legitimate production standards, but they must consider accommodations that help an employee meet them, which automatic discipline skips. Building an exception path that pauses discipline and triggers the interactive process keeps standards while managing legal risk. Relying on the 'no duty to lower standards' rule alone ignores the duty to accommodate, and lowering quotas on a note alone skips the individualized process and may not be needed.

263. Answer: A — Have the independent consultant test pay against performance, then engage key holders and improve disclosure.

The committee should first verify the facts by having its independent adviser test pay-for-performance alignment against peers, then engage major shareholders and improve the explanation in the proxy, making changes only if the analysis supports them. An immediate defense or pay cut reacts before the facts are known. Activist campaigns can sway other investors and proxy advisers, so silence is risky.

264. Answer: B — $300,000

Agency cost = 30 x ($90,000 x 20%) = 30 x $18,000 = $540,000. Internal cost is $240,000, so savings = $540,000 - $240,000 = $300,000. The $540,000 figure ignores the internal team's cost, $10,000 is the saving per hire ($18,000 - $8,000), and $780,000 adds the two costs instead of subtracting.

265. Answer: C — The NLRB contract-bar rule would block rival or decertification petitions only during the first three years.

The contract-bar doctrine protects a valid agreement from election petitions for up to three years; a longer agreement remains enforceable between the parties, but a rival union or employees may file a petition in the window before the third anniversary. A five-year deal therefore buys cost predictability, but not five years of protection from representation challenges. Longer agreements are lawful, and the duty to provide information continues throughout the term.

266. Answer: D — Review that department's grievances for patterns showing whether the supervisor's actions, or other factors, drive them.

A high grievance share is a signal, not a diagnosis. Reviewing what the grievances are about, who files them and how they were resolved shows whether the supervisor's decisions are the cause or whether something else, such as a disputed contract clause or a work change, is driving them. That analysis guides targeted coaching or other action, while removing the supervisor or training everyone acts before the facts are known.

267. Answer: D — Give notice as soon as practicable, with a brief statement of why the 60-day period was reduced.

The unforeseeable business circumstances exception can shorten the notice period when a sudden, dramatic event outside the employer's control, such as the unexpected termination of a major contract, makes 60 days impossible. The employer must still give as much notice as practicable and include a brief statement of the basis for the shortened period. The exception reduces notice, it does not eliminate it, and documentation should be created when the decision is made.

268. Answer: A — Logic, analytics, measures, and process

LAMP (Boudreau and Ramstad) stands for logic, analytics, measures and process. Logic frames how talent connects to results, analytics turns data into valid conclusions, measures provide accurate data, and process embeds findings in how leaders make decisions. Measures alone rarely change decisions without the other three elements.

269. Answer: A — Announce the plan early with the timeline, known facts, support offered and redeployment options.

With rumors already circulating, early transparency about what is known, the timeline and the support and redeployment available preserves trust and helps people plan, while unknowns can be named with a date for more detail. Waiting lets rumors fill the gap, informal manager answers produce inconsistent messages, and avoiding the job impact damages credibility when it becomes clear.

270. Answer: A — Introducing software that monitors employees' performance or behavior

Under Germany's Works Constitution Act, the works council has codetermination rights on a list of social matters, including the start and end of working hours, overtime, pay methods, health and safety, and technical devices that can monitor employee performance or behavior. The employer cannot implement these without agreement or a ruling by a conciliation board. Business decisions such as selling a business line, pricing or choosing managing directors are not subject to codetermination, though some trigger information and consultation duties.

271. Answer: D — Show the CEO the evidence of his impact and its costs, and agree on clear expectations with consequences

The CEO is the decision-maker, so the CHRO must make the business case with evidence such as the departures and their replacement cost, then secure agreement on explicit behavioral expectations with real consequences. Coaching alone without accountability lets the behavior continue, and waiting for the 360 cycle delays action while talent leaves. Immediate termination skips a clear warning and the CEO's support.

272. Answer: C — Model staffing under several productivity outcomes and use attrition, hiring pauses and redeployment to adjust over time.

Because the productivity gain is uncertain and uneven, the CHRO should plan across a range of outcomes and use flexible levers, such as natural attrition, hiring pauses, contingent staffing and redeployment to growing work, that can be adjusted as results become clear. Assuming the vendor's best case and cutting half the staff is a one-scenario bet, waiting for proof leaves the company unprepared, and a blanket job guarantee makes a promise the company may not be able to keep.

273. Answer: A — Inform and consult the European works council and local employee bodies before the decision is final or publicly announced.

Closing sites in two member states is a transnational matter, so the European works council must be informed and consulted at a time and in a way that lets it give an opinion before the decision is final, and French and German law separately require consultation of the local employee bodies. Announcing first risks injunctions, penalties and claims that consultation was a formality. Local bodies alone are not enough when the matter spans more than one country.

274. Answer: D — Leaders who can voice concerns without fear raise ethical issues early, before they become crises.

Psychological safety is the shared belief that people can speak up, disagree and admit mistakes without punishment. On an executive team it surfaces dissent and bad news early, which is how ethical problems get caught before they grow. It does not mean faster agreement or less oversight, and it is about candor rather than reduced risk-taking.

275. Answer: D — Confirm the link between agency staffing and service, then shift core customer roles to employees

The data suggest the workforce model itself is hurting the customer experience, so the CHRO should confirm the relationship and rebalance so that employees who are trained, committed and retained hold customer-facing roles, keeping agency staff for peaks. More agency training, higher bill rates or more supervision may help at the margins but leave the core cause in place.

276. Answer: C — The group begins setting goals tied to business priorities and tracking its contribution

Maturity models generally move from forming and community building, through activity and visibility, to strategic partnership, and the turning point is when the group sets business-aligned goals and tracks its impact. Membership size does not by itself signal a strategic role. More events reflect a social focus, and choosing a chair and charter are early formation steps.

277. Answer: B — $160,000

Utility = 20 hires x 2 years x .40 x $10,000 x 1.0 = $160,000. Leaving out tenure gives $80,000, squaring the validity coefficient (.16) gives $64,000, and leaving out validity gives $400,000, which assumes the test predicts performance perfectly.

278. Answer: A — Offer critical staff relocation or stay-through-transition incentives and plan knowledge transfer for those who won't move.

A move this large will cause some critical staff not to relocate, so the company needs both incentives to move and transition bonuses for those who stay through the move, plus knowledge-transfer plans. Uniform packages ignore which roles are critical. Waiting loses people to other employers, and an ultimatum accelerates departures.

279. Answer: D — $1,600,000

Cost per departure is 50% x $80,000 = $40,000, and 40 x $40,000 = $1,600,000 a year. Using the full salary as the replacement cost gives $3,200,000, and $40,000 is only the cost of one departure. Halving the result a second time produces $800,000.

280. Answer: C — Implementing the final offer is lawful only at a genuine impasse, and a later finding of no impasse can mean restoring prior terms.

After a contract expires, the employer must keep the status quo on mandatory subjects until it reaches a genuine impasse in good-faith bargaining, and then may implement terms reasonably comprehended in its final offer. If the NLRB later finds there was no true impasse, the company may have to restore prior terms and make employees whole. The no-strike clause generally ends with the contract unless extended, and an extension does not waive later implementation rights.

281. Answer: D — Attitudinal structuring

Attitudinal structuring is the effort to shape the relationship between the parties, such as trust, respect and cooperation, which affects how bargaining unfolds and how the parties work together over the long term. The CHRO's gestures aim at the relationship rather than at solving a specific problem jointly, which would be integrative bargaining. Distributive bargaining concerns splitting fixed resources, and intraorganizational bargaining happens within one side.

282. Answer: B — Map data flows, set a valid transfer mechanism for each country, and govern access and retention.

Cross-border HR data transfers require knowing what data moves from where, choosing a lawful mechanism for each jurisdiction, such as approved contractual clauses or a recognized framework, and governing who can access the data and for how long. A vendor's security certification does not satisfy transfer rules. Employee consent is a weak basis because of the employment power imbalance, and moving data first creates violations that must be fixed later.

283. Answer: C — Prepare managers, tell affected employees individually, then announce to all staff and outside audiences

Managers must be briefed and equipped first, affected employees should hear the news personally before anyone else, and the broader workforce and outside audiences come next, with timing tight enough that leaks do not get ahead of the plan. Telling the media before affected employees, or using email before managers are ready, causes people to learn of their own job loss secondhand and damages trust among both departing and remaining employees.

284. Answer: A — Periodic review of bias audits, model changes, security reports and contract compliance, scaled to risk

AI tools change after purchase as vendors retrain models and release updates, so risk must be monitored throughout the relationship. Ongoing monitoring should review bias and validity results, notice of model changes, security attestations and service-level compliance, with more intensive oversight for high-risk uses such as screening. Uniform monitoring wastes effort on low-risk tools and under-monitors the ones that affect employment decisions.

285. Answer: C — $100,000, as soft savings unless the time is redeployed or costs are reduced

Annual value = 5 staff x 10 hours x $40 x 50 weeks = $100,000. Freed time does not reduce spending by itself: it becomes a hard saving only if positions or overtime are actually cut, and it creates value only if the hours are redeployed to higher-value work. Treating it as a budget cut overstates the return; $20,000 omits the number of staff, and $104,000 wrongly uses 52 weeks.

286. Answer: B — Remove FMLA and other protected absences from the attendance data, and rescore everyone in the pool.

Counting FMLA leave against an employee in a selection decision is interference and retaliation, and using disability-related absences raises ADA risk, even when the criterion is applied to everyone. Protected absences should be excluded and the pool rescored. Reducing the criterion's weight still lets protected leave affect outcomes, and exempting everyone with FMLA absences is not required and distorts a legitimate selection.

287. Answer: B — Address restraining forces, such as fear of job loss, while reinforcing the driving forces.

Lewin's force field analysis lists the forces pushing for and against a change, and reducing restraining forces is often more effective than adding pressure from driving forces. Communication should name and address employees' concerns directly. Ignoring concerns tends to strengthen resistance, and ranking by power and interest is stakeholder mapping, a different tool.

288. Answer: B — Require earlier informal coaching, review the support given before any PIP, and track PIP results by manager.

A 10% success rate with late starts shows PIPs are used as documentation for exits, so the redesign should move intervention earlier, confirm that real support was given, and hold managers accountable for outcomes. Eliminating PIPs removes a genuine improvement path and increases legal risk. A longer PIP does not fix late, pretextual use, and legal review strengthens documentation without changing the purpose.

289. Answer: D — Have the SVP correct the error and acknowledge the misstep personally, then set review rules for sensitive messages.

Trust is repaired when the leader who sent the message corrects it and owns the misstep, and the root cause is addressed with human review of sensitive communications. A total ban overreacts and gives up legitimate uses of the tools. An HR-only correction leaves the SVP's accountability unaddressed, and trying to remove the screenshots usually draws more attention.

290. Answer: C — Hold unit leaders accountable for the climate, act to rebuild trust, and track reporter experience over time.

Peer retaliation that leaders tolerate can create employer liability and chills reporting, so the response must target the unit's climate: leader accountability, clear expectations, visible support for reporters, and follow-up measurement. Moving reporters punishes the people who spoke up and can itself look like retaliation. A policy reminder alone does not change norms.

291. Answer: A — Find root causes with counsel, fix the process with set criteria and calibration, and track rates by group each cycle.

A ratio far below the 80% rule of thumb over five years calls for a privileged root-cause review of where the gap arises, such as nominations, criteria or calibration, and then lasting process fixes and monitoring. Reserving openings or promoting by race would be disparate treatment under Title VII. Training alone does not change the decision process that produced the gap.

292. Answer: A — Compare participants with similarly rated nominees who were not placed

Because participants are chosen for strong performance, they might have been promoted faster anyway; this is a selection effect. A fair test compares participants with similar non-participants, such as equally rated nominees who were not placed or later cohorts. Comparing with the company average repeats the same bias, and self-reported credit is not evidence of impact.

293. Answer: C — Peer executives who share the risk, such as the general counsel and plant heads

Coalition building works best with peers who share the risk: the general counsel faces the OSHA and liability exposure, and plant leaders bear the injury and productivity consequences, so their support carries weight with the CEO. Going to board members before the matter has been discussed by management bypasses the CEO and damages trust. A survey or the vendor's data may help later but do not build executive alignment, and the vendor has a conflict of interest.

294. Answer: A — Pay in lieu can offset WARN liability if it covers 60 days of pay and benefits; weigh the cost.

WARN damages are back pay and benefits for each day of violation up to 60 days, reduced by wages paid for that period and voluntary, unconditional payments, so full pay and benefits in lieu of notice can offset the liability. Leaders must weigh paying for nonproductive time against the security, productivity and morale advantages, and notices to state and local officials should still be handled. Payments conditioned on a release are not unconditional, and benefits are part of WARN damages.

295. Answer: C — Issue a written hold to key custodians, stop auto-deletion, cover chat and devices, and follow local privacy law abroad.

The duty to preserve arises when litigation or a charge is reasonably anticipated, so a written hold must reach the right custodians and stop automatic deletion in chat and other systems now. Foreign records may still be relevant, but moving them to the U.S. without a legal basis can breach data-protection laws such as the GDPR. Waiting for an agency request risks spoliation.

296. Answer: A — Employees may now trust the process more and are surfacing issues that already existed.

When reporting channels and speak-up training are introduced, a rise in reports often signals greater trust that concerns will be heard, revealing problems that were previously hidden. Leaders should look at substantiation rates and case types before drawing conclusions, but treating more reporting as failure discourages speaking up. Low report volume is often a warning sign of fear or distrust, not of a clean culture.

297. Answer: A — OSHA enforces whistleblower provisions in over 20 laws, including SOX, with varying filing deadlines.

OSHA's Whistleblower Protection Program handles retaliation complaints under more than 20 federal statutes, including the OSH Act, the Sarbanes-Oxley Act and various transportation, environmental and consumer protection laws. Filing deadlines differ (for example, 30 days under the OSH Act and 180 days under SOX), so a unified program needs consistent intake, investigation and non-retaliation rules. SOX retaliation complaints are filed with OSHA, not the SEC.

298. Answer: C — Apply DOT standards where they govern, and use individualized assessments for any added disqualifiers.

Employers may rely on federal DOT medical standards where they apply. For jobs DOT rules do not cover, excluding people because of a diagnosis requires an individualized assessment of whether the person can safely perform the job or poses a direct threat. Safety-sensitive roles are not exempt from that analysis, and insurance underwriting criteria do not establish job-relatedness and business necessity.

299. Answer: D — Pair time-to-fill with quality-of-hire measures, such as 90-day retention and manager ratings, in a balanced scorecard.

Rewarding speed alone encourages recruiters to fill roles with weaker candidates, which would worsen the early turnover already being seen. A balanced measure that pairs speed with quality-of-hire indicators keeps the CEO's goal while guarding against that trade-off. Cost-per-hire is just as gameable on its own, and rejecting all metrics gives up a useful accountability tool rather than designing it well.

300. Answer: B — Union security is a lawful bargaining subject, but the clause may require only paying dues or fees, not full membership.

Where state law allows it, a union-security clause is a mandatory subject of bargaining and can be traded like other terms. Under the NLRA and Supreme Court decisions such as General Motors and Beck, membership can be required only in the sense of paying dues or fees, objectors can be charged only for representational costs, and the statute gives employees a grace period of at least 30 days after hire. Requiring membership before hire is a closed shop, which the NLRA bans, and an employee who pays required fees cannot be fired for not being a full member.

301. Answer: C — Set common global principles respecting association rights, with lawful local practice.

A consistent strategy commits the company everywhere to respecting freedom of association and lawful employee relations, while each country applies its own legal framework; a company can prefer direct relationships with employees in the U.S. as long as it respects NLRA rights. Aggressive avoidance tactics risk unfair labor practice charges and reputational damage, and having no shared principles leaves the company open to charges of double standards.

302. Answer: D — The redesign changed structure but left processes, rewards and people out of alignment with the strategy

The Star Model treats strategy, structure, processes (including lateral links), rewards and people as five policy areas that must fit together. Here the strategy was clear and only structure changed, so the unchanged planning processes, product-based bonuses and selection practices keep pulling behavior back. Blaming the strategy is tempting, but the stem shows the strategy was set; the gap is the three neglected policy areas.

303. Answer: A — Meet the CFO privately, describe the specific actions observed, and ask what concerns lie behind them

Peer conflict at the executive level is best addressed directly and privately first, describing observed behavior rather than motives and inviting the CFO to share concerns that may be legitimate. Escalating to the CEO or confronting the CFO in front of peers before a direct conversation damages a critical relationship, and contradicting the CFO with his own staff deepens the conflict.

304. Answer: B — A prevailing plaintiff can recover reasonable fees, which often exceed damages and are not capped

Title VII allows a prevailing plaintiff to recover reasonable attorney's fees and costs, and after years of litigation these often exceed the damages awarded. Fees are not part of the damages caps, so a case with modest damages can still be costly to lose. A prevailing defendant, by contrast, recovers fees only if the claim was frivolous, unreasonable or without foundation. Malice is the standard for punitive damages, not fees.

305. Answer: B — Propose role-based screens linked to safety risks, with individualized review of each case

A blanket felony ban is likely to cause disparate impact by race and is hard to defend as job related, while doing nothing ignores a real safety failure. Targeted screens tied to the risks of each role, such as violent offenses for roles with customer contact, plus individualized review, address safety and legal risk together. A driver-only blanket ban is narrower but still excludes people without regard to offense type or time elapsed.

306. Answer: B — Build global talent pools and place centers of excellence wherever top capability exists.

A transnational strategy treats knowledge and talent as worldwide assets, so it relies on global talent pools and centers of excellence that can sit in any country. Letting each subsidiary go its own way fits a multidomestic strategy, and standardizing everything on headquarters policy fits a global strategy. Relying on parent-country nationals reflects an ethnocentric, international approach.

307. Answer: D — Advise against it, since it could push managers to discourage protected leave and accommodations.

Tying manager pay to absence rates gives managers a financial reason to discourage or penalize absences that are legally protected, such as FMLA leave, ADA accommodations, workers' compensation leave and military leave, creating interference and retaliation risk. Better options target the causes of unplanned absence, such as scheduling and engagement. Changing the target, unit of measure or weighting keeps the same harmful incentive in place.

308. Answer: C — Applying employee-style evaluation and control to contractors strengthens evidence that they are really employees.

Misclassification analyses look at how much control a company exerts over how work is done, and treating contractors like employees in performance management is evidence of that control. Contractor performance should be managed through deliverables in the statement of work and vendor management. Workload and cost concerns are real but secondary, and the claim about anti-discrimination coverage is not the central issue.

309. Answer: A — Distrust regulation, which uses controls to constrain untrustworthy behavior

Gillespie and Dietz describe two broad repair strategies: distrust regulation, which installs controls and constraints so the failure cannot recur, and trustworthiness demonstration, which uses actions that signal the organization's ability, benevolence and integrity. Controls, oversight and reporting rules are classic distrust regulation. Trustworthiness demonstration is the tempting alternative, but it focuses on positive signals rather than on constraining behavior.

310. Answer: C — When the issue is too important to compromise and implementation depends on stakeholders' commitment

Collaborating takes the most time and energy, so it is justified when the issue is important, when diverse insights must be integrated, and when commitment from those who must carry out the decision is essential. Urgent decisions call for competing, minor issues for accommodating or avoiding, and equal power with mutually exclusive goals for compromising.

311. Answer: D — Assess which roles hold core capabilities and the co-employment risks, then set a contingent labor strategy.

Rapid growth in long-tenured contractors doing core work raises two strategic issues: legal risk from co-employment or misclassification, and loss of critical knowledge and capability to people who are not employees. Assessing roles against both issues lets HR set a deliberate strategy for where contingent labor fits. Converting everyone or imposing a hard cap acts before the analysis, and leaving it to procurement ignores the talent and legal risks.

312. Answer: B — Understanding the company's context and identifying potential issues and stakeholders

A materiality assessment begins by understanding the organization's activities and context and identifying the universe of potential issues and the stakeholders affected. Only then can the company engage stakeholders to rank issues, assess and plot significance, and have leaders validate the results. Surveying stakeholders first, before the issue list exists, produces incomplete and inconsistent results.

313. Answer: D — It draws on their knowledge of real workflows and builds ownership, improving fit and adoption

Frontline employees understand how the work actually gets done, so involving them produces tools that fit real workflows, and participation builds the ownership that drives adoption. Co-design does not shift accountability for errors or replace formal testing. Direct input from employees also cannot substitute for bargaining with a union where one represents them.

314. Answer: C — Set up cross-functional AI governance with an inventory, risk review and bias testing.

Enterprise AI governance brings HR, legal, IT and the business together to inventory tools, assess legal and bias risk, and approve and monitor use, because employers remain liable for discriminatory outcomes from vendor tools. A security review alone misses discrimination risk, vendor assurances are not enough, and a blanket ban gives up potential benefits.

315. Answer: A — Use central intake and common criteria, assess each request individually, and consider hybrid options.

The ADA requires an individualized interactive process, and centralizing intake with common criteria makes the outcomes consistent and defensible. Telework is one possible accommodation, but the employer can choose among effective options such as a hybrid schedule or changes to the workspace. A blanket denial skips the individualized assessment, and a blanket approval ignores legitimate essential-function questions.

316. Answer: C — Scientific research, organizational data, practitioner expertise, stakeholder values

Evidence-based management weighs four sources: the scientific literature, data from the organization itself, the professional expertise of practitioners, and the values and concerns of the stakeholders affected by the decision. Benchmarks, vendor advice and consultant input can be useful, but they are not the defined sources and are often less reliable. The approach's value comes from critically appraising and combining all four.

317. Answer: C — So that only the share of improvement caused by the program is credited to it

Business results usually improve for many reasons, such as market changes, new systems or other initiatives. Isolating the program's effect (for example, with control groups, trend analysis or adjusted participant estimates) keeps the ROI from overstating the program's contribution and makes it credible to executives. Fully loading costs is also required, but it is a separate step that does not address attribution.

318. Answer: A — Measurement error from both years adds up, while stable true differences between managers cancel.

A difference score carries the random error from both administrations, while the stable part of the true score, which the two years share, is subtracted out. When the two scores are highly correlated, little true variance remains in the difference, so its reliability drops below that of either score. Response rates do not always fall, and change scores can be computed for rating-scale data.

319. Answer: C — Have counsel review each complainant's selection against documented criteria applied consistently to peers.

Reviewing each selection against objective, documented criteria applied the same way to peers, under the direction of counsel, tests whether the decisions are defensible and catches any that are not. Removing complainants automatically treats others unequally and can itself be challenged. Asking the deciding managers to self-certify adds paper but provides no independent check.

320. Answer: B — Set a joint charter defining scope, shared data and decision rights, and keep contract disputes in the bargaining process.

Labor-management partnerships work best with a clear charter covering purpose, scope, data sharing and decision rights, and with boundaries that keep contract disputes in the grievance and bargaining channels. Letting committees take on grievances repeats the problem that sank past efforts. The union must choose its own representatives, and a one-way briefing is not a real partnership.

321. Answer: D — Bans tend to drive hidden use; an approved tool with policy and training is safer

Employees who find generative AI useful often keep using it on personal devices and accounts when it is banned, which removes visibility and control. Providing an approved enterprise tool with data protections, a clear acceptable use policy and training channels demand into a governed option. No law gives employees a right to use AI tools or requires companies to adopt them.

322. Answer: B — Estimate cost and use, and tie the benefit to retention goals and inclusion of all family types.

A strong business case pairs realistic cost and utilization estimates with the talent outcomes executives care about, such as attraction, retention and return from leave, and shows how the benefit supports single parents, LGBTQ+ employees and others building families. Competitor data and personal stories can support the case but do not address cost or return on their own, and a trial without metrics cannot show whether the benefit worked.

323. Answer: C — Build the capability plan within the CFO's total cost envelope, managing cost rather than head counts

Managing to total workforce cost meets the CFO's legitimate need for financial control while giving leaders flexibility to change the mix of employees, contractors and skills the strategy requires. Accepting rigid caps defers the capability question past the point where it matters, and escalating to the CEO or ignoring the CFO's concern fails to build the partnership a strategic HR leader needs.

324. Answer: B — Cross-skilling employees, flexible capacity such as contingent pools, and work spread across multiple sites

Workforce resilience comes from the ability to absorb and adapt to shocks: employees who can cover several roles, capacity that can flex up or down, and operations that are not concentrated in a single location. Narrow specialization and centralization reduce adaptability, adding headcount at one site deepens the concentration risk, and pay and retention measures support retention but do not keep work going during a disruption.

325. Answer: C — Fund next year only if its expected benefits exceed next year's expected costs

A sound decision looks forward: the money already spent is gone whatever happens, so the only question is whether future benefits justify future costs. Continuing to protect or 'give a chance to' past spending is the classic sunk cost trap. Cutting the program cannot recover money already spent, so that reasoning also rests on sunk costs rather than future value.

326. Answer: C — Agreement to resolve contract disputes through grievance arbitration

Under Supreme Court precedent such as Lincoln Mills and Boys Markets, binding arbitration of grievances is the quid pro quo for the union's no-strike promise: disputes go to a neutral rather than to economic warfare. Recognition flows from certification or voluntary recognition, not from a no-strike trade. Dues checkoff is a common union security term, but it isn't the exchange that underlies the no-strike pledge.

327. Answer: C — Task automation shows how work shifts, so roles must be redesigned before estimating headcount

Automating a share of tasks rarely removes the same share of jobs, because most roles combine automatable and non-automatable work. The sound approach is to analyze which tasks remain, redesign roles around them, and only then estimate headcount, reskilling or redeployment needs. Assuming a proportional reduction is the common error and can lead to cutting capacity the redesigned roles still need.

328. Answer: A — Offer a plausible frame for events and revise it openly as new cues appear

Weick views sensemaking as ongoing, social and driven by plausibility rather than certainty, so leaders help people act by giving a credible working interpretation and updating it as new cues emerge. Waiting for a complete account is tempting, but in a crisis people make sense of events with or without leaders, and silence leaves the frame to rumor. Holding to a fixed story after the facts change undermines trust.

329. Answer: D — Investment should be weighted toward strategic roles where performance variability most affects results

The A-positions argument holds that firms should invest disproportionately in strategic jobs whose performance directly drives strategy and varies widely among incumbents, then put A players in those roles. Focusing on top performers in every role, as the CEO proposes, can spend heavily on jobs that do not move results. Seniority and hierarchy alone do not make a position strategic.

330. Answer: C — Each side does better individually by competing regardless of the other's choice, so both compete

In a one-shot prisoner's dilemma, competing (defecting) is each player's dominant strategy, since it pays more whether the other cooperates or not, yet mutual defection leaves both worse off than mutual cooperation. Information gaps and constituent pressure are real bargaining dynamics, but they are not the logic of the prisoner's dilemma. Repeated interaction and trust-building are what can break the trap.

331. Answer: C — Update the ranges to current market data and revise the merit guidelines to slow growth high in the range

Heavy concentration in the top quartile often signals stale ranges that have not kept up with the market, combined with merit practices that do not slow increases as pay rises in the range. Updating the structure and using a merit matrix that gives smaller increases at higher compa-ratios addresses both causes. A blanket freeze punishes employees whose pay may be at market, widening ranges hides the problem, and promotions without changed responsibilities undermine the job architecture.

332. Answer: D — Each measure answers a different question, so one alone can mislead about pay or about representation.

The adjusted gap shows whether similarly situated people are paid equally, while the unadjusted gap shows how pay differs overall, largely reflecting representation in higher-paid roles. Reporting only the adjusted gap can look like it hides representation problems, and reporting only the unadjusted gap is often misread as evidence of unequal pay for equal work. No U.S. federal law requires public adjusted-gap reporting, and the unadjusted gap is usually the larger figure.

333. Answer: C — The UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights, endorsed in 2011, rest on three pillars: the state duty to protect, the corporate responsibility to respect and access to remedy. They expect companies to conduct human rights due diligence covering internationally recognized rights such as freedom of association. The Universal Declaration is a source of those rights but does not set out this three-pillar business framework.

334. Answer: B — Use an employer of record, while still assessing permanent establishment risk

An employer of record becomes the legal employer locally, handling payroll, taxes and statutory benefits, which suits market testing. It does not by itself remove permanent establishment risk if employees' activities, such as concluding contracts, create a taxable presence. Contractor status is likely misclassification for engineers working as employees, US payroll does not satisfy local law, and building entities first is costly for a test.

335. Answer: A — Due diligence on data security, cross-border transfer safeguards and breach terms, with IT and legal.

The company remains responsible for employee personal data it shares with vendors, and data from multiple countries brings transfer rules such as those under the GDPR. Reviewing security controls, transfer mechanisms and breach notification terms with IT and legal is the critical step. Usability, references and pricing matter but do not address the main risk.

336. Answer: C — Show the CEO and deal team how early people diligence protects deal value, citing past deals.

HR earns a seat early in deals by showing, in business terms, how culture, leadership and talent risks affect deal value, and past talent losses make that case concrete. A post-close playbook is useful but still leaves HR reacting after key terms are set. Asking the board to require HR approval overreaches and is likely to damage the relationships HR needs.

337. Answer: D — Survival anxiety must exceed learning anxiety, which leaders achieve mainly by reducing learning anxiety.

Schein holds that people change only when survival anxiety (the fear of what happens if they do not change) is greater than learning anxiety (the fear of looking incompetent or losing identity while learning). Leaders should tip the balance by lowering learning anxiety through psychological safety, training, coaching and room to practice. Simply raising the threat increases defensiveness and resistance, so the version that relies on more fear is the trap.

338. Answer: A — Negotiate with the union on skill-based bid criteria or new job classifications, paired with training for members.

Hiring and promotion criteria are mandatory subjects of bargaining, so changing them requires negotiating with the union, for example through a side agreement that creates new classifications or skill qualifications and gives current members a training path. Bypassing the bid system or shifting unit work to contractors risks grievances and unfair labor practice charges. Waiting for expiration may miss the 18-month business need.

339. Answer: A — Build an operating contingency plan, keep bargaining in good faith, and communicate accurately with employees.

A strike authorization vote is a pressure tactic, not a strike, so the CHRO should prepare a contingency plan for operations, safety and customers while continuing to bargain in good faith and giving employees accurate, lawful information. Making offers directly to employees is direct dealing that bypasses the union and is an unfair labor practice. Pausing talks or moving to permanent replacements early escalates the conflict.

340. Answer: A — The model's factors explain about 85% of the variation in employee pay.

R-squared measures the proportion of variance in the dependent variable (pay) explained by the factors in the model, so 0.85 means about 85% of pay variation is accounted for. It says nothing about range placement, is not a probability about gaps (that is the role of significance testing) and does not set an error band for individual predictions.

341. Answer: D — Employers can be liable for nonemployee harassment of their staff when they know of it and fail to act.

Under Title VII case law, an employer can be liable for harassment of its employees by nonemployees if it knew or should have known and failed to take prompt corrective action, so setting expectations and remedies for third parties manages that risk. Adopting a code does not make vendors joint employers or bring them under the hospital's own Title VII duties. Nothing about the code reduces the duty to address employee misconduct.

342. Answer: D — As a leading flight-risk signal that prompts stay talks, excluding legally protected leave.

A pattern that comes before resignation is a leading indicator, so it can flag flight risk early enough for managers to hold stay conversations and address causes. The signal must exclude FMLA, ADA, workers' compensation and other protected absences to avoid interference and retaliation risk. Using it for discipline turns a retention tool into a punitive one, and waiting for exit interviews loses the chance to act.

343. Answer: D — Particularist cultures judge obligations by relationships and circumstances rather than by rules applied to everyone.

Trompenaars contrasts universalism, where rules and standards apply equally regardless of who is involved, with particularism, where obligations to friends, family and partners can outweigh general rules. A code of conduct written in a universalist culture may therefore be applied flexibly where relationships come first, so it needs local explanation and examples. The universalist description reverses the definitions, and diffuse cultures blend rather than separate work and private life.

344. Answer: C — Engage major shareholders to learn their concerns and address them in the next proxy.

Say-on-pay votes under Dodd-Frank are nonbinding, but investors and proxy advisors expect boards to respond to significant opposition, and the next proxy must say how the vote was considered. Outreach to major holders identifies the specific issues so the committee can make targeted changes and disclose them. Ignoring the vote invites opposition to directors, and canceling awards or changing advisors without diagnosis may not address the concerns.

345. Answer: D — Work with sales leaders to revise the incentive plan so that cross-selling is rewarded in both firms.

The legacy incentive plan directly contradicts the behavior the training promotes, so more training, reminders or surveys about understanding will not change behavior. Revising the incentive plan with sales leadership removes the conflicting signal and supports the integration goals.

346. Answer: B — Structured debate with assigned challengers and anonymous input, with the CEO speaking last

Silence among senior leaders usually reflects the power dynamics in the room, so the fix is a structured process that makes dissent safe and expected, such as assigned challengers, anonymous input and having the CEO speak last. Reporting concerns by name breaks confidentiality and discourages candor. A broad employee survey does not reach the senior leaders whose doubts matter, and a recorded vote pressures conformity rather than testing assumptions.

347. Answer: B — Define, Measure, Analyze, Improve, Control

DMAIC (Define, Measure, Analyze, Improve, Control) is the Six Sigma method for improving an existing process: the team defines the problem, measures the current error rate, analyzes root causes, improves the process and then controls it so gains hold. DMADV (Define, Measure, Analyze, Design, Verify) is the Six Sigma variant for designing a new process, so it does not fit an existing one. Measuring before the problem is defined, or improving before causes are analyzed, puts the phases out of order.

348. Answer: C — A plaintiff can win by showing an equally valid, less discriminatory option existed, so adopting it removes that claim.

Under Title VII's disparate impact framework, even a job-related practice can be unlawful if the plaintiff shows an alternative with equal validity and less impact that the employer refused to adopt. Choosing that alternative from the start closes off this third-stage argument. Lower impact does not excuse validation, and disparate impact claims do not carry compensatory or punitive damages to cap.

349. Answer: B — Name one chief spokesperson, include operations leaders at the table, and use finance and counsel as support with defined roles.

A single spokesperson keeps the company's message consistent and prevents the union from playing team members against each other. Operations leaders bring practical knowledge of how proposals will work on the floor, while finance and counsel support costing and legal review with clear roles. Putting the CEO at the table removes the ability to take proposals back for approval and raises the stakes of every statement, and rotating spokespeople fragments the message.

350. Answer: B — Job-related criteria and an adverse impact review of the list by age, conducted with counsel.

Under the ADEA, a neutral factor such as salary can still produce disparate impact on workers 40 and older, and the employer must show the criteria are based on reasonable factors other than age. Reviewing the list for adverse impact with counsel before decisions are final is the key safeguard. Dropping tenure does not remove correlated factors like pay, balancing numbers by age is itself age-based selection, and OWBPA-compliant releases cannot bar an employee from filing an EEOC charge.

351. Answer: C — Borrow specialists for the near term while building internal talent from adjacent roles over time.

Build-buy-borrow decisions weigh urgency, scarcity and long-term strategic value. A six-month deadline rules out relying only on reskilling, a very tight market makes buying slow and costly, and permanently borrowing a strategic capability leaves the bank dependent on outsiders. Combining borrowed expertise now with a pipeline built from adjacent internal talent balances speed and sustainability.

352. Answer: C — Model expected claims above each deductible against the premium change and the company's risk tolerance.

Choosing an attachment point is a trade-off between retained risk and premium, so the leader should model expected claims that would fall between the two deductibles against the extra premium and the company's cash reserves and risk tolerance. A lower deductible reduces volatility but usually costs more in premium over time. Reacting to one year of large claims by raising the deductible or abandoning self-funding skips the analysis.

353. Answer: B — Group decision, with the leader facilitating as the team decides

When commitment matters, an autocratic decision would not secure it, and subordinates share organizational goals, the model points to a full group decision (facilitate) because members can be trusted to choose in the organization's interest. Group consultation is recommended when goal congruence is lacking, so the leader keeps the final say. Deciding alone fails the commitment requirement.

354. Answer: D — An accessibility conformance report against WCAG, verification testing and committed timelines to fix defects.

An accessibility conformance report, usually based on the VPAT template, documents how the product meets WCAG criteria. Independent or in-house testing verifies the claims, and contract remediation timelines make fixing gaps an obligation. A general statement of compliance is the tempting option but cannot be verified or enforced in detail. Staff assistance can be an accommodation but is not a substitute for accessible systems, and a complaint-count cancellation clause lets problems persist until enough people are harmed.

355. Answer: D — Strategic intent

Hamel and Prahalad introduced strategic intent as an obsessive, long-term aspiration (such as Komatsu's 'Encircle Caterpillar') that deliberately creates a gap between ambition and current resources. They contrasted it with the idea of strategic fit, which matches ambition to existing resources. Core competence is their separate concept describing the collective learning that underlies a firm's products.

356. Answer: C — Critical talent is an enterprise asset, deployed through corporate talent reviews

Leading companies treat top talent as belonging to the enterprise, not to the unit that currently employs it, and move high potentials through corporate talent reviews to build broad experience. Hoarding talent limits leaders' growth and raises flight risk. Backfill planning matters, but requiring a ready-now successor before any move would let units block development indefinitely.

357. Answer: C — Route the report directly to the audit committee chair under the escalation protocol, bypassing the CEO

Allegations of financial misconduct against the CEO must go to those with authority over the CEO, normally the audit committee, which is responsible under Sarbanes-Oxley for procedures on complaints about accounting matters. Sending the report to the CEO or having HR report to the CEO compromises independence. Waiting for a scheduled meeting delays a matter that may require immediate action to preserve evidence.

358. Answer: B — Compensatory lets high scores offset low ones; multiple-hurdle requires passing each stage

In a compensatory model, scores from all predictors are combined, so strength on one can make up for weakness on another. In a multiple-hurdle model, each stage has a cutoff and a candidate who fails one stage is out. The reversed definition is the most tempting error, and neither model is tied to a particular method or to internal versus external hiring.

359. Answer: D — The company can be liable when it knew or should have known of harassment and failed to act, whoever the harasser is.

Under Title VII, an employer can be responsible for harassment of its workers by nonemployees and, as a client that controls the work, can share responsibility with a staffing agency for harassment of temps. The practical rule is that the company must act on harassment it knows or should know about regardless of the harasser's employment status. Assuming the agency alone is responsible is a common and costly mistake.

360. Answer: D — Mean 18%, median 6%; men are concentrated in the highest-paid roles, which pulls up the mean.

Pay gaps are calculated as a share of men's pay: mean gap = (50.00 - 41.00) / 50.00 = 18%, and median gap = (35.00 - 32.90) / 35.00 = 6%. Dividing by women's pay gives the wrong figures of 22% and 6.4%. A mean gap much larger than the median gap shows that a small number of very high earners, mostly men, are lifting men's average, while the typical woman earns only modestly less than the typical man, so the small median gap rules out a large gap for typical employees. Neither measure compares pay for the same work, so the data does not show unequal pay for equal jobs.

361. Answer: B — Present several cost-reduction scenarios with savings and risks to the strategy for the board to weigh.

A senior HR leader helps the board decide by presenting options, such as attrition and hiring freezes, targeted restructuring, overtime and contractor reductions, or non-headcount savings, with the savings, timing and strategic risks of each. An across-the-board cut can hollow out the engineering and sales capability the strategy depends on. Simply objecting ignores the board's authority, and a broad pay cut risks losing top performers.

362. Answer: C — Breach is the perception that a promise was broken; violation is the emotional reaction that may follow

Morrison and Robinson define breach as the cognitive judgment that the organization has failed to meet one or more obligations. Violation is the emotional and affective state, such as anger or a sense of betrayal, that can follow. Breach does not always lead to violation; that depends on how employees interpret why it happened. Both concepts concern perceived, often unwritten, obligations.

363. Answer: D — A single score shows how likely employees are to recommend the company, but not why.

eNPS is a one-question measure, so it gives no information about the reasons behind the score or what leaders should change, and tying it to pay invites gaming. Its formula is standard (percentage of promoters minus percentage of detractors on a 0-10 scale), and passives are left out of the calculation rather than counted as detractors.

364. Answer: A — Building privacy protections into the design from the start, with privacy-protective settings by default.

Privacy by design means embedding privacy into systems and processes proactively from the outset, with privacy as the default setting, data minimization and full life-cycle protection. It is preventive rather than reactive. Broad blanket consent conflicts with purpose limitation and does not substitute for designing privacy into the system.

365. Answer: D — Assess results against the gate criteria and root causes of low use, then choose to continue with fixes, rescope or stop.

A stage gate exists to make a deliberate decision using predefined criteria: the CHRO should find out why adoption lags, such as regional manager support, integration or communication, and then decide whether fixes can close the gap, whether to narrow scope, or whether to stop. Continuing because money has already been spent is the sunk-cost fallacy. Stopping or extending without diagnosis ignores the regional variation that may point to a fix.

366. Answer: A — It names the specific conduct, reaches the affected employees and assures no future interference.

Passavant requires a repudiation to be timely, unambiguous and specific to the coercive conduct, adequately published to the employees involved, free of other unlawful conduct and accompanied by assurances that the employer will not interfere with Section 7 rights in the future. The employer must also not repeat the conduct. Private delivery by the offending manager may not reach all affected employees, and neither six-month timing nor advance Board approval is the test.

367. Answer: D — Choose metrics that resist gaming and pair them with balancing quality measures

Bonuses attract gaming, so metrics such as participation rates or raw turnover can be pushed in ways that damage the real goal, for example by pressuring employees to complete surveys. Choosing harder-to-game metrics, such as regretted turnover, and pairing speed with quality keeps incentives aligned with outcomes. Engagement alone is also open to manipulation, and avoiding people metrics entirely loses a lever for accountability.

368. Answer: C — Test the link with controls for location and store manager before forecasting results.

The data shows an association, not proof of cause. Store location, manager quality and other factors may drive both engagement and shrinkage. Controlling for these factors, or piloting the program with comparison stores, gives a credible estimate before leaders bank on a 25% reduction. Cutting the forecast by an arbitrary amount does not solve the causation problem, and shrinkage is a valid business outcome to link to engagement.

369. Answer: B — Fix the largest unexplained gaps first and phase the remaining adjustments into next year

Prioritizing the largest unexplained gaps addresses the greatest inequity and legal exposure first, and a documented phase-in plan shows good-faith action. Spreading the money equally leaves the largest gaps largely in place, while waiting for the full amount lets known inequities continue. Basing adjustments on flight risk ties pay equity to retention rather than to the inequity itself.

370. Answer: A — A structured assimilation plan with stakeholder meetings, early feedback and a defined 90-day agenda

Senior hires most often fail because of poor cultural fit and weak relationships, not technical gaps, so a structured assimilation process that builds key relationships, clarifies expectations and surfaces early feedback addresses the main cause of derailment. Administrative orientation is necessary but does not build political or cultural understanding. Financial clawbacks and more technical screening do not address how the leader integrates once hired.

371. Answer: A — Create a central legal hold process that suspends auto-deletion in affected systems and trains custodians.

A hold must reach the people and the systems that hold relevant data; a central process integrated with IT suspends automated deletion for the specific custodians and data involved, tracks acknowledgments and trains custodians. Permanently disabling deletion creates over-retention and breach risk, manual backups are unreliable, and company-wide notices are overbroad while still not stopping automated deletion.

372. Answer: D — Define exception criteria, route requests through a central review with logged decisions, and audit the outcomes for patterns.

Favoritism in exceptions undermines trust and can produce disparate treatment claims if patterns track protected groups, so clear criteria, central review, documentation and periodic audits make decisions consistent and defensible. A total ban removes legitimate flexibility, including accommodations the law may require. A memo depends on the same judgment that caused the problem, and peer appeals keep the decisions decentralized and inconsistent.

373. Answer: A — One that is core and relies on firm-specific knowledge and assets

Transaction cost economics holds that when an activity requires asset-specific investments, such as firm-specific knowledge, contracting with outside parties creates high costs and hold-up risks, so internal provision is more efficient. Standardized activities that are easy to specify and monitor, with many available suppliers, are the classic candidates for outsourcing.

374. Answer: C — Agree, because the general counsel must sign off and can block the decision

In RAPID, the agree role belongs to people with formal veto power, whose sign-off is required, which fits a general counsel who can block a legally risky policy. Disagreements between the agree role and the recommender are escalated to the decider. The input role is consulted but has no veto, and the decide role belongs to the single person with final authority over the whole decision.

375. Answer: D — Developing skills and experiences that keep employees marketable inside and outside the firm

Under the employability model, the employer cannot promise lifelong jobs but commits to development, challenging work and transferable skills, while employees take ownership of their careers. Job security and seniority-based advancement in exchange for loyalty describe the older relational contract that this shift replaced.

376. Answer: B — Employers above a size threshold must fill a set share of jobs with people with disabilities or pay a levy

Several countries, such as Germany, France and Japan, use quota-levy systems: employers above a headcount threshold must employ a minimum percentage of workers with disabilities or pay a compensatory levy, often into a fund that supports disability employment. A blanket hiring preference for any minimally qualified applicant is not the typical model, and a reporting-only rule leaves out the core obligation. The U.S. relies on nondiscrimination and reasonable accommodation rather than a private-sector quota, so a global policy must account for both models.

377. Answer: B — Controlling PMO

PMOs are commonly classified by degree of control. A supportive PMO provides templates and advice with low control, a controlling PMO requires compliance with its frameworks and reviews with moderate control, and a directive PMO directly manages projects with high control. Requiring compliance while business units still run their projects is the controlling model.

378. Answer: C — Market penetration, expanding sales and service capacity in current markets

Market penetration, which sells existing products to existing markets, is the lowest-risk quadrant in the Ansoff matrix because the firm builds on known products and customers. Workforce needs usually focus on more sales and service capacity, productivity and retaining relationship talent. Diversification, which means new products in new markets, carries the highest risk.

379. Answer: B — Requiring managers to document specific, substantial business costs and alternatives considered before denying.

Groff held that undue hardship means substantial increased costs in relation to the conduct of the particular business, rejecting the more-than-de-minimis reading, and that employers must consider alternatives such as voluntary swaps. Denials therefore need concrete, documented facts and a record of alternatives considered. The minimal-cost test is the standard Groff rejected, and coworker animus toward religion cannot establish hardship.

380. Answer: C — Follow a documented, objective process that evaluates services and confirms fees are reasonable.

ERISA prudence is judged by the process: fiduciaries must act with the care of a knowledgeable expert, gather and compare information on services and costs, and make sure fees are reasonable for what is provided, documenting the reasoning. The lowest fee is not required if a higher-cost provider offers better value. Choosing an affiliated provider for convenience raises conflict concerns, and participant preference is not a substitute for a prudent evaluation.

381. Answer: D — Review the results privately with the EVP, explore causes, then brief the CEO with the data and a plan.

A strategic HR leader raises a serious result promptly and with data, but gives the accountable executive a private chance to understand it and own a response before it reaches the CEO. Naming leaders in front of peers invites defensiveness, while leaving escalation to the EVP removes the CEO's oversight of a significant risk. A 25-point gap across a whole division is too large to wait a year to address.

382. Answer: A — At least six years after the filing date

ERISA Section 107 requires that records providing the basis for required reports and filings be kept for at least six years after the filing date. Three years is a common retention period under other employment laws and is a frequent mix-up. Some records, such as those needed to determine benefits, may need to be kept longer, but the six-year rule is the baseline for filing support.

383. Answer: B — A consistent job architecture with ranges priced to current market data

Published ranges must rest on well-defined jobs and levels with market-based ranges, or the company will post inconsistent or indefensible figures and expose internal inequities. A merit matrix governs increases, not range structure, and a survey gauges perception. Discouraging pay discussions can violate employees' NLRA rights and conflicts with transparency.

384. Answer: A — Compare trained reps' sales growth with that of a matched group of untrained reps over the same period.

A control group exposed to the same market conditions but not trained lets the evaluator attribute the difference in results to the program. A before-and-after comparison credits the training with gains caused by the improving market. Participant estimates are a weaker fallback method, and manager observations show behavior change, not how much of the sales gain the training caused.

385. Answer: C — $300,000

Only EBIT above the threshold funds the pool: ($8,000,000 - $5,000,000) x 10% = $300,000. $800,000 applies 10% to all of EBIT, $500,000 applies it to the threshold, and $3,000,000 is the excess EBIT before applying the funding rate.

386. Answer: B — Escalate the allegations promptly to legal and the audit committee via the established process.

Allegations of financial misstatement at a public company go to the audit committee and legal, since the Sarbanes-Oxley Act requires audit committees to have procedures for complaints about accounting matters. Prompt escalation preserves independence and protects whistleblowers. Asking subsidiary leaders to investigate creates a conflict of interest, and HR-led interviews or surveys could compromise an investigation that needs legal direction.

387. Answer: C — Raise productivity and retention of staff who serve current customers

Market penetration (existing products, existing markets) depends on doing more and better with the current customer base, so the HR focus is sales and service productivity, retention and customer relationship skills. Leaders for new ventures fit diversification, product-development talent fits product development, and managers for new regions fit market development.

388. Answer: A — Focus monitoring on sensitive data and high-risk roles, use automated alerts with limited human review, and disclose the program

Proportionality means monitoring is matched to a specific, legitimate risk and uses the least intrusive means that addresses it, with transparency to employees. Targeting sensitive data and high-risk roles with automated controls protects the business without reading everyone's communications. Restricting access to full-content capture still collects far more than the risk justifies, and monitoring a whole function because of one person is broad rather than risk-based.

389. Answer: B — Exclude zip code and test the model for disparate outcomes before it is used

A neutral variable that closely tracks race can reproduce racial disparities in who receives opportunities, creating disparate impact risk. Excluding it and testing outcomes by group protects fairness and legal standing even at some cost to accuracy. That zip code is not itself protected does not answer the impact question, and adding race as a model input to drive individual decisions is itself problematic.

390. Answer: C — Form an HR, legal, IT and security team to set access limits, monitoring and offboarding steps.

Insider risk spans people, process and technology, so an effective program combines least-privilege access, disclosed monitoring, HR signals such as resignations, and offboarding steps like access removal and data return. A technical block alone is easy to work around and ignores the HR triggers. Agreements help with legal remedies but do not prevent the loss, and background rechecks rarely predict who will take data.

391. Answer: A — Jointly define case criteria for HR-led versus counsel-directed investigations, with clear handoffs and review

Ownership should depend on the case: routine matters fit HR, while high-risk cases (executive misconduct, potential litigation, regulatory exposure) often call for counsel direction to preserve privilege. A jointly built protocol with triage criteria, handoffs and quality review resolves the conflict on principle and avoids repeat failures. Assigning everything to one function ignores those differences, and escalating to the CEO skips a collaborative fix.

392. Answer: D — Rules should be viewpoint-neutral, consistently enforced, and protect discussion of working conditions.

Viewpoint-neutral, consistently enforced rules focused on conduct and disruption reduce discrimination and reputational risk, and they must not chill NLRA-protected discussion of pay, safety or other working conditions. The First Amendment restricts government, not private employers. A total ban can sweep in protected concerted activity, and policing only disfavored views invites claims of bias.

393. Answer: A — It benchmarks current risk practices against defined stages so leaders can prioritize improvements.

A maturity model describes stages of risk management capability, from ad hoc to integrated, and shows where the organization currently stands. Leaders use the gap between the current and desired level to decide which improvements and investments to prioritize. It assesses the quality of the risk process, not the specific risks themselves, and it is not a certification.

394. Answer: B — Have the committee share information or decide matters within delegated authority, rather than trade proposals with management.

Under Electromation and later NLRB cases, an employee committee becomes a labor organization when it deals with management through a pattern of proposals and responses about terms and conditions of employment such as safety, and an employer-created one is then unlawfully dominated under Section 8(a)(2). A committee that only shares information, or makes decisions within authority delegated to it, does not deal with the employer in that sense. Moving meetings off-site does not change the dealing, and adding pay issues makes the problem worse.

395. Answer: A — Follow the bid process, invite the firm to compete and have the conflict disclosed

Good governance requires following procurement policy and disclosing the relationship through the proper channel (such as the board chair or governance committee), while still allowing the firm to compete on merit. Skipping the bids violates policy and creates a conflict of interest, and having the CEO approve it directly still sidesteps the required process. Automatically excluding the firm is unnecessary when the conflict is disclosed and the selection process is fair.

396. Answer: C — Building local leadership pipelines with development plans and global exposure

Developing local talent through structured pipelines, stretch roles and global exposure builds leaders who can replace expatriates over time. Shorter assignments and local-plus packages reduce cost per expatriate but not reliance on them, and third-country nationals are still non-local assignees.

397. Answer: C — Flag the figure as unverified, offer a supported estimate or range, and correct the deck in advance.

Ethical practice requires HR leaders to ensure that information they present or endorse is accurate and honest, so the CHRO must keep unverified claims from reaching the board as fact and offer a defensible estimate instead. Passing responsibility to the vendor does not relieve the CHRO of accountability for the deck. Pulling the proposal entirely overcorrects, and a private caveat after the meeting leaves the board misinformed.

398. Answer: B — Pilot with human review, validate job-relatedness and adverse impact, and obtain an independent bias audit before any NYC use.

Employers remain liable under Title VII and other laws for adverse impact from selection tools they use, even when a vendor built the tool, so validation and monitoring are needed everywhere. New York City's Local Law 144 adds a specific requirement for an independent bias audit and candidate notice before an automated employment decision tool is used for NYC roles. Relying on a vendor's assurance does not shift liability, and avoiding NYC does not remove federal discrimination risk.

399. Answer: B — It may prefer members of its faith but can still face race, sex and national origin claims

Section 702 lets a qualifying religious corporation, association or educational institution employ individuals of a particular religion, and the Supreme Court in Amos upheld applying it to nonreligious jobs. The exemption covers religion only: the organization remains subject to Title VII claims based on race, color, sex and national origin. Exempting only ministerial jobs describes the separate ministerial exception, which is broader in claims covered but narrower in roles.

400. Answer: C — Assess both cultures, jointly decide which practices to keep, and protect what drives deal value.

Strong integration plans start with a cultural assessment and make deliberate choices about which practices to adopt, blend or preserve, especially where the acquired team's way of working was part of what was bought. Retention bonuses buy time but don't address the cause cited in exit interviews. Forcing faster adoption or exempting the team completely ignores either the people or the business.