SUMMIT
STUDY GUIDES

SHRM-SCP

Practice Questions

Set 8

400 Questions

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

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

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How to Use This Set

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

SHRM-SCP Practice Set 8

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

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

1. A company's standard separation agreement says employees may not communicate with any government agency about the company without first notifying the legal department. Why does this clause create enterprise risk?

A. The clause is valid, but it obliges the company to match any whistleblower award paid

B. The clause conflicts with OSHA rules, which require every release to be posted publicly

C. The clause voids the whole release, so every departing employee can reopen any claim settled under it

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

2. A CHRO proposes a talent CRM to stay in touch with finalists who were not hired (silver medalists) and with passive candidates. What is the main strategic value of this approach?

A. It removes the need to post most future openings, since candidates are already on file to call.

B. It lets recruiters skip the usual selection steps for any candidate who is already in the system.

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

D. It mainly helps with compliance by keeping a permanent record of everyone who has ever applied to the company.

3. At a 3,000-employee company, 401(k) investments are overseen informally by the CFO and the HR director, who meet only when issues come up and keep no minutes. The CHRO wants to strengthen fiduciary governance and is considering hiring an ERISA 3(38) investment manager. What is the BEST course of action?

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

B. Hire a 3(21) adviser in place of a committee, since an adviser's advice shields the company from investment liability.

C. Hire a 3(38) investment manager, since that appointment transfers all fiduciary duty for the plan to the manager.

D. Have the CFO approve fund changes alone with documentation, since fewer decision-makers lowers personal liability.

4. A company's collective bargaining agreement is silent on paid time off for the day after Thanksgiving, but the plant has closed with pay on that day for the past 14 years. Management now plans to end the practice mid-contract, and the union files a grievance. Under which condition is an arbitrator MOST likely to treat the practice as binding on the employer?

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

B. The practice was approved in writing by a plant manager at some point, even if it was later applied unevenly.

C. The practice was raised by the union in the last negotiation, even though the parties never discussed it.

D. The practice benefited a majority of bargaining-unit employees and was popular, regardless of whether management knew of it.

5. A global manufacturer's talent review designates about 120 high-potential employees each year. Over two years, the turnover of designated high potentials has risen to nearly twice the company average, and exit interviews mention stalled careers. What should the CHRO do FIRST?

A. Tighten the selection criteria for high potentials so that the program identifies more loyal candidates.

B. Approve retention bonuses for all designated high potentials to stop departures while the program is studied.

C. Stop telling employees about their high-potential status so that departures are less likely to be triggered.

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

6. A national retailer uses an automated resume-screening tool for corporate roles, including positions based in New York City, and plans to add AI video interview scoring next year. The CHRO wants an enterprise approach to comply with NYC Local Law 144. What is the BEST approach?

A. Rely on each vendor's assurance that its tool was tested for bias during development and keep those letters on file.

B. Audit only the new video interview tool, since the resume screener was in use before the local law took effect.

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

D. Have the company's internal people analytics team audit each tool every year and keep the audit results confidential within the HR function.

7. A 40-year-old company has strong divisional subcultures, and its core culture is now embedded in structures and processes rather than tied to a founder. Which culture change mechanism does Schein associate with this organizational midlife stage?

A. Destroying the existing culture through bankruptcy or wholesale reorganization and then rebuilding from scratch

B. Relying on the founding family's personal insight to let the culture evolve naturally as the firm keeps growing

C. Systematically promoting leaders from subcultures whose assumptions fit the direction the firm must take

D. Mounting a turnaround in which a crisis forces leaders to unfreeze and overhaul the old culture quickly

8. A retail chain's people analytics team finds that stores with higher engagement scores have higher sales per square foot. The CEO wants the CHRO to tell the board that every one-point increase in engagement produces a specific sales gain. What should the CHRO do?

A. Withhold the findings from the board until the team can prove that engagement causes higher sales at every store.

B. Present only the stores with the strongest relationship so the board sees a clear, simple and persuasive business case.

C. Present the engagement-to-sales link as causal, since the pattern holds across many stores and the data set is large.

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

9. A board member argues that a company's only responsibility is to maximize returns for its owners within the law. Another argues that it must create value for employees, customers, suppliers and communities as well as owners. How does Freeman's stakeholder theory differ from the first view?

A. It holds that firms must give employees and communities equal ownership rights alongside shareholders.

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

C. It holds that firms should use philanthropy to offset any harm their profit-seeking causes to others.

D. It holds that firms should maximize shareholder value because doing so indirectly benefits all of the other groups.

10. The CFO tells the CHRO that the HR budget must be cut by 15% next year. HR currently funds a critical-skills reskilling program tied to the company's automation strategy, several popular wellness events and a manual benefits-administration process. What should the CHRO do?

A. Cut every HR program by 15% so the reduction is shared equally

B. Protect the programs that rate highest on employee satisfaction and pulse surveys

C. Eliminate learning programs first because they are easiest to defer

D. Rank initiatives by strategic impact and cut the lowest-value work first

11. After a heated dispute between two teams at a distribution center, the ER director is considering restorative circles. In which situation is a restorative circle MOST appropriate?

A. One employee refuses to take part, but leaders want the full team present so the process feels complete.

B. A formal harassment complaint is still under investigation and the accused employee supervises the complainant.

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

D. Leaders want a quick way to close a misconduct case without making findings or documenting any outcome.

12. After a high-profile harassment case involving a senior vice president became public, the board asks the CHRO to review closed complaints against senior leaders from the past five years. What is the BEST way to conduct this lookback?

A. Use independent reviewers directed by counsel, with set criteria for reopening cases.

B. Ask each senior leader to certify that no unresolved complaints against them exist from that period.

C. Review only the cases that were substantiated, since unsubstantiated complaints were already resolved.

D. Have the HR team that handled the original cases review its own files and report any concerns.

13. A CHRO is setting up governance for a three-year enterprise operating-model transformation that spans eight functions. Which structure is BEST?

A. Separate governance for each function, so that every function can decide how and when to make its own changes.

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

C. A program office in HR that makes all decisions, so the executive team is not drawn into the details of the program.

D. A single committee of the top 40 leaders, which makes all decisions by consensus so that all eight functions have an equal voice.

14. A manufacturer wants to introduce a gainsharing plan at a plant where production workers are represented by a union under a current collective bargaining agreement. What should the HR leader do FIRST?

A. Wait until the next contract negotiation, since the employer may not discuss pay changes while a contract is in force.

B. Survey represented employees about the plan before involving the union, so the company can show support exists.

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

D. Design the plan with plant managers and present it directly to employees, since it adds pay rather than reducing it.

15. Over three years, a company's internal reports to its ethics helpline rose from 0.6 to 1.4 per 100 employees, while the share of reports that were substantiated stayed steady and anonymous reports declined. How should the CHRO interpret this trend for the board?

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

B. It means the report rate has passed the industry norm, so the program should cut its communications to reduce volume.

C. It shows that misconduct has more than doubled over the period, so the board should fund an investigation of the business units involved.

D. It suggests that employees are misusing the helpline for minor complaints, so intake criteria should be narrowed.

16. A chemical leak at a company's warehouse was traced to an unforeseeable equipment defect, and stakeholders see the company as having had little control over the event. According to Situational Crisis Communication Theory (SCCT), which primary response strategy fits this crisis?

A. Ingratiation, praising stakeholders for their loyalty

B. Deny, stating that no crisis occurred at the facility

C. Diminish, using excuse or justification to lower blame

D. Rebuild, offering a full apology and financial compensation

17. An ERP implementation was expected to deliver $250,000 in benefits per month once users adopted it. Poor change management delayed full adoption by 4 months. What is the cost of the delay in forgone benefits?

A. $250,000

B. $750,000

C. $3,000,000

D. $1,000,000

18. A hospital adopts a just culture framework for its patient safety program. How does this change discipline decisions after an error?

A. Discipline depends on the severity of the outcome, with any harm to a patient leading to immediate termination

B. No discipline is imposed for any safety event, so that staff will feel free to report every error

C. All safety events follow the same progressive discipline steps, no matter how they occurred

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

19. Data show that women receive few international assignments, and interviews reveal that managers often assume women with families will turn them down. What should the global talent leader do?

A. Offer extra relocation allowances only to women to raise their acceptance rates.

B. Offer assignments to all qualified candidates directly and track selection by gender.

C. Train managers on bias and leave the selection process otherwise unchanged.

D. Reserve a fixed share of assignments for women regardless of relative qualifications.

20. Why should a large employer use statistical significance tests, such as a standard deviation test, alongside the 80% rule of thumb when reviewing adverse impact?

A. Significance tests replace the need to look at the size of the gap in selection rates

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

C. The 80% rule of thumb is no longer accepted by any court or federal agency in the U.S.

D. Significance tests show whether the difference was intended by the hiring managers

21. An executive team is weighing whether to fund an AI-enabled recruiting platform. The CFO's business case compares the platform's cost only against keeping current processes unchanged. Several direct competitors have already cut their time-to-fill sharply with similar tools. Which principle should the CHRO apply to strengthen the analysis?

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

B. Delay any decision until competitors publish results, since their gains have not yet been independently verified.

C. Count only the vendor's projected savings, because competitive effects are too uncertain to include at all.

D. Assume the status quo costs nothing, because the current process is already budgeted and fully staffed.

22. A company has more than 60 AI vendors across HR, from scheduling chatbots to hiring assessments, but limited audit staff. Which approach to enforcing contractual audit rights is BEST?

A. Exercise audit rights only after a complaint, since proactive audits can strain vendor relationships.

B. Waive audit rights for well-known vendors, since their size and reputation indicate strong controls.

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

D. Audit every vendor on the same annual cycle, since consistent treatment of all vendors avoids disputes over fairness.

23. A multinational wants to move health benefits data on its EU employees into a central U.S. HRIS. Under the GDPR, what must the company establish?

A. Written consent from each employee, which alone satisfies all GDPR rules for transferring and processing the data

B. Registration with each EU country's labor ministry before any personal data leaves the country

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

D. U.S. HIPAA compliance, which the EU accepts as equal protection for employee health information

24. A CHRO proposes an organizational ombuds program for a 12,000-employee company. The general counsel worries that employees will tell the ombuds about harassment and the company will be deemed on notice without knowing it. What program design should the CHRO recommend?

A. Limit the ombuds to non-harassment issues and route any concern touching a protected category to the hotline before it is discussed.

B. Require the ombuds to forward every harassment concern to HR within 24 hours so the company never misses an issue it may be on notice of.

C. Have the ombuds report to the general counsel and keep case notes so legal can monitor emerging risks and decide when to investigate.

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

25. An executive sponsor wants to scale the company's communities of practice without stifling them. What should the sponsor provide?

A. Formal charters, mandatory membership and quarterly targets for each community's output

B. A single platform on which all communities must post minutes of each meeting they hold

C. A dedicated manager who assigns discussion topics and evaluates each member's contributions annually

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

26. A leadership program has cost $1.8 million over two years, and evaluation shows no gain in participants' performance, promotion readiness or retention compared with a matched group. The sponsoring executive wants another year of funding, saying, "We've invested too much to stop now." What is the CHRO's BEST response?

A. Approve one more year, since leadership programs often need time to show results.

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

C. Ask the vendor to add new modules so that the earlier $1.8 million investment is not wasted.

D. Continue funding but halve the cohort size so that further losses are limited.

27. An executive team keeps citing the few metrics that support its plan to expand a product line while dismissing turnover and engagement data that suggest the plan would strain staffing. Which bias is the CHRO most likely seeing?

A. Anchoring bias

B. Confirmation bias

C. Availability bias

D. Recency bias

28. Marketing wants to promote the company's top-quartile engagement results in recruiting ads. Two divisions, however, scored in the bottom quartile, and many recent hires will join those divisions. What is the CHRO's BEST advice?

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

B. Approve the campaign as written, since the enterprise score is accurate and company-level results are standard practice in recruitment marketing.

C. Approve the campaign but remove the two low-scoring divisions from the published data so the score looks stronger.

D. Reject any external use of engagement results, since survey data should be used only for internal improvement.

29. At a retailer, each executive is rewarded on functional goals, and leadership meetings stall as the heads of merchandising, supply chain and digital defend their own budgets and blame each other for missed sales targets. The CEO asks the CHRO to build collective accountability. What should the CHRO recommend?

A. Run a team-building workshop focused on improving the executives' personal relationships

B. Rank executives against one another on functional results to sharpen individual accountability

C. Have the CEO mediate each conflict between functions as it arises in leadership meetings

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

30. An annual promotion analysis shows a 9% promotion rate for women and a 12% promotion rate for men among eligible employees. What is the BEST conclusion for the CHRO?

A. Women's rate is 75% of men's, which establishes that the promotion process is unlawful.

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

C. Men's rate is 133% of women's, which shows the process favors men and must be stopped.

D. The 3-point gap is small and within normal year-to-year variation, so no further analysis is needed.

31. Analytics at a 40-site distribution network show Black associates receive final warnings at twice the rate of peers for the same infractions, and the gap persists after controlling for tenure and site. What is the CHRO's BEST approach?

A. Lower all final warnings to written warnings for a year so the gap closes while the company studies the underlying cause.

B. Retrain only the managers at the sites with the largest gaps and leave the discipline policy as it stands.

C. Require each manager to keep final warnings proportional to each group's share of the site's workforce.

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

32. A high-potential VP consistently exceeds targets but is described in a 360 review as abrasive and dismissive, and two strong direct reports have left. The CEO sees the VP as a future COO. What should the CHRO recommend?

A. Promote the VP to COO now, since results show readiness and the role will bring greater maturity.

B. Remove the VP from the high-potential list, since abrasive behavior signals that the VP cannot change.

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

D. Send the VP to a general communication skills workshop and continue the VP's existing development plan as before.

33. A board is comparing two countries for a new 500-person operations center and has been shown only average base salaries for the relevant roles. Why could this comparison be misleading?

A. Exchange rate movements make labor cost comparisons between countries impossible to perform.

B. Worker productivity is the only factor that determines labor cost differences between countries.

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

D. Base salaries in lower-cost countries tend to rise faster than inflation over a typical ten-year planning period.

34. A CHRO is leading the company's first strategic workforce planning cycle. Which output is MOST central to the plan?

A. A list of current employees ranked by their performance and potential ratings.

B. A recruiting plan setting time-to-fill targets for each currently open position in the company.

C. A comparison of projected talent demand with projected supply for critical roles.

D. An inventory of the skills that employees in each department hold today.

35. In interviews, every member of the executive team said the company's strategy is clear. In the employee survey, only 38% of employees agreed that they understand the strategy and how their work supports it. What should the CHRO do?

A. Rely on the executive interviews, since senior leaders know the strategy best

B. Rerun the survey with clearer wording, since items about strategy are often misread

C. Treat both as valid views and probe where understanding breaks down across levels

D. Rely on the survey results, since a larger sample is more accurate than interviews

36. After a restructuring, survey results show employees accept the criteria used to choose which roles were eliminated and consider the severance packages fair. However, they resent that affected employees learned of the layoffs through a group email with no explanation and no chance to ask questions. Which dimension of organizational justice was MOST damaged?

A. Interactional justice

B. Procedural justice

C. Distributive justice

D. Transformative justice

37. During a succession review, the CEO suggests moving a pregnant senior vice president off the slate for the COO role because she 'will have other priorities for a while.' Which principle should guide the CHRO's response?

A. The company may delay her candidacy until she returns from leave as long as her pay, title and bonus eligibility are unchanged

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

C. The executive may be removed only if she agrees in writing that she will take extended leave

D. Succession planning is exempt from Title VII because no employment decision has yet been made

38. A CHRO is designing an enterprise program for workplace investigations across 30 countries. Which combination of elements BEST supports consistent, high-quality investigations?

A. Local managers who investigate complaints in their own teams using their own judgment

B. A single investigator at headquarters who handles every complaint from all countries

C. An annual review of the complaint volumes that each country reports to headquarters

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

39. A venture-funded company expects to grow from 150 to 1,200 employees in three years. Which HR operating model choice BEST lets HR scale without overbuilding?

A. Outsource all HR activities to a single provider until the company reaches 1,000 employees

B. Use scalable platforms and selective outsourcing before building centers of excellence

C. Build specialist centers of excellence now so that programs are in place before growth arrives

D. Hire HR generalists in proportion to headcount to keep a constant HR-to-employee ratio

40. Soon after an employee files an EEOC charge, the agency offers the employer and employee its voluntary mediation program. What is the main strategic benefit to the employer of accepting mediation at this stage?

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

B. It produces a binding decision that the employee cannot challenge later in federal court proceedings

C. It allows the employer to present its defense to an EEOC investigator who will dismiss weak charges

D. It pauses the employee's right to sue until mediation ends, extending the time the employer has to respond

41. Two business-unit leaders are so entrenched that each is willing to sabotage a joint project, even though doing so will hurt their own unit's results, just to make the other fail. In Glasl's model, which phase has this conflict reached?

A. Lose-lose, in which damaging the other side outweighs self-interest

B. Win-win, in which the parties still see a shared solution as possible

C. Win-lose, in which each side builds coalitions to defeat the other

D. Win-lose, in which each side issues threats to force concessions

42. A U.S. company is acquiring a German GmbH with 2,500 employees in Germany. The CEO assumes the acquired company can be governed by a management-only board like the parent's. What should the CHRO point out?

A. German law requires employee representatives to fill one-third of the seats on the management board.

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

C. German law requires board-level employee seats only for companies listed on an exchange.

D. German law requires a works council at the site, but no board-level employee seats.

43. After an enterprise reorganization, the CEO forms a new executive committee whose members come from different legacy business units and have not worked together. In Tuckman's model, which intervention is most appropriate for the team at this stage?

A. Celebrate early accomplishments and capture lessons learned to transition members to new assignments

B. Delegate full authority to the team and step back so members can self-manage their own priorities

C. Hold a structured conflict session so members can openly air their disagreements over budgets and resource allocation

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

44. An activist investor holding 6% of a manufacturer's shares demands that the company cut 15% of its salaried workforce through AI within 12 months. The CEO asks the CHRO for input before responding. What is the BEST input?

A. Recommend an immediate hiring freeze to show progress while the CEO negotiates a response.

B. Recommend rejecting the demand outright, since investors should not shape workforce decisions.

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

D. Recommend accepting the demand in full to avoid a proxy fight that would distract leadership.

45. A chief HR officer is leading the company's negotiation of a master labor agreement. Every concession she discusses at the table must later be accepted by the board, the CFO, and regional operations leaders, while the union's negotiators face a ratification vote by members. Which negotiation concept describes the challenge she faces?

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

B. A distributive bargaining trap, in which each side's opening position anchors the final settlement range

C. A logrolling exchange, in which each side trades away its low-priority issues to gain more on its high-priority ones

D. A bargaining impasse, in which the parties have exhausted good-faith efforts without reaching agreement

46. What does General Stanley McChrystal's "team of teams" concept describe?

- **A.** Grouping several teams under one manager to widen spans of control and reduce management layers
- **B.** Arranging teams in a clear hierarchy so that each level directs the work of the teams beneath it
- **C.** Assigning each team to a single function so that specialized expertise stays concentrated in one place
- **D.** Linking teams through shared awareness and trust so the whole organization can adapt like a small team

47. Contractors and agency workers make up about 25% of a pharmaceutical company's workforce, but business units engage them directly, and no one can report how many there are, what they cost or how long they have worked. What is the CHRO's BEST strategy?

- **A.** Freeze all new contractor engagements until HR completes a full census of contingent workers.
- **B.** Partner with procurement on central governance, a vendor management system and classification controls.
- **C.** Convert every contractor who has worked longer than a year into an employee to remove the classification risk.
- **D.** Ask each business unit to send HR a quarterly spreadsheet listing its contractors and their costs.

48. A privately held company's owners want a multiyear incentive that rewards key managers for company performance and encourages retention, but they will not share ownership or create any equity-based awards. Which plan BEST fits?

- **A.** A long-term cash plan that pays out on three-year goals and vests over time
- **B.** An employee stock purchase plan that offers a discount on share price
- **C.** A restricted stock unit plan that vests in equal parts over three years
- **D.** An annual bonus plan funded from a fixed share of each year's profits and paid out in cash

49. A company's policy automatically terminates any employee who has been on leave for 26 weeks, regardless of the reason. An employee recovering from cancer treatment is approaching the limit, and her doctor expects she can return in six weeks. What should the CHRO recommend?

- **A.** Keep the 26-week rule, since a uniform limit applied consistently to everyone satisfies the ADA.
- **B.** Keep the rule but exempt employees whose doctors certify a definite return date within 30 days.
- **C.** Extend the limit to 52 weeks, since a longer fixed limit removes the ADA risk for the company.
- **D.** Add an individualized review before termination to see whether more leave would be reasonable.

50. After a widely publicized case in which a senior executive's misconduct went unreported for years, a CHRO is redesigning the company's speak-up system. Survey data show employees fear retaliation and doubt that reports reach anyone able to act. Which design is MOST likely to restore trust?

A. A rule that employees must raise concerns with their own manager first before using other channels.

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

C. A one-time amnesty period encouraging employees to report past misconduct without any consequences.

D. A single hotline routed directly to the CEO's office so that the most senior leaders see every report personally.

51. A multinational operates in countries with very different talent markets, from highly competitive tech hubs to markets with ample labor supply. How should it set its pay market positioning?

A. Pay each country's legal minimums to keep global labor costs under control.

B. Use one global philosophy but let positioning vary by country and talent market.

C. Use the same market percentile worldwide regardless of how scarce talent is in each local market.

D. Pay at the U.S. market median in every country to protect internal equity.

52. During budget review, several board members of a consumer products company question continued spending on inclusion programs, asking what the business gets in return. The company's growth strategy depends on new products for increasingly diverse customer segments. What is the CHRO's BEST response?

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

B. Present the company's diversity representation statistics and industry awards as proof that the programs are working.

C. Agree to cut the inclusion budget and refocus the remaining funds on training that meets basic compliance requirements.

D. Explain that inclusion programs are required by federal law for companies of this size and industry and therefore cannot be reduced at all.

53. The president of the company's most profitable division has two substantiated findings of bullying subordinates and a documented expense-policy violation, all contrary to the company's stated values. The CEO wants to keep him because of his revenue results. What should the CHRO counsel?

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

B. Reassign his direct reports to other leaders to reduce their exposure to his conduct

C. Retain him under a confidential coaching plan in view of his division's strong revenue impact

D. Defer any action until the division's fiscal-year results are final and announced

54. A company with 2,000 fully remote employees is building a home-office safety strategy. Which element best reflects its obligations and risks?

- **A.** Required purchase of approved furniture, since OSHA's general industry standards apply to homes
- **B.** A process for reporting work-related home injuries, since recordkeeping and workers' comp still apply
- **C.** Annual employer inspections of each home office, since OSHA holds employers liable for conditions in employees' homes
- **D.** A policy stating that injuries at home are personal, since they fall outside workers' comp coverage

55. During due diligence, the CHRO learns that an acquisition target faces a pending wage-and-hour class action and has no formal complaint process. What should the CHRO advise the deal team?

- **A.** Quantify the exposure, seek indemnities, escrow or a price adjustment, and plan post-close wage audits and a complaint process.
- **B.** Delay any decision until the class action is fully resolved, so the final liability is known before the deal team proceeds.
- **C.** Proceed as planned, since the target's liabilities stay with the seller once the acquisition closes, regardless of deal structure.
- **D.** Recommend ending the deal, since a pending class action shows the target is too risky to acquire at any price.

56. Board members at a public company ask why they should spend more meeting time on culture, talent and workforce risk instead of leaving these matters to management. What is the BEST rationale the CHRO can give?

- **A.** Human capital issues are mainly operational, so board review mostly helps management catch policy errors.
- **B.** Human capital drives long-term value and major risks, so investors increasingly expect board-level oversight.
- **C.** Board oversight lets directors make hiring and pay decisions below the executive level when problems arise.
- **D.** Federal law requires boards to approve all HR policies, so oversight protects directors from personal liability.

57. What is the main inclusion risk of a forced distribution system that requires managers to place a fixed percentage of employees in the lowest rating category?

- **A.** Forced ranking is illegal under Title VII when it produces any difference in ratings among protected groups.
- **B.** Fixed percentages make it impossible to give high performers from underrepresented groups the top rating, regardless of their results.
- **C.** Borderline cuts rest on subjective judgment, so in-group favoritism can decide who is pushed into the bottom group.
- **D.** Employees in large teams are more likely than those in small teams to be placed in the lowest category.

58. A U.S. payroll system implementation is six weeks behind schedule, and the planned go-live is shortly before year-end. The CHRO must decide whether to delay go-live or reduce scope. What should drive the decision?

A. Whether the vendor will waive fees for the extra implementation time needed for a delay

B. Which option keeps the original go-live date, since a delay will reduce stakeholder trust

C. Which option the project team prefers, since it understands the remaining work best

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

59. A company fills all entry-level professional roles through campus recruiting at a handful of universities, and almost every hire is under 30. The CHRO is assessing the age-discrimination risk. Which principle should guide the decision?

A. End campus recruiting, since any hiring source that yields mostly young hires is unlawful age discrimination.

B. Keep the practice, since the ADEA protects only current employees and never covers job applicants in any type of claim.

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

D. Keep the practice, since entry-level roles are exempt from the ADEA when the employer hires recent graduates.

60. A CHRO is contracting with an external firm to redesign the company's performance management process. Which contract provision BEST ensures the organization can sustain the work after the consultants leave?

A. A service-level agreement that sets deadlines for each phase of the redesign

B. A requirement to train internal staff and transfer tools, methods and documentation

C. A clause giving the firm exclusive rights to deliver any follow-on implementation and support

D. A fixed-fee structure with payment due on delivery of the final recommendations

61. A pharmaceutical company occasionally needs rare regulatory expertise in a niche market. The skill is unique, but it is not central to how the company competes. Which employment mode do Lepak and Snell suggest?

A. Job-based employment of market-hired specialist staff

B. An alliance or partnership with outside experts

C. Knowledge-based employment of internal staff

D. Contractual work for routine, generic tasks

62. The CFO notes that the company's HR cost per employee is 40% above a published industry median and asks the CHRO to close the gap within a year. The company outsources little, operates in 14 countries and has HR running its corporate learning function. What is the CHRO's BEST response?

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

B. Explain that benchmarks are unreliable and should not be used in setting HR budget targets.

C. Agree to close the gap by moving to the median ratio of HR staff to employees within the next twelve months.

D. Explain that higher HR cost per employee always signals a higher quality of HR service.

63. The audit committee of a 25,000-employee company asks the CHRO how the organization manages risk from HR vendors such as the payroll processor, benefits administrator and background-screening firm. Two of these vendors hold sensitive data on every employee. What is the BEST way for the CHRO to respond?

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

B. Provide the committee with a complete list of HR vendor contracts, annual spend, service levels and renewal dates so members can review them directly.

C. Recommend bringing payroll and benefits administration in-house so the company no longer depends on outside providers for those services.

D. Explain that vendor risk is owned by procurement and legal, and refer the committee to those functions for any detailed reporting.

64. The executive team doubts that engagement affects business results. Which analysis would provide the MOST convincing evidence?

A. Compare the company's overall engagement index with published industry benchmarks from the survey vendor's global database.

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

C. Show that the company's engagement and revenue both rose in the same year as evidence of a positive relationship.

D. Survey senior managers on whether they believe engaged teams perform better and report the share who agree.

65. A public company is improving its human capital disclosures to investors. Which training measures do investors MOST commonly look for?

A. Training investment and average hours of training per employee

B. The total number of courses available in the company's learning catalog

C. Average satisfaction scores from end-of-course evaluation surveys

D. The number of employees who logged in to the LMS during the year

66. An activist investor has taken a stake in a publicly traded retailer and is publicly questioning how the company manages its workforce. The board asks the CHRO to help prepare the company's human capital disclosures for the next annual report. What is the BEST approach?

A. Keep disclosures to the minimum legally required, since workforce data is competitively sensitive information.

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

C. Publish a full breakdown of headcount and demographics by job level to show transparency to the investor.

D. Focus the disclosure on benefits generosity, workplace awards and culture to show the company is a top employer.

67. An enterprise content library license costs $1.2 million a year and is up for renewal. Before deciding, which data should the CLO review?

- **A.** The vendor's published case studies showing results achieved by other clients in the industry
- **B.** The number of courses in the library, compared with the catalog sizes of competing vendors
- **C.** Learner satisfaction ratings for the courses that employees chose to complete over the past contract year
- **D.** Active users, completions and content use by role, compared with the skills the strategy requires

68. An employee tells HR she has reported possible accounting fraud internally and has also filed a tip with the SEC. Her manager, who is not implicated, asks HR how to handle her going forward. What should HR do?

- **A.** Pause the internal investigation until the SEC decides whether it will open its own investigation
- **B.** Ask her for a copy of her SEC filing so that the internal investigation can address exactly the same issues she raised
- **C.** Ask her to hold off on further SEC contact while the company completes its internal review first
- **D.** Investigate the internal report, ensure no retaliation, and avoid asking about or limiting her SEC contact

69. The CFO rejects HR's business case for a new talent management platform, saying it lacks financial rigor. What should the CHRO do NEXT?

- **A.** Take the proposal to the CEO for approval outside of the finance review process.
- **B.** Resubmit the case with additional employee survey data, user testimonials and vendor references.
- **C.** Cut the proposal's scope so that it fits within HR's existing operating budget.
- **D.** Work with finance to rebuild the case with baselines, NPV and sensitivity analysis.

70. Why does a CHRO who frames people initiatives in financial and operational terms typically gain greater influence with the executive team?

- **A.** Executives are required by governance rules to approve only initiatives that are expressed in dollar terms.
- **B.** Financial terms remove the need to show qualitative outcomes, which executives tend to view as unreliable.
- **C.** Financial framing shows that HR is willing to cut its own costs, which builds goodwill with other executives.
- **D.** Executives can weigh the initiatives against other investments using the measures they run the business by.

71. A U.S.-based multinational must eliminate 200 roles across eight countries, including several Asian offices where preserving face and dignity is highly valued. Local labor laws on consultation have been reviewed and will be followed. How should the CHRO handle delivery of the redundancy message in those offices?

A. Deliver it in one global virtual town hall so every employee hears the identical message at once

B. Let each local HR manager decide whether to share the news, so the global team avoids any misstep

C. Send a single global email from the CEO that names the affected teams to maximize transparency

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

72. After seeing exit interview comments from three departing engineers, an executive concludes that the company's engineering managers are poor leaders and proposes replacing several of them. Using Argyris' ladder of inference, what should the CHRO do?

A. Help the executive trace the data and assumptions behind the conclusion before acting

B. Suggest leadership training for the managers as a less disruptive alternative to replacement

C. Commission a broad engagement survey to confirm the executive's view of the managers

D. Support the replacement plan, since exit interviews give candid feedback on managers

73. In a negotiation among a company, two unions and a state agency, a facilitator drafts one proposed agreement, gathers each party's criticisms, revises it, and repeats the process until all parties can accept the text. What technique is this?

A. Positional bargaining

B. Single negotiating text

C. Logrolling across issues

D. Final-offer arbitration

74. Business-unit leaders ask the CHRO to 'fix' poor collaboration between their units. Rather than design a solution herself, she frames the conflicting priorities and asks the unit leaders to work through the trade-offs. In Heifetz's framework, this BEST illustrates:

A. Getting on the balcony

B. Giving the work back

C. Amplifying dissenting voices

D. Regulating distress

75. Unplanned absence at one distribution center rose from 3% to 9% within two months of a schedule change that added mandatory weekend shifts. Other sites did not change and saw no increase. What should the CHRO do FIRST?

A. Reverse the schedule change at once, since the timing shows that the new weekend shifts are the cause of the increase in absence.

B. Offer a perfect-attendance bonus at the site to bring absence back to the 3% baseline while leaders study the issue further.

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

D. Tighten the attendance policy at the site and enforce it strictly, so employees understand that attendance standards still apply.

76. Two years after a merger, employee surveys show the legacy companies still work as rival camps. One side values fast decisions, the other values consensus, and joint projects stall. What is the BEST repair strategy for the CHRO to lead?

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

B. Adopt the acquiring company's culture fully, since it now owns and controls the combined firm

C. Keep the two cultures separate by organizing work so the legacy groups rarely need to collaborate directly

D. Launch a new set of company values with a branding campaign, posters and an all-hands event

77. Last year a unionized employer received 120 grievances. Of these, 84 were resolved at step 1, 24 at step 2, 9 at step 3, and 3 went to arbitration. What percentage of grievances was resolved before arbitration?

A. 97.5%

B. 100%

C. 70.0%

D. 90.0%

78. The EEOC rescinded its affirmative action guidelines in 2026, but a CHRO is asked what the Supreme Court's Weber and Johnson decisions require of a voluntary affirmative action plan under Title VII. Which standard do those cases set?

A. A finding by a court or agency that the employer discriminated in the past, and a plan approved in advance by that court or agency.

B. A workforce below the 80% rule of thumb for the group, and goals that end once the group reaches parity with the labor market.

C. A plan adopted under EO 11246, and preferences limited to tie-breakers between candidates who are equally qualified for the job.

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

79. The compensation committee of a $1.5 billion revenue software company asks HR to propose a peer group for executive pay benchmarking. The company recruits many executives from large technology firms with revenues of $20 billion or more. A committee member suggests simply using those large firms as the peer group. What should HR recommend?

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

B. Use the large technology firms as the full peer group, since they are the company's main source of talent

C. Select companies whose executive pay levels are highest, so the company can compete for any executive it wants

D. Use a broad national survey of all industries and company sizes, since peer groups are inherently subjective and biased

80. A company has used a vendor's AI resume-screening tool for New York City jobs for two years. The vendor offers a bias audit based on data from many client employers, but the company never provided its own applicant data to the auditor. The board asks whether the company can rely on that audit. What is the BEST advice from the general counsel and CHRO?

A. Yes, because any independent audit of the tool meets the law regardless of whose data was used for it.

B. Yes, as long as the vendor certifies that the tool shows no adverse impact for any of its client employers.

C. No, because the law requires employers to audit tools internally using their own HR analytics staff.

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

81. A software company grew from 150 to 1,200 employees in three years. Product teams now wait weeks for approvals, and long-tenured engineers say the experimentation that once defined the company has faded. The CEO asks the CHRO to preserve the innovation culture at scale. What should the CHRO do?

A. Launch a companywide campaign that reminds employees of the founding values through town halls, events and internal communications.

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

C. Return to the informal practices of the early company by removing most approval processes and HR policies.

D. Hire a chief innovation officer and set up a separate innovation lab where new ideas can be developed quickly.

82. A U.S.-based multinational's corporate HR team designed a global recognition program, but subsidiaries in Japan, Brazil and Germany have largely ignored it, saying headquarters does not understand local practices. What approach should the CHRO take?

A. Hire an outside consultant to adapt the program for each country and present the finished versions to subsidiaries.

B. Require each subsidiary to adopt the program unchanged and link local HR leaders' goals to their participation rates.

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

D. Allow each subsidiary to replace the program with its own design and stop tracking recognition at the global level.

83. In Kotter's eight-step model, anchoring new approaches in the culture is the final step rather than the first. What is the reasoning behind this sequence?

A. Culture is too sensitive to address until the guiding coalition has disbanded

B. Culture is mainly a communication task best handled once the vision is final

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

D. Culture must be fully redesigned by senior leaders before any everyday work behaviors can change

84. What is the defining feature of a skills-based career architecture?

A. Career progression is based on the skills employees build rather than on job titles

B. Career progression is based on formal degrees employees earn in their technical field

C. Career progression is based on a fixed ladder of titles within each separate department

D. Career progression is based mainly on years of service and seniority within a role

85. Before closing an acquisition, a CHRO wants the most reliable read on the target company's actual culture. Which approach provides it?

A. A review of the target's published values statement, careers website, and annual report

B. Ratings and comments posted by employees on public job review sites

C. Leader interviews, reviews of real past decisions, and analysis of people data

D. A brief culture survey sent only to the target's top executive team

86. A CHRO is coordinating negotiations at four plants, and the union plans to use the first settlement as the pattern for the others. Which principle should guide the CHRO's strategy?

A. Let each plant manager bargain independently, since coordinating across plants is unlawful.

B. Settle the first plant as fast as possible, because pattern terms cannot legally bind the other plants.

C. Offer the richest package at the first plant to build goodwill that carries over to the others.

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

87. An employee posts a video alleging unsafe practices at a company warehouse, and it is viewed two million times. The CEO wants a response today. How should the CHRO coordinate the response with legal and communications?

A. Discipline the employee for violating the social media policy, so other employees see that public posts about the company have consequences.

B. Issue a statement today denying the allegations and stressing the company's safety record to stop the video from spreading any further.

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

D. Ask the employee to remove the video in exchange for a promise that the company will review the safety concerns at a later date.

88. An executive team is redesigning its workforce mix across core employees, contingent workers, and automation. Which factor should MOST strongly drive whether work stays with core employees?

A. Whether the work's hourly cost is lower for employees than for independent contractors in the current labor market.

B. Whether the work's current employees prefer full-time status over contract or project arrangements.

C. Whether the work can be filled faster through a staffing agency than through internal recruiting.

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

89. Which statement BEST distinguishes employee experience from employee engagement?

A. The two terms describe the same idea, but experience is the term preferred by technology vendors

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

C. Engagement is the broader concept, and experience is one of the items an engagement survey measures

D. Experience covers only physical workspace and tools, while engagement covers all relationships at work

90. During a severe downturn the company is cutting staff pay by 10%. The CEO asks the CHRO whether senior leaders should take pay cuts too. What is the BEST advice?

A. Have senior leaders take visible, proportionally larger cuts to show shared sacrifice

B. Cut leaders' pay by exactly 10%, since identical cuts are the only fair approach

C. Exempt senior leaders, since cutting their pay could raise flight risk at the top of the company

D. Cut leaders' base pay quietly without an announcement so it is not seen as a stunt

91. A board member asks the CHRO to arrange for his son-in-law to be hired as vice president of sales, noting the candidate's strong resume. A search for the role is under way with three finalists. What should the CHRO do?

A. Leave the matter to the CEO, since hiring below the CEO level is solely management's responsibility.

B. Decline to consider the candidate at all, since any relative of a director creates an unacceptable conflict.

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

D. Add the candidate as a fourth finalist given his resume, and keep the family connection confidential.

92. A company needs 20 data analysts. It can train current employees at $15,000 each, or hire externally at a $30,000 pay premium per person plus $20,000 cost-per-hire. Considering only these first-year costs, how much does building save compared with buying?

A. $300,000

B. $1,000,000

C. $100,000

D. $700,000

93. A compensation committee places most of the CEO's target pay in performance shares tied to total shareholder return and requires the CEO to hold significant company stock. Which theory MOST directly supports this design?

A. Reinforcement theory, which holds that behavior followed by rewards tends to be repeated

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

C. Tournament theory, which uses large pay gaps between levels to motivate promotion contests

D. Equity theory, which holds that people compare their pay and effort with those of others

94. Under the Sarbanes-Oxley Act, which responsibility rests with the audit committee of a public company's board?

A. Setting procedures for anonymous employee complaints about accounting or auditing matters

B. Nominating independent directors and evaluating the board's overall performance each year

C. Approving the annual compensation packages of the CEO and the other named executive officers

D. Conducting internal investigations of all harassment complaints filed against senior executives

95. A $1.8 million enterprise retention program is expected to cut voluntary turnover from 20% to 16% in a 3,000-employee firm. Each exit costs $25,000. What are the program's first-year net benefit and ROI?

A. Net benefit of $3.0 million; ROI of about 167%

B. Net benefit of $1.2 million; ROI of about 67%

C. Net benefit of $0.6 million; ROI of about 33%

D. Net benefit of $1.2 million; ROI of about 40%

96. A compensation director suggests asking employees recently hired from a key competitor to share their former employer's internal pay structures so the company can sharpen its offers. What is the CHRO's BEST position?

A. Allow it for jobs below management, where pay data is less sensitive.

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

C. Allow it if the data is more than a year old and is shared in summary form.

D. Allow it if the new hires share the data voluntarily and with all employee names removed beforehand.

97. In a Title VII disparate impact case, what is the correct order of the burden-shifting framework?

A. Plaintiff shows impact; employer shows business necessity; plaintiff shows an alternative

B. Plaintiff shows intent; employer gives a legitimate reason; plaintiff shows a pretext

C. Plaintiff shows impact; employer shows no intent; plaintiff shows the reason is a pretext

D. Employer shows business necessity; plaintiff shows impact; employer rebuts any alternative

98. A COO asks why HR wants to fund a formal employee voice system (problem-solving teams, a peer review panel and skip-level forums) at nonunion sites with high attrition. Which theory most directly supports the investment?

A. Hirschman's exit-voice theory, since effective voice reduces quitting

B. Vroom's expectancy theory, since voice raises effort-reward links

C. Herzberg's two-factor theory, since voice is mainly a hygiene factor at work

D. Adams' equity theory, since voice equalizes pay between employees

99. A 12,000-employee firm plans to combine an annual census survey, lifecycle surveys (onboarding and exit) and quarterly pulses into one listening strategy. Which design principle is MOST important?

A. Centralize all results with the HR analytics team, which then decides which findings to share with business leaders and when.

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

C. Increase survey frequency across all channels, since more data points will produce more reliable conclusions.

D. Ask the same full item set in every instrument so results from each source can be compared directly over time.

100. A company with 1,000 employees, 400 of whom are age 40 or older, lays off 100 employees. Sixty of those laid off are age 40 or older. What are the termination rates for the two age groups?

A. 6.0% for those 40 and older; 4.0% for those under 40

B. 15% for those 40 and older; 10% for those under 40

C. 60% for those 40 and older; 40% for those under 40

D. 15% for those 40 and older; 6.7% for those under 40

101. A U.S. multinational plans to eliminate 300 jobs across its operations in several EU countries. Before the redundancies are finalized, what does EU law generally require?

- **A.** Paying each affected employee a uniform severance amount set by an EU-wide regulation on redundancy
- **B.** Obtaining written consent from each affected employee before any notice is issued
- **C.** Notifying the European Commission and waiting for its approval before proceeding
- **D.** Consulting worker representatives in good time on ways to avoid or reduce job losses

102. A CHRO is designing collaboration spaces, digital platforms and team rituals to help experts share and create new knowledge. Which term from Nonaka's work describes a shared physical, virtual or mental space in which knowledge is created?

- **A.** SECI
- **B.** Gemba
- **C.** Ba
- **D.** Kaizen

103. Violent political unrest breaks out in a country where the company has 40 employees, including 12 expatriates and their families. Commercial flights are being cancelled. What should the CHRO do FIRST?

- **A.** Evacuate the expatriates and families and tell local staff to stay home until calm
- **B.** Monitor news reports for 48 hours before deciding whether conditions call for action
- **C.** Suspend local operations and stop pay until the business can safely reopen there
- **D.** Account for every employee and activate the crisis plan with the security provider

104. An ethics survey shows employees rate the CEO's commitment to integrity highly but have low confidence that misconduct in their own departments will be addressed. Why do middle managers have such strong influence on employees' perceptions of ethics?

- **A.** Middle managers control the ethics hotline, so employees see them as gatekeepers for reports
- **B.** Employees deal with them daily and judge real priorities by what those managers reward and tolerate
- **C.** Middle managers set executive pay targets, so employees see them as the source of all performance pressure
- **D.** Middle managers write most ethics policies, so employees see them as the authors of the code

105. A CHRO plans to scan 40 years of paper personnel files into a document management system and destroy the originals. Which decisions should be settled BEFORE scanning begins?

- **A.** Legal acceptability of images, indexing standards, access controls and disposal of already-expired records
- **B.** Which employees may request copies of their files and how departments will be billed for scanning
- **C.** Whether to keep all paper originals as a permanent offsite backup and to scan only the files of current employees
- **D.** Scanner vendor selection, file naming by employee number, and the order in which departments are scanned

106. An HR technology vendor tells the CHRO of a 9,000-employee company that its AI case-management tool will cut HR service center handling time by 25%. The vendor's sales team resists putting this figure in writing. As contract negotiations begin, what should the CHRO insist on?

A. Require the vendor to guarantee a 25% headcount reduction in the service center within the first contract year.

B. Sign a short-term contract with no performance terms and simply decline to renew if results are disappointing.

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

D. Accept the vendor's published case studies as proof of value and focus the talks on lowering the license fee.

107. An investigation substantiates that the company's highest-performing division president submitted about $60,000 in false expense claims over two years. The company has dismissed lower-level employees for smaller expense fraud. As the board considers discipline, how should the CHRO frame the decision?

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

B. Defer the decision until after the fiscal year ends so the division's results are not disrupted.

C. Retain him with full repayment and a written warning, since losing his results would harm shareholders.

D. Allow him to resign quietly with standard severance, to protect the company's reputation and ease the transition for his successor.

108. Why does governing starting pay through structured ranges and documented placement rules reduce systemic pay disparity?

A. It lets managers match each candidate's prior salary, which is the fairest benchmark

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

C. It ensures every new hire receives the midpoint of the range, which removes all gaps

D. It removes the need for periodic pay equity audits, since all offers are set by the same written rule

109. A company is adding eight weeks of fully paid parental leave for eligible employees. Which design choice is consistent with the FMLA?

A. Suspend group health coverage during the paid weeks, since the employee is still receiving pay.

B. Designate the paid leave to run concurrently with FMLA leave and keep all FMLA protections.

C. Limit job restoration to employees who return within the eight paid weeks, not the full 12.

D. Require employees to waive their FMLA rights in exchange for receiving the eight paid weeks.

110. According to Edgar Schein, which of the following is a PRIMARY embedding mechanism that leaders use to shape organizational culture?

A. Formal statements of organizational philosophy, creed and charter
B. What leaders regularly pay attention to, measure and control
C. The design of physical space, facades and buildings
D. The organization's formal structure and reporting lines

111. Jeffrey Pfeffer argues that much organizational power comes from structural sources rather than personal qualities alone. Which of the following are structural sources of power in his view?

A. Hard work, strong performance results, and loyalty to the CEO
B. Charisma, likability, and a reputation for treating people fairly
C. Technical expertise, advanced credentials, and long years of tenure
D. Formal position, control of resources, and network centrality

112. An executive team declares that innovation is its top priority, but it cuts the R&D budget and cancels leaders' innovation reviews to make time for cost meetings. Employees conclude that innovation does not really matter. Which theory BEST explains their conclusion?

A. Attribution theory, because employees blame poor results on external causes
B. Agenda-setting theory, because media coverage shapes what people care about
C. Signaling theory, because costly observable actions reveal true priorities
D. Cognitive dissonance theory, because leaders change beliefs to fit actions

113. At a hospital system, exit interviews show nurses are leaving the surgical department because several high-volume surgeons berate staff in the operating room. Some of the surgeons are independent medical staff rather than employees. What strategy should the CHRO and chief medical officer pursue together?

A. Give nurses de-escalation and resilience training so they are better able to handle stressful exchanges with surgeons in the OR.
B. Rotate nurses out of the affected surgeons' rooms more often so that no one nurse is exposed to the behavior for very long.
C. Apply HR discipline only to the employed surgeons, since the hospital cannot hold independent medical staff to conduct rules.
D. Adopt one professionalism code for all clinicians, enforced through tiered peer feedback and medical staff processes.

114. The CEO wants to announce a new organizational structure at next week's town hall, even though roles, reporting lines, and decision rights have not been defined. What is the BEST counsel from the CHRO?

A. Announce the structure but limit questions so that the message stays consistent
B. Share the rationale and timeline now, and announce the structure once roles are designed
C. Cancel the town hall and say nothing at all until every role has been finalized
D. Announce the full structure as planned and fill in the role details later as employee questions arise

115. A unionized employee with a disability asks to be reassigned to a vacant job as an ADA accommodation, but another employee has a better claim to the job under the contract's seniority system. Under US Airways v. Barnett, what is the general rule?

A. The reassignment is never required, since a seniority system bars any accommodation that would affect other employees.

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

C. The reassignment is required only if the employer can show that the change would cause little or no cost to the business.

D. The reassignment is required, since the ADA's duty to accommodate always overrides the seniority terms of a labor contract.

116. A CHRO is writing an HR objective to reduce the loss of talent in 120 pivotal roles. Which key result is BEST written for this objective?

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

B. Conduct stay interviews with all 120 employees in pivotal roles during the first half of the year.

C. Improve retention of employees in pivotal roles through stay interviews and targeted development.

D. Reduce overall voluntary turnover across the company by five percentage points over the year.

117. Before committing to a five-year workforce strategy, a CHRO leads the executive team through several plausible futures for technology adoption, labor supply and regulation. What is the main purpose of this scenario planning?

A. To give each business unit a separate workforce plan based on the scenario that its own leader prefers

B. To replace quantitative workforce forecasting with qualitative judgment from the senior leadership team

C. To predict the single most likely future so the workforce strategy can be fully optimized for that one specific outcome

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

118. What does ISO 37301 provide to organizations?

A. Requirements for a compliance management system that can be independently certified.

B. Voluntary guidance on social responsibility that is not intended for certification.

C. Requirements for an anti-bribery management system covering public and private bribery.

D. Requirements for an information security management system, including data protection.

119. The board asks a CHRO for a three-year headcount forecast. Demand could swing widely depending on a major contract decision and the pace of automation. What is the BEST way to present the forecast?

A. Show the highest scenario so that recruiting and budgets are in place if demand turns out to be strong.

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

C. Show this year's headcount plan only and explain that forecasts beyond twelve months are not reliable.

D. Show one point estimate based on the most likely case so that the board has a clear figure to approve.

120. A sales role generates an estimated $500 per day in value, and it stays open for 45 days before it is filled. Using the simple method of daily value multiplied by days vacant, what is the cost of the vacancy?

A. $11,250

B. $225,000

C. $2,250

D. $22,500

121. An executive team uses a 9-box grid in its annual talent review. What does each box in the grid represent?

A. A combination of an employee's current performance and assessed potential

B. A combination of an employee's potential and readiness-for-promotion timeline

C. A combination of an employee's competency rating and flight risk

D. A combination of an employee's tenure and current performance rating

122. A company is designing one performance management approach for employees in 25 countries. Which split between global standards and local adaptation is MOST appropriate?

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

B. Standardize the feedback style and rating language; localize the cycle and the core competencies

C. Standardize every element, including rating language and feedback style, to ensure full consistency

D. Localize every element, including the principles and the cycle, to fit each country's culture

123. An enterprise will eliminate 1,200 roles over 18 months as AI automates claims processing. The CHRO wants transition support that best protects the employer brand. Which approach is BEST?

A. Early, transparent notice with redeployment priority, reskilling, career support and fair severance

B. Outplacement services for senior staff only, since they are most visible to the market and media

C. Gradual attrition with no announcement, so the market never links the company to AI layoffs

D. Minimal statutory notice to limit disruption, followed by a generous lump-sum severance package for all staff

124. After a merger, a CHRO must harmonize two companies' employee handbooks. Which sequence is most strategic?

- **A.** Keep both handbooks in place indefinitely so that neither workforce experiences changes to its policies
- **B.** Adopt the more generous version of every policy so that no employee loses any benefit after the merger
- **C.** Compare both handbooks, adopt critical compliance policies first, then phase in other changes
- **D.** Issue the acquirer's handbook to all employees on day one so everyone follows the same rules immediately

125. A technology company is removing two layers of middle management, which eliminates many traditional promotion steps. Engagement surveys already show concern about career growth. What should the CHRO do to redesign career paths?

- **A.** Explain that fewer promotions are a cost of a flatter structure and focus instead on annual merit pay increases
- **B.** Create new senior titles within existing roles so employees still see frequent promotions
- **C.** Restore one layer of management so that promotion steps remain available for employees
- **D.** Build career paths with technical tracks, broader levels and lateral moves that count as growth

126. The CEO of a public company dies unexpectedly over a weekend. The board has named an interim CEO under its emergency succession plan, and the company must make a public disclosure. How should the CHRO handle communication to employees?

- **A.** Align timing with the public disclosure and share the interim leader and support resources
- **B.** Let each business leader tell their own teams in whatever way and timing they think best
- **C.** Tell employees first, before any public disclosure, so they hear it from inside the company
- **D.** Wait until a permanent CEO is named so employees receive one clear and stable message

127. A company uses a validated cognitive ability test for analyst roles. Why would adding a structured interview likely improve prediction of performance more than adding a second cognitive ability test?

- **A.** Interviews raise predictive power only when hiring managers rate the candidates freely
- **B.** A second cognitive test would lower the first test's validity by confusing applicants
- **C.** The interview measures different job-related traits, so it adds unique predictive value
- **D.** The interview has higher validity alone, so it should replace the cognitive ability test

128. A multi-year technical academy costs $480,000 to build and launch and is expected to yield $160,000 in net monetary benefits each year. What is the payback period?

- **A.** 2 years
- **B.** 4 years
- **C.** 0.33 years
- **D.** 3 years

129. The CFO argues that a $4 million leadership pipeline program should wait because capital projects have clearer returns. Two-thirds of the company's critical leadership roles have no ready-now successor. How should the CHRO frame the request?

A. As a cost-neutral item funded by trimming next year's merit increase budget

B. As an enterprise risk, quantifying the cost of critical leadership vacancies

C. As a cultural priority that shows employees the company values their growth

D. As a benchmarking gap, since most peer companies already run similar programs

130. A former sales manager filed an EEOC charge after resigning. The executive team now wants to sue him for allegedly taking client lists, though their evidence is thin. What should the CHRO advise?

A. Proceed with the suit, since former employees are no longer covered by Title VII's anti-retaliation provision after they resign.

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

C. Proceed with the suit, as long as it is filed after the EEOC has closed its investigation of the charge.

D. Make a public statement about the alleged theft instead, since public statements cannot be adverse actions.

131. The CFO proposes outsourcing HR operations such as payroll, benefits administration and HR inquiries to a third-party provider. What evaluation framework should the CHRO use?

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

B. Ask other companies that use the vendor how satisfied they are with it.

C. Compare the vendor's quoted annual fee with the current HR operations budget line by line.

D. Reject the proposal, since outsourcing weakens HR's strategic role.

132. A CEO championed a costly sales coaching initiative, and he expects the CHRO's evaluation to show its success at next week's board meeting. The rigorous evaluation found no measurable effect on sales or retention compared with a matched control group. The CEO hints that the results could be framed more positively. What is the BEST approach for the CHRO?

A. Highlight the favorable participant satisfaction scores and omit the control-group results

B. Present the findings directly to the board so the CEO cannot influence the message

C. Share the findings privately with the CEO first, then present them accurately with options

D. Postpone the evaluation report until another year of data can be collected

133. A struggling manufacturer is negotiating a financing deal that it believes would collapse if WARN notices went out. The CFO proposes relying on the faltering company exception for a mass layoff of 250 employees at a plant that will stay open. What should the CHRO advise?

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

B. The exception applies to mass layoffs only when the company has fewer than 500 employees.

C. The exception applies because the company is actively seeking financing to stay in business.

D. The exception applies if the CFO documents the deal after the layoff takes place.

134. A CHRO is benchmarking the efficiency of the HR function. Total HR department costs are $3.6 million, and the company has 1,200 employees. What is the HR cost per employee?

A. $30,000

B. $3,000

C. $333

D. $300

135. A CHRO wants to limit who learns about harassment complaints to those with a need to know. In terms of retaliation risk, what is the BEST rationale for this practice, and its limitation?

A. Limiting knowledge conflicts with the complainant's right to have all of her managers informed of the complaint.

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

C. Limiting knowledge removes retaliation risk entirely, since an unaware decision-maker can never be found liable under Title VII.

D. Limiting knowledge is unnecessary, since causation is presumed whenever an adverse action follows a complaint.

136. Several business unit leaders propose monthly calls with their counterparts at three rival companies to share planned salary increases and starting pay for engineers. They argue that this would help everyone avoid bidding wars. What should the CHRO advise?

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

B. Approve the calls if HR staff, rather than business leaders, are the ones who share the salary information

C. Approve the calls for starting pay only, since sharing planned salary increases is the only area of antitrust concern

D. Approve the calls as long as the participants agree not to put any of the shared information in writing

137. Two similarly sized companies are combining in a merger of equals, and each has a full executive team expecting key roles. Employees on both sides suspect the selection process will favor their own company's leaders. How should the CHRO design leadership selection?

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

B. Split the top roles evenly between the two companies so that neither side feels it lost out in the merger.

C. Have each CEO nominate leaders for alternating roles so that both companies stay represented at the top.

D. Give each role to the incumbent who led the larger function, since that leader has managed more complexity.

138. A company tracks average time to hire on a control chart. The process mean is 30 days and the standard deviation is 4 days, with control limits at three standard deviations. Last month's average was 44 days. What is the upper control limit, and what does last month's result indicate?

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

B. Upper limit of 46 days; last month is within normal variation for the process

C. Upper limit of 38 days; last month is within normal variation for the process

D. Upper limit of 42 days; last month is within normal variation for the process

139. A key competitor announces a four-day workweek, and several managers warn that the company will lose talent unless it matches. The CEO asks the CHRO for a recommendation. What should the CHRO do FIRST?

A. Analyze turnover, candidate, and operational data to assess risk and feasibility

B. Announce a four-day workweek pilot quickly to show employees the company is competitive

C. Raise pay for high-risk roles to offset the value of the competitor's new schedule

D. State publicly that the company has no plans to change its current work schedule

140. During a board risk briefing on Form I-9 compliance, a director asks how penalties work. Which statement is accurate?

A. Penalties are a flat amount per form and do not increase for repeat or later violations

B. Paperwork errors carry no fines at all as long as every worker proves to be authorized

C. Only individual managers, not the company itself, can be fined for any knowing hires

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

141. The last five vice president openings at a 4,000-employee company were all filled by external hires, and several directors who were passed over have since left. What should the CHRO do FIRST?

A. Continue hiring externally, since outside VPs bring fresh ideas and new perspectives

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

C. Expand the high-potential program to include more employees at the director level

D. Require that at least half of all future VP openings be filled by internal candidates from the director level

142. A CHRO is redesigning the company's speak-up program. What do Stanley Milgram's obedience experiments MOST directly imply for designing escalation channels?

A. Publish a strict code of conduct, since clear written rules override people's deference to authority figures

B. Require that concerns go first to one's own supervisor, since authority figures encourage candid reporting

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

D. Train managers to give clearer instructions, since obedience mostly results from ambiguous or vague orders

143. The company's payroll provider for 12 countries has had two data security incidents this year. What should the CHRO do?

A. Ask the vendor to increase its insurance coverage for any future incidents.

B. Terminate the contract right away and move all payroll processing back in-house.

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

D. Accept the vendor's assurances, since data incidents are common among payroll providers.

144. After selling a business unit, the seller agrees to keep running payroll and the HRIS for the divested unit for 12 months while the buyer builds its own systems. What is this arrangement called?

A. A transition services agreement

B. A professional employer agreement

C. A shared services agreement

D. A management services agreement

145. A company reports annual revenue of $800 million, operating expenses of $620 million, and total labor cost (pay and benefits) of $200 million. It recently deployed AI tools that replaced some labor. What is its human capital ROI, and how should the result be interpreted?

A. 0.9, meaning each labor dollar returns less than a dollar of profit, so more roles should be automated

B. 4.0, meaning each dollar of labor cost generates four dollars of revenue after the AI deployment

C. 1.9, which proves that AI adoption has raised the productivity of each remaining employee

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

146. The CHRO suspects incivility is widespread in some divisions but rarely reported formally. Which data source would BEST surface it across the enterprise?

A. A confidential climate survey with civility items analyzed by division and manager group

B. Exit interview themes gathered from employees who resigned during the past year

C. Hotline report volume, compared across divisions on a per-employee basis each year

D. The formal complaint log maintained by employee relations for each of the divisions, reviewed quarterly

147. A manufacturer's defined benefit pension plan has obligations that exceed plan assets by $300 million after a period of low interest rates. How does this shortfall appear in the financial statements, and what is the main strategic risk?

A. As an asset that future investment returns on plan assets are expected to restore

B. Only in the footnotes, so it has no effect on the firm's reported financial position

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

D. As a liability covering only retirees, since active workers' benefits are not owed

148. Why does 'tone at the top' matter so much to an organization's ethical climate?

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

B. Regulators base penalties mainly on whether executives signed the ethics policy each year

C. Executives control the compliance budget, which sets the quality of the ethics training offered

D. Senior leaders write the code of conduct and are legally responsible for its specific content

149. A senior vice president, one of the company's highest-paid salaried employees within 75 miles, plans 12 weeks of FMLA leave that will overlap a critical product launch. The CEO wants to tell her she will not get her job back. What should the CHRO advise?

A. Deny the leave request itself, since key employees are not entitled to take FMLA leave.

B. Deny reinstatement, since she is among the highest-paid 10% of employees within 75 miles of her site.

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

D. Deny reinstatement only if the company hires a permanent replacement for her during the leave.

150. A restaurant group's CEO wants to share servers' tips with cooks and with shift managers who supervise the dining room and direct staff. The restaurants currently take a tip credit toward servers' minimum wage. What should the HR leader advise under the FLSA?

A. Both groups may join if the restaurants keep taking the tip credit and servers still earn at least the federal minimum wage.

B. Shift managers who also serve tables may join, but cooks may not, since they have no customer contact.

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.

D. Both groups may join if the pool is mandatory and each group's share is set out in a written tip policy.

151. A multinational wants one parental leave standard covering its employees in the United States, Canada and Germany. Statutory leave in Canada and Germany is far more generous than the U.S. FMLA. Which principle should guide the design?

A. Match the most generous country everywhere, since local laws require identical benefits worldwide.

B. Apply the U.S. FMLA standard everywhere, since the parent company's home-country law governs.

C. Let each country design its own plan, since a global standard would conflict with local labor law.

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

152. A hospital plans to move from a fixed nurse-to-patient ratio to an acuity-based staffing model. The registered nurses are represented by a union, and several physician leaders strongly support the change. What should the CHRO do FIRST?

A. Email all nurses an explanation of the new model so they hear the rationale from leadership

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

C. Have physician champions present the clinical case directly to nurses at unit staff meetings

D. Launch a pilot on two units to collect data before sharing any details with the union

153. After two star executives leave, a company's results slip badly. The board asks the CHRO to make the company less dependent on a handful of leaders. Which concept should guide the CHRO's strategy?

A. Building retention packages for the remaining top executives so that further departures are unlikely

B. Building a deeper bench of replacement candidates for each senior role who can copy the stars' style

C. Building a stronger employer brand to attract proven star executives from competitors more quickly

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

154. A CHRO's team is building workforce scenarios for 2035. They have listed the external driving forces that could affect talent supply and demand. What should they do NEXT?

A. Rank the forces by impact and uncertainty to isolate the critical uncertainties

B. Assign probabilities to each force and combine them into a single forecast

C. Test current talent strategies against each of the possible future states

D. Write a detailed narrative for the single most likely future and its workforce needs

155. A board asks the CHRO to commission an assessment of the company's ethical culture rather than its compliance program. Which set of dimensions is MOST commonly measured in such an assessment?

A. Audit findings, regulatory fines, litigation costs, and the cost of liability insurance premiums

B. Hotline call volume, training completion, code acknowledgment rates, and the number of written policies

C. Engagement scores, voluntary turnover, absenteeism, and the rate of internal promotions

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

156. A company's only plant that makes a critical component for its largest customer is unionized, and a strike would halt supply. Executives are considering proposing binding interest arbitration for any future contract disputes at the plant. What should the CHRO advise?

A. Avoid the idea, because binding interest arbitration is unlawful for private-sector employers under the NLRA.

B. Propose open-ended arbitration on all issues, since a neutral will usually split the difference in the company's favor.

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

D. Insist on the arbitration clause as a condition of any agreement, since strike protection at a sole-source plant is essential to the business.

157. The CFO of a 3,000-employee company says the new annual bonus plan must be self-funding. The CHRO is designing how the bonus pool will be funded. What is the BEST design approach?

A. Fund the pool at target every year and let the committee reduce payouts later if profit results fall short of the plan.

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

C. Fund the pool from total revenue growth, since revenue is easier for employees to understand and track than profit.

D. Fund a fixed pool equal to a set percentage of payroll each year, then pay out based on individual performance ratings.

158. A CHRO is building a stakeholder map for an enterprise-wide restructuring. Why should the map include informal influence networks as well as formal authority?

A. Mapping informal networks lets HR work around formal leaders who are resisting the restructuring

B. Formal leaders often know little about the change, so informal leaders must take over communication

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

D. Informal influencers control the budget decisions that formal leaders are expected to follow in practice

159. To reduce headcount, the CFO proposes an early retirement window for employees 55 and older and suggests telling eligible employees that anyone who declines 'may be first in line' in a future layoff. What should the CHRO recommend?

A. Keep the message, since early retirement offers are lawful under the ADEA whenever the benefits offered are generous enough.

B. Open the window to employees of all ages, since any offer limited to employees 55 and older is unlawful.

C. Require each eligible employee to meet with a manager who explains the risks of turning the offer down.

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

160. Six months after a merger, retention of employees identified as key talent has fallen from 95% to 82%. Departing employees cite uncertainty about their roles, and the retention agreements pay out only at 12 months. What is the BEST action?

A. Accept the losses as normal post-merger turnover and focus on replacing those who leave

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

C. Send a companywide message restating the merger's strategic rationale and long-term goals

D. Raise retention bonus amounts for all key talent without changing the 12-month payment timing in the agreements

161. A CHRO is rolling out a new arbitration program to an existing workforce. Which design choice MOST strengthens both enforceability and employees' perception of fairness?

A. Posting the program on the intranet and treating continued work as acceptance

B. Making acceptance of the program a condition of the next annual pay increase

C. Giving employees a reasonable window to opt out without any adverse action

D. Limiting the program to employees hired after the rollout announcement date

162. An ER leader proposes using an AI model, trained on 10 years of past case files, to triage incoming complaints and recommend discipline levels. What is the most significant strategic risk?

A. The model will reduce case-handling time so much that ER staffing levels can no longer be justified

B. The model cannot read complaints written in plain language and works only on structured form data

C. The model would make all complaint records discoverable, while human investigator notes are protected

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

163. An engagement survey shows low trust in leadership and doubts about confidentiality. The executive team wants to launch 360-degree feedback company-wide next quarter. What should the CHRO recommend?

A. Launch the 360 company-wide next quarter, but require all raters to sign their names so that the feedback is seen as credible.

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

C. Cancel the 360 program permanently, since low-trust cultures cannot produce any useful feedback data.

D. Launch the 360 company-wide as planned, since honest feedback is the fastest way to rebuild trust.

164. Under Section 1113 of the Bankruptcy Code, what must a debtor do before a court may approve rejection of its collective bargaining agreement?

A. Give the union 60 days' written notice of rejection, after which the agreement ends automatically.

B. Show that the agreement's wages are above the market rate for comparable jobs in the region.

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

D. Obtain written approval from a majority of unit employees through a secret-ballot vote.

165. A company has just closed out its response to a regional flood that disrupted three facilities. What should the after-action review mainly focus on?

A. Recognizing the team members who performed well so that morale recovers more quickly

B. What was planned, what happened, why, and what to change in plans and training

C. Documenting the response for insurers and regulators who may ask for a record of events

D. Identifying the employees whose mistakes caused the problems so they can be held accountable

166. In a RACI matrix for approving a new executive compensation proposal, which role should be assigned to exactly one person because that person has final decision authority and is answerable for the outcome?

A. Informed

B. Accountable

C. Consulted

D. Responsible

167. A luxury hotel group's customer value proposition promises guests personalized, anticipatory service from every staff member. The CHRO is redesigning the group's employer value proposition (EVP). Which principle should guide the redesign?

A. The EVP should mirror what competing hotel groups offer so the group stays at market parity.

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

C. The EVP should be kept separate from the customer brand so it can appeal to the widest possible talent pool.

D. The EVP should be built mainly around pay leadership so the group outbids rival hotels for staff.

168. Two competing hospital systems' HR leaders informally agree not to hire each other's nurses. Why does this create serious legal risk?

A. It violates the NLRA, since it interferes with the nurses' protected right to act together for better pay and conditions.

B. It is unlawful only because it was not written into a formal contract signed by both hospital systems.

C. It violates Title VII, since it limits job options for nurses who belong to protected groups.

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

169. Procurement wants to shift a large share of production to a country with low costs but weak enforcement of labor laws. The CHRO sits on the sourcing committee. What should the CHRO recommend FIRST?

A. Require new suppliers to sign the code of conduct as a condition of receiving their orders.

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

C. Reject the shift, since weak enforcement means human rights risks there cannot be managed.

D. Approve the shift, then add the new suppliers to the company's existing annual social audit program.

170. After a move to hybrid work, an analysis at a professional services firm shows that remote employees receive 40% fewer stretch assignments and attend fewer development programs than on-site peers with similar performance ratings. What is the BEST response by the CHRO?

A. Require all high performers to work on-site so that they can receive development opportunities.

B. Ask managers to make sure remote employees attend at least one training program each year.

C. Set transparent criteria for development opportunities and track access by work location.

D. Create a separate online development track for remote employees to use on their own time.

171. Middle managers report burnout, and the CHRO finds they are responsible for implementing 14 enterprise initiatives at the same time. Engagement among managers has dropped 10 points. What should the CHRO recommend to the executive team?

A. Hire project coordinators to support managers so all 14 initiatives can continue on their current timelines.

B. Let each manager choose which initiatives to implement first based on what fits best with their own team's goals.

C. Provide managers with resilience and time-management training so they can handle all 14 initiatives more effectively at once.

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

172. An organization wants to use AI to match employees to internal gigs, projects and open roles. Why is an enterprise skills taxonomy considered a prerequisite for this strategy?

A. It replaces job descriptions, so the company no longer needs to maintain a formal job architecture.

B. It sets employee pay for each skill, so matching can be based on cost as well as the fit for the role.

C. It guarantees that the AI tool's matches will be free of bias against any protected group of employees.

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

173. A board member asks the CHRO whether investing in engagement actually affects results. What has large-scale meta-analytic research across many organizations generally found?

A. Engagement relates to employee satisfaction but shows no consistent link to business unit financial results.

B. Engagement improves results only in service industries and has no measurable effect elsewhere.

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

D. Engagement raises results only when it is paired with pay increases of at least 10% a year.

174. Exit interview data shows that 60% of departing senior engineers over the past year went to one competitor. They cite faster promotion and more interesting technical work, not pay. What is the BEST strategic response?

A. Increase recruiting from that competitor to replace the lost talent and balance out the movement between the firms.

B. Require all engineers to sign noncompete agreements that prevent them from joining that competitor for two years.

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

D. Raise base pay for all senior engineers to well above the competitor's level so they have little reason to consider leaving.

175. A healthcare staffing firm's workforce is mostly recent graduates with large student loan balances, and 401(k) participation among employees under 30 is 35%. The CHRO is evaluating the SECURE 2.0 option to match qualified student loan payments as if they were 401(k) deferrals. What is the BEST approach?

A. Adopt it at once for all employees, since the IRS requires plans to offer it to anyone with qualified student loans.

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

C. Offer it only to employees under 30, since the feature can be limited to the early-career group that needs it most.

D. Replace the 401(k) match with direct loan repayments, since those are tax-free to employees without any limit.

176. During a revenue downturn, the board proposes cutting the L&D budget by 40%. The CLO knows that some programs are tied to safety and sales results while others have low use and no measured impact. What is the BEST response from the CLO?

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

B. Accept the full cut and spread the reduction evenly across all programs to keep every offering alive.

C. Argue that cutting L&D will hurt morale and retention, citing industry surveys on employee development.

D. Move all remaining programs to free online content so the 40% cut can be absorbed without any loss.

177. The CFO wants to eliminate the company's tuition assistance and pet insurance benefits to save $1.8 million. A recent benefits preference survey shows employees rate tuition assistance among their most valued benefits, while few value an underused supplemental life option. What is the BEST response?

A. Delay the decision until a new survey can be run with a larger and more representative employee sample

B. Oppose any cuts, since benefit reductions damage engagement and employer brand

C. Support the proposed cuts, since the CFO is responsible for overall cost decisions

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

178. The CHRO notices that executive meetings have almost no debate and decisions are approved quickly, yet several major initiatives have quietly stalled. Private conversations reveal that executives have doubts they don't voice. What is the BEST strategic intervention?

A. Ask each executive to submit written status reports on their initiatives so stalls are visible earlier.

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

C. Survey the executives anonymously each quarter about meeting effectiveness and share the results with the CEO.

D. Reduce the number of initiatives the team takes on so that each one gets more resources and attention.

179. The board asks the CHRO whether the new CEO should work with an internal or an external coach. What is the KEY advantage of an external coach for the most senior executive?

A. Deeper familiarity with the company's internal politics, culture, history and key stakeholders

B. Confidentiality and candor without reporting relationships that could create conflicts

C. Lower cost, since external coaches typically charge less than internal coaching staff

D. Direct authority to report the CEO's progress to the board without the CEO's consent

180. At a strategic planning session, several executives of a software firm call the inclusion goals 'soft' and propose dropping them. HR data show voluntary turnover among women engineers is twice the company average, and exit interviews cite exclusion from high-visibility projects. What is the CHRO's BEST approach?

A. Benchmark peers' public inclusion commitments and recommend matching the most visible industry pledges.

B. Agree to drop the goals from the plan and continue inclusion work quietly within the HR budget.

C. Remind executives that inclusion is the ethically right thing to do, regardless of any financial return it may produce.

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

181. A CHRO is evaluating a sales training program using the Phillips ROI methodology. Monthly sales per rep had risen steadily for 18 months before the program, and leaders credit the program for all gains since launch. Which approach to isolating the program's effect is BEST supported by this pattern?

A. Compare average sales for the six months before and after launch and credit the difference

B. Ask participants to estimate the share of their gains caused by the program, without adjustment

C. Credit the full post-launch gain, since the program was the only planned intervention

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

182. The CHRO is building a dashboard for the executive team to show whether the company's accommodation program is working. Which set of metrics is BEST?

A. Number of requests received, with fewer requests each year read as a sign of fewer unmet needs

B. Total accommodation spending, with lower costs each year read as evidence of improving program efficiency

C. Share of requests denied for undue hardship, with higher shares read as evidence of rigor

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

183. What does the religious organization exemption in Section 702 of Title VII allow?

A. Religious organizations are exempt from all Title VII obligations with respect to all of their employees.

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

C. Religious organizations may make employment decisions based on race or sex when those decisions are guided by religious belief.

D. Religious organizations may prefer members of their own faith only for clergy and other ministerial roles.

184. A CHRO uses David Teece's dynamic capabilities framework to explain how the company must adapt to rapid technological change. Which three capabilities make up the framework?

A. Exploring, exploiting and integrating

B. Sensing, seizing and transforming

C. Planning, organizing and controlling

D. Unfreezing, changing and refreezing

185. A CHRO reviews 600 grievances filed across all sites over two years and finds that scheduling and overtime disputes account for about 75% of them. Which technique ranks causes by frequency to show where a few issues drive most of the problem?

A. Regression analysis

B. Pareto analysis

C. SWOT analysis

D. Scenario planning

186. The CEO insists on sending all major announcements by email. Analytics show that only 35% of employees open the CEO's emails, while short videos on the company app reach 70% and team huddles reach nearly all frontline staff. What should the CHRO recommend?

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

B. Replace email entirely with app videos, since that channel has the highest measured reach.

C. Ask managers to forward the CEO's emails to their teams so more employees receive them.

D. Keep email as the main channel but shorten subject lines and change send times to raise the CEO's open rates.

187. A CHRO is the only executive with strong ties to both the operations leaders and the technology leaders, who rarely speak to each other directly. What is the main trade-off of the CHRO's position as a broker across this structural hole?

A. It builds dense, cohesive ties between the groups, but it slows the spread of ideas between them.

B. It makes the CHRO more trusted by both groups, but it limits the CHRO's access to new information.

C. It guarantees decision authority over both groups, but it requires formal approval from the board.

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

188. A US-based company with a large EU workforce selects a new survey vendor that will store EU employees' responses on servers in the United States. What should the CHRO require before launch?

A. Allow the transfer without added steps, because survey data is anonymous once it leaves the employee's home country.

B. Obtain each EU employee's written consent to the transfer, since consent is the preferred legal basis for processing employee data.

C. Require the vendor to delete EU responses after one year, which is enough to satisfy GDPR transfer requirements.

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

189. A company's pay equity regression covers 2,000 employees, but several racial groups have fewer than ten employees each, which is too few for reliable statistical results. The CHRO wants to make sure these employees are still protected. What is the BEST approach?

A. Supplement the regression with cohort reviews comparing each employee with similarly situated peers.

B. Exclude the small groups from the analysis, since any results for them would not be statistically valid.

C. Postpone the analysis of the small groups until headcount grows large enough to support a regression.

D. Report that no gap exists for the small groups because none of their coefficients were significant.

190. A multinational uses the Kogut-Singh index to compare its subsidiaries' host countries with its home country. What does a HIGH cultural distance score most directly imply for managing a subsidiary?

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

B. The host country's economic and political risk is high, so the company should limit further investment there.

C. Subsidiary employees will be less engaged than HQ employees, so engagement programs should be expanded there.

D. The host country's labor laws will differ greatly from home-country law, so legal review should be the first priority.

191. A CHRO must present a business case for an AI tool to the executive team. Pilot data suggest productivity gains anywhere from 5% to 25%, depending on adoption. What is the BEST approach?

A. Present only the 5% estimate, since a conservative case protects HR's credibility if results fall short.

B. Present the 25% estimate, since executives respond better to a confident, ambitious and simple business case.

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

D. Delay the business case until a longer pilot narrows the range of benefits down to a single estimate.

192. Before launching a generative AI chatbot that will answer employees' questions about leave and accommodations, the CHRO asks the technology team to red-team it. What is the purpose of red-teaming?

A. To compare the chatbot's licensing cost with the cost of staffing a human HR service center

B. To measure how quickly the chatbot answers questions under heavy volume during open enrollment

C. To confirm that employees find the chatbot's answers easy to read and pleasant to interact with

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

193. A supplier with no direct federal contracts provides parts used to perform a customer's federal contract. Its CHRO asks why it might have VEVRAA and Section 503 duties. Which explanation is BEST?

A. Coverage depends on whether the supplier's own customers are also federal agencies

B. Only companies that sign contracts directly with a federal agency can be covered

C. Suppliers become covered only if they have more than 500 employees across all of their U.S. locations

D. A covered subcontract carries the equal opportunity clauses, so the supplier is covered

194. A global company's engagement survey shows 85% favorable responses in one country and 62% in another. Executives want to reward the leaders of the higher-scoring country. What is the main reason this raw cross-country comparison may mislead?

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

B. Response rates are always lower in some countries, so the smaller sample makes the lower-scoring country's results unreliable.

C. Engagement surveys measure job satisfaction rather than engagement, so neither country's score reflects true commitment.

D. Favorable percentages hide the share of neutral answers, which predict turnover better than favorable answers do.

195. Several executives are using public generative AI tools to draft company-wide memos and press responses, and one recently shared an unannounced reorganization plan in a prompt. The CEO asks the CHRO to draft a policy for leaders. What should the policy require?

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

B. A ban on all generative AI use by leaders until the industry adopts formal standards

C. Approval from IT for each AI-drafted message before any leader sends it internally

D. A disclaimer on every message stating that AI drafted it, with no further review needed

196. Why should an enterprise AI governance framework specify which employment decisions an AI system may make on its own and which require a human decision-maker?

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

B. It bars AI tools from being used for any decision that affects an employee's pay, role or status.

C. It satisfies a federal requirement that employers register each autonomous HR decision with the EEOC.

D. It lets the company shift legal liability for automated decisions to the vendor that built the system.

197. According to Amy Edmondson's research, which set of leader behaviors MOST directly builds psychological safety on a team?

A. Building consensus before meetings, avoiding criticism and praising every idea

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

C. Promising confidentiality, keeping meetings brief and resolving all team disputes privately

D. Setting high standards, monitoring performance closely and rewarding top results

198. A multinational with operations in 15 countries wants a single global safety standard. Which approach reflects best practice?

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

B. A standard set by each country's management, with no global minimum requirements

C. A global standard based on the least demanding country's law, to keep costs consistent

D. A global standard based on U.S. OSHA rules, replacing local law in every country of operation

199. An AI screening model passed a bias audit before launch two years ago and has not been retested. Why is a one-time pre-launch audit NOT enough?

- **A.** A bias audit expires once the vendor's original data scientists leave the company
- **B.** Federal law requires a new AI bias audit every six months for any employer with 100 or more workers
- **C.** Pre-launch audits use test data that are too small to show any adverse impact at all
- **D.** The model's results can drift as applicant pools, jobs and model updates change over time

200. A US company allows fully remote work from other countries and plans to apply its US AI productivity-monitoring tool to all remote employees. A software engineer has moved to Germany with company approval. Which law generally governs the monitoring of that employee?

- **A.** The law of the employee's country of citizenship, wherever the employee happens to be working
- **B.** US federal law only, because the employer is based in the US and pays the employee from there
- **C.** Whatever law the employment contract selects, since a choice-of-law clause overrides local rules
- **D.** Germany's mandatory employment and data protection rules, which apply where the employee works

201. A CHRO must decide whether to commit $5 million to reskilling 1,200 employees in roles affected by automation. The skills inventory is 70% complete, and the missing records are spread evenly across business units. What is the BEST course?

- **A.** Fill the gaps by assuming missing employees match their unit averages, and treat the result as final.
- **B.** Proceed in funded phases, test conclusions against the gaps, and refine as data improves.
- **C.** Proceed at full scale, since 70% complete data meets the usual industry standard.
- **D.** Delay the decision until the skills inventory is complete for every employee.

202. A company's health plan costs have grown 9% a year for three years, while revenue grew 3% a year. The CEO asks the CHRO for a plan. What is the BEST strategic approach?

- **A.** Shift a larger share of premiums to employees at the next renewal to match revenue growth
- **B.** Seek bids from other carriers at renewal and choose the lowest premium quote offered
- **C.** Analyze claims data on cost drivers and build a multi-year benefits strategy around them
- **D.** Cut the plan's most expensive benefits now to bring this year's cost growth to 3%

203. To build support for a major restructuring, a CHRO briefs respected senior engineers and plant supervisors first so that they can explain the change to their peers. Which communication theory supports this approach?

- **A.** Hypodermic needle theory
- **B.** Uses and gratifications theory
- **C.** Two-step flow theory
- **D.** Agenda-setting theory

204. The board of a public company wants to add sustainability goals to the CEO's annual bonus. Several large shareholders have asked how such goals are measured, and others have questioned whether they belong in pay at all. What should the CHRO recommend to the compensation committee?

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

B. Use broad qualitative sustainability goals scored by the committee at year-end, so the plan can adapt as priorities change.

C. Give sustainability goals equal weight with financial goals, so the board's commitment is clear to all shareholders.

D. Delay any sustainability goals until shareholders agree on a standard, since mixed investor views create legal risk.

205. A newly hired head of people analytics proposes mining all available HRIS, survey and badge data to "see what patterns emerge." The CHRO instead asks the team to begin with a specific business question and testable hypotheses. What is the PRIMARY reason for the CHRO's approach?

A. It ensures the results will confirm the executive team's current views.

B. It focuses analysis on decisions that matter and reduces spurious findings.

C. It removes the need to clean and validate the data before the analysis begins.

D. It allows smaller samples to be used without any loss of precision.

206. The CEO wants to change the company's culture within six months by requiring all employees to complete a new values training program. What is the BEST counsel from the CHRO?

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

B. Delay any action until a full culture assessment is completed over two years

C. Replace training with a values poster campaign and quarterly CEO messages

D. Make training mandatory for all employees and track completion rates as the main measure of culture change

207. A CHRO is comparing two HR system vendors over a five-year contract. Vendor X charges $150,000 to implement and $100,000 per year. Vendor Y charges $30,000 to implement and $130,000 per year. Which conclusion about five-year total cost of ownership is correct?

A. Vendor X costs $150,000 less over the five-year term

B. Vendor Y costs $30,000 less over the five-year term

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

D. Vendor Y costs $120,000 less over the five-year term

208. A retailer is moving to a data-driven decision culture, and store and regional managers are expected to base decisions on analytics dashboards. Pulse surveys show many experienced managers fear looking incompetent and quietly fall back on intuition. What is the CHRO's BEST plan?

A. Replace the managers who resist the dashboards with analytics-savvy hires so the new culture is not held back by doubters.

B. Tie a large share of each manager's bonus to dashboard usage so that the cost of avoiding the new tools is clearly felt.

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

D. Announce that intuition-based decisions will be reviewed by the analytics team so managers see that the change is real.

209. An evaluation of the company's mentoring program, which the CEO launched and champions, finds no measurable effect on retention or promotion. The study design was sound. The CEO is presenting the program at an industry conference next month. What should the CHRO do?

A. Release the findings to the full leadership team first, so that the CEO cannot dismiss or quietly set them aside

B. Rerun the analysis with different outcome measures until a positive effect appears

C. Delay sharing the findings until after the conference to avoid embarrassing the CEO

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

210. An executive team wants to enter a new country in a way that gives it the greatest control over building its culture and HR practices from the start. Which entry mode BEST meets that goal?

A. A greenfield operation that it wholly owns

B. An equity joint venture with a local partner firm

C. An acquisition of an established local competitor

D. A licensing agreement with a local manufacturer

211. An HR team builds a diagram of the parental leave process. For each step, it shows what the employee sees and does, the HR actions the employee does not see, and the systems and policies that support each step. What tool is the team using?

A. A RACI matrix

B. A service blueprint

C. A swim-lane org chart

D. An employee journey map

212. A U.S. company plans to open a 300-person operation in a country where it has never had employees. The CEO wants to use the company's U.S. HR policies and practices there. What should the CHRO do FIRST?

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

B. Copy the HR practices of the largest local employer in the country since they are proven to work there

C. Implement the U.S. policies unchanged so that every employee receives the same experience

D. Hire a local HR director and let that person design all HR practices for the new site independently

213. An internal analysis finds that one racial group's average performance ratings are lower than other groups' to a statistically significant degree. Ratings drive pay and promotion. What is the BEST enterprise response?

A. Take no action, since a statistical gap alone does not prove that any manager intended to discriminate.

B. Remove ratings from pay and promotion decisions until the gap closes and use tenure for these decisions.

C. Raise the affected group's ratings by the size of the gap so pay and promotion outcomes are equal across groups.

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

214. A company fills management roles in its European subsidiaries with managers from anywhere in Europe but rarely moves them to its Asian or American operations. Which staffing orientation does this reflect?

A. Geocentric

B. Regiocentric

C. Ethnocentric

D. Polycentric

215. Under which conditions is recruitment process outsourcing (RPO) MOST strategically justified?

A. A need to reduce cost-per-hire for a small number of specialized technical positions

B. A few hard-to-fill executive roles that require confidential, highly targeted searches

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

D. Stable, low hiring volume that the internal recruiting team already handles efficiently

216. A manufacturer wants to retain retirement-eligible experts through bridge employment. Which pairing of a bridge employment option with a benefit plan consideration is accurate?

A. Post-retirement consulting work, which keeps the former employee eligible for all of the active-employee benefit plans.

B. Job sharing between two older experts, which lets the plan pay both workers' pensions early without restriction.

C. Seasonal or project-based rehiring, which lets the employer exclude the worker from age discrimination protection.

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

217. An OD initiative generated $900,000 in monetary benefits at a fully loaded cost of $300,000. What are the initiative's benefit-cost ratio (BCR) and its ROI?

A. BCR of 3:1 and ROI of 300%

B. BCR of 2:1 and ROI of 200%

C. BCR of 2:1 and ROI of 300%

D. BCR of 3:1 and ROI of 200%

218. While contract talks are underway, the CEO of a unionized manufacturer tells a newspaper that the company will never agree to any wage increase, no matter what the union proposes. The union's lawyer has cited the quote in a letter. What should the CHRO do FIRST?

A. Tell the bargaining team to stop meeting until the union withdraws its letter and agrees in writing not to cite the CEO's public statements.

B. Advise the CEO that the remarks are protected free speech under the NLRA, so no follow-up with the union or the press is needed.

C. Issue a press release announcing a modest wage offer so the public sees the company bargaining in good faith on wages.

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

219. Two mid-sized insurers have merged and are struggling with slow decisions and conflicting priorities. The CEO asks the CHRO to assess how well the combined organization's strategy, structure, processes, culture and rewards fit together. Which approach is BEST?

A. Run a cultural-values survey in both legacy companies and recommend adopting the values of the larger of the two.

B. Benchmark the combined structure against industry peers and redesign the org chart to match the most common peer model.

C. Use a force-field analysis to list the forces supporting and resisting integration and rank them by their strength.

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

220. The board asks HR and finance to align climate-related disclosures with the recommendations developed by the Task Force on Climate-related Financial Disclosures (TCFD), now built into the ISSB standards. Which four core elements frame those recommendations?

A. Environment, social, governance, and stakeholder engagement plans

B. Emissions, energy, water, and waste across the value chain

C. Materiality, inclusivity, responsiveness, and impact measures

D. Governance, strategy, risk management, and metrics and targets

221. The company's policy limits vendor gifts to employees to items of nominal value, but HR received many expensive gifts from vendors last December. The CHRO wants to prevent a repeat this holiday season. What is the BEST approach?

A. Ban all employee contact with vendors in December so no gifts can be offered during the holiday season.

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

C. Accept any gifts that arrive and donate them to charity, with no communication sent to vendors in advance.

D. Remind employees of the policy in December and let each of them decide case by case which vendor gifts are acceptable.

222. Cohort retention curves show that employees hired in 2025 are leaving at much higher rates during months 3 through 6 than employees hired in 2023. Retention after month 12 is similar for both cohorts. What should the CHRO do FIRST?

A. Raise pay for all employees, since early exits signal below-market compensation

B. Wait for the 2025 cohort to pass its second year to confirm the pattern holds

C. Examine what changed for 2025 hires in recruiting, onboarding and early management

D. Add a retention bonus payable at 12 months of service for all new hires starting with next year's cohort

223. After a series of acquisitions, a company has 3,000 unique job titles for 9,000 employees, making pay comparisons, mobility and workforce reporting unreliable. What is the BEST plan for the CHRO?

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

B. Cut the titles to a fixed target number and assign each employee to the closest matching title

C. Let each business unit consolidate its own job titles on its own timeline over the coming year

D. Buy a new HRIS first and redesign the company's jobs when the new system goes live

224. The CISO of a financial-services firm proposes AI insider-threat monitoring that would continuously analyze the email, chat and keystroke activity of all 9,000 employees. The CHRO supports protecting client data but is concerned about trust and engagement. What position should the CHRO take?

A. Defer to the CISO, since information security decisions fall outside the CHRO's area of responsibility.

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

C. Oppose any AI monitoring, since employee trust outweighs data-security risks at a financial-services firm.

D. Support monitoring all employees as proposed, provided the program is kept confidential to deter misconduct.

225. A utility expects 30% of its senior engineers and plant operators to retire within five years. The CEO asks the CHRO how to prevent loss of critical know-how. What should the CHRO do FIRST?

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

B. Ask all retiring employees to document their procedures in a shared library before they leave.

C. Offer retention bonuses to delay planned retirements until all replacements are hired and fully trained.

D. Launch a company-wide mentoring program that pairs each senior engineer with a junior employee.

226. When is an aspirational "burning ambition" case for change likely to be MORE effective than a fear-based "burning platform"?

A. When an imminent threat to survival requires employees to comply rapidly within the next two or three weeks

B. When a regulator has imposed a short deadline for corrective action across the organization

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

D. When employees must stop an unsafe practice immediately to prevent injuries on the job

227. A CEO proposes installing keystroke and screen-monitoring software on all remote employees' computers to ensure they are working. What is the strongest strategic argument the CHRO can make for managing remote work by outcomes instead?

A. Outcome measures cost less to administer than monitoring tools, which is the main reason most companies adopt them.

B. Outcome measures eliminate the need for managers to set goals, since employees then manage their own priorities.

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

D. Monitoring software is generally prohibited under federal law, so managing by outcomes is the only compliant option.

228. A company must cut 8% of its workforce to reduce costs. The CEO asks the CHRO to tell employees and the departing staff that the cuts are based on performance, believing this will protect morale among those who remain. Performance was not used to select employees. What should the CHRO do?

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

B. Ask outside counsel to draft performance-based wording that limits legal exposure if a claim is ever filed

C. Use general restructuring language publicly while letting managers mention performance in one-on-one meetings

D. Agree to the performance framing but keep internal records showing that cost was the actual selection basis

229. During the year, a public company granted 1.5 million shares in equity awards. It has 60 million shares outstanding. What is its annual burn rate?

A. 2.5%

B. 25%

C. 0.25%

D. 1.5%

230. The head of sales wants AI tools that analyze sales reps' calls and emails to score performance. The head of R&D refuses to allow similar monitoring of engineers, citing trust and retention concerns. Both expect the CHRO to settle the dispute. What should the CHRO do?

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

B. Escalate the matter to the CEO, since HR should stay neutral in disputes between business unit leaders.

C. Adopt the sales approach company-wide, since one consistent monitoring policy avoids claims of unfair treatment.

D. Let each unit decide for itself, since business leaders know best what kind of monitoring their teams need.

231. A specialty engineering firm expects demand to drop about 25% for roughly one year before recovering. Its engineers are hard to recruit and take about a year to become fully productive. The executive team is debating layoffs versus temporary pay reductions. What is the BEST counsel from the CHRO?

A. Favor layoffs now and plan to rehire later, since rehiring generally costs less than a full year of engineers' wages

B. Hold off on any decision until the length of the downturn is known with greater certainty

C. Favor layoffs, since pay cuts lower morale across the whole workforce instead of a smaller group

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

232. A CHRO is asked to brief the board on a proposal to publish salary ranges for all roles nationwide. An initial review suggests some unexplained pay gaps between groups doing similar work. How should the CHRO frame the recommendation?

A. Recommend publishing ranges only for new job postings and keeping current pay private

B. Recommend publishing all ranges at once to show the company's commitment to fairness

C. Recommend delaying any disclosure until the major competitors publish their own pay ranges first

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

233. At a publicly traded company, an employee reported suspected accounting irregularities to the audit committee. Two weeks later, the employee's manager placed the employee on a PIP. What is the CHRO's MOST important risk response?

A. Transfer the employee to a different department immediately to separate them from the manager

B. Ask the employee to sign a statement confirming the PIP is not connected to the report

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

D. Let the PIP continue, since it addresses performance and is unrelated to the accounting report

234. A new CEO declares that safety is the company's top value, but supervisors' bonuses are still based only on output, and injury rates have not changed. What should the CHRO recommend?

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

B. Launch a safety slogan and poster campaign so that employees see the CEO's personal commitment.

C. Pay quarterly bonuses to crews with zero recordable injuries to motivate safer work practices.

D. Keep the output goals as they are but add an annual safety training requirement for all supervisors.

235. In a leadership review, several executives say the company's HR business partners lack business acumen and can't contribute to strategic discussions. What is the CHRO's BEST development strategy?

A. Enroll all partners in a professional HR certification program within the next 12 months

B. Have partners attend executive meetings as observers so they can absorb the business context

C. Build finance and analytics skills, use business rotations, and clarify role expectations

D. Replace the current partners with candidates hired from consulting and finance backgrounds

236. A company lawfully hired permanent replacements during an economic strike. The strike has ended and the union has made an unconditional offer for the strikers to return. What rights do the replaced strikers have?

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

B. They are entitled to immediate reinstatement, and the company must discharge the replacements.

C. They lose employee status once replaced and may be considered only as new applicants.

D. They are entitled to back pay from the date of their offer until a position becomes available.

237. Generative AI tools are taking over much of the drafting and research work in a professional services firm's analyst roles. The CHRO is asked to revise the competency model for these roles. What should the CHRO do?

A. Lower education and experience requirements for the roles, since the AI tools will do the work.

B. Wait for vendors to publish model AI-era roles and adopt those models once they are released.

C. Add AI tool skills to every job description while keeping all of the other requirements for the roles unchanged.

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

238. A company is becoming a skills-based organization and wants to fill more roles through internal mobility. Why does internal mobility usually lower total cost compared with external hiring?

A. It eliminates training costs because internal candidates already have every skill the new role needs.

B. It avoids sourcing fees and pay premiums and shortens the time to full productivity.

C. It removes the need to backfill the role the internal candidate is leaving.

D. It allows the company to pay internal movers below the market rate for the role.

239. An energy company's three-year plan calls for its renewable energy segment to grow 30%, requiring engineers, technicians and project managers who are scarce in its markets. The CEO asks the CHRO how HR will support the plan. What is the BEST approach?

A. Increase recruiting capacity by 30% across the segment, matching recruiter headcount to the expected growth in business volume.

B. Hire the full projected headcount in the first year, so that capacity is ready before the segment's growth begins to arrive.

C. Raise pay for all renewable roles to the market's 75th percentile, since compensation is the deciding factor for scarce skills.

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

240. In two years the company has faced three FMLA interference lawsuits, all stemming from supervisors' comments discouraging employees from taking leave. The CHRO must design a remedy. What should the CHRO do?

A. Plan to settle future claims early, since supervisor comments are hard for HR to control.

B. Email supervisors a reminder of the FMLA policy and ask each to confirm they have read it.

C. Add an FMLA section to the handbook and have every employee sign an acknowledgment.

D. Require targeted supervisor training on leave rights and HR referral, with accountability.

241. In the same quarter, IT plans an ERP cutover, finance plans a move to shared services, and HR plans a new performance management system, all affecting the same 2,000 frontline managers. Each sponsor says its timeline is fixed. What should the CHRO recommend to the executive team?

A. Ask each sponsor to cut the training time for its project so managers spend fewer hours away from their teams.

B. Delay HR's own performance system so the other two projects can proceed on time, modeling cooperation for peers.

C. Proceed with all three and create a joint change team to support the frontline managers through the peak period.

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

242. A private equity owner is selling a portfolio company. Employees are anxious, and the owner wants the CHRO to tell them that no layoffs are planned, even though the buyer has already shared a plan to cut 15% of roles after closing. What should the CHRO do?

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

B. Make the statement, since the cuts will be the buyer's decision and the seller is not planning any layoffs itself.

C. Say nothing to employees at all until the sale closes and let the buyer handle all workforce communications.

D. Make the statement but add retention bonuses so employees who stay through closing are compensated.

243. A 401(k) plan with $400 million in assets has not reviewed its recordkeeping fees or fund share classes in eight years. Which action BEST addresses the fiduciary risk?

A. Review fees only if participants complain, since unchanged fees cannot be a fiduciary breach.

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

C. Switch to the lowest-cost provider, since ERISA requires the cheapest option available.

D. Keep the current fees, since a long-standing provider relationship itself shows a prudent process.

244. Several board members, influenced by an activist investor's public criticism, challenge the CHRO's proposed executive pay plan before the compensation committee votes. What is the CHRO's best preparation for the meeting?

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

B. Present the plan as final, since executive pay design is a management decision rather than a matter for the board or its committees

C. Ask the CEO to brief each concerned director privately and request their support for the plan as proposed

D. Revise the plan to remove every element the activist criticized so the vote passes without further debate

245. An organization has 2,000 individual contributors. Leadership plans to raise the average span of control from 6 to 9 direct reports. Holding the number of individual contributors constant, approximately how many fewer first-line managers would be needed?

A. About 222

B. About 111

C. About 333

D. About 167

246. An employee alleges that managers in the company's Chicago office and its Munich subsidiary jointly retaliated against her. The CHRO must design one investigation covering both sites. What is the BEST approach?

A. Investigate only the Chicago managers and leave the Munich side to be handled informally by local leaders.

B. Apply the U.S. investigation protocol at both sites, since the complaint was first filed in Chicago.

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

D. Transfer all Munich employee emails to the U.S. investigators right away so they can all be reviewed together in one place.

247. In the first hours of a fast-moving crisis, information is incomplete and contradictory. The CEO meets with leaders to build a shared understanding of what is happening and what matters most, updating it as facts emerge. Which crisis leadership concept does this illustrate?

A. Sensemaking

B. Bounded rationality

C. Satisficing

D. Groupthink

248. A regulated electric utility has a culture dominated by control, stability and standard procedures. The CEO asks the CHRO to support a transformation that requires much faster decision-making. According to the Competing Values Framework, how should the CHRO adapt the approach?

A. Postpone the transformation, since a hierarchy culture cannot develop any adhocracy characteristics.

B. Shift the culture toward clan values first, since collaboration must precede any increase in speed.

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

D. Replace the existing procedures across the whole company with flexible guidelines to signal a clean break.

249. A union strikes over a work-assignment dispute even though its contract has a no-strike clause and a grievance procedure ending in binding arbitration that covers the dispute. What remedy is available to the employer?

A. Ask the NLRB to decertify the union as a penalty for the strike

B. Seek a federal court injunction ordering the union to end the strike

C. Wait for a Section 10(j) order sought by the NLRB's regional director

D. Treat the contract as void and set new terms for the unit at once

250. At a unionized company, grievances rose from 18 to 42 per 1,000 employees over two years, while headcount stayed stable. What is the most useful strategic interpretation for the CHRO to bring to the executive team?

A. The rise reflects union organizing tactics, so the best response is to deny more grievances at step one

B. The rate rose by 24 percent, a normal fluctuation that does not call for any change in strategy now

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

D. Higher grievance rates show employees trust the process, so the rise is a positive sign of engagement

251. A CHRO is building a human rights program for a global manufacturer based on the UN Guiding Principles on Business and Human Rights. What does the corporate responsibility to respect human rights require?

A. Protecting human rights in each host country by enacting and enforcing human rights regulations

B. Funding community programs that advance human rights in proportion to the company's revenue

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

D. Following host-country law where it operates, even when local law falls below international standards

252. A bank's automation program will eliminate about 1,200 operations roles over four years while creating about 900 roles in data analysis and customer advisory work. The CFO favors laying off affected staff and hiring experienced external talent, which would be faster. The CHRO is asked for an enterprise recommendation. What should the CHRO advise?

A. Commit to reskilling every affected employee to avoid any layoffs during the program

B. Reskill employees with strong adjacent skills while hiring externally for scarce expertise

C. Pause the automation program until all affected employees have been retrained

D. Hire all new roles externally because it fills skill gaps faster and at a lower total cost

253. A company wants to introduce upward and peer feedback across its operations. In one region with a strongly hierarchical culture, local leaders say employees will not criticize superiors and the practice will embarrass managers. What is the CHRO's BEST strategy?

A. Exempt the region from the feedback program, since forcing a practice that conflicts with local culture will fail there.

B. Roll out the program exactly as designed in every region, since consistent global practices are needed to build a shared company culture.

C. Replace upward feedback with manager-only reviews in that region, while keeping the full program in every other region.

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

254. A CHRO wants competitive intelligence on a rival's compensation and talent strategy before a major expansion. Which approach stays within legal and ethical limits?

A. Asking newly hired employees from the rival to bring copies of its internal pay bands and confidential talent plans.

B. Directly exchanging current salary budgets with the rival's HR leader to confirm local market rates.

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

D. Having recruiters pose as job candidates in the rival's interviews to learn its pay and benefit packages.

255. Federal agencies have scaled back disparate impact enforcement, and some executives argue the company can stop validating its hiring tests. The CHRO disagrees. What is the BEST basis for the CHRO's argument?

A. Federal contractors must still validate their tests under Executive Order 11246, so validation remains a compliance duty.

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

C. Validation is needed only for tests that show adverse impact, so the company can wait until a charge is filed to begin.

D. Validation mainly serves to satisfy the EEOC, so its value lasts only as long as the agency's enforcement stays active.

256. To reduce attrition, the CFO proposes a uniform 3% raise for all 6,000 employees. Turnover is concentrated in two job families where market pay has risen about 10%; elsewhere, attrition is low. What should the CHRO recommend?

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

B. Delay any increase until the next annual merit cycle so raises can be tied to individual performance ratings.

C. Approve the uniform 3% raise, since an equal increase is the fairest way to show employees they are valued.

D. Give the two job families one-time retention bonuses but keep their base pay unchanged to avoid raising fixed costs.

257. An AI scheduling tool miscalculated overtime eligibility for months, underpaying hundreds of employees. The error has been fixed. Which leadership actions BEST rebuild employee trust?

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

B. Announce that the vendor caused the error and that the company bears no responsibility for it.

C. Pay the owed wages and replace the tool, while declining to discuss the cause with employees.

D. Pay the owed wages quietly to avoid drawing attention to the error and to prevent further concern.

258. A medical device company's product launch is six months behind because roles in regulatory affairs and firmware engineering take about 150 days to fill. The company will need similar roles for three more launches over the next four years. What is the BEST strategic action for the CHRO?

A. Raise offer salaries for these roles well above market so that candidates accept offers more quickly.

B. Hire additional recruiters dedicated to regulatory and firmware roles to speed up each search as it opens.

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

D. Engage a retained executive search firm for each pivotal role as soon as a requisition is approved.

259. A company plans to acquire a firm that has 60 sponsored foreign nationals and incomplete Form I-9 records. The deal team asks HR what to require before signing. What is the BEST recommendation?

A. Termination of the 60 sponsored workers before closing to avoid inheriting their visa filings

B. New Forms I-9 for every target employee the day after closing, whatever the deal structure

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

D. A seller representation that all workers are authorized, with no further review of documents

260. A CHRO is building the people section of a post-merger integration scorecard for the executive committee. Which set of metrics BEST signals the health of the integration?

- **A.** Total headcount reduction, HR cost per employee, and the number of HR policies harmonized since closing
- **B.** Overall company turnover, training hours per employee, and the number of employees who changed job titles
- **C.** Retention of key talent, engagement of acquired staff, and time to fill critical roles in the new structure
- **D.** Number of integration communications sent, town halls held, and attendance at welcome sessions for new staff

261. A company's pay equity analysis finds that 48 women have an average adjusted pay shortfall of $3,200 compared with similarly situated men. What remediation budget is needed for base pay adjustments, before payroll taxes?

- **A.** $76,800
- **B.** $153,600
- **C.** $1,536,000
- **D.** $15,360

262. A national logistics company enforces a fixed pick-rate quota at 40 warehouses, and missing it for two weeks triggers automatic discipline. Accommodation disputes and EEOC charges tied to the quota have risen sharply. As CHRO, what is the BEST policy redesign?

- **A.** Suspend the quota at all sites until every employee with a disability has completed a formal accommodation review.
- **B.** Lower the quota for any employee who submits a doctor's note, without further discussion of other accommodations.
- **C.** Keep automatic discipline in place, since the ADA does not require employers to lower uniform production standards.
- **D.** Keep job-related standards, but route medically related quota misses into an interactive accommodation review.

263. An activist investor holding 4% of a company's shares publicly criticizes the CEO's pay as excessive relative to performance. The compensation committee asks the CHRO how to respond. What is the BEST advice?

- **A.** Have the independent consultant test pay against performance, then engage key holders and improve disclosure.
- **B.** Decline to respond, since activists' public campaigns rarely affect shareholder votes on executive compensation.
- **C.** Reduce the CEO's pay for next year right away, so the issue is resolved before other investors join the criticism.
- **D.** Issue a public statement defending the CEO's pay at once, so the activist's claims do not shape investor opinion.

264. A company plans 30 hires next year at an average salary of $90,000. An agency would charge a fee of 20% of first-year salary per hire. Alternatively, the company could build an internal team of two recruiters at a total annual cost of $240,000. How much would the internal team save in one year compared with the agency?

A. $780,000
B. $300,000
C. $10,000
D. $540,000

265. A company wants a five-year labor agreement for cost predictability, while the union wants three years. Which fact should the senior leader factor into the decision on contract duration?

A. A longer contract requires the union to waive its right to request information for the full term of the agreement.
B. A five-year contract would block all election petitions until it expires, giving the company five years of stability.
C. The NLRB contract-bar rule would block rival or decertification petitions only during the first three years.
D. A contract of more than three years is not enforceable under the NLRA, so the extra years would expire automatically.

266. A plant has 12 departments, and one department produces 40% of all grievances. Its supervisor was promoted from the line a year ago. Plant leaders want to replace the supervisor. What should HR do FIRST?

A. Remove the supervisor from the role, since a share this large shows that the supervisor cannot manage a union workforce.
B. Ask the union to limit grievances from that department while the new supervisor gains more experience in the job.
C. Send all of the plant's supervisors to contract training, since the grievance rate shows a plantwide gap in skills.
D. Review that department's grievances for patterns showing whether the supervisor's actions, or other factors, drive them.

267. A defense contractor learns without warning that the government has terminated its largest contract, which funds 300 jobs at one plant. Executives want to give only two weeks' notice. What should the CHRO advise?

A. Give no notice, since the contract loss fully excuses the employer from all WARN requirements.
B. Give two weeks' notice now and document the reasons for the shortened period only if employees later file a claim.
C. Give the full 60 days' notice, since contract losses never qualify for any WARN exception.
D. Give notice as soon as practicable, with a brief statement of why the 60-day period was reduced.

268. A CHRO adopts the LAMP framework to improve the influence of the company's HR measurement system. What do the four elements of LAMP stand for?

A. Logic, analytics, measures, and process

B. Leadership, alignment, metrics, and performance

C. Learning, analytics, measures, and productivity

D. Logic, accountability, models, and planning

269. A bank plans to automate back-office processing, eliminating about 200 roles over the next two years. Which teams are affected first will be final in about a month, and rumors are already spreading. What is the CHRO's BEST communication strategy?

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

B. Stress the efficiency benefits now and avoid discussing job losses until the second year of the project.

C. Wait until each team's reductions are final, then notify the affected employees individually.

D. Brief only managers for now and have them answer questions informally as rumors come up.

270. A US executive is told that the works council at the company's German subsidiary has codetermination rights. Which management action would generally require the works council's agreement?

A. Introducing software that monitors employees' performance or behavior

B. Setting the prices the subsidiary charges its customers for its products

C. Choosing the managing directors who will run the subsidiary's business

D. Deciding to sell one of the subsidiary's business lines to a competitor

271. A company's senior vice president of sales delivers the highest revenue of any executive but routinely belittles peers in meetings. Two directors who reported to other executives have left, citing his treatment in their exit interviews, and the CEO is reluctant to act because of his numbers. What should the CHRO do?

A. Assign the SVP an executive coach and wait for the coaching engagement to run its course before taking any action

B. Wait for the annual 360 cycle so that the feedback reaches him from peers rather than from HR

C. Recommend his termination right away, since keeping him signals that results excuse poor conduct

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

272. A bank's 900-person customer service operation is piloting AI tools that vendors claim could double agent productivity within two years, though results so far vary widely by call type. Demand for service is expected to grow modestly. The CEO asks the CHRO for a workforce plan. What is the BEST approach?

A. Plan a 50% reduction in agents over two years, since doubled productivity means only half the current staff is needed.

B. Keep staffing levels unchanged until the AI tools have doubled productivity across all call types for a full calendar year.

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

D. Freeze all hiring today and announce that no agent will lose a job, so employees fully cooperate with the AI rollout.

273. A US company with 9,000 employees across the EU has a European works council. The executive team plans to close one site in France and one in Germany and wants to announce the decision to investors next week. What should the CHRO advise?

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

B. Announce the decision to investors first, then consult the employee bodies on how to carry out the closures in each country.

C. Negotiate severance with each affected employee before involving any employee bodies, so that the closures are not delayed.

D. Consult only the French and German local bodies, since the European works council has no role in site-level closure decisions.

274. Why does a CHRO work to build psychological safety on the executive team as part of managing ethics risk?

A. Leaders who feel safe will take fewer risks overall, which lowers the company's ethics exposure.

B. Leaders who feel safe are more likely to agree quickly, which speeds decisions on ethical issues.

C. Leaders who feel safe need less formal oversight, so the board can reduce how often it conducts compliance reviews.

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

275. A specialty retailer staffs 45% of store positions with agency workers. Customer service scores have dropped for three straight quarters, and stores with more agency staff score lowest. What should the CHRO recommend?

A. Require the staffing agency to train its workers more thoroughly before placing them

B. Add more store supervisors to monitor and coach agency workers on service quality

C. Raise agency bill rates so the agency can attract and keep higher-quality workers for the company's retail stores

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

276. ERG maturity models describe how resource groups evolve over time. Which development marks an ERG's shift from social activities to strategic contribution?

A. The group's membership grows beyond a set share of the employees in the company

B. The group selects its first chair and adopts a basic charter describing its mission

C. The group begins setting goals tied to business priorities and tracking its contribution

D. The group adds more heritage and celebration events to its annual calendar of activities

277. A company hires 20 people using a test with a validity coefficient of .40. The standard deviation of job performance in dollars (SDy) is $10,000, the average standardized test score of those hired is 1.0, and hires stay an average of 2 years. Ignoring the cost of testing, what is the estimated utility gain using the formula N x T x r x SDy x Z?

A. $400,000

B. $160,000

C. $64,000

D. $80,000

278. A company announces that it will move its headquarters 800 miles away in 12 months. About 40 employees hold critical knowledge for the transition, and many have family ties to the current city. What is the BEST strategy for retaining critical staff?

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

B. Require critical staff to commit to relocating within 30 days of the announcement or lose eligibility for severance.

C. Wait until employees decide whether to relocate before making any offers, so the company only pays incentives for confirmed movers.

D. Offer the same relocation package to every headquarters employee so no one feels the company treats them unfairly.

279. An HR leader is building a business case for retention spending. The company loses 40 employees a year whom it would have wanted to keep. Their average salary is $80,000, and replacement cost is estimated at 50% of salary. What annual cost of regrettable turnover should be presented to executives?

A. $800,000

B. $40,000

C. $3,200,000

D. $1,600,000

280. A union contract expires next week with no new agreement. The CHRO must explain the options of a short extension, working without a contract under the status quo, or implementing the final offer to the board. Which statement is accurate?

A. Working without a contract under the status quo keeps the no-strike clause in force until the parties reach a bargaining impasse.

B. Implementing after an impasse lets the company put any terms in place, including terms that it never offered to the union.

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

D. Agreeing to a short extension of the contract waives the company's right to implement its final offer at any later bargaining impasse.

281. Before economic talks begin, a CHRO resolves several old grievances, shares financial data openly and holds joint meetings with union leaders to build trust. Which Walton and McKersie subprocess is she mainly using?

A. Distributive bargaining

B. Integrative bargaining

C. Intraorganizational bargaining

D. Attitudinal structuring

282. A company is consolidating HR data from 25 countries into a single U.S.-hosted cloud HRIS. Some countries restrict transfers of personal data abroad. What should the CHRO's strategy include?

A. Obtain blanket consent from all employees at launch, since consent permits transfers in every country.

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

C. Rely on the vendor's standard security certification, since it covers all international transfer rules.

D. Move all data first and then address each country's transfer rules as local regulators raise questions.

283. A company will eliminate 1,200 positions across 14 sites next month. WARN notices are prepared, and news of the cuts will likely spread as soon as notices go out. The CEO asks the CHRO to recommend a communication sequence. Which sequence is BEST?

A. Announce to all staff and the media at once, then have managers meet with affected employees afterward

B. Notify affected employees by email first, then brief managers so they can answer any follow-up questions

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

D. Prepare managers, announce to the media to control the story, then tell affected employees individually

284. A company uses several third-party AI tools for screening, scheduling and employee listening. After the initial due diligence is complete, which practice BEST represents ongoing third-party risk management for these vendors?

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

B. A one-time review at contract signing, relying on vendors to report any problems that arise later

C. An annual reference call with each vendor's other clients to confirm their overall satisfaction with the tool

D. Identical monitoring of every vendor regardless of use, so that no tool is treated as more important

285. An HR automation project saves 5 HR staff members 10 hours per week each. Their fully loaded cost is $40 per hour, and they work 50 weeks per year. What is the annual value of the reclaimed time, and how should the CHRO present it in the business case?

A. $100,000, as hard savings that can be removed from next year's HR operating budget

B. $20,000, as soft savings unless the time is redeployed or costs are reduced

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

D. $104,000, as hard savings because the hours saved are measured precisely

286. A draft reduction-in-force matrix scores employees on 'availability,' using attendance data that includes FMLA leave, ADA-related absences and other excused time. What should the HR director do?

A. Drop all employees with FMLA absences from the pool to avoid any appearance of retaliation.

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

C. Keep the criterion, since it is applied the same way to every employee in the selection pool.

D. Keep the criterion but cut its weight so that it cannot decide any single employee's outcome on its own.

287. Before announcing a shift to a shared services model, leaders conduct a force field analysis. How should they use the results to plan communication?

A. Focus messages only on the driving forces, since discussing concerns gives resistance more attention.

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

C. Identify which stage of grief each group is in and tailor the timing of messages to that stage.

D. Rank stakeholders by power and interest to decide how often to contact each group during the change.

288. Enterprise data show that only 10% of employees placed on performance improvement plans (PIPs) complete them successfully, and managers usually start PIPs only after deciding to terminate. What policy redesign should the CHRO lead?

A. Require legal review of every PIP so that documentation will hold up if the employee is later terminated.

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

C. Eliminate PIPs and let managers terminate low performers directly, since PIPs rarely change the outcome.

D. Extend every PIP from 60 to 120 days so that employees have more time and support to show sustained improvement before any termination.

289. An SVP used generative AI to write an email announcing a restructuring. It contained an inaccurate severance detail and generic phrasing, and screenshots went viral on social media. Employees say the message felt careless. What should the CHRO do?

A. Issue a short statement from HR correcting the severance detail, without commenting on how or by whom the email was written.

B. Ask legal to request that social media platforms remove the screenshots as confidential company information.

C. Ban all generative AI use in company communications so that this kind of incident cannot happen again.

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

290. An employee survey shows that in one business unit, employees who reported concerns are excluded and shunned by peers. No single incident has been formally reported. What should the CHRO recommend beyond disciplining individuals?

A. Move the employees who reported concerns to other units so that they are protected from their peers.

B. Wait until a specific complaint is filed, since peer behavior is not retaliation by the employer.

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

D. Send the unit a reminder of the anti-retaliation policy and require all employees in the unit to re-sign it this quarter.

291. Five years of data at a 9,000-employee company show that Black employees were promoted at 60% of the rate of white employees with similar tenure and ratings. The CEO asks the CHRO to bring a remediation plan to the executive team. Which plan is BEST?

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

B. Run unconscious bias training for all people managers and check whether the gap narrows in the next annual promotion cycle.

C. Promote every Black employee with top ratings this year, since the data already show that the current process held them back.

D. Set aside a share of each promotion cycle's openings for Black employees until the five-year rates match those of white peers.

292. Employees in the high-potential program are promoted about twice as fast as other employees. The CEO wants to double the program's budget based on this result. Participants are nominated by managers based on strong performance. What should the CHRO do FIRST?

A. Compare participants with similarly rated nominees who were not placed

B. Compare participant promotion rates with the company average for every year

C. Survey participants on how much the program contributed to their promotions

D. Double the budget as proposed, since faster promotion is the program's main goal

293. The COO plans to cut safety training at all plants by 40% to meet a margin target. The CHRO believes the cut will increase injuries and wants allies before the proposal reaches the CEO. Whose support should the CHRO seek FIRST?

A. The external safety training vendor, who can supply data showing the training's value

B. Board members on the risk committee, who can block the proposal before it reaches the CEO

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

D. Employees at each plant, through a survey on how they value the current safety training

294. Executives planning a WARN-covered plant closing want affected employees to leave immediately with 60 days of pay and benefits instead of working through a 60-day notice period. They are concerned about security and morale. What should the CHRO advise?

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

B. Pay in lieu satisfies WARN only if each employee signs a release of all claims to receive it.

C. Paying 60 days of wages alone satisfies WARN, since benefits are not part of WARN damages.

D. WARN bars pay in lieu of notice, so employees must work through the full 60-day notice period at the plant.

295. A multinational with operations in 12 countries learns that the EEOC has opened a systemic charge alleging pay and promotion discrimination. Relevant records sit in a global HRIS, corporate email, a chat platform with 90-day auto-delete, and managers' phones. What is the CHRO's BEST next step with legal?

A. Have IT copy all HR, email and chat data from every country to U.S. servers now, so the company controls one complete record.

B. Send a hold to U.S. managers only, since the charge was filed with a U.S. agency and foreign records fall outside its reach.

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

D. Wait for the EEOC's first request for information before acting, so that the hold matches exactly what the agency asks for.

296. Six months after a company launched a new anonymous ethics hotline and manager speak-up training, reported cases rose 40%. What is the MOST likely interpretation for the executive team?

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

B. Misconduct has increased because the hotline makes it easier to file baseless reports.

C. The training was ineffective, since effective programs reduce the number of reported cases.

D. Managers have lost control of their teams and should be held accountable for the increase.

297. A public company is designing one anti-retaliation program for employees who raise safety concerns and those who report possible securities fraud. Which fact should shape the design?

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

B. Each statute uses the same 30-day filing deadline, so one deadline can govern all employee retaliation complaints.

C. OSHA enforces only the OSH Act's retaliation provision, so SOX claims must go to a federal court.

D. The SEC investigates all retaliation claims under SOX, so the safety program can be kept separate.

298. Operations leaders at a delivery company want to disqualify all applicants for driving jobs with insulin-treated diabetes, sleep apnea or a history of seizures, including drivers of light vehicles that DOT rules do not cover. What should the CHRO recommend?

A. Adopt only the disqualifiers that match conditions listed in the company's insurance underwriting rules.

B. Adopt the blanket disqualifiers, since safety roles are exempt from the ADA's individualized assessment.

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

D. Drop medical standards for all drivers, since the ADA bars any medical criteria beyond DOT rules.

299. The CEO of a 6,000-employee retailer wants recruiter and HR business partner bonuses tied solely to cutting average time-to-fill by 20% next year. Hiring managers already complain about rising turnover among employees in their first 90 days. What is the CHRO's BEST recommendation?

A. Accept the time-to-fill target as proposed, since speed is what the CEO values and it is simple to measure objectively.

B. Tie the bonuses to cost-per-hire instead, since it reflects recruiting efficiency and is harder for recruiters to manipulate.

C. Decline any metric-based bonus for recruiters and HRBPs, since any recruiting metric can be gamed by the people measured.

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

300. In a state without a right-to-work law, a union proposes a union-shop clause in contract talks. The CHRO is considering accepting it in exchange for more scheduling flexibility. What should the CHRO understand about this trade?

A. Union security is a permissive subject, so the company cannot trade it for scheduling flexibility in the current talks.

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

C. Union security allows the company to fire an employee who resigns from the union even if the employee keeps paying fees.

D. Union security allows the union to require that new hires already hold union membership before the company hires them.

301. A company's operations are unionized in Germany and Brazil, and leadership strongly prefers to remain nonunion in the U.S. A global union federation is publicly questioning whether the company respects workers' rights consistently. What labor relations strategy should the CHRO recommend?

A. Use more aggressive union-avoidance tactics in the U.S. to offset union strength abroad.

B. Let each country set its own labor relations approach with no shared global principles.

C. Set common global principles respecting association rights, with lawful local practice.

D. Extend the German collective agreement terms to all U.S. employees to ease the pressure.

302. A CEO set a clear strategy to sell integrated solutions, and the executive team responded by redrawing the org chart into customer-segment units. A year later, units still plan separately, bonuses still reward individual product sales, and leaders were placed in roles without new selection criteria. Using Galbraith's Star Model, what is the BEST diagnosis?

A. The redesign succeeded on structure, and the remaining problems are cultural issues outside the Star Model

B. The redesign failed because strategy should have been revised again before any structural change was made

C. The redesign changed too many design areas at once instead of adjusting only one policy area per year

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

303. At an executive meeting, the CFO agreed to fund a new leadership development program. The CHRO has since learned that the CFO told finance managers the program is a waste of money and has twice delayed releasing its budget. What should the CHRO do FIRST?

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

B. Bring it up at the next executive meeting so all peers hear the CFO restate the commitment

C. Raise the CFO's conduct with the CEO and ask the CEO to direct the CFO to honor the funding commitment he made

D. Go directly to the finance managers to correct what the CFO told them about the program

304. A CFO wants to reject all settlement offers in a discrimination case because the plaintiff's damages appear modest. Why should the CHRO raise attorney's fee exposure?

A. Each side pays its own fees in Title VII cases, so fees affect only the company's own legal costs

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

C. Fees count toward the Title VII damages cap, so total exposure cannot exceed the cap amount

D. Fees are recoverable only if the plaintiff proves the company acted with malice or reckless indifference

305. After a delivery driver with a past assault conviction attacked a customer, the CEO of a national delivery company proposes refusing to hire anyone with a felony conviction. Black and Hispanic applicants have higher conviction rates in the company's hiring areas. What is the BEST response from the CHRO?

A. Reject any change, since one incident is not enough reason to revise a policy that has worked for years

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

C. Adopt the blanket ban only for drivers and keep the current policy for all other roles

D. Adopt the blanket ban, since customer safety justifies any screening the company chooses

306. A manufacturer is moving to a transnational strategy, aiming for global efficiency, local responsiveness and worldwide sharing of learning at the same time. Which HR practice BEST supports this strategy?

A. Standardize all HR practices worldwide on headquarters policies to maximize efficiency.

B. Build global talent pools and place centers of excellence wherever top capability exists.

C. Let each subsidiary design its own HR practices to fit its local market conditions.

D. Staff key subsidiary roles with parent-country nationals to keep tight central control from headquarters.

307. The executive team of a 3,000-employee distribution company proposes adding team absenteeism rates as 20% of each manager's annual bonus to reduce unplanned absences. The CEO asks the CHRO for advice. What is the BEST advice?

A. Support the proposal but reduce the absenteeism share of the bonus to 10% so that managers feel less pressure.

B. Support the proposal but set the absenteeism target at the industry average so that managers can reach it.

C. Support the proposal but base the metric on team-level rather than individual absences to protect privacy.

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

308. Business leaders at a technology firm want the 300 independent contractors who staff key projects to go through the same annual performance review and rating process as employees. What is the primary risk the CHRO should raise?

A. Contractors are not covered by anti-discrimination laws, so including them in ratings could distort calibration data.

B. Contractors will expect merit increases tied to their ratings, which raises the cost of their service agreements.

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

D. Including contractors makes the review cycle longer and adds to the administrative workload of people managers.

309. After a safety scandal, a company adopts stricter controls, independent oversight and new reporting requirements designed to prevent a repeat failure. In Gillespie and Dietz's model of organizational trust repair, which approach do these measures represent?

A. Distrust regulation, which uses controls to constrain untrustworthy behavior

B. Trustworthiness demonstration, which signals ability, benevolence and integrity

C. Verbal accounts, which offer explanations and apologies for the trust failure

D. Reframing, which redefines the failure as an isolated individual wrongdoing

310. The CHRO is leading development of a new global remote-work policy that will affect every business unit and requires buy-in from regional leaders to implement. When is the time cost of the collaborating mode most clearly justified?

A. When the issue is minor and preserving harmony with regional leaders matters more than the result

B. When both sides have equal power and are strongly committed to mutually exclusive goals on the new policy

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

D. When a quick decision is vital and leaders need a clear answer before a fast-approaching deadline

311. Over three years, contractors at a technology company have grown from 10% to 30% of the workforce. Many work alongside employees on core product teams, and some have been there for more than two years. What is the BEST strategic response from the CHRO?

A. Convert all contractors with more than one year of service to regular employees to remove any legal risk to the company.

B. Cap contractors at 10% of the workforce immediately and require each business unit to end contracts above the cap.

C. Leave contractor decisions to procurement, since it manages the staffing vendor contracts and their service terms.

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

312. A company is starting its first materiality assessment for sustainability reporting. Which step should come FIRST?

A. Having the board validate the final list of material topics for the coming report

B. Understanding the company's context and identifying potential issues and stakeholders

C. Plotting issues on a matrix of stakeholder interest against their impact on the business

D. Surveying stakeholders to rank how important each sustainability issue is to them

313. What is the main value of co-designing AI tools with the frontline employees who will use them?

A. It shifts accountability for tool errors to the employees who helped to design the tool itself

B. It removes the need for formal user testing before the tool is deployed to all of the locations

C. It satisfies any duty to bargain, since employee input can substitute for union negotiations

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

314. Several business units have bought AI resume-screening tools without review by HR, legal or IT. What should the CHRO recommend?

A. Ban all AI tools in hiring until comprehensive federal regulations on workplace AI are finally established.

B. Have IT review each tool for security and approve every tool that passes review.

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

D. Let each unit keep its tool as long as the vendor certifies that it is unbiased.

315. A company's return-to-office mandate has produced more than 300 requests to keep working remotely, many citing medical conditions. Managers are already approving some requests and denying others with little consistency. What process should the CHRO design?

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

B. Grant all requests to avoid ADA claims, since remote work proved workable during the remote period.

C. Deny all requests, since the mandate reflects a business judgment that in-person work is essential for every role.

D. Let each manager assess requests, since each manager knows whether the job can be done remotely.

316. An executive team asks the CHRO to adopt an evidence-based management approach before approving a major workforce redesign. Which four sources of evidence does this approach combine?

A. Peer-reviewed studies, financial data, consultant input and published best practices

B. Scientific research, industry benchmarks, vendor guidance and senior executive judgment

C. Scientific research, organizational data, practitioner expertise, stakeholder values

D. Organizational data, industry benchmarks, legal precedent and employee survey results

317. Why does the Phillips ROI methodology require evaluators to isolate a program's effects before converting improvements to monetary value?

A. So that participant reaction scores can be converted directly into dollar values

B. So that intangible benefits can be included in the ROI calculation as cash gains

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

D. So that the program's costs can be fully loaded with overhead and lost work time

318. A manager effectiveness survey is given twice, one year apart, and leaders want to rank managers by how much their scores changed. Why are these change scores less reliable than either year's score?

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

B. Change scores cannot be calculated for rating-scale items without first converting them to ranks.

C. Scores collected a year apart describe different groups of managers, so they cannot be compared.

D. Response rates always fall on the second survey, which adds error only to the later set of scores.

319. A proposed 300-person reduction in force includes five employees who filed internal complaints this year. Selection was based on criteria set by business leaders. Before approving the list, what should the CHRO do?

A. Ask each complainant's manager to confirm in writing that the complaint played no role in the selection decision.

B. Approve the list as proposed, since the reduction is company-wide and was based on business criteria.

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

D. Remove the five complainants from the list so that no one can claim their selection was retaliatory.

320. A hospital system and its nurses' union agree to form joint committees to improve patient quality scores. Past joint efforts collapsed when committee meetings turned into arguments over contract disputes. What should the CHRO do to give the committees the BEST chance of success?

A. Have management pick the union's committee members, so that the members chosen are the nurses most committed to quality.

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

C. Let the committees settle staffing and scheduling grievances as well, so that problems get resolved faster for the nurses.

D. Limit the committees to management presenting quality results to union members and then collecting feedback on them.

321. After reports that employees pasted confidential data into public chatbots, executives propose banning generative AI tools outright. Why do governance experts often view an outright ban as riskier than the alternative?

A. Bans are unlawful because employees have a protected right to use AI at work

B. Bans work well but cost too much to enforce with the systems now in place

C. Bans create fines because regulators now expect companies to make use of generative AI

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

322. Executives at a 3,000-employee technology company are skeptical about adding fertility and adoption benefits, calling them a niche perk. The CHRO believes they would strengthen attraction and retention in a competitive talent market. How should the CHRO make the case?

A. Point to the share of competitors offering the benefit and argue the company must match the market.

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

C. Share employee stories about fertility struggles to build emotional support among the executive team.

D. Propose the benefit as a one-year trial with no metrics, then decide based on employee feedback.

323. The CFO wants to set a fixed headcount cap for each department in next year's budget. The CHRO believes the strategy calls for a capability-based plan that shifts the skill mix, including more contractors and some higher-paid specialists. What is the BEST way to reconcile the two approaches?

A. Accept the department caps as set and add a capability review once the budget year has closed

B. Present the capability plan on its own to the CEO, since headcount caps ignore the skills the strategy needs

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

D. Ask the CEO to choose between the two approaches so the budget can be finalized on schedule

324. After a regional flood shut down one of its two distribution centers for six weeks, a retailer's executive team asks the CHRO how to make its workforce more resilient to future disruptions. Which combination of levers BEST builds workforce resilience?

A. Detailed job descriptions, narrower specialization of roles, and centralized decision making at headquarters

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

C. Higher base pay for all staff, larger annual retention bonuses, and an expanded employee assistance program

D. Larger permanent headcount at the main site, stricter attendance rules, and longer standard shift lengths

325. An executive team is reviewing a leadership academy that has consumed two years of budget but shows no improvement in promotion readiness. Which line of reasoning correctly avoids the sunk cost fallacy?

A. Fund it for one more year so the earlier spending has a chance to pay off

B. Keep funding it because the two years already invested would otherwise be lost

C. Fund next year only if its expected benefits exceed next year's expected costs

D. Cut the program to recover part of the money already spent on its design

326. Courts have long described a union's no-strike pledge in a collective bargaining agreement as part of an exchange. What does the employer typically give in return for the union's promise not to strike during the contract term?

A. Agreement to recognize the union as exclusive representative for the life of the contract

B. Agreement to deduct union dues from employee paychecks for the life of the contract

C. Agreement to resolve contract disputes through grievance arbitration

D. Agreement to accept the union's proposals on wages in exchange for labor peace

327. A COO reports that 30% of tasks in the operations function have been automated and asks HR to project headcount reductions from that figure. Which measurement principle should the CHRO emphasize FIRST?

A. Task-level data is too detailed, so headcount effects should come from industry benchmarks

B. Headcount should fall in direct proportion to the share of tasks automated across the whole function

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

D. Automation impact is best measured by technology spending as a share of operating cost

328. During a cyberattack that shuts down systems for days, employees receive fragmented and conflicting information about what happened. According to Weick's sensemaking perspective, what is the leaders' most important communication role?

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

B. Withhold comment until the investigation produces a complete, accurate account

C. Release every technical detail so employees can form their own interpretations

D. Repeat one fixed explanation consistently, even as new facts come to light

329. A CEO wants to concentrate scarce development and pay dollars on the company's top 10% of performers wherever they sit. The CHRO cites Huselid, Beatty and Becker's research on A-positions. Which principle is the CHRO drawing on?

A. Investment should be weighted toward the highest performers in every role regardless of its strategic impact

B. Investment should be spread evenly across all roles to avoid perceptions of inequity and disengagement

C. Investment should be weighted toward the most senior roles because they carry the broadest authority

D. Investment should be weighted toward strategic roles where performance variability most affects results

330. Analysts of labor relations sometimes use the prisoner's dilemma to explain why unions and employers adopt hardball tactics even when both would gain more from mutual cooperation. What does the model identify as the cause?

A. Each side lacks information about the other's interests, so both default to their opening positions

B. Each side expects a neutral to impose a settlement, so neither has a reason to concede in advance

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

D. Each side's constituents punish leaders who cooperate, so negotiators must appear tough in public

331. A range penetration analysis shows that 45% of employees are paid in the top quartile of their ranges, even though many have average performance ratings and the ranges have not been updated in four years. What should the total rewards leader recommend?

A. Widen every range by 20% so that employees in the top quartile have more room to keep growing in their current jobs

B. Freeze pay for all employees in the top quartile until the share of employees there falls below 25%

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

D. Promote the employees in the top quartile to the next grade to resolve their range position problem

332. Why do pay transparency experts recommend that companies disclose both adjusted and unadjusted pay gaps in external reports?

A. The unadjusted gap is always smaller, so reporting both shows the most favorable results to investors.

B. The adjusted gap is required by U.S. federal law, while the unadjusted gap is voluntary for most firms.

C. Reporting both measures protects the underlying pay equity audit from being disclosed in litigation.

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

333. A multinational's board asks which global framework sets out a corporate responsibility to respect human rights, including freedom of association, built on the pillars of protect, respect and remedy. Which framework is this?

A. The G20/OECD Principles of Corporate Governance (2023 ed.)

B. The Universal Declaration of Human Rights of 1948

C. The UN Guiding Principles on Business and Human Rights

D. The ISO 45001 occupational health and safety standard

334. A US company wants to hire software engineers in three countries where it has no legal entity. Which option BEST manages employment compliance risk while it tests those markets?

A. Hire the engineers as independent contractors to avoid local employment obligations

B. Use an employer of record, while still assessing permanent establishment risk

C. Put the engineers on US payroll and apply the company's US employment policies to them

D. Set up a full legal entity in each country before making any hires there

335. A global company is choosing a cloud-based recognition vendor that will store employee names, job data and award histories for 20,000 employees in 14 countries. The procurement team favors the lowest-cost bidder. What should HR insist on before a contract is signed?

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

B. A price guarantee for the first three years to protect the recognition budget from future increases.

C. A pilot with a small group of employees to confirm that the platform is easy to use and well received.

D. A reference check with three current clients to confirm the vendor's service levels and responsiveness.

336. A CHRO learns about a major acquisition only after the letter of intent is signed, leaving little time for people due diligence. Two prior deals lost key talent after closing. How should the CHRO BEST secure earlier involvement in future deals?

A. Build a stronger post-close integration playbook so HR can respond faster after each deal.

B. Request that corporate development share all deal documents once a letter of intent is signed.

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

D. Ask the board to require formal HR approval before any future letter of intent can be signed.

337. According to Edgar Schein, what condition must exist for people to accept a culture change, and how should leaders BEST create it?

A. Survival anxiety must exceed learning anxiety, which leaders achieve mainly by raising the threat of failure.

B. Both anxieties must be removed first, which leaders achieve by guaranteeing employment through the change.

C. Learning anxiety must exceed survival anxiety, which leaders achieve by making learning feel safe and gradual.

D. Survival anxiety must exceed learning anxiety, which leaders achieve mainly by reducing learning anxiety.

338. A manufacturer's collective bargaining agreement fills open positions through seniority-based bidding. The CHRO needs to bring robotics and controls skills into the unionized maintenance group within the next 18 months. What is the BEST approach?

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

B. Bring in outside contractors for the new skills so that the bidding terms of the agreement do not apply.

C. Hold off on all skill changes until the agreement expires and raise the issue in the next round of talks.

D. Rely on the management rights clause to post the new roles externally and bypass the seniority bidding system in the agreement.

339. During contract negotiations, the union schedules a strike authorization vote at a food processing plant that supplies major retailers. What should be the CHRO's top priorities?

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

B. Begin recruiting permanent replacements right away so the plant can operate if a strike begins.

C. Make a new offer directly to employees before the vote to show them that they would gain more by rejecting a strike.

D. Pause negotiations until the vote result is known so that the company does not appear to be pressured.

340. A company's pay equity regression model has an R-squared of 0.85. What does this indicate?

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

B. About 85% of employees are paid within their assigned salary range.

C. The model predicts each individual employee's salary within 15% of actual pay.

D. There is an 85% probability that no pay gap exists between groups.

341. A hospital system's CHRO proposes extending its anti-harassment standards to vendors, contractors and visiting physicians who work on site. What is the strongest strategic reason for this policy?

A. Third parties on site are covered by the hospital's own Title VII obligations as if they were employees.

B. Applying the code to vendors removes the hospital's duty to investigate harassment by its own employees.

C. Vendors become joint employers of hospital staff once they agree to follow the hospital's code of conduct.

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

342. HR analytics finds that in the six months before resigning, employees' unplanned absence typically rises sharply. How should the CHRO use this finding?

A. As a lagging measure that is useful only for explaining turnover after it happens.

B. As grounds to discipline employees whose absence is rising, before they make a final decision to resign.

C. As a reason to wait for exit interviews to confirm why the absences went up.

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

343. A company's global code of conduct is enforced strictly at its home-country sites. In several overseas units, managers bend the same rules to help close friends and long-standing partners. Using Trompenaars' framework, what BEST explains the difference?

A. Collectivist cultures put group goals ahead of personal ones and so tolerate any rule-breaking that benefits the team.

B. Universalist cultures judge obligations by relationships and circumstances rather than by rules applied to everyone.

C. Diffuse cultures keep work and private life separate, so personal favors are not seen as connected to the code.

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

344. At the annual meeting, a majority of shareholders vote against the company's say-on-pay proposal. The board asks the CHRO for advice. What is the BEST response?

A. Leave the pay program unchanged, since the say-on-pay vote is only advisory under Dodd-Frank.

B. Replace the compensation consultant before the next proxy filing is prepared.

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

D. Cancel all outstanding executive equity awards right away to show responsiveness.

345. After a merger, the combined company runs integration training on the shared values of collaboration and cross-selling. Six months later, sales staff from the acquired firm still work only their legacy accounts, because their commission plan pays nothing for cross-sold products. What should the CHRO do?

A. Ask sales managers to remind staff often that collaboration is a core value of the combined company.

B. Survey the acquired firm's sales staff to find out whether they understood the integration training.

C. Run a second round of integration training focused on why cross-selling matters to the combined firm.

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

346. Before launching a shift from wholesale to direct-to-consumer sales, the CEO senses that several senior leaders have doubts, but none has voiced them in executive sessions, where the CEO's enthusiasm dominates. What should the CHRO design to surface and test dissent before launch?

A. A recorded vote of the executive team so each leader's position on the strategy is on the record

B. Structured debate with assigned challengers and anonymous input, with the CEO speaking last

C. An anonymous pulse survey asking employees across the company whether they support the new strategy

D. Private interviews in which the CHRO gathers concerns and reports each one to the CEO by name

347. A CHRO sponsors a Six Sigma project to reduce data-entry errors in the company's existing onboarding process across 14 business units. Which sequence of phases should the project team follow?

A. Define, Measure, Improve, Analyze, Control

B. Define, Measure, Analyze, Improve, Control

C. Define, Measure, Analyze, Design, Verify

D. Measure, Define, Analyze, Improve, Control

348. A CHRO is choosing between two pre-employment tests that predict job performance equally well. One produces noticeably lower adverse impact against a protected group. Why does choosing that test reduce litigation risk?

A. Choosing the lower-impact test shows good faith, which caps compensatory and punitive damages in disparate impact cases.

B. Choosing the lower-impact test shifts the burden of proof to the plaintiff to show the company acted with intent to discriminate.

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

D. A test with lower impact is exempt from validation, so the company avoids the cost of proving that the test is job related.

349. A CHRO is building the company's bargaining team for a contract covering 1,200 production employees. Operations, finance, legal and HR leaders all want seats at the table, and the CEO has offered to lead the talks personally. What should the CHRO do?

A. Have the CEO lead at the table, since the union will move faster when it negotiates directly with the final decision maker.

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

C. Rotate the spokesperson role by topic so that each function presents the proposals in its own area of expertise directly to the union's team.

D. Let outside labor counsel make up the whole team so that every statement at the table is reviewed for legal risk in advance.

350. A consultant's cost model recommends a reduction in force concentrated on long-tenured employees because they have the highest salaries. The CHRO notes that most of them are over 40. What should the CHRO require before any selection list is finalized?

A. Removal of tenure from the model, which by itself eliminates age discrimination risk.

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

C. Signed release agreements from all selected employees, which bar any later age claims.

D. An equal number of employees under and over 40 on the list so that the overall result is balanced.

351. A bank needs AI engineering and cybersecurity skills within six months for a new platform, and the external market for these skills is very tight. Internally, some data analysts have adjacent skills. Which talent-sourcing approach BEST fits this situation?

A. Build all needed talent internally through reskilling, since buying scarce skills drives up pay across the whole firm.

B. Buy all needed talent externally by paying well above market, since speed matters more than cost for critical skills.

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

D. Borrow all needed talent through contractors indefinitely, since this avoids long-term salary and benefit obligations.

352. A 900-employee self-funded company had three claims above $400,000 last year. The CFO wants to lower the specific stop-loss deductible from $250,000 to $100,000 to avoid similar hits. What should the benefits leader do?

A. Lower the deductible as requested, since a lower deductible always reduces the plan's total annual cost.

B. Raise the deductible instead, since the stop-loss carrier will raise premiums after last year's claims.

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

D. Switch to a fully insured plan, since three large claims show the company is too small to self-fund.

353. Under the Vroom-Yetton-Jago normative decision model, a leader faces a decision where team commitment is critical, team members share the organization's goals, and commitment is unlikely if the leader decides alone. Time is not a constraint. Which decision style does the model recommend?

A. Consulting the group, then having the leader make the final decision

B. Group decision, with the leader facilitating as the team decides

C. Deciding alone using the information the leader already has

D. Consulting members one by one, then having the leader decide

354. A company is replacing its HR information system, learning platform and applicant tracking system over the next 18 months. Several employees who use screen readers could not complete tasks in the current systems. What should the CHRO require in the vendor contracts?

A. A provision letting employees who use screen readers get help from HR staff to complete tasks in the systems.

B. A statement from each vendor that its product is accessible and meets all federal accessibility requirements.

C. A clause allowing the company to cancel the contract if more than five employees report accessibility problems.

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

355. Hamel and Prahalad used which term for an ambitious long-term aspiration that stretches an organization well beyond its current resources and capabilities?

A. Core competence

B. Mission statement

C. Strategic fit

D. Strategic intent

356. A business unit president refuses to release a high-potential director for a cross-unit role, saying, "I developed her, and I need her." The corporate talent review has flagged her as a future executive. Which principle should the CHRO apply?

A. Employees decide their own moves, so HR should stay neutral in such a dispute

B. Unit leaders own their talent, since they bear the cost of losing key performers

C. Critical talent is an enterprise asset, deployed through corporate talent reviews

D. Talent can move only once the unit has a ready-now successor already in place to backfill

357. A company's ethics hotline receives a detailed, credible report alleging that the CEO directed staff to manipulate quarterly revenue figures. The CHRO oversees hotline intake. What should the CHRO do?

A. Hold the report until the next scheduled audit committee meeting so the full committee can review it

B. Send the report to the CEO for an initial response before deciding on any further investigation steps to take

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

D. Have the HR investigations team handle the matter internally and report its findings to the CEO

358. Which statement BEST distinguishes a compensatory selection model from a multiple-hurdle model?

A. Compensatory applies to internal hires; multiple-hurdle applies to external applicants

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

C. Compensatory sets a minimum cutoff for each step; multiple-hurdle ranks candidates on one combined total

D. Compensatory uses only interviews; multiple-hurdle uses only tests and job simulations

359. A logistics company relies heavily on independent contractors and staffing-agency temps who work alongside employees. The CHRO is updating the harassment program to address conduct by and against these non-employees. Which principle should guide the update?

A. Harassment of temps is solely the staffing agency's responsibility, since the agency is their employer of record and payroll.

B. The company is liable only when one of its own supervisors harasses a contract or temporary worker.

C. Contractors fall outside Title VII, so complaints involving them should be handled only through contract remedies.

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

360. A company's gender pay data shows men's mean hourly pay is $50.00 and women's is $41.00. Men's median hourly pay is $35.00 and women's is $32.90. What are the mean and median pay gaps, and what do they most likely indicate?

A. Mean 18%, median 6%; women are paid far less than men doing the same work at most levels.

B. Mean 18%, median 6%; the typical woman earns far less than the typical man at every pay level.

C. Mean 22%, median 6.4%; men are concentrated in the highest-paid roles, which pulls up the mean.

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

361. A private manufacturing company's board directs management to reduce labor costs by 10% this year. The company is midway through a growth strategy that depends on its engineering and sales teams. What is the BEST approach for the CHRO?

A. Propose a 10% pay cut for all employees so that the company meets the target without any job losses at all.

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

C. Carry out a 10% across-the-board reduction in force so that the burden is spread evenly across all functions.

D. Tell the board that labor cuts are not advisable during a growth strategy and recommend that they reconsider.

362. Morrison and Robinson distinguish psychological contract breach from psychological contract violation. Which statement correctly states the distinction?

A. Breach refers to written employment agreements, while violation refers to unwritten expectations

B. Breach applies when the employer fails to deliver, while violation applies when the employee fails

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

D. Violation is the perception that a promise was broken; breach is the emotional reaction that may follow

363. A board compensation committee proposes tying part of executive bonuses to a single quarterly employee net promoter score (eNPS). What is the MOST significant weakness of relying on that metric for decisions?

A. eNPS is too new a measure to have an accepted rating scale or scoring method.

B. eNPS cannot be benchmarked, since each company calculates it with a different formula.

C. eNPS counts passive employees as detractors, so it consistently understates engagement.

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

364. A company is building a new people-analytics platform. What does applying privacy by design to this system mean?

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

B. Adding privacy controls after launch, once employees or regulators raise specific privacy complaints about the platform.

C. Asking employees to sign a broad consent form so the platform may use their data for any purpose.

D. Assigning the privacy officer to review the platform once a year after it has been fully deployed.

365. A global talent marketplace platform is at its midpoint review, but only 18% of employees have profiles against a 50% target, and use varies widely by region. The steering committee must decide whether to fund the second phase. What is the CHRO's BEST approach?

A. Continue funding as planned, since most of the budget has been spent and stopping now would waste the investment made.

B. Stop the program now, since missing the adoption target by this margin shows the platform cannot succeed in this company.

C. Extend the timeline by a year with the same plan, since global platforms often need more time before employees adopt them.

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

366. Under the NLRB's Passavant standard, which feature is required for an employer's repudiation of unlawful conduct to be effective?

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

B. It is delivered privately and orally by the manager who made the statement to each employee who originally heard it.

C. It is issued within six months of the conduct, matching the deadline for filing an NLRB charge.

D. It is approved in advance by the NLRB regional director before it is shared with any employees.

367. The executive team wants to add HR metrics to senior leaders' annual bonus scorecards. Proposed measures include engagement survey participation, time-to-fill and turnover. What is the BEST advice from the CHRO?

A. Tie bonuses to engagement scores alone, since engagement predicts business results

B. Avoid any HR metrics in bonuses, since people outcomes cannot be measured fairly

C. Use the proposed metrics, since they are easy to measure and already reported

D. Choose metrics that resist gaming and pair them with balancing quality measures

368. A retailer's analysis shows that stores in the top quartile of engagement scores have 25% lower inventory shrinkage than bottom-quartile stores. The COO wants to fund an engagement program, expecting it to cut shrinkage by 25% in low-scoring stores. What is the BEST response from the CHRO?

A. Agree, but cut the forecast to 12.5% to allow for some error in the survey data.

B. Ignore the result, since shrinkage is a loss prevention metric, not an HR metric.

C. Test the link with controls for location and store manager before forecasting results.

D. Agree, since the 25% difference shows that engagement directly causes lower shrinkage.

369. A pay equity analysis finds unexplained gaps affecting 300 employees, and closing them all would cost $2.4 million. The CFO approves $1.2 million for this year. What is the BEST approach?

A. Hold all adjustments until the full $2.4 million is available to avoid inconsistency

B. Fix the largest unexplained gaps first and phase the remaining adjustments into next year

C. Adjust only the employees most likely to leave, using their attrition risk scores from the analytics model

D. Give every affected employee an equal share of the $1.2 million budget this year

370. A company has seen several externally hired vice presidents leave or be terminated within 18 months. Which executive onboarding practice is MOST likely to improve their success?

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

B. A longer interview process that tests the candidate's technical skills in greater depth

C. A thorough orientation on benefits, policies, payroll and IT systems in the executive's first week on the job

D. An expanded signing bonus with a clawback clause that applies if the executive leaves early

371. During an employment lawsuit, the company learned that its HRIS and collaboration tools kept auto-deleting relevant records after legal emailed a hold notice to HR. The court is weighing sanctions. Working with legal and IT, what is the CHRO's BEST process redesign?

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

B. Turn off all automated deletion in HR systems permanently so that relevant records can never be lost again.

C. Require HR staff to back up records manually from each affected system whenever a hold notice arrives.

D. Send all future hold notices to every employee company-wide so that everyone preserves records.

372. Data show that executives at a 6,000-employee company grant remote-work exceptions mostly to employees on their own teams with close personal ties to them, and other employees are complaining about favoritism. What governance fix should the CHRO put in place?

A. Let employees appeal denied exception requests to their executive's peers, so a second leader reviews each request.

B. Remind executives in a memo to use good judgment when granting exceptions and to be fair and consistent with all employees on their teams.

C. Ban all remote-work exceptions, so that no executive can be seen as granting special treatment to favored employees.

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

373. According to transaction cost economics, which activity is the strongest candidate for a company to keep in-house rather than outsource?

A. One that is core and relies on firm-specific knowledge and assets

B. One that is standardized and widely available from many vendors

C. One that is costly to perform but easy to specify and monitor

D. One that has high volume and stable, predictable demand over time

374. Using the RAPID framework, a CHRO is assigning roles for decisions on a new global employee monitoring policy. The general counsel must sign off and can block any version that creates legal exposure. Which role should the general counsel hold?

A. Recommend, because the general counsel drafts the proposal for the decision

B. Decide, because the general counsel has the final say on all legal matters

C. Agree, because the general counsel must sign off and can block the decision

D. Input, because the general counsel offers legal advice that others may weigh

375. The psychological contract in many organizations has shifted from an expectation of lifetime employment to one of employability. What does the employer typically commit to under an employability contract?

A. Guaranteeing long-term job security in exchange for employees' continued loyalty to the firm

B. Paying above-market wages in exchange for employees giving up their outside career options

C. Providing seniority-based promotions in exchange for employees remaining with the organization

D. Developing skills and experiences that keep employees marketable inside and outside the firm

376. A U.S.-based company is expanding into several European and Asian countries and is building a global disability inclusion policy. Its CHRO learns that some of these countries regulate disability employment differently from the ADA. Which legal approach is the CHRO MOST likely to encounter in those countries?

A. Employers are barred from asking about disability at any stage, so quotas and levies cannot be enforced

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

C. Employers must file an annual disability self-identification report but face no hiring or payment obligations

D. Employers must give hiring preference to any applicant with a disability who meets the minimum job requirements

377. A company's PMO requires all project managers to use its templates and methodology and to pass its compliance reviews, but the project managers remain in their business units and run their own projects. Which type of PMO is this?

A. Consultative PMO

B. Controlling PMO

C. Directive PMO

D. Supportive PMO

378. A regional bank's board wants growth with the least strategic risk. Using the Ansoff matrix, which strategy carries the lowest risk, and what workforce implication typically follows?

A. Market development, recruiting staff with local knowledge of new regions

B. Product development, adding research talent to build new offerings quickly

C. Market penetration, expanding sales and service capacity in current markets

D. Diversification, hiring leaders with deep expertise in unrelated industries

379. After the Supreme Court's decision in Groff v. DeJoy (2023), which change to a company's religious accommodation process BEST reflects the current undue hardship standard?

A. Allowing denial whenever an accommodation would impose more than a minimal cost or administrative burden on the business.

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

C. Allowing denial whenever coworkers object to covering shifts or to the employee's religious practice.

D. Requiring employees to provide a clergy statement verifying their beliefs before any request is reviewed.

380. A company's 401(k) committee is selecting a new recordkeeper. Under ERISA's prudence standard, what must the committee do?

A. Select the recordkeeper with the lowest fees, since cost is the deciding fiduciary factor under ERISA.

B. Select a recordkeeper affiliated with the company's bank, to keep the relationship simple.

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

D. Select the recordkeeper preferred by most participants in a survey of plan members.

381. An enterprise inclusion survey shows that the operations division, led by a long-serving executive vice president, scored 25 points below every other division on belonging and fair treatment. The CHRO is preparing to share results with the executive team next month. What is the BEST way to handle this result?

A. Present all divisions' scores by leader name at the executive meeting so peer pressure drives improvement.

B. Hold the result until next year's survey confirms the pattern so the EVP is not judged on a single data point.

C. Send the results to the EVP alone and leave the decision about whether to involve the CEO up to the EVP.

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

382. A benefits director is updating the retention schedule for records that support the company's employee benefit plans' annual Form 5500 filings. Under ERISA, how long must these supporting records be kept?

A. At least six years after the filing date

B. At least one year after the plan year ends

C. At least seven years after the plan terminates

D. At least three years after the filing date

383. Before a company begins publishing pay ranges in its job postings, which HR foundation MOST needs to be in place?

A. A completed engagement survey measuring employee views on pay fairness

B. A consistent job architecture with ranges priced to current market data

C. A clear policy discouraging employees from discussing pay with coworkers

D. A pay-for-performance merit matrix approved by the compensation committee

384. A company trains 60 sales reps in two regions on consultative selling, and the CHRO must show the board how much of the later sales increase came from the training. Market conditions also improved during the same period. Which approach BEST isolates the training's effect?

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

B. Compare trained reps' sales in the quarter after training with their own sales in the quarter before it.

C. Survey sales managers on whether they saw reps using the new consultative techniques with their clients.

D. Ask trained reps to estimate what share of their sales growth came from the course content they learned.

385. A company's bonus pool is funded at 10% of EBIT above a $5 million threshold. This year EBIT is $8 million. How large is the bonus pool?

A. $3,000,000

B. $800,000

C. $300,000

D. $500,000

386. While reviewing engagement survey comments for a subsidiary, the CHRO of a public company finds several anonymous comments alleging that managers are pressuring staff to misstate quarterly revenue. What should the CHRO do FIRST?

A. Run a follow-up pulse survey in the subsidiary to learn how widespread the concerns are among staff.

B. Escalate the allegations promptly to legal and the audit committee via the established process.

C. Ask the subsidiary's president to investigate the allegations and report the findings back to HR.

D. Have HR open an investigation and interview the subsidiary's finance staff about the allegations.

387. A regional bank's strategy is to grow its share of its existing markets by selling more of its existing products to current and similar customers. Under the Ansoff matrix, which HR priority BEST supports this strategy?

A. Build research and product-development talent for next-generation offerings

B. Hire experienced leaders from adjacent industries to launch new business ventures

C. Raise productivity and retention of staff who serve current customers

D. Recruit managers with knowledge of untapped international markets and regions

388. After a sales engineer emailed a product roadmap to a competitor, the CISO of a 9,000-employee manufacturer proposes capturing and reviewing the full content of every employee's email, chat and web activity. The CHRO supports stronger controls but argues the program must be proportionate to the risk. Which design BEST reflects that principle?

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

B. Decline any new monitoring and rely on refreshed confidentiality training and signed acknowledgments from every employee

C. Apply full content monitoring to everyone in the sales function, since the leak came from that part of the business

D. Approve full content monitoring for all staff, but limit access to the captured content to a small group of security and senior HR leaders

389. Adding employees' home zip codes improves an attrition model's accuracy by several points. The model will be used to decide who receives development investment. Analysis shows zip code is closely correlated with race in the company's locations. What should the CHRO decide?

A. Keep zip code, since it is not a protected characteristic under federal law

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

C. Keep zip code and add race to the model so its effect can be controlled for

D. Keep zip code but tell managers not to consider race when they act on the scores

390. A departing engineer downloaded proprietary product designs to a personal cloud account in his final week. The executive team asks the CHRO to help build a program to prevent a repeat. Which approach is BEST?

A. Require all engineers to sign stronger confidentiality agreements as the program's main control.

B. Have IT block all USB ports and personal cloud sites and leave the rest of the program to IT.

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

D. Run yearly background rechecks on all engineers to screen out people likely to take data.

391. After an investigation into executive misconduct was mishandled, the CHRO and general counsel disagree about who should own workplace investigations. Each believes the other's function created the problem. What is the CHRO's BEST approach to a durable solution?

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

B. Ask the CEO to assign all investigations to one function so accountability is clear going forward

C. Have the legal department own every investigation, since attorney-client privilege protects the company in all cases

D. Have HR own every investigation, since employee relations expertise matters most in workplace matters

392. A CHRO is drafting a policy on political expression for a 9,000-employee private company after several divisive incidents. Which consideration should MOST shape the policy?

A. The First Amendment bars private employers from limiting any political speech that occurs in the workplace.

B. The policy should limit only those views that leadership believes are out of step with company values.

C. The policy should ban all political discussion at work so the company cannot be accused of taking sides.

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

393. The CEO asks the CHRO, who co-leads enterprise risk, why the company should complete a risk management maturity assessment. What is the PRIMARY value of such an assessment for the executive team?

A. It benchmarks current risk practices against defined stages so leaders can prioritize improvements.

B. It produces the official risk ratings that auditors must use when preparing the annual financial statements.

C. It replaces the risk register by listing the specific risks the company faces in each business unit.

D. It certifies the company's risk program as compliant with the current international standard for ERM.

394. A CHRO wants to set up employee safety committees at several nonunion plants. The draft plan has employee members collect concerns, propose safety rule changes to management, and revise their proposals based on management's response. What change BEST reduces the risk under the NLRA?

A. Have the committee also discuss pay and scheduling, so that employees see it as a complete channel for their workplace concerns.

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

C. Have management choose the committee's employee members, so that the committee stays focused on safety rather than other issues.

D. Have the committee meet only after work hours and off company property, so that it receives no direct support from the company.

395. A board director urges the CHRO to hire a leadership consulting firm owned by the director's longtime friend for a $750,000 executive development program. Company policy requires competitive bids for contracts over $250,000 and disclosure of related-party relationships. What should the CHRO do?

A. Follow the bid process, invite the firm to compete and have the conflict disclosed

B. Hire the firm without bids because a board director recommended it personally

C. Exclude the firm from consideration to avoid any appearance of a conflict of interest

D. Ask the CEO to approve the firm directly so the board director is not involved

396. Which long-term practice MOST reduces a multinational's dependence on expatriates to lead its subsidiaries?

A. Shortening expatriate assignments to reduce the cost of each assignment

B. Hiring more third-country nationals into subsidiary leadership positions across all regions

C. Building local leadership pipelines with development plans and global exposure

D. Moving current expatriates onto local-plus compensation packages

397. Under SHRM's ethical-practice principles, what is a CHRO's duty when a board presentation includes vendor claims that an AI tool will cut HR costs by 40%, and the CHRO has not been able to verify those claims?

A. Remove the AI proposal from the deck entirely until a full-year pilot can confirm the actual savings.

B. Leave the figure in place, since the vendor is responsible for the accuracy of its own marketing claims.

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

D. Present the figure as written, and mention privately to the CEO afterward that it may be optimistic.

398. The executive team of a national retailer wants to roll out an AI resume-screening tool to cut recruiting costs by 30%, including for roles based in New York City. The vendor says its tool is "bias-free" but has shared no audit data. What should the CHRO recommend?

A. Use the tool in all locations except New York City, since outside that city federal law places no limits on automated screening.

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

C. Decline the tool entirely, since any automated screening exposes the employer to discrimination claims that cannot be managed.

D. Adopt the tool with the vendor's written bias-free assurance, since contract terms shift the legal liability for any bias to the vendor.

399. A religiously affiliated hospital system asks whether it may prefer members of its faith when hiring for nonclinical and clinical roles. Which statement about the Title VII religious organization exemption is MOST accurate?

A. It is exempt from all Title VII claims, including claims based on race, sex and national origin

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

C. It may prefer members of its faith only if it receives no federal funding of any kind at all

D. It may prefer members of its faith only for roles that involve religious teaching or ministry

400. Eight months after an acquisition, the acquired company's engineering team is resisting the parent's formal stage-gate processes, and its turnover has doubled. Exit interviews cite loss of autonomy. What is the CHRO's BEST integration plan?

A. Offer retention bonuses to the remaining engineers to stabilize the team while integration continues.

B. Allow the acquired team to keep all of its own processes indefinitely to stop the turnover.

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

D. Accelerate full adoption of the parent's processes so the transition period ends and uncertainty is reduced.