GSDC
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GENERATIVE AI IN HR
EXAM PREPARATION GUIDE

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Q1 & Q2: Defining Generative AI and LLMs in HR

Q1. What is the most accurate definition of Generative AI in the context of HR?

- A) AI that only analyzes existing employee data to produce reports
- B) AI that creates new content — job descriptions, learning modules, policies — by learning patterns from large datasets
- C) AI that replaces human decision-making in hiring processes
- D) AI that automates payroll and benefits administration only

✅ **Answer: B** — Generative AI creates new content by learning from data — making it uniquely valuable in HR for drafting, designing, and personalizing content at scale. It goes beyond analysis (traditional AI) to actual content generation.

Q2. Which of the following best describes a Large Language Model (LLM) and its relevance to HR professionals?

- A) A database storing large volumes of employee records
- B) A rule-based system that follows predefined HR workflows
- C) An AI model trained on massive text datasets that understands and generates human language for tasks like drafting job descriptions and policies
- D) A payroll processing system enhanced with machine learning

✅ **Answer: C** — LLMs are the engine behind most Gen AI HR tools. They enable natural language interaction for drafting, summarizing, and generating HR content — from job postings to performance reviews to learning content.

Q3 & Q4: AI Types and RAG Technology

Q3. A recruiter feeds candidate resumes into an AI tool and receives a ranked shortlist. Which type of AI is being used?

- A) Generative AI
- B) Discriminative/Predictive AI
- C) Robotic Process Automation
- D) Natural Language Generation

✅ Answer: B — Ranking and classification tasks use discriminative or predictive AI — it analyzes existing data and classifies it. Generative AI would be used if the tool was creating new content, such as drafting interview questions or candidate outreach emails.

Q4. What is RAG (Retrieval-Augmented Generation) and why is it particularly valuable for HR AI tools?

- A) A technique that replaces all human HR decisions with automated ones
- B) An AI method that retrieves from your organization's own documents before generating responses — ensuring answers are grounded in your actual policies and data
- C) A system that randomly generates HR policies
- D) A recruitment automation tool that filters CVs based on keywords

✅ Answer: B — RAG is critical for HR because it allows an AI tool to answer employee questions using your specific company policies, benefits documents, and procedures — rather than generic responses based only on training data.

Q5 & Q6: Hallucination and the AI Hierarchy

Q5. An HR chatbot confidently tells an employee their parental leave entitlement is 12 weeks when the actual policy states 16 weeks. This is an example of which AI limitation?

- A) Bias
- B) Overfitting
- C) Hallucination
- D) Data poisoning

✅ Answer: C — Hallucination occurs when AI generates confident but factually incorrect information. In HR, this risk is particularly significant — incorrect information about benefits, policies, or legal entitlements can create legal liability and employee harm.

Q6. Which of the following is the correct hierarchy of AI concepts from broadest to most specific?

- A) Machine Learning → Artificial Intelligence → Deep Learning → Generative AI
- B) Artificial Intelligence → Machine Learning → Deep Learning → Generative AI
- C) Generative AI → Deep Learning → Machine Learning → Artificial Intelligence
- D) Deep Learning → Generative AI → Machine Learning → Artificial Intelligence

✅ Answer: B — Generative AI is a subset of Deep Learning, which is a subset of Machine Learning, which is a subset of Artificial Intelligence. Understanding this hierarchy helps HR professionals contextualize what Gen AI tools can and cannot do.

Q7 & Q8: Fine-Tuning and Human-in-the-Loop

Q7. What is fine-tuning in the context of Gen AI for HR?

- A) Adjusting salary bands based on market data
- B) Training a pre-built AI model on your organization's specific HR data — policies, job descriptions, culture documents — to make it more relevant to your context
- C) Setting up automated approval workflows in an HRIS
- D) Calibrating performance ratings across departments

✅ **Answer: B** — Fine-tuning adapts a general AI model to organizational context. An HR chatbot fine-tuned on your company's policies and culture will give significantly more relevant, accurate responses than one using only generic training data.

Q8. Which of the following represents the MOST appropriate use of Gen AI in HR decision-making?

- A) AI autonomously makes all hiring decisions without human review
- B) AI generates performance ratings that are directly submitted to the system without manager review
- C) AI drafts a shortlist and provides candidate summaries which a human recruiter reviews before making decisions
- D) AI terminates underperforming employees based on performance data

✅ **Answer: C** — The human-in-the-loop model is the most appropriate approach for consequential HR decisions. AI handles the data-intensive, time-consuming preparation work while humans retain decision authority.

Q9 & Q10: Prompting Techniques for HR

Q9. A prompt reads: "Act as an experienced HR business partner. Based on the following employee engagement survey results, identify the top 3 themes and suggest one actionable intervention for each. Format your response as a table." Which prompting technique is being demonstrated?

- A) Zero-shot prompting
- B) Few-shot prompting
- C) The CRAFT framework — Context, Role, Action, Format, Tone
- D) Chain-of-thought prompting

✅ Answer: C — This prompt demonstrates the CRAFT framework — it assigns a Role (experienced HRBP), specifies an Action (identify themes and suggest interventions), specifies a Format (table), and implies Tone through the professional framing.

Q10. What is the primary difference between zero-shot and few-shot prompting for HR use cases?

- A) Zero-shot requires coding knowledge; few-shot does not
- B) Zero-shot provides no examples and asks the AI to perform the task directly; few-shot provides 1–3 examples to guide output format and style
- C) Zero-shot is only used for recruitment; few-shot is only used for L&D
- D) Zero-shot produces longer outputs; few-shot produces shorter ones

✅ Answer: B — Few-shot prompting is particularly valuable in HR when you need AI to match a specific format — for example, providing one sample job description before asking it to generate five more in the same style.

Q11 & Q12: Job Descriptions and Resume Screening

Q11. An organization uses Gen AI to rewrite all job descriptions before posting them. The primary business objective is most likely which of the following?

- A) Reducing the number of applications received
- B) Eliminating the need for a recruiter entirely
- C) Attracting more diverse candidate pools by removing biased language and improving clarity
- D) Automating the interview scheduling process

✅ Answer: C — AI tools like Textio are specifically used to identify and remove language in job descriptions that research shows deters certain candidate groups — improving both diversity outcomes and application quality.

Q12. Which of the following is the MOST significant ethical risk of using Gen AI for resume screening?

- A) The process takes too long
- B) AI may perpetuate historical hiring bias if trained on data reflecting past discriminatory patterns
- C) The AI produces too many qualified candidates
- D) Candidates may not know their resumes are being screened

✅ Answer: B — If an AI screening tool is trained on historical hiring data from an organization with past bias, it learns to replicate those patterns — systematically disadvantaging qualified candidates from underrepresented groups. Regular bias auditing is essential.

Q13 & Q14: Interview Questions and Candidate Experience

Q13. A recruiter uses Gen AI to generate a unique set of structured interview questions for each role, based on the job description and competency framework. What is the primary benefit of this approach?

- A) It eliminates the need for interviewer training
- B) It ensures interview questions are role-specific, consistent across all candidates, and aligned to the competencies being assessed
- C) It automates the entire interview process
- D) It guarantees all candidates will be hired

✅ Answer: B — AI-generated structured interview questions improve consistency — every candidate for the same role is assessed against the same criteria — while saving the significant time recruiters previously spent developing questions manually.

Q14. What is candidate experience personalization using Gen AI and why does it matter for employer brand?

- A) Sending the same automated rejection email to all unsuccessful candidates
- B) Using AI to tailor communications, application journeys, and feedback to each candidate's specific situation — improving satisfaction regardless of hiring outcome
- C) Using AI to select candidates based on personal characteristics
- D) Personalizing salary offers based on candidate desperation signals

✅ Answer: B — Candidate experience directly impacts employer brand — candidates who have a positive experience even when not hired are more likely to reapply, refer others, and speak positively about the organization. AI enables personalization at scale.

Q15 & Q16: Bias Detection and Talent Intelligence

Q15. An HR team uses AI to analyze the language in their job postings and receives a flag that the phrase "competitive and driven" may reduce applications from female candidates. This is an example of which AI capability?

- A) Sentiment analysis
- B) Bias detection in HR content
- C) Predictive analytics
- D) Natural language generation

✅ Answer: B — Research shows certain language patterns statistically correlate with lower application rates from specific demographic groups. AI tools trained on this research flag these patterns — allowing HR teams to make evidence-based language improvements.

Q16. What is AI-powered talent intelligence and how does it differ from traditional recruitment?

- A) It is the same as traditional recruitment but faster
- B) It uses AI to analyze internal and external data — skills, career trajectories, market availability — to proactively identify and engage candidates before a role is even open
- C) It replaces job boards entirely
- D) It automates payroll for new hires

✅ Answer: B — Talent intelligence shifts recruitment from reactive (posting and waiting) to proactive (identifying and engaging). AI analyzes skill signals across LinkedIn, GitHub, industry publications, and internal databases to build talent pipelines ahead of need.

Q17 & Q18: Onboarding and Video Interview Concerns

Q17. Which of the following scenarios represents the BEST use of AI in the onboarding process?

- A) AI makes all onboarding decisions without HR involvement
- B) AI generates a personalized 90-day onboarding plan for each new hire based on their role, experience level, team, and learning style — which an HR partner then reviews and adjusts
- C) AI sends the same onboarding checklist to every new employee regardless of role
- D) AI replaces the manager's role in welcoming new employees

✅ Answer: B — Personalized onboarding plans improve new hire engagement and time-to-productivity. AI generates the personalization at scale — individual tailoring that would be impractical to create manually for each hire — while humans retain the relationship role.

Q18. A company uses an AI system to conduct initial video interviews, scoring candidates on facial expressions, tone of voice, and word choice. What is the PRIMARY concern with this approach?

- A) It takes too long to process
- B) Video interviews are not legally valid
- C) AI video analysis tools have documented reliability and bias concerns — scoring candidates based on characteristics unrelated to job performance and potentially discriminating against protected groups
- D) Candidates prefer in-person interviews

✅ Answer: C — AI video interview tools have faced significant criticism and regulatory scrutiny. Studies show these tools can discriminate based on race, disability, and accent — characteristics that have no relationship to job performance. Several jurisdictions have introduced legislation specifically governing their use.

Q19 & Q20: Personalized Learning and Content Transformation

Q19. What is personalized learning at scale and why is Gen AI essential to achieving it?

- A) Providing every employee with the same learning content
- B) Delivering individually tailored learning pathways — matched to each employee's role, skills gaps, learning style, and career goals — at a volume that makes manual personalization impossible without AI
- C) Reducing L&D budgets by using AI instead of instructors
- D) Automating the recording of training completion in the LMS

✅ Answer: B — True personalization requires understanding each learner individually and matching content precisely to their needs. At organizational scale — hundreds or thousands of employees — this is only achievable through AI that can simultaneously profile and match across the entire workforce.

Q20. An L&D team uses Gen AI to convert a 2-hour instructor-led training session into a microlearning series of 5-minute modules with quizzes and case studies. Which capability is being demonstrated?

- A) AI replacing L&D professionals entirely
- B) Content transformation — AI repurposing existing training content into new formats and learning modalities
- C) Sentiment analysis of learner feedback
- D) Predictive analytics for skills gaps

✅ Answer: B — Content transformation is one of Gen AI's highest-value L&D applications — converting existing content into new formats (microlearning, video scripts, quizzes, job aids) without recreating the underlying knowledge from scratch.

Q21 & Q22: Skills Gap Analysis and AI-Powered LMS

Q21. What is a skills gap analysis and how does Gen AI enhance the traditional approach?

- A) A salary comparison tool that identifies underpaid employees
- B) An assessment of the difference between the skills an organization currently has and the skills it needs — with AI enhancing it by analyzing workforce data at scale, identifying gaps per individual and function, and generating personalized development recommendations
- C) An AI tool that fires employees with skills gaps automatically
- D) A compliance checklist for mandatory training completion

✅ Answer: B — Traditional skills gap analysis relied on manual assessment and manager input — slow, subjective, and impossible to conduct at individual level across large workforces. AI analyzes job performance data, role requirements, and individual skill profiles simultaneously to produce precise gap identification.

Q22. Which of the following BEST describes an AI-powered Learning Management System (LMS)?

- A) A digital storage system for training completion certificates
- B) A platform that uses AI to recommend learning content, personalize learning paths, predict which employees need development interventions, and measure learning effectiveness through performance outcome correlation
- C) A system that automates payroll deductions for training costs
- D) A video conferencing tool for virtual training sessions

✅ Answer: B — Modern AI-powered LMS platforms go far beyond content storage — they use behavioral data, performance information, and learning patterns to actively guide each learner toward the content that will be most impactful for their specific development needs.

Q23 & Q24: Adaptive Learning and Skills Intelligence

Q23. A manufacturing company uses Gen AI to create role-specific safety training simulations that adapt in real time to each employee's responses and knowledge level. This is an example of which L&D application?

- A) Compliance automation
- B) Adaptive learning — AI-driven training that adjusts content difficulty, pace, and focus based on each learner's demonstrated understanding in real time
- C) Performance management
- D) Talent acquisition

✅ Answer: B — Adaptive learning uses AI to create training experiences that respond to the individual learner — spending more time on areas of weakness and less on demonstrated strengths — producing faster skill acquisition and better retention than linear, fixed-pace training.

Q24. What is the primary difference between a traditional training needs analysis (TNA) and an AI-powered skills intelligence approach?

- A) There is no difference — AI simply automates the same process
- B) Traditional TNA is periodic, manager-dependent, and based on self-reporting; AI skills intelligence is continuous, data-driven, and analyzes actual performance signals to identify development needs at the individual level
- C) AI-powered approaches are only suitable for technical roles
- D) Traditional TNA is more accurate because it involves human judgment

✅ Answer: B — The fundamental limitation of traditional TNA is that it captures a point-in-time snapshot based primarily on subjective input. AI skills intelligence creates a continuously updated picture based on objective performance and behavioral data — far more accurate and actionable.

Q25 & Q26: Content Creation Speed and AI Learning Coaches

Q25. An L&D team uses Gen AI to generate 50 unique case study scenarios for a leadership development program in one day. Previously this took 3 months with external consultants. Which benefit does this primarily demonstrate?

- A) Cost reduction only
- B) Speed and scale of content creation — AI compresses content development timelines from months to days without sacrificing quality or relevance
- C) Complete elimination of the L&D function
- D) Standardization at the expense of quality

✅ Answer: B — Content creation speed is one of Gen AI's most immediately measurable L&D benefits. The ability to generate high volumes of scenario-based, role-relevant content rapidly enables L&D teams to keep pace with organizational change in a way that traditional content development cannot.

Q26. What is an AI learning coach and how does it differ from a traditional LMS recommendation engine?

- A) They are identical — both recommend courses
- B) A learning recommendation engine suggests content passively; an AI learning coach actively engages learners in conversation, answers questions about their development, challenges their thinking, provides feedback on practice exercises, and adjusts coaching approach based on learner responses
- C) An AI learning coach only works for executive development programs
- D) A learning recommendation engine is more advanced than an AI learning coach

✅ Answer: B — The shift from recommendation to coaching represents a qualitative change in AI L&D capability — from passive content suggestion to active developmental engagement that mimics the value of a human coach at a fraction of the cost.

Q27 & Q28: Performance Reviews and Continuous Performance Management

Q27. A manager uses Gen AI to draft performance review comments for their entire team based on data from the project management tool and peer feedback submissions. The primary benefit of this approach is which of the following?

- A) Managers no longer need to understand their team members' performance
- B) Review comments are generated faster, more consistently, and grounded in objective data — reducing the subjectivity and halo effect common in manually written reviews
- C) All employees will receive identical performance ratings
- D) The process removes HR from the performance management cycle

✅ Answer: B — AI-assisted performance review drafting improves consistency and grounds commentary in actual performance data — addressing the well-documented problem of reviews that reflect manager writing ability, recency bias, and personal relationships more than actual performance.

Q28. What is continuous performance management and how does Gen AI enable it at scale?

- A) Conducting annual performance reviews more quickly using AI
- B) A model where performance feedback, goal tracking, and development conversations happen continuously throughout the year — with AI aggregating real-time performance signals, generating coaching nudges for managers, and drafting check-in summaries automatically
- C) Using AI to automate salary increases based on performance scores
- D) Replacing managers with AI for performance conversations

✅ Answer: B — Continuous performance management has long been advocated but rarely implemented effectively because of the administrative burden on managers. AI removes that burden by handling the data aggregation, summary generation, and nudging — enabling the continuous model without proportional time investment.

Q29 & Q30: Bias Detection in Ratings and OKR Setting

Q29. An AI system flags that a specific manager's performance ratings show a statistically significant pattern of rating female employees lower than male employees with equivalent performance outcomes. This is an example of which AI application?

- A) Hallucination detection
- B) Bias detection in performance management — AI identifying rating patterns that suggest systematic unfairness requiring investigation and intervention
- C) Predictive attrition modeling
- D) Skills gap analysis

✅ Answer: B — AI can identify statistical patterns in performance rating data that human reviewers consistently miss — making systematic bias visible and actionable. This is one of the most valuable applications of AI in performance management from both a fairness and legal risk management perspective.

Q30. What is OKR (Objectives and Key Results) and how does Gen AI improve the OKR-setting process?

- A) A payroll framework — AI automates salary calculations based on results
- B) A goal-setting framework — AI improves it by analyzing organizational strategy and role requirements to suggest measurable, challenging, and aligned OKRs for each employee, and by tracking progress against them through continuous data monitoring
- C) A recruitment methodology — AI matches candidates to open key results
- D) A learning framework — AI recommends courses based on objectives

✅ Answer: B — Poorly written OKRs — vague, unmeasurable, or misaligned — are the primary reason OKR programs fail. AI trained on the organization's strategy and role requirements generates high-quality OKR drafts that managers and employees refine — dramatically improving the quality of goal-setting across the organization.

Q31 & Q32: Multi-Signal Analytics and HR Chatbots

Q31. A company uses AI to analyze project completion rates, peer feedback sentiment, meeting participation patterns, and collaboration tool activity to generate a holistic performance picture. This approach is called:

- A) Surveillance performance management
- B) 360-degree feedback automation
- C) Multi-signal performance analytics — using AI to synthesize diverse behavioral and outcome data into a comprehensive, objective performance assessment
- D) Predictive succession planning

✅ Answer: C — Multi-signal performance analytics moves beyond subjective manager ratings to incorporate objective behavioral data. The key challenge is balancing the insight this provides with privacy considerations and ensuring signals are genuinely relevant to performance rather than proxies for protected characteristics.

Q32. An organization deploys an AI-powered HR chatbot that can answer employee questions about benefits, policies, and leave entitlements 24/7 in 12 languages. The primary HR outcome this addresses is which of the following?

- A) Replacing the HR team entirely
- B) Improving employee experience through instant, accurate, always-available HR support — while freeing HR professionals from repetitive query handling to focus on complex, high-value interactions
- C) Reducing the HR budget to zero
- D) Automating all HR decisions

✅ Answer: B — HR chatbots powered by RAG technology handle the high volume of routine employee queries that consume significant HR team time — while improving the employee experience through instant response rather than waiting for an HR response during business hours.

Q33 & Q34: Sentiment Analysis and Predictive Attrition

Q33. What is sentiment analysis in HR and what does it enable that traditional employee surveys cannot?

- A) It is the same as employee surveys — just faster to administer
- B) AI sentiment analysis continuously monitors communication channels — engagement platform comments, pulse survey responses, exit interview transcripts — to detect employee sentiment trends in real time, identifying emerging issues weeks or months before they appear in annual survey data
- C) It reads employees' private emails without consent
- D) It replaces all employee feedback mechanisms

✅ Answer: B — Annual surveys capture a point-in-time snapshot that is outdated by the time results are analyzed. Continuous sentiment analysis provides a real-time organizational health signal — enabling HR to intervene with targeted actions before disengagement becomes attrition.

Q34. An AI system identifies that employees in a specific department have a 78% predicted probability of leaving within 90 days based on behavioral signals — reduced meeting participation, declining performance scores, and increased absenteeism. This is known as:

- A) Performance management automation
- B) Predictive attrition modeling — using AI to identify flight risk before employees resign, enabling proactive retention interventions
- C) Disciplinary process automation
- D) Succession planning

✅ Answer: B — Predictive attrition modeling is one of the highest-ROI HR AI applications — the cost of replacing an employee (typically 50–200% of annual salary) means that preventing even a small number of regrettable departures delivers significant financial return on the AI investment.

Q35 & Q36: Employee Experience vs. Engagement and Exit Interview Analysis

Q35. What is the difference between employee experience (EX) and employee engagement, and how does AI address both?

- A) They are identical concepts — AI addresses both the same way
- B) Engagement measures how emotionally committed employees are; experience encompasses every interaction an employee has with the organization. AI improves engagement through personalized development and recognition, and improves experience by making every HR touchpoint — onboarding, support, learning, feedback — faster, more personalized, and more effective
- C) AI only addresses experience, not engagement
- D) Engagement is an L&D metric; experience is a recruitment metric

✅ Answer: B — The distinction matters because organizations can have engaged employees who have poor experiences, and vice versa. AI-powered HR systems that improve the quality of every HR touchpoint improve experience, while AI-powered development, recognition, and manager effectiveness tools improve engagement.

Q36. An HR team uses Gen AI to analyze exit interview transcripts from the past 3 years and identifies that "lack of career development opportunities" appears as a primary leaving reason in 67% of voluntary departures. This analysis previously took months manually. Which AI capability produced this insight?

- A) Predictive analytics
- B) Natural language processing and thematic analysis — AI reading and categorizing unstructured text data at scale to surface patterns invisible to manual review
- C) Computer vision
- D) Robotic process automation

✅ Answer: B — Exit interview data is one of the most underutilized sources of organizational intelligence — valuable qualitative insight that organizations collect but rarely analyze systematically due to the manual effort required. AI makes this analysis instant and comprehensive.

Q37 & Q38: AI Workforce Planning and Predictive Analytics

Q37. What is AI-powered workforce planning and how does it differ from traditional headcount planning?

- A) It is the same process — AI just completes spreadsheets faster
- B) Traditional headcount planning is backward-looking and budget-driven; AI-powered workforce planning is forward-looking — modeling future skill requirements, predicting attrition, simulating the impact of business strategy changes on talent needs, and identifying gaps years before they become critical
- C) AI workforce planning eliminates the need for HR business partners
- D) It only applies to large organizations with more than 10,000 employees

✅ Answer: B — The shift from headcount planning to strategic workforce planning has been aspired to for decades but rarely achieved because of the analytical complexity involved. AI makes it practical by handling the modeling, simulation, and forecasting that was previously too complex for manual approaches.

Q38. A CHRO presents an AI-generated analysis showing that the organization will face a critical shortage of data engineers in 18 months based on current attrition rates and hiring market trends. This insight was generated using which type of AI application?

- A) Prescriptive analytics
- B) Descriptive analytics
- C) Predictive workforce analytics — using historical data, market signals, and trend modeling to forecast future talent supply and demand
- D) Sentiment analysis

✅ Answer: C — Predictive workforce analytics enables proactive talent strategy — the organization has 18 months to hire, develop internal candidates, or redesign roles before the shortage becomes critical. Without AI, this insight typically arrives only after the shortage is already causing operational impact.

Q39 & Q40: People Analytics Maturity and Combining AI Capabilities

Q39. What is the People Analytics maturity model and where does Gen AI fit within it?

- A) Gen AI is only relevant at the lowest maturity level
- B) The maturity model progresses from Descriptive → Diagnostic → Predictive → Prescriptive. Gen AI primarily enhances Prescriptive analytics — not just predicting outcomes but generating specific recommended actions and drafting the communications to implement them
- C) Gen AI replaces the need for the maturity model entirely
- D) Gen AI is only relevant for Descriptive analytics

✅ Answer: B — Most HR analytics functions operate at the Descriptive level. Gen AI accelerates progress to Prescriptive — the highest value level — by not just identifying what will happen but generating specific, actionable recommendations and the communications and plans needed to act on them.

Q40. An organization uses AI to identify which high-potential employees are at greatest risk of leaving and automatically generates a personalized retention conversation guide for each person's manager. Which HR AI capability combination is this?

- A) Recruitment automation and L&D content generation
- B) Predictive attrition modeling combined with AI content generation — using prediction to identify risk and Gen AI to create the personalized intervention tool
- C) Performance management and payroll automation
- D) Sentiment analysis and compliance automation

✅ Answer: B — This scenario illustrates the power of combining predictive AI (who is at risk) with generative AI (what to say and do about it) — the combination produces both the insight and the action enabler, closing the gap between analytics and intervention.

Q41 & Q42: EU AI Act and Algorithmic Bias

Q41. Under the EU AI Act, AI systems used in employment decisions — hiring, promotion, performance management — are classified as:

- A) Minimal risk — no specific requirements
- B) Limited risk — transparency disclosure only
- C) High risk — requiring conformity assessment, bias auditing, human oversight, and documentation before deployment
- D) Unacceptable risk — prohibited entirely

✅ Answer: C — The EU AI Act specifically lists employment and worker management AI as high-risk — recognizing that AI errors in these contexts can have significant impact on individuals' livelihoods and create discriminatory outcomes at scale.

Q42. What is algorithmic bias in HR AI and what are the three primary sources of it?

- A) Bias introduced by employees who dislike AI — sources are resistance, skepticism, and avoidance
- B) Systematic unfairness in AI outputs — primary sources are: biased training data (historical HR data reflecting past discrimination), biased feature selection (using proxies for protected characteristics), and biased evaluation metrics (optimizing for majority group performance)
- C) Technical errors in AI code — sources are programming mistakes, hardware failures, and network issues
- D) Bias introduced by vendors — sources are pricing, sales tactics, and feature limitations

✅ Answer: B — Understanding the sources of algorithmic bias is essential for HR leaders deploying AI — because addressing bias requires intervening at the right point in the model development and deployment process. Each source requires a different remediation approach.

Q43 & Q44: Correcting Bias and Explainability

Q43. An organization's AI recruitment tool has been trained on 10 years of historical hiring data. An audit reveals it systematically ranks candidates from certain universities higher regardless of relevant skills. What is the FIRST corrective action?

- A) Increase the training data volume
- B) Immediately suspend the AI tool's decision-making authority, conduct a bias audit to understand the scope of impact, identify which historical hiring decisions were influenced by this pattern, and redesign the model with debiased training data and skills-based features
- C) Retrain the model with more diverse data only
- D) Switch to a different AI vendor immediately

✅ Answer: B — When bias is identified in a deployed AI system, immediate suspension of its autonomous role is the first priority — to prevent further biased decisions while the full scope is assessed. A complete response includes impact assessment, root cause analysis, and systematic remediation.

Q44. What does the principle of "explainability" require in the context of AI-driven HR decisions?

- A) That AI systems provide the full technical model architecture to employees
- B) That when AI contributes to a significant HR decision — rejection, performance rating, termination — the basis for that decision can be explained in clear, human-understandable terms to the affected individual and to auditors
- C) That employees must explain their data to the AI before it processes it
- D) That HR professionals must explain how AI works to all employees

✅ Answer: B — Explainability is both an ethical requirement and increasingly a legal one — particularly in the EU where GDPR grants individuals the right to explanation for automated decisions that significantly affect them. Black-box AI in HR creates both legal and trust risks.

Q45 & Q46: Data Minimization and Ethical Monitoring

Q45. What is "data minimization" in the context of HR AI and why is it important?

- A) Using as little data as possible to reduce storage costs
- B) The principle that AI systems should only collect and process personal data strictly necessary for the defined HR purpose — reducing privacy risk, regulatory exposure, and the potential for data misuse
- C) Minimizing the number of employees whose data is analyzed
- D) Reducing the size of the HR database

✅ Answer: B — Data minimization is a core GDPR principle with direct HR AI implications. Collecting more employee data than necessary for a defined purpose creates legal liability and erodes employee trust — both of which carry significant organizational cost.

Q46. An HR team is implementing an AI tool that will analyze employee communications to detect disengagement signals. Which of the following represents the MOST ethical implementation approach?

- A) Deploy the tool without employee knowledge to get authentic signals
- B) Implement with full employee transparency about what is monitored, why, how data is used, who can access it, and what decisions it influences — alongside an opt-out mechanism and independent governance oversight
- C) Only monitor employees who have received a previous performance warning
- D) Implement the tool and announce it in the annual report

✅ Answer: B — Employee monitoring AI requires explicit transparency, clear purpose limitation, and governance oversight to be ethical and legally compliant. Secret deployment violates trust, GDPR requirements in most jurisdictions, and employment law in many countries.

Q47 & Q48: AI Acceptable Use Policy and Human-in-the-Loop

Q47. What is an AI acceptable use policy for HR and what should it include?

- A) A technical document describing how AI algorithms work
- B) An organizational policy defining: which AI tools HR professionals may use, what employee data can be processed by AI, mandatory human review requirements for AI-influenced decisions, employee rights regarding AI use affecting them, and the governance process for approving new AI HR tools
- C) A vendor contract for AI software procurement
- D) A training completion certificate for HR professionals who have used AI tools

✅ Answer: B — An AI acceptable use policy is the governance foundation for responsible HR AI deployment. Without it, individuals make inconsistent decisions about AI use, creating legal risk, trust erosion, and governance gaps that regulators increasingly scrutinize.

Q48. Which of the following BEST describes the "human-in-the-loop" principle as it applies to high-stakes HR decisions?

- A) Having a human observe AI making decisions without the ability to intervene
- B) Ensuring that for significant HR decisions — hiring, promotion, termination, performance ratings — a qualified human reviews AI recommendations, can override them, and takes accountability for the final decision
- C) Using AI to assist with only low-stakes administrative HR tasks
- D) Requiring employees to interact with AI tools rather than HR professionals

✅ Answer: B — Human-in-the-loop is not a formality — it requires genuine human review with real override authority and genuine accountability. Rubber-stamping AI recommendations without meaningful review does not constitute adequate human oversight and does not satisfy regulatory requirements.

Q49 & Q50: Implementation Prioritization and ROI Frameworks

Q49. A global retail company with 45,000 employees wants to implement Gen AI in their HR function. Their biggest pain point is that managers spend an average of 8 hours per employee on the annual performance review cycle. Which Gen AI application should they prioritize FIRST?

- A) An AI recruitment chatbot
- B) An AI-powered performance review drafting tool that generates first-draft review comments from performance data, peer feedback, and goal completion rates — which managers then review and personalize
- C) An AI learning content generator
- D) A predictive attrition model

✅ Answer: B — With 45,000 employees, each manager review hour represents enormous organizational cost. AI-assisted review drafting directly addresses the stated pain point with measurable, immediate ROI — the right starting point before expanding to other AI HR applications.

Q50. A Chief People Officer asks you to build the business case for Gen AI investment in L&D. Which ROI framework is MOST compelling for board-level approval?

- A) Number of AI tools purchased
- B) Number of training hours delivered
- C) Cost per learning hour reduced + skills gap closure rate + time-to-productivity improvement for new hires + attrition reduction in roles with targeted AI-powered development programs
- D) Employee satisfaction score with the new LMS platform

✅ Answer: C — Board-level business cases require financial metrics, not activity metrics. The combination of cost reduction, productivity improvement, and attrition reduction provides a multi-dimensional ROI case that connects L&D AI investment to measurable business outcomes.

Q51 & Q52: Vendor Evaluation and Employee Trust

Q51. During an AI tool vendor evaluation, the vendor claims their recruitment AI has 94% accuracy. What is the MOST important follow-up question?

- A) What is the price per user?
- B) How many customers use it?
- C) 94% accuracy on what dataset, using what definition of accuracy, tested across which demographic groups, and validated in what deployment environment?
- D) Does it integrate with our current ATS?

✅ Answer: C — Accuracy claims without methodological context are meaningless — and potentially misleading. A tool with 94% overall accuracy might have significantly lower accuracy for specific demographic groups, or might have been tested only on a dataset that doesn't represent your candidate population.

Q52. An employee tells an HR business partner that they don't trust the AI system that generated their performance rating because they don't understand how it works. The BEST response from the HRBP is:

- A) Tell the employee the AI is always objective and they should trust it
- B) Acknowledge the concern, explain what data inputs informed the AI's assessment, confirm that their manager reviewed and is accountable for the final rating, explain their right to raise a formal challenge, and take the feedback back to the People Analytics team as a transparency improvement signal
- C) Tell the employee that how AI works is confidential information
- D) Remove the employee's rating from the AI system and assess them manually without telling them

✅ Answer: B — Employee trust in AI-assisted HR processes requires transparency, clear accountability, and meaningful recourse. The HRBP response should address each of these — acknowledging the concern, explaining the process, confirming human accountability, and providing a recourse pathway.

Q53 & Q54: Governance Controls and Content Validation

Q53. A company is considering using Gen AI to automatically generate offer letters for all candidates. Which governance control is MOST critical to implement alongside this automation?

- A) A spell-check tool to review AI-generated letters
- B) A mandatory legal and HR review step before any AI-generated offer letter is sent — ensuring compensation accuracy, legal compliance, and appropriate terms for each specific role and jurisdiction
- C) A notification to the candidate that their offer was AI-generated
- D) A 48-hour waiting period before sending any AI-generated document

✅ Answer: B — Offer letters are legal documents with binding implications. Errors in compensation, benefits, start dates, or jurisdiction-specific legal requirements create significant legal and financial liability. Human review before any legally consequential AI-generated document is sent is non-negotiable.

Q54. An L&D team has used Gen AI to develop a comprehensive leadership development curriculum. Before launching it organization-wide, what is the MOST important validation step?

- A) Checking that the content was generated quickly enough
- B) Piloting with a representative group of leaders, measuring learning outcomes, gathering structured feedback on content quality and relevance, checking for factual accuracy, and reviewing for any culturally inappropriate content before full deployment
- C) Getting approval from the CEO
- D) Ensuring the content is longer than the previous curriculum

✅ Answer: B — AI-generated learning content requires validation before deployment — AI can produce plausible-sounding but inaccurate content, culturally inappropriate examples, or pedagogically ineffective designs. Pilot testing with outcome measurement is the standard quality assurance approach.

Q55: AI-Powered Succession Planning

Q55. A mid-sized financial services firm wants to use AI for succession planning. Which combination of data inputs would produce the MOST comprehensive and ethical AI succession assessment?

- A) Manager nominations only
- B) Performance ratings only — as these are the most objective measure
- C) Multi-source data including: performance outcomes, 360-degree feedback, learning agility assessments, career aspiration data from development conversations, mobility willingness, and skills assessments — with human leadership review of all AI-generated succession recommendations
- D) Tenure and education level only

✅ Answer: C — Succession planning AI that relies on single-source data produces biased outcomes — performance ratings alone reflect manager relationships and organizational politics as much as leadership potential. Multi-source data reduces single-point-of-failure bias, and human review ensures AI recommendations are contextualized by organizational knowledge AI cannot access.

Q56 & Q57: HR AI Tools — Textio and Text Analytics

Q56. Which of the following AI tools is specifically designed to detect and remove biased language from job descriptions and performance reviews?

- A) Workday
- B) Textio
- C) Slack
- D) Tableau

✅ Answer: B — Textio is purpose-built for augmented writing in HR contexts — trained specifically on research about language patterns that affect hiring outcomes and performance review quality. It provides real-time feedback as HR professionals write, not just post-hoc analysis.

Q57. An HR team wants to analyze all employee engagement survey comments from the past 5 years without reading 50,000 individual responses. Which tool category would BEST address this need?

- A) Payroll automation software
- B) AI-powered text analytics and NLP tools — such as Qualtrics AI, Medallia, or ChatGPT with document upload — that read, categorize, and summarize large volumes of unstructured text
- C) A traditional spreadsheet tool
- D) An applicant tracking system

✅ Answer: B — Analyzing large volumes of unstructured text — survey comments, exit interviews, pulse feedback — is exactly the use case where NLP-powered AI delivers immediate, high-value HR insights that would be impractical to obtain through manual analysis.

Q58 & Q59: HRIS vs. People Analytics and NotebookLM

Q58. What is the primary distinction between an HRIS (Human Resources Information System) and an AI-powered People Analytics platform?

- A) They are the same thing with different names
- B) An HRIS stores and manages employee data (records, payroll, benefits); a People Analytics platform uses AI to analyze that data — identifying patterns, generating predictions, and producing insights that inform HR strategy
- C) An HRIS is more expensive than a People Analytics platform
- D) People Analytics platforms replace HRIS systems entirely

✅ **Answer: B** — HRIS and People Analytics platforms are complementary — the HRIS is the data source and the People Analytics platform is the analytical and AI layer. Organizations need both, and the quality of People Analytics outputs is directly dependent on the quality and completeness of HRIS data.

Q59. Which of the following BEST describes how NotebookLM can be used in an HR context?

- A) It automates payroll processing
- B) HR teams upload company policies, employee handbooks, and HR procedures — then ask questions across all documents simultaneously, getting instant, grounded answers for employee queries or HR content development
- C) It is a video interviewing platform
- D) It generates compliance training certificates automatically

✅ **Answer: B** — NotebookLM is free and immediately applicable for HR teams — creating an AI-powered knowledge assistant grounded in your actual organizational documents rather than generic AI responses, making it particularly valuable for policy questions and HR content research.

Q60: AI for Internal Mobility

Q60. An organization wants to implement AI for internal mobility — helping employees discover internal job opportunities that match their skills. Which capability is MOST essential for this use case?

- A) A chatbot that lists all open roles
- B) AI skills matching — a system that understands each employee's current skills, inferred skills, career interests, and learning trajectory, and proactively surfaces internal opportunities where there is strong alignment — before employees look externally
- C) An automated email system sending all job postings to all employees
- D) A manager nomination tool for internal transfers

✅ **Answer: B** — Internal mobility AI requires genuine skills understanding — not just keyword matching between a CV and a job description. AI that maps skills at a granular level and understands career trajectory can identify non-obvious matches that create mobility opportunities employees wouldn't have found through manual job searching.

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