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Total Rewards Management Exam

WorldatWork GR1

Version Demo

Total Demo Questions: 14

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Topic Break Down

Topic	No. of Questions
Topic 1, Total Rewards Strategy	22
Topic 2, Total Rewards Elements	99
Topic 3, Total Rewards Management	28
Total	149

QUESTION NO: 1

Which of the following are the two primary elements of benefits?

A. Mental health coverage and health care coverage

B. Pay for time not worked and income protection programs

C. Unemployment and disability

ANSWER: B

Explanation:

Pay for time not worked and income protection programs are the two primary elements of benefits within a total rewards framework. Pay for time not worked provides employees with continued pay while they are away from work for approved reasons, such as vacation, holidays, sick time, personal leave, or certain statutory leaves. This element recognizes that the employment relationship includes paid absence as a valued form of compensation, supporting rest, work-life needs, and compliance with applicable leave requirements.

Income protection programs help employees and, in some cases, their families manage the financial consequences of significant health, life, or employment-related risks. Common examples include medical coverage, life insurance, disability insurance, retirement-related protections, and unemployment-related benefits where applicable. Together, these elements address both routine periods when employees do not work and more serious circumstances that could interrupt income or create substantial financial exposure. This broad categorization is consistent with the benefits component of WorldatWork's total rewards model, which treats benefits as programs that provide security and support beyond direct cash compensation. See WorldatWork's Total Rewards Model and the U.S. Department of Labor's overview of benefits and leave.

QUESTION NO: 2

Carla's job at the XYZ Company evolved over the many years she worked there. As she gained additional knowledge and skills, her responsibilities expanded into many diverse areas. When the time came to update her job description, her supervisor asked Carla to document all of the duties she performed in her area as well as those she had taken on over the years due to her versatility. Based on the above, which of the following statements is most accurate?

A. The supervisor should not have asked Carla to contribute to the job description. Job descriptions should be developed only by human resources and management.

B. The job description will be far more relevant than before because of the addition of duties that Carla has taken on over the years.

C. Although it is useful to have input from the job incumbent, care should be taken to avoid basing the job description on the specific individual who is filling the job.

ANSWER: C

Explanation:

Although it is useful to have input from the job incumbent, care should be taken to avoid basing the job description on the specific individual who is filling the job. A job description is intended to document the work required by the position—not every task, capability, or special assignment accumulated by a particularly experienced and versatile employee. Carla is a valuable source of job-analysis information because she can identify current duties, workflows, knowledge requirements, and relationships. Her supervisor and human resources should then validate that information against the job's purpose, organizational needs, reporting relationships, and the duties that would reasonably be expected of any person assigned to the role. This distinction supports consistent job evaluation, market pricing, recruiting, performance management, and internal equity decisions. It also helps the organization distinguish essential functions from incidental, temporary, or person-specific activities. The U.S. Equal Employment Opportunity Commission explains the importance of identifying a position's essential functions in a written job description in its ADA reasonable-accommodation guidance. Similarly, the O*NET job-description definition reflects that descriptions summarize the duties and responsibilities of an occupation or job, rather than the unique history of one incumbent.

QUESTION NO: 3

Which of the following combines traditionally segregated time off and leave programs into one policy covering a single block of time?

A. Personal leave

B. Sabbatical

C. Severance allowances

D. Paid time off (PTO) bank

ANSWER: D

Explanation:

Paid time off (PTO) bank is correct because it consolidates multiple traditionally separate paid-leave categories—commonly vacation, sick time, and personal days—into one pooled allotment of paid absence time. Rather than requiring employees to characterize an absence under a specific leave category, a PTO bank provides a defined block of time that employees may draw on for eligible personal needs. This approach gives employees greater flexibility and can simplify plan administration, tracking, and communication for the employer. The organization establishes the bank's accrual or front-loading rules, permitted uses, carryover treatment, and any applicable notice or approval requirements. A PTO policy must still operate alongside legal requirements, including protected leave obligations and jurisdiction-specific rules governing paid sick leave and payout of accrued time. In total rewards practice, PTO banks are therefore a leave-design method that integrates formerly segregated time-off programs into a single policy and balance. The U.S. Department of Labor provides an overview of leave-related employer obligations at https://www.dol.gov/general/topic/benefits-leave. For an overview of how paid leave benefits are commonly structured and measured, see the U.S. Bureau of Labor Statistics' Paid Leave Benefits factsheet.

QUESTION NO: 4

Which of the following is an organization's statement about what it wants to become?

A. Corporate vision

B. Corporate mission

C. Business strategy

D. Human resources strategy

ANSWER: A

Explanation:

Corporate vision is the organization's aspirational statement of its desired future state—what it wants to become over time. It provides a forward-looking picture that can unite employees and leaders around a common direction, helping guide strategic priorities, decisions, culture, and the design of total rewards programs. In a total rewards context, understanding the corporate vision is important because reward strategies should reinforce the capabilities, behaviors, and employee experience needed to move the organization toward that future state. For example, an organization aspiring to be an innovation leader may align its rewards with collaboration, skill development, recognition, and performance outcomes that support innovation. A vision is intentionally broad and inspirational rather than a detailed operating plan; its purpose is to establish an enduring destination that informs the organization's strategy and actions. The Society for Human Resource Management describes a vision statement as an aspirational declaration of what an organization hopes to achieve in the future. The relationship of vision to organizational direction and strategy is also reflected in guidance from the U.S. Small Business Administration. See SHRM's mission, vision and values guidance and the U.S. Small Business Administration's strategic-planning guide.

QUESTION NO: 5

Which statement is most accurate regarding organizational performance?

A. Individual performance is unrelated to organizational performance.

B. The poor performance of just one individual will disrupt the performance of the entire organization.

C. Performance at every level should be aligned towards achievement of organizational goals.

D. Performance can only be accurately measured at the organizational level.

ANSWER: C

Explanation:

Performance at every level should be aligned towards achievement of organizational goals. Organizational performance is not simply the sum of isolated employee results; it reflects how strategy, organizational capabilities, team contributions, managerial execution, and individual objectives work together to produce desired enterprise outcomes. Effective performance management therefore creates a clear line of sight from the organization's mission and strategic priorities to business-unit, team, and individual goals. Employees are better able to focus their effort, make decisions, and understand accountability when their performance expectations connect directly to broader organizational results.

Within a total rewards framework, this alignment also supports the design of performance measures, recognition, incentive plans, and development practices that reinforce behaviors and outcomes important to the organization. Measures may appropriately exist at multiple levels—for example, enterprise financial or customer outcomes, team operating results, and individual goals or competencies—provided they are mutually reinforcing and strategically relevant. WorldatWork describes performance management as a process that aligns individual and team performance with organizational objectives and supports achievement of business results. See WorldatWork and the U.S. Office of Personnel Management's guidance on aligning performance plans with organizational goals at OPM Performance Management Cycle.

QUESTION NO: 6

What is a primary objective of profit-sharing and performance-sharing variable pay plans?

A. To achieve organizational cost savings through base pay reductions

B. To increase employee identification with the organization's success

C. To defer compensation expenses to future reporting periods

D. To reward individual employees for some significant contribution

ANSWER: B

Explanation:

To increase employee identification with the organization's success is correct because profit-sharing and performance-sharing plans connect a portion of employees' total compensation to results achieved by the organization or a broadly defined unit. This connection gives employees a tangible stake in business performance: when organizational financial, operational, or strategic goals are met, eligible employees share in the resulting value. A central total-rewards objective is therefore to reinforce a shared sense of ownership, alignment, and collective responsibility for outcomes, rather than treating pay solely as an individual transaction.

Well-designed plans clearly communicate the performance measures, the threshold and payout mechanics, and how employees' work can contribute to the results. This visibility helps employees recognize the relationship between organizational success and their own rewards, supporting engagement with enterprise priorities. The approach is consistent with the broad-based nature of profit-sharing, under which contributions are tied to company profits, and with performance-sharing designs that reward group or organizational achievement. For background on profit-sharing arrangements, see the IRS profit-sharing plan FAQs. WorldatWork's professional resources also frame variable pay as an important component of an integrated total rewards strategy.

QUESTION NO: 7

Which of the following is the best example of an advancement opportunity?

A. Attendance at technology training

B. Association membership

C. Career ladder and pathway

D. Compliance training

ANSWER: C

Explanation:

Career ladder and pathway is the best example of an advancement opportunity because it gives employees a defined structure for progressing to roles with greater scope, responsibility, skill requirements, and typically higher pay. A career ladder usually illustrates upward movement within an occupational area, while a career pathway can show multiple possible routes across roles or functions. Together, these tools make advancement visible and actionable: employees can understand potential next positions, identify the competencies needed for movement, and work with managers on development plans that support their longer-term career goals. In a total rewards context, advancement opportunities are an important element of the employee value proposition because career growth, meaningful future prospects, and increased responsibility can strengthen engagement, retention, and perceptions of fairness. WorldatWork describes career development as a key component of the broader work experience and recognizes opportunities for growth as an important noncash element of total rewards. See WorldatWork's Total Rewards Model and the U.S. Office of Personnel Management's overview of employee development.

QUESTION NO: 8

What best defines career opportunities in relation to total rewards?

A. Plans for succession of roles and responsibilities of a particular position

B. Opportunities that promote career moves into competing organizations

C. Plans that may include advancement into more responsible positions within the organization

D. Opportunities for employees to apply for open positions during a reduction in force

ANSWER: C

Explanation:

Career opportunities in a total rewards context are the prospects employees have to develop and progress within their employer, including movement into roles with broader scope, greater responsibility, or higher levels of contribution. Thus, "Plans that may include advancement into more responsible positions within the organization" correctly captures the central idea. These opportunities give employees a visible future with the organization and can include career paths, internal mobility, developmental assignments, promotion potential, and access to roles that build capability. They are a meaningful part of the noncash value employees receive from employment because they support long-term employability, achievement, growth, and retention.

WorldatWork's Total Rewards Model includes performance and talent development as a core element, recognizing that learning, development, and career-related growth are integral to an organization's overall value proposition to employees. Career opportunities should therefore be viewed as an intentional organizational approach to enabling internal growth, rather than simply filling vacancies or planning for a specific role. This emphasis aligns career progression with both employee aspirations and the organization's future talent needs. See WorldatWork's Total Rewards Model and its overview of total rewards.

QUESTION NO: 9

Which pay approach rewards employees for the knowledge or skills they acquire and apply rather than for the value of a specific job?

A. Skill-based pay

B. Step-rate pay

C. Market-pricing pay

D. Piece-rate pay

ANSWER: A

Explanation:

Skill-based pay is correct because it links an employee's base-pay progression to the acquisition, demonstration, and productive use of specified skills or competencies. Rather than relying solely on the employee's assigned job title or grade, the organization establishes skill blocks, certifications, or competency levels that have defined value. Employees may progress in pay as they develop capabilities that increase flexibility, quality, productivity, or their ability to perform multiple jobs.

This approach is often useful in environments where cross-training and workforce flexibility are important. Effective designs require objective skill standards, reliable assessment, ongoing opportunities to use the acquired skills, and disciplined governance. Compensation is a core total rewards element in the WorldatWork Total Rewards Model.

QUESTION NO: 10

What best describes the two primary elements of compensation?

A. Fixed pay and variable pay

B. Base pay and annual incentives

C. Direct and indirect compensation

D. Salary and hourly rate

ANSWER: A

Explanation:

Fixed pay and variable pay is correct because compensation is commonly structured around a guaranteed, recurring component and a contingent, performance- or results-based component. Fixed pay includes the established base wage or salary an employee receives for performing the role; it provides predictable income and is generally determined through pay structures, job value, market data, and individual factors. Variable pay is not guaranteed in the same way: its amount or payment depends on measures such as individual, team, organizational, or business performance. It can include annual incentives, short-term incentives, sales incentives, and other forms of at-risk pay. This distinction is useful in total rewards design because it lets an organization balance stable compensation with incentives that align employee effort and outcomes to organizational priorities. WorldatWork's total rewards framework identifies compensation as a core rewards element, while its compensation resources describe the field's focus on designing and administering pay programs. See WorldatWork's Total Rewards Model and WorldatWork GR1: Total Rewards Management.

QUESTION NO: 11

What is one of the primary elements of total rewards?

A. Pay for time not worked

B. Compensation

C. Organizational culture

D. Human resources strategy

ANSWER: B

Explanation:

Compensation is a primary element of total rewards. WorldatWork's total rewards framework recognizes that the value employees receive from an employment relationship extends beyond base wages alone, but direct compensation remains a core part of that value proposition. Compensation encompasses the pay employees receive for the work they perform, commonly including fixed pay such as base salary or hourly wages and variable pay such as incentives, commissions, and bonuses. A well-designed compensation program helps an organization attract capable employees, recognize the value of their contributions, reinforce performance expectations, and remain competitive in relevant labor markets.

Total rewards integrates compensation with other major employment-value elements, including benefits, work-life effectiveness, performance and recognition, talent development, and organizational culture. The framework is intended to help employers create a coordinated and meaningful employee experience rather than treating pay as an isolated practice. Because compensation is explicitly identified as one of these central elements, it is the appropriate response. WorldatWork's overview of total rewards is available at WorldatWork Total Rewards Model. Additional context on the organization's total rewards body of knowledge is available at WorldatWork GR1 Certification.

QUESTION NO: 12

How should learning opportunities to accomplish a career plan best be determined?

A. By considering emerging and future trends in the employee's professional field

B. By considering what opportunities would enable the employee to move to competing organizations

C. By considering how much the employee likes his or her current position

D. By considering the minimum competencies needed to move up to the next pay grade

ANSWER: A

Explanation:

Learning opportunities should be selected **by considering emerging and future trends in the employee's professional field**. A career plan is forward-looking: it connects an employee's intended career direction with the capabilities that will be needed as work, technology, customer expectations, and professional practices evolve. Reviewing field trends helps the employee and manager identify meaningful development experiences—such as targeted education, stretch assignments, mentoring, professional projects, or skill-building—that prepare the employee for future roles rather than only reinforcing present responsibilities.

This approach also makes development planning more strategically useful to the organization. When employees develop capabilities aligned with anticipated workforce and business needs, learning investments support both individual career mobility and longer-term talent readiness. Career-development conversations should therefore include an assessment of future skill requirements and changing occupational demands, then translate those needs into practical learning goals and opportunities. The U.S. Department of Labor's O*NET resource provides regularly updated occupational information, including skills, knowledge, and work activities that can inform this assessment: O*NET OnLine. The WorldatWork professional-development framework likewise emphasizes maintaining relevant knowledge and skills in the evolving total-rewards profession: WorldatWork.

QUESTION NO: 13

What is the primary purpose of a salary survey?

A. To provide market-pay information for comparable jobs

B. To measure employee satisfaction with benefit programs

C. To establish individual performance ratings

D. To identify the essential functions of a job

ANSWER: A

Explanation:

The primary purpose of a salary survey is to provide external market-pay data for comparable jobs. Organizations use survey data to evaluate their competitive pay position, price benchmark jobs, develop or maintain salary structures, and make informed compensation decisions. Useful survey analysis depends on matching jobs by content, level, scope, and relevant labor market rather than relying only on job titles.

Salary surveys do not determine internal job worth by themselves. Internal job relationships are established through job analysis, job evaluation, and the organization's job architecture, while external market data informs competitive pay levels. The U.S. Bureau of Labor Statistics provides wage data resources at BLS Wages.

QUESTION NO: 14

If the beginning wage needed to recruit quality candidates for given job is higher than that of incumbents who have been with a company for some time, what type of pay adjustment should be used to correct this discrepancy?

A. Cost-of-living

B. Tenure

C. Automatic

D. Equity adjustment

ANSWER: D

Explanation:

Equity adjustment is the appropriate response because the organization has identified an internal-pay relationship problem: newly hired employees must be paid more to meet current external-market requirements, while experienced incumbents in the same job remain at lower rates. This situation is commonly called wage or pay compression. An equity adjustment is a discretionary base-pay increase used to restore appropriate internal equity among employees whose pay has fallen out of alignment due to market movement, hiring practices, job changes, or similar business circumstances. In this case, the adjustment should focus on qualified incumbents whose experience, sustained performance, and role requirements warrant pay that recognizes their established value relative to new hires. The employer should assess relevant factors such as job level, skills, performance, geographic labor market, and the size of the new-hire differential before determining individual increases. Addressing compression through equity adjustments supports perceptions of fairness, reinforces retention, and helps maintain a coherent compensation structure while allowing the organization to continue recruiting competitively. WorldatWork describes the importance of balancing external competitiveness with internal equity within an integrated total rewards strategy; see WorldatWork and the U.S. Department of Labor's overview of compensation concepts at https://www.dol.gov/general/topic/wages.