

Strategic Compensation, 7e (Martocchio)

Chapter 2 Contextual Influences on Compensation Practice

1) This amendment to the U.S. Constitution gives Congress the power to regulate commerce with foreign nations, individual states, and Indian Tribes.

- A) The First Amendment
- B) The Fourteenth Amendment, Section 1
- C) The Fifth Amendment
- D) Article I, Section 8

Answer: D

Difficulty: Difficult

Type: Concept

Learning Obj: 1

2) Which amendment to the U.S. Constitution made it illegal to restrict the freedom of religion, speech, and press, as well as protect the right of people to peacefully assemble?

- A) Article 1, Section 8
- B) First Amendment
- C) Fifth Amendment
- D) Fourteenth Amendment, Section 1

Answer: B

Difficulty: Moderate

Type: Concept

Learning Obj: 1

3) Which branch of the federal government is responsible for interpreting laws?

- A) Service branch
- B) Legislative branch
- C) Executive branch
- D) Judicial branch

Answer: D

Difficulty: Easy

Type: Concept

Learning Obj: 1

4) These programs granted income to workers who were unable to work due to injuries sustained while on the job.

- A) sick leave
- B) FMLA
- C) workforce restitution
- D) workers' compensation

Answer: D

Difficulty: Easy

Type: Concept

Learning Obj: 1

5) Which one of these issues is NOT addressed by the Fair Labor Standards Act of 1938?

- A) minimum wage
- B) overtime pay
- C) executive compensation
- D) child labor provisions

Answer: C

Difficulty: Difficult

Type: Concept

Learning Obj: 1

6) An employee has a regular hourly rate equal to \$12. According to FLSA, how much should her/his employer pay this employee for each additional hour worked beyond the regular 40 hours within a period of 7 consecutive days?

- A) \$12
- B) \$14
- C) \$16
- D) \$18

Answer: D

Difficulty: Moderate

Type: Application

Learning Obj: 1

7) An employee has a regular hourly rate equal to \$10? S/he works 45 hours within a period of 7 consecutive days. How much should her/his employer pay this employee for 45 hours in total?

- A) 425
- B) 450
- C) 475
- D) 500

Answer: C

Difficulty: Difficult

Type: Application

Learning Obj: 1

8) What are the revised guidelines introduced in 2004 for determining whether jobs are exempt from FLSA overtime pay provisions called?

- A) Glass Ceiling Act
- B) Overtime Nonexempt Rules
- C) Bennett Amendment
- D) Fair Pay Rules

Answer: D

Difficulty: Easy

Type: Concept

Learning Obj: 1

- 9) Which of the following example is NOT considered as a compensable work activity?
- A) a fireman who plays checkers while waiting for an alarm
 - B) an employee attends an employer-mandated training
 - C) an employee travels from home before the regular workday and returns to his/her home at the end of the workday
 - D) an employee takes a 15-minute rest during work time

Answer: C

Difficulty: Moderate

Type: Application

Learning Obj: 1

- 10) Based upon the FLSA child labor provisions, what is the minimum age that a child must be in order to be legally employed?

- A) 10
- B) 12
- C) 14
- D) 19

Answer: C

Difficulty: Moderate

Type: Concept

Learning Obj: 1

- 11) Which of the following is NOT a protected characteristic by Title VII of the Civil Rights Act of 1964?

- A) sexual orientation
- B) race
- C) national origin
- D) gender

Answer: A

Difficulty: Moderate

Type: Concept

Learning Obj: 1

- 12) Intentionally treating women less favorably than men solely based upon their gender would be what form of discrimination?

- A) disparate treatment
- B) disparate impact
- C) disparate causality
- D) situational discrimination

Answer: A

Difficulty: Moderate

Type: Concept

Learning Obj: 1

13) A policy that applies to all company employees, but unintentionally hurts a protected group disproportionately would be what form of discrimination?

- A) disparate treatment
- B) disparate impact
- C) disparate causality
- D) situational discrimination

Answer: B

Difficulty: Moderate

Type: Concept

Learning Obj: 1

14) This act strengthened the Equal Pay Act of 1963 by now requiring employers to show that pay disparities are job related rather than sex-based. This act also prohibits employers from retaliating against employees who share their salary information.

- A) The Paycheck Fairness Act
- B) The Civil Rights Act of 1964
- C) The Age Discrimination in Employment Act of 1967
- D) The Davis Act

Answer: A

Difficulty: Easy

Type: Concept

Learning Obj: 1

15) The "equal benefit or equal cost principle" is part of which Act?

- A) The Older Workers Benefits Protection Act (OWBPA)
- B) The Americans with Disabilities Act (ADA)
- C) The Employee Retirement Income Security Act of 1974 (ERISA)
- D) The Fair Labor Standards Act of 1938 (FLSA)

Answer: A

Difficulty: Difficult

Type: Concept

Learning Obj: 1

16) As a result of this law enacted by Congress, employers must now show that employment practices that create disparate impact are a business necessity. This law also made it legal for U.S. citizens working abroad for U.S. companies to file suit.

- A) Americans with Disabilities Act of 1990
- B) Executive Order 11246
- C) The Civil Rights Act of 1991
- D) The Older Workers Benefit Protection Act

Answer: C

Difficulty: Moderate

Type: Concept

Learning Obj: 1

17) This law makes it illegal to discriminate against people with physical and mental disabilities both within and outside employment settings, including public transportation, public accommodations, and employment.

- A) Americans with Disabilities Act of 1990
- B) Executive Order 11246
- C) The Civil Rights Act of 1991
- D) The Older Workers Benefit Protection Act

Answer: A

Difficulty: Easy

Type: Concept

Learning Obj: 1

18) The Americans with Disabilities Act of 1990 (ADA) applies to companies that employ at least how many workers?

- A) 50
- B) 25
- C) 15
- D) 100

Answer: C

Difficulty: Moderate

Type: Concept

Learning Obj: 1

19) Jennifer works as a clerk in a company. The essential function of her job is producing memoranda using word processing software. If she develops crippling arthritis, which act requires her employer to make reasonable accommodations such as providing a voice-recognition input device?

- A) Family and Medical Leave Act of 1993
- B) Americans with Disability Act of 1990
- C) Davis-Bacon Act of 1931
- D) Occupational Safety and Health Act of 1970

Answer: B

Difficulty: Easy

Type: Application

Learning Obj: 1

20) Construction contractors, working on government contracts valued at more than \$2,000, must pay their laborers and mechanics what type of local area based wage according to the Davis-Bacon Act of 1931?

- A) minimum wage
- B) prevailing wage
- C) prevalent wage
- D) discretionary wage

Answer: B

Difficulty: Moderate

Type: Concept

Learning Obj: 1

21) This law was established in order to regulate the implementation of various employee benefits and pension programs.

- A) The Older Workers Benefit Protection Act (OWBPA)
- B) The Americans with Disabilities Act of 1990 (ADA)
- C) The Employee Retirement Income Security Act of 1974 (ERISA)
- D) The Fair Labor Standards Act of 1938

Answer: C

Difficulty: Moderate

Type: Concept

Learning Obj: 1

22) Melissa has been working in XYZ Company for the last 8 years. She got a very attractive job offer from another company in the same industry and decided to leave her current company. She is one hundred percent vested. Which of the following acts guarantees that she cannot lose the pension benefits after she leaves her job in XYZ Company?

- A) HIPAA
- B) ADA
- C) COBRA
- D) ERISA

Answer: D

Difficulty: Difficult

Type: Application

Learning Obj: 1

23) This was enacted in order to allow employees who are terminated, laid off, or have a change in their employment status to temporarily remain on the employer-sponsored medical insurance plan.

- A) The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)
- B) The Older Workers Benefit Protection Act (OWBPA)
- C) The Americans with Disabilities Act of 1990 (ADA)
- D) The Civil Rights Act of 1991

Answer: A

Difficulty: Moderate

Type: Concept

Learning Obj: 1

24) Title VII and ADEA do not protect federal government employees. Which one of the following executive orders and/or laws gives similar protection to federal government employees?

- A) Family and Medical Leave Act of 1993
- B) Executive Order 11478
- C) Executive Order 11935
- D) The Rehabilitation Act

Answer: B

Difficulty: Moderate

Type: Synthesis

Learning Obj: 1

25) This provision mandates that federal government agencies take affirmative action in providing jobs for individuals with disabilities.

- A) The Rehabilitation Act
- B) ADA
- C) Executive Order 11478
- D) The Government Employee Rights Act of 1991

Answer: A

Difficulty: Difficult

Type: Concept

Learning Obj: 1

26) PPACA and its amendment Health Care and Education Reconciliation Act of 2010 are considered to be the basis for health care reform in the United States. Which of the following is NOT considered to be one of the goals of this health care reform?

- A) to reduce the number of uninsured U.S. residents
- B) to help more children get health coverage
- C) to increase the fund for the Medicare program
- D) to give patients access to recommended preventive services without cost

Answer: C

Difficulty: Moderate

Type: Critical Thinking

Learning Obj: 1

27) What is it called when the compensation practices in non-unionized companies mirror those found in unionized settings?

- A) progressive compensation
- B) the spillover effect
- C) concessionary bargaining
- D) inter-industry compensation differentials

Answer: B

Difficulty: Easy

Type: Concept

Learning Obj: 3

28) Which of these was given as a reason why union influence has diminished?

- A) foreign automobile manufacturers producing higher quality vehicles
- B) union companies demonstrating lower profits than non-union companies
- C) technological advances
- D) all of the above

Answer: D

Difficulty: Difficult

Type: Concept

Learning Obj: 3

29) This type of bargaining occurs when unions shift from bargaining for large pay increases to simply bargaining for greater job security.

- A) guarded
- B) concessionary
- C) heightened
- D) compensatory

Answer: B

Difficulty: Easy

Type: Concept

Learning Obj: 3

30) Which of the following factors explain inter-industry wage differentials?

- A) the industry's product market
- B) the degree of capital intensity
- C) a large labor market
- D) all of the above

Answer: D

Difficulty: Easy

Type: Concept

Learning Obj: 4

31) Congress creates and passes laws within the _____ branch of the American government.

Answer: legislative

Difficulty: Easy

Type: Concept

Learning Obj: 1

32) During the _____, which took place in the 1930s, a great number of businesses failed and unemployment soared, forcing the government to intervene.

Answer: Great Depression

Difficulty: Easy

Type: Concept

Learning Obj: 1

33) The FLSA requires that overtime be paid on all hours worked in excess of _____ hours within a period of 7 consecutive days.

Answer: 40

forty

Difficulty: Moderate

Type: Concept

Learning Obj: 1

34) The _____ of 1963 makes it illegal to pay one sex more than the other for equal work performed.

Answer: Equal Pay Act

Difficulty: Moderate

Type: Concept

Learning Obj: 1

35) The _____ Amendment allows female employees to charge employers with Title VII violations regarding pay only when the employer has violated the Equal Pay Act of 1963.

Answer: Bennett

Difficulty: Difficult

Type: Concept

Learning Obj: 1

36) The _____ in Employment Act of 1967 was passed by Congress in order to protect workers 40 years of age and older from unlawful discrimination.

Answer: Age Discrimination

Difficulty: Moderate

Type: Concept

Learning Obj: 1

37) The _____ generation was born between roughly 1946 and 1964, and represents a big swell in the American population as the workforce gets progressively older.

Answer: baby boom

Difficulty: Moderate

Type: Concept

Learning Obj: 1

38) The _____ of 1978 was put in place to prohibit disparate impact discrimination from occurring against pregnant women in all employment practices, as well as to ensure that pregnancy was treated the same as any other form of disability.

Answer: Pregnancy Discrimination Act

Difficulty: Easy

Type: Concept

Learning Obj: 1

39) The _____ of 1993 sought to provide employees with job protection in case of a family or medical emergency.

Answer: Family and Medical Leave Act

FMLA

Difficulty: Difficult

Type: Concept

Learning Obj: 1

40) _____ refers to an employee acquiring non forfeitable rights to an employer's contribution to fund benefits.

Answer: Vesting

Difficulty: Easy

Type: Concept

Learning Obj: 1

41) How would the compensation system change if the minimum wage provision of the Fair Labor Standards Act of 1938 were repealed?

Answer: The Fair Labor Standards Act addresses three broad issues: the minimum wage, overtime pay, and child labor provisions. Clearly, in the absence of such legislation, employers may return to the days where substandard pay was the norm. On one hand, without a minimum wage provision, employers would likely lower the wage for many of these jobs. Further, specific FLSA exemptions already allow employers to pay some workers less than the minimum wage. On the other hand, employers may have difficulty recruiting employees to fill these positions, especially in geographic areas where the cost of living is higher than the national average.

Difficulty: Moderate

Type: Critical Thinking

Learning Obj: 1

42) Distinguish between disparate treatment and disparate impact in a compensation context.

Answer: Disparate treatment refers to intentional discrimination by employers in treating some workers less favorably than others because of their race, color, sex, religion, or national origin. Paying African Americans less than whites for the same job, other factors being equal, is an example of disparate treatment. Disparate impact refers to unintentional discrimination in which an employment practice geared toward all employees leads to unequal treatment of protected employee groups. Awarding seniority pay could lead to disparate impact if females had less seniority, on average, than men.

Difficulty: Moderate

Type: Application

Learning Obj: 1

43) Explain interindustry wage differentials and discuss the role of unionization on the interindustry differentials.

Answer: There are differences in wages across industries, which are known as interindustry wage differentials. For instance, workers in different industries such as mining, construction, manufacturing, and services earn different wages on average. There are a variety of factors that could explain the wage differentials among different industries. Unionization is considered as one of the important factors of interindustry differentials. On average, highly unionized industries tend to pay higher wages than do nonunion industries. Most highly unionized industries such as manufacturing, construction, and mining are capital intensive therefore, requires employees to learn and use complex production technology. However, we should also consider the fact that unions' influence has been declining since 1980s. In order to promote job security, many unions focus more on promoting job security than securing large pay increases (known as concessionary bargaining). For instance, the union that represents the pilots of Delta Airlines agreed to substantial cuts in base pay and in future retirement income to help the company avoid dissolution. Substantial cuts like the one in this example was very unlikely before the 1980s.

Difficulty: Difficult

Type: Synthesis

Learning Obj: 3, 4