

Chapter 2—The Legal Environment

MULTIPLE CHOICE

1. Title VII of the 1964 Civil Rights Act makes illegal discrimination based on
- national origin.
 - age.
 - sexual orientation.
 - disability.
 - knowledge, skills, and abilities.

ANS: A PTS: 1 REF: p. 26 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

2. Employers with ____ employees must comply with the stipulations of Title VII of the 1964 Civil Rights Act.
- 1 or more
 - 5 or more
 - 15 or more
 - 20 or more
 - 50 or more

ANS: C PTS: 1 REF: p. 26 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

3. A bona fide occupational qualification
- permits a restaurant to hire young, attractive servers because customers prefer them.
 - is a frequent exception to the law granted by federal courts.
 - permits an employer to discriminate against applicants on the basis of sex.
 - cannot be used by employers to discriminate on the basis of religion.
 - can be used only for affirmative action.

ANS: C PTS: 1 REF: p. 27 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: comprehension

4. A local office supply business routinely hires younger workers for stock staff over older applicants because much of the work requires heavy lifting and good mobility.
- The company needs to show that the job requirements are a business necessity.
 - Illegal discrimination automatically exists.
 - The company should not worry because no laws exist that protect older workers.
 - Let the younger workers do the hiring to protect the company legally.
 - None of these.

ANS: A PTS: 1 REF: p. 27 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: apply

5. One method for establishing whether disparate impact exists in a company's hiring practices involves
- focus groups.
 - using the one-third rule.
 - using absolute counts of protected class members.
 - practicing retaliation.
 - geographic comparisons.

ANS: E PTS: 1 REF: p. 29 OBJ: 2.2

NAT: AACSB: diversity | AACSB: legal responsibilities TYP: comprehension

6. The most noteworthy factors used to characterize a protected class include
- disability status.
 - religion.
 - national origin.
 - gender.
 - all of these.

ANS: E PTS: 1 REF: p. 30 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

7. Quid pro quo sexual harassment typically involves
- unwelcome individual advances for a date.
 - sexual favors in return for something of value.
 - making jokes about a particular gender.
 - inappropriate pictures with sexual content displayed on the wall.
 - meeting colleagues for dinner after work hours.

ANS: B PTS: 1 REF: p. 33 OBJ: 2.2
NAT: AACSB: ethics | AACSB: legal responsibilities TYP: comprehension

8. Executive Order 11478 requires that federal contractors receiving more than ____ must have affirmative action plans.
- \$1
 - \$10,000
 - \$50,000
 - \$100,000
 - \$1,000,000

ANS: B PTS: 1 REF: p. 38 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

9. The Age Discrimination in Employment Act prohibits discrimination with respect to age of employees or applicants
- near retirement age.
 - 40 and over.
 - over 18.
 - 65 or over.
 - over 65.

ANS: B PTS: 1 REF: p. 34 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

10. Which of the following would probably NOT be covered by the Americans with Disabilities Act?
- A mentally retarded employee
 - An employee with a learning disability
 - An employee with cancer
 - A person with poor vision that is correctable with glasses
 - An employee who is thought to be disabled but is not

ANS: D PTS: 1 REF: p. 36 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

11. The Family Medical Leave Act requires employers to provide which of the following for employees under certain emergency circumstances?
- Up to 4 weeks of paid leave
 - Up to 4 weeks of unpaid leave
 - Up to 12 weeks of paid leave
 - Up to 12 weeks of unpaid leave
 - Unlimited unpaid leave

ANS: D PTS: 1 REF: p. 38 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

12. The Vocational Rehabilitation Act of 1973 requires that that federal contractors receiving more than _____ must have affirmative action plans for persons who have disabilities.
- \$100
 - \$1,000
 - \$2,500
 - \$25,000
 - \$50,000

ANS: C PTS: 1 REF: p. 39 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

13. The American with Disabilities Act requires companies to
- hire everyone with a documented disability.
 - discriminate against those persons who have a disability.
 - hire a diversity consultant.
 - make reasonable accommodations for disabled individuals.
 - spend \$100,000 per year on disability training.

ANS: D PTS: 1 REF: p. 36 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

14. The Fair Labor Standards Act legislates such issues as:
- disparate impact.
 - union activity.
 - child labor.
 - collective bargaining.
 - all of these.

ANS: C PTS: 1 REF: p. 42 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

15. Titleist makes most of the golf clubs it sells to U.S. buyers in China, where the average hourly wage is the equivalent of less than \$1 per hour. Under the provisions of the Fair Labor Standards Act, Titleist
- is in violation of the act, because \$1 per hour is less than the mandated minimum wage.
 - is in violation of the act, because some of the workers are younger than 16 years of age.
 - is in violation of the act, because the Chinese workers are nonexempt.
 - is NOT in violation of the act, because the FLSA applies only to workers in the United States.
 - is NOT in violation of the act, because the Chinese workers work fewer than 40 hours per week.

ANS: D PTS: 1 REF: p. 42 OBJ: 2.3
NAT: AACSB: reflective thinking | AACSB: legal responsibilities
TYP: apply

16. ____ was passed to protect employee pensions benefits.

- a. ADA
- b. FLSA
- c. ERISA
- d. ADEA
- e. OSHA

ANS: C PTS: 1 REF: p. 42 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

17. Which labor law was passed to regulate union actions and internal affairs related to employee representation, shifting some power away from unions?

- a. Taft-Hartley Act
- b. Fair Practices Act
- c. Wagner Act
- d. Norris-LaGuardia Act
- e. Fair Labor Standards Act

ANS: A PTS: 1 REF: p. 43 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

18. ____ was passed to protect employee safety.

- a. ADA
- b. FLSA
- c. ERISA
- d. ADEA
- e. OSHA

ANS: E PTS: 1 REF: p. 44 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

19. Employees at Borders Bookstore in Ann Arbor, Michigan, recently held a strike to force their employer to negotiate a labor contract. Borders' employees were given the right to do this by the

- a. Taft-Hartley Act.
- b. National Labor Relations Act.
- c. Landrum-Griffin Act.
- d. Occupational Safety and Health Act.
- e. Fair Labor Standards Act.

ANS: B PTS: 1 REF: p. 43 OBJ: 2.3
NAT: AACSB: reflective thinking | AACSB: legal responsibilities
TYP: apply

20. The Occupational Safety and Health Act

- a. is enforced by the EEOC.
- b. requires employers to provide a hazard-free work environment.
- c. permits inspections by specially trained officers called inspectors general.
- d. provides for criminal penalties for willful violations of the act.
- e. was passed in the late 1980s.

ANS: D PTS: 1 REF: p. 44 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

21. The Drug-Free Workplace Act of 1988 was passed to

- a. reduce the use of all drugs in the workplace.
- b. reduce the use of illegal drugs in the workplace.
- c. illuminate the use of all drugs during working hours.
- d. enable companies to monitor the use of drugs outside of the workplace.
- e. None of these

ANS: B PTS: 1 REF: p. 45 OBJ: 2.3
 NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

22. The Privacy Act of 1974 ensures that
- a. federal employees can review their personnel files for accuracy.
 - b. workers who reveal company secrets to competitors face severe penalties.
 - c. employers cannot monitor personal emails received on work computers.
 - d. employees' behavior outside of work cannot be monitored or tested.
 - e. an employee's medical information cannot be shared without permission from the employee.

ANS: A PTS: 1 REF: p. 46 OBJ: 2.3
 NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

23. The law that prohibits employers from collecting genetic information about their employees is called the:
- a. Age Discrimination of Employment Act
 - b. Pregnancy Discrimination Act
 - c. Title VII of the 1964 Civil Rights Act
 - d. American Disabilities Act
 - e. Genetic Information Nondiscrimination Act

ANS: E PTS: 1 REF: p. 46 OBJ: 2.3
 NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

24. Alpha-Beta Company closed a plant and laid off 100 workers, who each made \$100 per day in pay and benefits. The closing was announced by company managers on April 1 and took place 30 days later. Under the provisions of the Worker Adjustment and Retraining Act of 1988 (WARN), Alpha-Beta must pay a penalty of
- a. \$0.
 - b. \$200.
 - c. \$40,000.
 - d. \$100,000.
 - e. \$300,000.

ANS: E PTS: 1 REF: p. 45 OBJ: 2.3
 NAT: AACSB: reflective thinking | AACSB: legal responsibilities
 TYP: apply

25. Which of the following would be the LEAST likely to be involved when an organization evaluates its legal compliance with human resource management regulations?
- a. The firm's legal staff
 - b. Managers
 - c. Line workers
 - d. Human resource staff
 - e. Outside legal auditors

ANS: C PTS: 1 REF: p. 47 OBJ: 2.4
 NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

26. Executive Order 11246 requires that federal contractors receiving more than ____ must have affirmative action plans.
- \$1
 - \$10,000
 - \$50,000
 - \$100,000
 - \$1,000,000

ANS: C PTS: 1 REF: p. 38 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

27. The Vietnam Era Veterans' Readjustment Act of 1974 is directed primary at:
- federal contractors
 - federal subcontractors
 - all private companies
 - both* federal contractors *and* federal subcontractors
 - all of these

ANS: D PTS: 1 REF: p. 39 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

28. The ____ established the workweek in the United States as 40 hours per week.
- ADA
 - ADEA
 - FMLA
 - ERISA
 - FLSA

ANS: E PTS: 1 REF: p. 42 OBJ: 2.2
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

29. The basic premise of OSHA is that each employer must provide a workplace that is safe for employees, which is known as the
- qualification standard.
 - inspection agreement.
 - general duty clause.
 - arbitration agreement.
 - lawful worker treatment clause.

ANS: C PTS: 1 REF: p. 45 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

30. The Privacy Act of 1974 applies directly to ____ employees.
- federal
 - state
 - for-profit
 - not-for-profit
 - foreign

ANS: A PTS: 1 REF: p. 46 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

Scenario 2.1

Tia's Tamale Factory employs 50 workers to make and ship food products all over the United States. Tia's factory is located in Southern California, in a community where 60 percent of the residents have Spanish surnames or identify themselves as Hispanic. Tia must hire a new cook and despite her best efforts, she gets only three applicants. Conchita is a 35-year-old Hispanic female, Sancho is a 17-year-old Hispanic male, and Maureen is a 48-year-old white woman who uses a wheelchair.

31. Refer to Scenario 2.1. Tia's workers are mostly Hispanic women. If Tia believes that only a Hispanic woman could fit in at her workplace and hires Conchita for this reason, it will likely be
- discrimination on the basis of national origin in violation of Title VII.
 - discrimination on the basis of age in violation of the ADEA.
 - permissible discrimination because national origin would be a bona fide occupational qualification in this case.
 - permissible because most of the local residents are Hispanics.
 - permissible because Tia is a private employer.

ANS: A PTS: 1 REF: p. 26 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: analyze

32. Refer to Scenario 2.1. Suppose Tia does not hire Sancho. Which of the following regulations could Sancho use in an attempt to claim that Tia discriminated against him?
- Americans with Disabilities Act
 - The disparate treatment clause of Title VII, due to his race
 - The disparate treatment clause of Title VII, due to his gender
 - Occupational Safety and Health Act
 - Age Discrimination in Employment Act

ANS: C PTS: 1 REF: p. 26 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: analyze

33. Refer to Scenario 2.1. Suppose Conchita and Maureen are equally qualified and Tia flips a coin to decide between them. The coin lands on tails and accordingly Tia hires Maureen. This action would probably be
- a violation of Executive Order 11246.
 - a violation of the Equal Protection Clause of the Fourteenth Amendment.
 - a violation of Title VII.
 - not a violation of Title VII because the other employees are primarily Hispanic.
 - permissible under Title VII because the applicants were treated equally.

ANS: E PTS: 1 REF: p. 26 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: analyze

34. Refer to Scenario 2.1. Suppose Conchita and Maureen are equally qualified but Tia must raise the stove at a cost of \$10,000 to accommodate Maureen's wheelchair. To avoid the expense, Tia hires Conchita. It is likely this action is
- lawful under ADA because the applicants were equally qualified.
 - unlawful under Title VII because the applicants were of different races.
 - lawful under ADA if the accommodation was an undue hardship on Tia.
 - lawful under ADA. Maureen is not considered disabled under ADA because her disability is correctable with a wheelchair.
 - unlawful under the ADEA because Conchita is younger than Maureen.

ANS: C PTS: 1 REF: p. 36 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: analyze

35. Refer to Scenario 2.1. Suppose Tia hires Sancho and requires him to take a drug test because of safety issues on the job. Can Tia legally require this?
- Yes. Tia can require Sancho to take a drug test.
 - Yes. However, Tia can only require Sancho to take a drug test before making a job offer.
 - No. This would be against the FLSA.
 - No. This would violate the ADA.
 - No. This would violate the ADEA.

ANS: A PTS: 1 REF: p. 45 OBJ: 2.3
 NAT: AACSB: reflective thinking | AACSB: legal responsibilities
 TYP: analyze

TRUE/FALSE

36. Title VII created the Equal Opportunity Commission.

ANS: T PTS: 1 REF: p. 26 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

37. Disparate treatment occurs when two people are treated differently in similar situations based on a protected characteristic.

ANS: T PTS: 1 REF: p. 26 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: comprehension

38. A BFOQ exception must be supported with a justified position of business necessity.

ANS: T PTS: 1 REF: p. 27 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

39. Disparate impact occurs when an employer knowingly practices illegal discrimination.

ANS: F PTS: 1 REF: p. 28 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: comprehension

40. Affirmative action requires companies to develop quotas to hire a certain number of individual who represent protect class characteristics.

ANS: F PTS: 1 REF: p. 31 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

41. Quid pro quo sexual harassment includes telling suggestive jokes and making disparaging comments about someone's gender.

ANS: F PTS: 1 REF: p. 33 OBJ: 2.2
 NAT: AACSB: ethics | AACSB: legal responsibilities TYP: comprehension

42. The Equal Pay Act requires companies to pay men and women the same compensation for performing equal work.

ANS: T PTS: 1 REF: p. 34 OBJ: 2.2
 NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

43. The Pregnancy Discrimination Act enables a company to assign pregnant women to mandatory alternate working conditions.

ANS: F PTS: 1 REF: p. 35 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

44. Both AIDS and HIV are covered by the American Disabilities Act.

ANS: T PTS: 1 REF: p. 37 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

45. The EEOC and OFCCP are the two primary regulatory agencies for enforcing employment legislation.

ANS: T PTS: 1 REF: p. 39 OBJ: 2.2
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: knowledge

SHORT ANSWER

46. Which groups constitute protected classes under Title VII of the Civil Rights Act of 1964? When is a job qualification said to have a disparate impact on protected groups?

ANS:

Protected classes in the workforce are groups who were discriminated against on the basis of race, color, sex, religion, or national origin prior to 1964. Normally they are women and minorities, but they can be white males under certain circumstances. A job qualification is said to have a disparate impact on protected groups when the selection rate of members of protected groups is less than four-fifths of the selection rate of the majority group.

PTS: 1 REF: p. 28-30 OBJ: 2.2
NAT: AACSB: diversity | AACSB: legal responsibilities TYP: knowledge

47. Describe the two types of sexual harassment identified by the courts.

ANS:

The more overt type of sexual harassment is quid pro quo harassment. This occurs when the harasser offers to exchange something of value for sexual favors. The more subtle type of sexual harassment is a hostile work environment, which results from a climate or culture that is punitive toward people of a different gender.

PTS: 1 REF: p. 33 OBJ: 2.2
NAT: AACSB: ethics | AACSB: legal responsibilities TYP: comprehension

48. Summarize the protections that workers are afforded under the Fair Labor Standards Act.

ANS:

The Fair Labor Standards Act guarantees that a worker will earn a minimum hourly wage. At this time, that wage is set at \$5.15 per hour and the rate is adjusted periodically. Another provision is the establishment of the 40-hour workweek with the requirement that employers pay time-and-a-half for hours worked in excess of 40. The FLSA also forbids child labor, including forbidding the employment of workers between 16 and 18 in certain hazardous industries and restricting the employment opportunities and hours of persons under the age of 16.

PTS: 1 REF: p. 42 OBJ: 2.3

NAT: AACSB: analytic | AACSB: legal responsibilities TYP: comprehension

49. What worker rights are regulated by the National Labor Relations Act? How does this Act differ from the other two significant pieces of legislation regarding labor relations—the Taft-Hartley Act and the Landrum-Griffin Act?

ANS:

The National Labor Relations Act (the Wagner Act) gives employees the right to form unions and requires employers to negotiate in good faith with legally established unions. This legislation increased worker rights and union membership. In contrast, the Taft-Hartley Act and the Landrum-Griffin Act were both enacted to limit the power of unions. When the Wagner Act led to workers having too much power over employers, the second two acts redressed the imbalance and gave some power back to employers.

PTS: 1 REF: p. 43 OBJ: 2.3
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: comprehension

50. How does an organization evaluate its compliance with legal requirements?

ANS:

Legal requirements on businesses are clearly very numerous and complex, so organizations must use a variety of mechanisms to ensure compliance. One important technique is to educate all managers and workers, not only those in the human resource function, about issues ranging from sexual harassment to racial discrimination to employee privacy rights. This should help to reduce behavior that might cause legal problems and will allow workers and managers to serve as on-the-spot observers for problem behavior. It is also important for the firm's legal and human resource staff to possess and communicate up-to-date information about the legal environment. This mandates continuing education for these workers. In addition, many organizations use outside consultants to monitor and report compliance problems. This is especially helpful in specialized areas such as the correct use of manufacturing safety procedures.

PTS: 1 REF: p. 47 OBJ: 2.4
NAT: AACSB: analytic | AACSB: legal responsibilities TYP: comprehension