Test Bank for Law and Ethics in the Business Environment 9th Halbert

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1. Which of the following best describes the “gig economy”?

a. The outsourcing of manufacturing stages of production

b. The part of the economy that has grown in recent years in which work is task-focused and performed by independent contractors.

c. The increasing frequency of employees working remotely.

d. The internet’s effect on the economy.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Introduction; The Decline of the Corporation as We Know It
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom’s: Understanding
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2. Which of the following factors would serve as evidence that a worker should be considered an employee instead of an independent contractor?

a. The worker has specialized expertise

b. The worker’s hours are directly controlled by the company for which she is working.

c. The worker’s contract with the company states that she is an independent contractor.

d. The worker performs her services for multiple companies.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Introduction
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Application
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3. Which of the following is a protection that is clearly provided by the Fair Labor Standards Act?

a. Overtime payments for white collar workers

b. Wages for interns who are working for college credit, receive education benefit from their internships.

c. Minimum wage for hourly employees.

d. Fair wages for independent contractors.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Fair Labor Standards Act
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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4. Which of the following statements reflects one of the challenges of evaluating whether workers in the "on-demand economy" should be viewed as employees or independent contractors?

a. Their earnings vary greatly.

b. Technology makes their work more efficient.

c. Workers sometimes compete with each other for opportunities.

d. They often have flexibility in their work, but are also highly dependent on a single company for their earnings.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Fair Labor Standards Act
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Application
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5. Glen works as an intern for Fantastic Studios. Which of the following would suggest that Glen should be paid for his work for the company?

a. Glen receives college credit for his internship.

b. Fantastic Studios has organized a series of lectures on "Succeeding in the Movie Industry" for its interns.

c. Glen was informed before the internship started that it would be unpaid.

d. Glen performs a variety of menial tasks, such as retrieving coffee and making copies, when he is working as an intern.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Millennials Redefine "Entrepreneurship"
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Application
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6. A start-up company may prefer to rely on independent contractors instead of employees because it is more expensive to hire and train employees.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Millennials Redefine "Entrepreneurship"
QUESTION TYPE: True / False
HAS VARIABLES: False
KEYWORDS: Bloom's: Application
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7. Which of the following is not an aspect of "uberization"?

a. Manufacturer jobs will be shipped overseas.

b. The tradition relationship between corporations and employees may be replaced.

c. Workers will be paid based on tasks completed, not hours worked.

d. Platforms will moderate relationships between workers and companies.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: The Decline of the Corporation as We Know It
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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8. Which of the following category of workers are protected by the National Labor Relations Act's protections for the rights of employees to organize and bargain collectively?

a. Independent contractors

b. Supervisors

c. Entry-level employees

d. Domestic service workers

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Workers' Rights to Organize in the New Economy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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9. Workers who are not protected by the National Labor Relations Act, such as agricultural laborers and domestic service workers, are unable to take collective action in order to improve their working conditions.

a. True

b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Workers' Rights to Organize in the New Economy
QUESTION TYPE: True / False
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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10. What is respondeat superior?

a. A legal doctrine that hold employers liable for the actions of their employees done within the scope of their employment.

b. A legal doctrine that holds employers liable for having insufficient policies and procedures in place.

c. A legal doctrine that holds employers liable for any actions taken by people who the employers have hired to perform work.

d. The right to collectively bargain and unionize.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Customer Protection in the New Economy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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11. Which of the following scenarios would respondeat superior most likely apply to?

a. An employee of a computer software company assaulted someone in a fast food restaurant during his lunch break.

b. An employee of a coffee shop caused an accident while pulling out of his driveway on the way to work.

c. An employee of a deliver company caused an accident while driving to a customer's house in a van owned by the company.

d. An independent contractor hired by a restaurant to install new plumbing in the restaurant caused a significant leak when he improperly fitted the pipes.

ANSWER: c
POINTS: 1
DIFFICULTY: Difficult
REFERENCES: Customer Protection in the New Economy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Analysis
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12. Which of the following arguments do not support Uber and Lyft's claims that their drivers are not their employees?

a. The drivers are free to choose when to work and which passengers to pick up.

b. The contracts between the drivers and the company's never refers to them as employees.

c. The drivers are paid on a per-job basis.

d. The companies provide specific requirements regarding how the drivers must perform their duties.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Customer Protection in the New Economy
QUESTION TYPE: Multiple Choice

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HAS VARIABLES: False
KEYWORDS: Bloom's: Analysis
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13. Gabby Trenton is a pet sitter who receives all of her pet sitting work from superpetsitters.com. In order to work with this site, the company requires pet sitters to be available seven days a week, 24 hours a day, and to wear a uniform when they are pet sitting. The also has a "Pet Sitter Code of Behavior" that dictates how the pet sitters are to act when in their clients' homes. Gabby is permitting to accept or decline potential pet sitting jobs, but only if they have already completed 10 jobs per month.
Which aspects of Gabby's relationship with superpetsitters.com suggest that she might be an employee? Which aspects suggest she is an independent contractor?

ANSWER: The various controls that the company places on Gabby' pet sitting suggest she may be an employee. For example, the rules regarding the hours she must be available suggests the company controls the times during which she works. The uniform and code of behavior suggest that the company controls the manner of her work. The fact that she works on a per-job basis suggests she is an independent contractor, as does her ability to accept or decline pet sitting jobs.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Introduction; Customer Protection in the New Economy
QUESTION TYPE: Essay
HAS VARIABLES: False
KEYWORDS: Bloom's: Analysis
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14. If you were advising a new start-up company regarding whether it should hire employees or independent contractors for its workforce, what would you tell them are the advantages of each?

ANSWER: A start-up might consider hiring employees because they tend to be more loyal and stable workers for the company. The company can also exert more control over when employees work and how they perform their work. Companies such as Redfin believe that using employees instead of independent contractors will lead to higher quality work because the employees are more invested in the company and see benefits when the company succeeds. Meanwhile, independent contractors are generally less expensive for the company and provide it with more flexibility regarding when to use them for work. You can more easily hire them on limited or periodic basis and then save money during the periods when you do not need their labor. They are also not entitled to certain protections and benefits provided by various employment laws, such as overtime pay and unemployment benefits.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: The Decline of the Corporation as We Know It
QUESTION TYPE: Essay
HAS VARIABLES: False
KEYWORDS: Bloom's: Application
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15. Describe “Nikefication” and “Uberization” and explain one way in which each negatively affects workers.

ANSWER: Nikefication is the phenomenon of companies outsourcing the manufacturing stage in the development of their products. This led to a steep decline in stable manufacturing jobs in the United States. Uberization is the phenomenon of “renting labor for specific jobs rather than hiring for jobs.” Workers are hired as independent contractors under this model, meaning they lose stability in their work opportunities and a variety of protections and benefits that are afforded to employees.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: The Decline of the Corporation as We Know It
QUESTION TYPE: Essay
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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16. Describe at least three ways in which workers who are not covered by the National Labor Relations Act have organized in order to enhance their bargaining power with those who pay them for their work.

ANSWER: Several examples are provided in “Six Groups that are Reinventing Organized Labor.” Taxi drivers in New York have used driver strikes, demonstrations and other public events to improve their ability to negotiate with the commission that regulates taxis in New York. Non-unionized workers have also organized through door-to-door outreach campaigns, such as the one initiated by Working America. The National Domestic Workers Alliance uses grass roots organizing tactics to gather members who work in the domestic services industries. Workers from outside the U.S. with temporary work visas have also used tactics such as strikes and highlighting the importance of their work as part of large-scale corporate enterprises. Some organizations, such as the Restaurant Opportunities Centers United, are also raising money from consumers and even employers to support their efforts to improve working conditions of non-unionized workers.
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Workers’ Rights to Organize in the New Economy
QUESTION TYPE: Essay
HAS VARIABLES: False
KEYWORDS: Bloom's: Understanding
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