

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Which of the following statements about the role of the government in compensation is true? 1) \_\_\_\_\_
- A) Legislation excludes administrative rules regarding record keeping and statement of wages.
  - B) Legislation ensures that the employees are protected from exploitation and given a fair pay.
  - C) Legislation says that overtime is paid on time compensated, not on time worked.
  - D) Legislation aims at protecting specific groups and also tends to expand that group's participation in the labour market.
  - E) Lowering interest rates by the government generally lowers manufacturing and this decreased business activity translates into decreased demand for labour.
- 2) The laws that are intended to provide an income floor for workers in society's least productive jobs are known as: 2) \_\_\_\_\_
- A) overtime wage laws
  - B) standard hours of work laws
  - C) human rights laws
  - D) minimum wage laws
  - E) disability laws
- 3) Which of the following is an employer required to provide under the Canadian employment standards acts? 3) \_\_\_\_\_
- A) paid vacation
  - B) market policy
  - C) pricing controls
  - D) voting rights
  - E) maximum age of employment
- 4) Which of the following statements about overtime pay legislation is true? 4) \_\_\_\_\_
- A) It specifies the number of mandatory paid holidays.
  - B) It forces pay rates at the lowest end of the scale to move up.
  - C) It specifies the wages paid for time worked in excess of the standard hours.
  - D) It limits the number of hours per week for certain age groups.
  - E) It limits the size of wage increases.

- 5) Which laws are being violated when employment applications and interviews ask for any information regarding the applicant's colour or religion? 5) \_\_\_\_\_
- A) human rights laws
  - B) minimum wage laws
  - C) labour union laws
  - D) overtime legislation
  - E) employment standards acts
- 6) The amount by which the average pay for female workers is less than the average pay for male workers is known as the: 6) \_\_\_\_\_
- A) gender wage gap
  - B) relational return
  - C) benchmark wage
  - D) sex ratio
  - E) gender pay
- 7) Which of the following has been found to be the best predictor of wages across North America, Europe, and Australia? 7) \_\_\_\_\_
- A) gender
  - B) experience
  - C) religion
  - D) unionization
  - E) education
- 8) The gender wage gap: 8) \_\_\_\_\_
- A) refers to the difference in the wage that one expects from a company and the actual wage that one receives
  - B) issue is addressed by the pay equity legislation which is a complaint-based legislation
  - C) leads to the spillover effect
  - D) refers to the amount by which the average pay for female workers is less than the average pay for male workers
  - E) is not related to differences in the number of hours worked
- 9) Which of the following statements about wage gap is true? 9) \_\_\_\_\_
- A) Wages of men in small firms are 54 percent higher than wages of men in large firms.
  - B) Wage gap can be accounted for by the firm's compensation policies to some extent.
  - C) Women's employment is equally distributed across diverse occupations.
  - D) Wage gap is found primarily among those with higher levels of education.
  - E) Wage gap and pay equity are interchangeable terms.

- 10) Which of the following is intended to proactively address the effects of occupational segregation? 10) \_\_\_\_\_
- A) differential wage legislation
  - B) minimum wage laws
  - C) child labour laws
  - D) pay equity legislation
  - E) overtime pay legislation
- 11) Which of the following is a common type of gender discrimination? 11) \_\_\_\_\_
- A) gender sensitive local planning
  - B) comparable pay for female and male dominated jobs
  - C) different job titles for the same work
  - D) comparable responsibility for both sexes
  - E) unbiased job evaluation methods
- 12) Each female job class is compared to each male job class of equal or comparable value in the: 12) \_\_\_\_\_
- A) job-to-job method
  - B) proportional value method
  - C) wage line method
  - D) compensation adjustment method
  - E) proxy comparison method
- 13) The differences in the pay between men and women are legal if the differences are based on: 13) \_\_\_\_\_
- A) colour
  - B) work quality detailed in formal performance ratings
  - C) religion
  - D) marital status
  - E) sexual orientation
- 14) A compensation plan where the experienced employees are paid more than the new employees is known as a: 14) \_\_\_\_\_
- A) occupation differential plan
  - B) deferred wage plan
  - C) wage gap plan
  - D) merit differential plan
  - E) two-tier pay plan

- 15) Which of the following statements about two-tier plans is true? 15) \_\_\_\_\_
- A) In a two-tier plan, newer employees receive higher wages than their higher seniority peers working on the same or similar jobs.
  - B) This plan is in accordance with the most basic precept of unionization.
  - C) Two-tiered wage system increases solidarity in the union.
  - D) Two-tiered wage systems can lead to hostility within the organization.
  - E) This wage structure leads to employee satisfaction in the workplace.
- 16) Employers seek to avoid unionization by offering workers the wages, benefits, and working conditions won in rival unionized firms in what is termed as the: 16) \_\_\_\_\_
- A) primary effect
  - B) spillover effect
  - C) pay equity legislation
  - D) tertiary effect
  - E) differential wages
- 17) Which of the following statements best describes the role of unions in wage determination? 17) \_\_\_\_\_
- A) When labour is scarce, the balance of power tilts toward the employers.
  - B) It is the supply and demand for labour that determines wages and not the union.
  - C) The role of unions in administering compensation is outlined primarily in the contract.
  - D) The union insists on individual merit-based performance measures when the organization faces external competition pressure.
  - E) During periods of higher unemployment, the impact of unions is lesser.
- 18) Which of the following is to be paid at the rate of one and one-half times the basic hourly straight-time rate? 18) \_\_\_\_\_
- A) overtime pay
  - B) seniority-based pay
  - C) commission
  - D) merit-based pay
  - E) allowance
- 19) Which of the following is true about single-rate agreements? 19) \_\_\_\_\_
- A) They are usually specified for workers across all job classifications.
  - B) They differentiate only on the basis of seniority.
  - C) They differentiate only on the basis of merit.
  - D) They may specify wage ranges.
  - E) They are a phenomenon of the union sector in which a contract is negotiated which specifies that all employees hired after a given target date will receive one single lower wage than their higher seniority peers working on the same or similar jobs.

- 20) Wage adjustment provisions include: 20) \_\_\_\_\_
- A) reopener clauses
  - B) wage floor clauses
  - C) severance pay plans
  - D) fringe benefits clauses
  - E) minimum wage clauses
- 21) Which of the following agreements do NOT differentiate wages on the basis of either seniority or merit? 21) \_\_\_\_\_
- A) multiple-rate agreements
  - B) non-negotiated rate agreements
  - C) minimum-rate agreements
  - D) maximum-rate agreements
  - E) single-rate agreements
- 22) Which of the following is used for wage adjustments and is negotiated at the time of initial contract negotiations, with the timing and amount specified in the contract? 22) \_\_\_\_\_
- A) subsistence wage
  - B) deferred wage
  - C) living wage
  - D) minimum wage
  - E) opportunity wage
- 23) Alternative reward systems include: 23) \_\_\_\_\_
- A) spillover system
  - B) merit pay system
  - C) relational return
  - D) gain sharing
  - E) wage differential
- 24) Which of the following is true about unions and alternative reward systems? 24) \_\_\_\_\_
- A) Unions are becoming less receptive to alternative reward systems.
  - B) Willingness to try alternative rewards is lesser when the firm faces extreme competitive pressure.
  - C) International competition is very beneficial for unions.
  - D) Gain sharing and profit sharing are types of alternative reward systems.
  - E) The drawback of alternative rewards is that they tend to be subjective in unionized companies.

- 25) When employers face extreme competitive pressures, unions are receptive to gain sharing and profit sharing which are: 25) \_\_\_\_\_
- A) alternative reward systems
  - B) equity pay mechanisms
  - C) cost-of-living adjustments
  - D) spillover mechanisms
  - E) collective bargaining agreements

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 26) Government is a key stakeholder in compensation decision making. 26) \_\_\_\_\_
- 27) A government indirectly affects labour demand through its purchases, such as military aircraft, as well as its public policy decisions. 27) \_\_\_\_\_
- 28) Meal breaks and rest periods are required during working hours, and have to be paid. 28) \_\_\_\_\_
- 29) If the difference between the work of a male orderly assistant and a female nursing assistant is that the orderly occasionally does heavy lifting, then the work is considered to be substantially different. 29) \_\_\_\_\_
- 30) Enforcement of human rights legislation is complaint-based. 30) \_\_\_\_\_
- 31) Employers must ensure that their compensation systems treat all groups neutrally, compensating for membership in a particular group rather than for merit. 31) \_\_\_\_\_
- 32) A gender wage gap is the amount by which the average pay for senior workers is less than the average pay for newer workers. 32) \_\_\_\_\_
- 33) Occupational segregation is the historical segregation of women into a small number of roles such as clerical, sales, nursing, and teaching. 33) \_\_\_\_\_
- 34) The size of a firm is related systematically to differences in wages. 34) \_\_\_\_\_
- 35) Belonging to a union does not necessarily increase wages. 35) \_\_\_\_\_
- 36) Unions make a positive difference in wage levels, and this difference is greatest during recessionary periods and least during inflationary periods. 36) \_\_\_\_\_
- 37) Single-rate agreements differentiate wages on the basis of either seniority or merit. 37) \_\_\_\_\_
- 38) A COLA clause involves periodic adjustments based typically on changes in the consumer price index. 38) \_\_\_\_\_

- 39) Lump sum awards are one-time cash payments to employees that are added to an employee's base wages. 39) \_\_\_\_\_
- 40) Unions have become much more receptive in recent years to alternative reward systems that link pay to performance. 40) \_\_\_\_\_

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 41) What is the role of the government in compensation?
- 42) What are the provisions for paid holidays under the Canadian employee standards acts?
- 43) Give one reason why overtime pay is often the least costly option for contemporary employers.
- 44) Identify the historically disadvantaged groups whose situation is being relieved by the development of programs under the Charter of Rights and Freedoms.
- 45) Why do pay equity laws need special attention?
- 46) How do differences in occupations contribute to the gender wage gap? What do pay equity laws intend to accomplish?
- 47) What are the different ways in which male and female job classes are compared in the pay equity process?
- 48) What are the factors affecting wages in a unionized firms?
- 49) How does the presence of a union affect the wage structure?
- 50) What is a COLA clause?
- 51) Why have union attitudes regarding pay-for-performance gradually become more favourable in recent years?

## Answer Key

Testname: UNTITLED12

- 1) B
- 2) D
- 3) A
- 4) C
- 5) A
- 6) A
- 7) A
- 8) D
- 9) B
- 10) D
- 11) C
- 12) A
- 13) B
- 14) E
- 15) D
- 16) B
- 17) C
- 18) A
- 19) D
- 20) A
- 21) E
- 22) B
- 23) D
- 24) D
- 25) A
- 26) TRUE
- 27) TRUE
- 28) FALSE
- 29) FALSE
- 30) TRUE
- 31) FALSE
- 32) FALSE
- 33) TRUE
- 34) TRUE
- 35) FALSE
- 36) TRUE
- 37) FALSE
- 38) TRUE
- 39) FALSE
- 40) TRUE



- 41) Government is a key stakeholder in compensation decision making. Governments' usual interests are whether procedures for determining pay are fair (e.g., pay equity), safety nets for the unemployed and disadvantaged are sufficient (e.g., minimum wage, unemployment compensation), and employees are protected from exploitation (e.g., overtime pay, child labour). Government policy decisions also affect compensation by affecting the supply and demand for labour. Legislation aimed at protecting specific groups also tends to restrict that group's participation in the labour market. Government affects demand for labour most directly as a major employer. A government also indirectly affects labour demand through its purchases (military aircraft, computer systems, paper clips) as well as its public policy decisions. Each of the 14 jurisdictions regulating employment across Canada has enacted legislation, usually named "employment standards acts," specifying minimum terms and conditions of employment. Although there are differences in specific requirements, these laws all specify a minimum hourly wage, paid vacations, paid holidays, standard hours of work and overtime pay, pay for employees who are terminated by the company, minimum age of employment, and equal pay for equal work by men and women. Administrative rules regarding record keeping, statement of wages, and deductions from wages are also prescribed.
- 42) The number of paid holidays varies from five to nine across the country, but all jurisdictions include New Year's Day, Good Friday, Canada Day, Labour Day, and Christmas Day.
- 43) Contemporary employers face an increasingly skilled workforce with higher training costs per employee and higher benefits costs. This makes overtime pay a more viable option than training more employees.
- 44) The disadvantaged groups are women, visible minorities, people with disabilities and Aboriginal people.
- 45) Pay equity laws ensure equal pay for equal work. These laws need special attention as they regulate the design and administration of pay systems. Many of the provisions of these laws simply require sound pay practices that should have been employed in the first place.
- 46) The gender pay gap is the difference between men's and women's pay, based on hourly earnings across the economy. Traditionally, female workers were segregated in occupations such as clerical, sales, nursing, and teaching. Women tend to be concentrated in the lower paid jobs and the lower grades within an organization. Gender stereotyping, undervaluing of roles that are considered to be women's work, and lack of flexible options for women with children contribute to this barrier preventing women from maximizing the potential. Over the last 20 years, not that much has changed, other than an increase in women holding managerial jobs.
- Pay equity legislation is intended to address the effects of occupational segregation and the historical undervaluing of work done by women by requiring that female-dominated jobs be compensated in the same way as male-dominated jobs of the same value. Thus, pay equity legislation is proactive, rather than complaint-based.
- 47) In the proportional value or wage line method—for female job classes with no appropriate male comparators under the job-to-job system—the wage line for male job classes is applied when setting pay for female classes. In the job-to-job method, each female job class is compared to each male job class of equal or comparable value. In the proxy comparison method—when pay equity cannot be achieved through job-to-job or proportional value methods—female job classes are compared to similar female job classes that have achieved pay equity with another employer.
- 48) The general factors affecting wages in unionized firms include the impact of the union on: (1) general wage and benefit levels, (2) the structure of wages, (3) non-union firms (also known as spillover effect), and (4) wage and salary policies and practices in unionized firms.

- 49) Union membership tends to be higher in manufacturing and the public sector. Research indicates that the presence of a union adds about 20 to 30 percent to employee benefits. Whether because of reduced management control, strong union-worker preference for benefits, or other reasons, unionized employees also have a greater percentage of their total wage bill allocated to employee benefits. Typically, the higher costs show up in the form of higher pension expenditures or higher insurance benefits. With two-tier pay plans, basically a phenomenon of the union sector, a contract is negotiated which specifies that employees hired after a given target date will receive lower wages than their higher seniority peers working on the same or similar jobs. From management's perspective, tiers can be used as a cost-control strategy to allow expansion or investment, or as a cost-cutting device to allow economic survival. Collective bargaining can reduce inequality and narrows the wage gap. From a union's perspective, wage tiers are viewed as better options than wage freezes and staff cuts among existing employees.
- 50) A COLA clause is a cost-of-living adjustment, typically tied to changes in the consumer price index.
- 51) When employers face extreme competitive pressures, unions are receptive to alternative reward systems linked to performance. The Union stipulation is that the equity issue involves use of group-based measures with equal payouts that minimizes bias. These include:
- lump-sum awards (one-time cash payment given in place of merit increases),
  - employee stock ownership plans (control base wages by giving stock options to employees),
  - piece-rate (employees are paid for each unit of production at affixed rate),
  - gain-sharing plans (workers and management work together to streamline operations and cut costs), and
  - profit-sharing plans (union members share the profits).