Compensation 1st edition DeMarr Test Bank

SKU: 9781071948590-TEST-BANK

Compensation (1st)

ISBN 9781071948590 | Chapter 1: DeMarr Compensation 1e

Total Questions: 50

Multiple Choice (35)

Q1. *[Multiple Choice] · Cognitive Domain: Comprehension*

A psychological ______ refers to an unwritten arrangement between an employee and an employer related to their shared obligations in their employment relationship.

a) contract ✓ correct
b) liability
c) objective
d) expectation

Q2. *[Multiple Choice] · Cognitive Domain: Application*

A worker who is approaching retirement age has worked for the same aircraft manufacturing company his entire career because he feels a sense of loyalty to the company. This is an example of a ______ psychological contract.

a) situational
b) relational ✓ correct
c) transactional
d) functional

Q3. *[Multiple Choice] · Cognitive Domain: Comprehension*

Often more short term in nature, a ______ psychological contract is an economic approach in which the focus lies on the exchange of employee labor for rewards provided by the employer.

a) situational
b) relational
c) transactional ✓ correct
d) functional

Q4. *[Multiple Choice] · Cognitive Domain: Comprehension*

The percentage of the labor force that is not working, able to work, and actively seeking employment is referred to as the ______.

a) underrepresented
b) underemployed
c) workforce deficit
d) unemployment rate ✓ correct

Q5. *[Multiple Choice] · Cognitive Domain: Analysis*

Which is true of the unemployment rate?

a) It does not include individuals who are not looking for work. ✓ correct
b) It does not include individuals who are laid off.
c) It does not include independent contractors.
d) It does not include entrepreneurs.

__Q6.__ [Multiple Choice] · Cognitive Domain: Analysis

If the number of people who retire or choose not to work increases, the ______ rate decreases.

- **a)** unemployment
- **b)** corporate participation
- **c) labor force participation ✓ correct**
- **d)** market competition

__Q7.__ [Multiple Choice] · Cognitive Domain: Comprehension

A company's reputation and what it can offer of value to its employees is referred to as the employer ______.

- **a)** character
- **b)** virtue
- **c)** status
- **d) brand ✓ correct**

__Q8.__ [Multiple Choice] · Cognitive Domain: Application

Google is regarded as an organization where people like to work and produces high employee retention levels. This is an example of a positive employer ______.

- **a)** character
- **b)** virtue
- **c)** status
- **d) brand ✓ correct**

__Q9.__ [Multiple Choice] · Cognitive Domain: Analysis

In addition to employees who value flexibility and opportunities for growth more than the size of their paycheck, there is an increase in ______ workers, or individuals who work for an organization but are not full–time and include temp workers, on–call workers, and independent contractors.

- **a)** traditional
- **b) nontraditional ✓ correct**
- **c)** casual
- **d)** functional

__Q10.__ [Multiple Choice] · Cognitive Domain: Comprehension

In a(n) ______ economy, freelance and short–term work assignments are more common than traditional long–term employment.

- **a)** traditional
- **b) gig ✓ correct**
- **c)** non–traditional
- **d)** integrated

__Q11.__ [Multiple Choice] · Cognitive Domain: Application

To make ends meet for her family, Rachel works as both a freelance content creator and as an Uber driver. This is an example of being a part of the ______ economy.

- **a)** traditional
- **b) gig ✓ correct**
- **c)** non–traditional
- **d)** integrated

Q12. [Multiple Choice] · Cognitive Domain: Analysis

An employer paying its employees more than others puts pressure on its ______ competitors to increase their pay to attract and retain equally qualified and skilled workers.

- **a)** replacement
- **b)** potential future
- **c) labor market ✓ correct**
- **d)** indirect

Q13. [Multiple Choice] · Cognitive Domain: Comprehension

The pressure on lower–paying employers to increase their pay rates to attract and retain qualified employees is referred to as the ______ effect.

- **a)** concentration
- **b) spillover ✓ correct**
- **c)** overcompensation
- **d)** restriction

Q14. [Multiple Choice] · Cognitive Domain: Knowledge

The sum of all the direct and indirect payments earned by an employee in exchange for the work performed for their employer is referred to as ______ compensation.

- **a) total ✓ correct**
- **b)** comprehensive
- **c)** intrinsic
- **d)** restrictive

Q15. [Multiple Choice] · Cognitive Domain: Comprehension

Wages and bonuses paid to employees in return for their work are considered ______ payments.

- **a) direct ✓ correct**
- **b)** indirect
- **c)** restricted
- **d)** open

Q16. [Multiple Choice] · Cognitive Domain: Application

Robert has been offered a new job and is trying to decide if he wants to take the position. In addition to his wages, he is considering the ______ payments that are important to him including paid time off, health insurance, and the retirement planning options they offer.

- **a)** direct
- **b) indirect ✓ correct**
- **c)** restricted
- **d)** open

Q17. [Multiple Choice] · Cognitive Domain: Comprehension

The valued tangible and visible aspects employees receive from their employer that reinforce and incentivize employee behavior are considered ______ rewards.

- **a)** flexible
- **b)** total
- **c) extrinsic ✓ correct**
- **d)** intrinsic

Q18. [Multiple Choice] · Cognitive Domain: Analysis

______ rewards refer to rewards that hold value because they come from enjoyment and fulfillment of completing work or a feeling of purpose associated with helping others.

- **a)** Flexible
- **b)** Total
- **c)** Extrinsic
- **d) Intrinsic ✓ correct**

Q19. [Multiple Choice] · Cognitive Domain: Comprehension

The comprehensive value of any employee's total compensation and everything the employee values in the workplace experience including employer/employee relationships is referred to as ______ rewards.

- **a)** flexible
- **b) total ✓ correct**
- **c)** extrinsic
- **d)** intrinsic

Q20. [Multiple Choice] · Cognitive Domain: Analysis

A(n) ______ rewards strategy takes an employee–focused approach to devising and implementing a comprehensive rewards program aligned with business strategy and directed toward performance outcomes.

- **a)** flexible
- **b) total ✓ correct**
- **c)** extrinsic
- **d)** intrinsic

Q21. [Multiple Choice] · Cognitive Domain: Knowledge

The leading global nonprofit organization for compensation professionals is ______ and is credited for popularizing the idea of Total Rewards.

- **a)** HR.com
- **b)** Mercer
- **c) WorldatWork ✓ correct**
- **d)** International Association of Administrative Professionals

Q22. [Multiple Choice] · Cognitive Domain: Comprehension

A major element of the WorldatWork total rewards strategy that is characterized by supporting workforce success inside and outside of work refers to ______.

- **a)** compensation
- **b)** recognition
- **c) well–being ✓ correct**
- **d)** careers

Q23. [Multiple Choice] · Cognitive Domain: Application

Chris is the owner of a pool company that has recently experienced issues with price gouging on various resources that have become scarce but are necessary for the function of his business. He must consider the possibility of restructuring his bonus plan to accommodate the higher prices. This is an example of ______ influence that impacts an employer's reward system.

- **a)** instrumental
- **b) external ✓ correct**
- **c)** internal
- **d)** comprehensive

Q24. *[Multiple Choice]* *· Cognitive Domain: Comprehension*

The term ______ can be applied to the total supply and demand for employees or a subset of employees.

- **a) labor market ✓ correct**
- **b)** people analytics
- **c)** society
- **d)** market economy

Q25. *[Multiple Choice]* *· Cognitive Domain: Knowledge*

______ influences are the elements within an organization that impact the development and implementation of total rewards programs.

- **a)** Instrumental
- **b)** External
- **c) Internal ✓ correct**
- **d)** Comprehensive

Q26. *[Multiple Choice]* *· Cognitive Domain: Comprehension*

An organization's ______ refers to the set of shared values and beliefs that are established over time as people interact and work together.

- **a)** climate
- **b)** valence
- **c) culture ✓ correct**
- **d)** environment

Q27. *[Multiple Choice]* *· Cognitive Domain: Application*

An office supply company sets quarterly quota goals that can result in significant bonuses. A sales executive who is not on target to meet his goals but really wants to get the bonus convinces a client to order more supplies than they need and then return them later so he can meet his goals. This is an example of a(n) ______ that results from the company's compensation decisions.

- **a)** pay inequity
- **b) unintended consequences of pay ✓ correct**
- **c)** gender pay gap
- **d)** base pay discrepancy

Q28. *[Multiple Choice]* *· Cognitive Domain: Analysis*

Excessive competition between employees and risk taking by employees are examples of ______.

- **a)** pay inequity
- **b) unintended consequences of pay ✓ correct**
- **c)** gender pay gap
- **d)** base pay discrepancy

Q29. *[Multiple Choice]* *· Cognitive Domain: Analysis*

______ applies to when the primary focus of a job revolves around a measure or performance metric that then becomes ineffective.

- **a)** The cobra effect
- **b)** Pay gap
- **c) Goodhart's Law ✓ correct**
- **d)** HR theory

Q30. *[Multiple Choice] · Cognitive Domain: Comprehension*

Something intended to solve a problem that either makes it worse or creates a new and different problem results in what is referred to as ______.

a) the cobra effect ✓ correct
b) pay gap
c) Goodhart's Law
d) HR theory

Q31. *[Multiple Choice] · Cognitive Domain: Application*

Rita is a salesperson at a popular retail store and receives a commission for the number of sales she makes. One of her co–workers has become so competitive over sales that her aggressive behavior has turned customers away. This is an example of ______.

a) the cobra effect ✓ correct
b) pay gap
c) Goodhart's Law
d) HR theory

Q32. *[Multiple Choice] · Cognitive Domain: Knowledge*

Pay ______ refers to the concept that individuals performing similar jobs should be paid the same.

a) discrepancy
b) flexibility
c) structure
d) equity ✓ correct

Q33. *[Multiple Choice] · Cognitive Domain: Knowledge*

The difference per dollar of earnings between men and women is referred to as the gender ______.

a) pay level
b) pay gap ✓ correct
c) incentive pay
d) deferred compensation

Q34. *[Multiple Choice] · Cognitive Domain: Analysis*

Research shows that the gender pay gap ______ levels of education.

a) fluctuates with all
b) remains the same with all
c) widens with higher ✓ correct
d) widens with lower

Q35. *[Multiple Choice] · Cognitive Domain: Comprehension*

The cash compensation an employee earns regularly for performing a job for an employer is their ______.

a) benefits package
b) base pay ✓ correct
c) commission
d) severance pay

True/False (10)

Q36. *[True/False]* *· Cognitive Domain: Comprehension*

The shift to transactional psychological contracts in organizations has resulted in employers who must focus more on attracting and retaining employees who have the necessary knowledge, skills, and abilities necessary for success.

a) True ✓ correct

b) False

Correct answer: True

Q37. *[True/False]* *· Cognitive Domain: Comprehension*

The unemployment rate includes people who are not actively looking for a job or who are working part–time but want to work full–time.

a) True

b) False ✓ correct

Correct answer: False

Q38. *[True/False]* *· Cognitive Domain: Knowledge*

The labor force participation rate has an impact on the unemployment rate.

a) True ✓ correct

b) False

Correct answer: True

Q39. *[True/False]* *· Cognitive Domain: Knowledge*

Companies typically spend over half of their operating budget on compensation costs to attract, retain, and motivate employees.

a) True

b) False ✓ correct

Correct answer: False

Q40. *[True/False]* *· Cognitive Domain: Knowledge*

Extrinsic rewards are related to an employee's interest in their job and the enjoyment they feel from doing their work.

a) True

b) False ✓ correct

Correct answer: False

Q41. *[True/False]* *· Cognitive Domain: Knowledge*

The Employee Value Proposition includes material things such as pay and benefits, opportunities for growth and development, connection and community, and meaning and purpose.

a) True ✓ correct

b) False

Correct answer: True

Q42. *[True/False]* *· Cognitive Domain: Comprehension*

Greater competition between sellers typically results in a higher market price for goods and services, resulting in a higher total reward for employees.

a) True

b) False ✓ correct

Correct answer: False

Q43. *[True/False] · Cognitive Domain: Knowledge*

Legal requirements often lead to changes in an organization's total rewards program.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q44. *[True/False] · Cognitive Domain: Knowledge*

Employers must be careful to choose incentives wisely or the result may be opposite of what they anticipate or desire.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q45. *[True/False] · Cognitive Domain: Knowledge*

The gender pay gap narrows with higher levels of education.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Essay (5)

Q46. *[Essay] · Cognitive Domain: Analysis*

What impact does the labor force participation rate have on the unemployment rates?

> ***Suggested answer:*** *Sample response: The labor force participation rate refers to the percentage of working-age people (ages 16 and over) who are employed or unemployed. When people retire or choose not to work, the labor force participation rate decreases. During the COVID pandemic, many people chose to leave the labor force for a variety of reasons. This results in a smaller labor force that makes it harder for employers to find necessary employees. The argument surrounding an artificially low unemployment rate relates to the decreased labor force participation. What is particularly concerning is that employers are having a difficult time finding qualified workers and have had to resort to making changes in their recruitment efforts to attract appropriate employees.*

Q47. *[Essay] · Cognitive Domain: Application*

Compare the employee perspective to the employer perspective regarding compensation.

> ***Suggested answer:*** *Sample response: Employers are under pressure to control all their costs due to increasingly competitive markets for goods and services. This means they are unable to pass along cost increases to their consumers. Additionally, employers are left to choose where in the organization to distribute limited financial resources. Companies usually spend anywhere from one-fifth to one-half of their operating budget on compensation costs to attract, retain, and motivate employees. Employers face a spillover effect in which lower paying employers are pressured to increase their pay rates to compete with other employers for qualified workers. Employees face cost of living expenses that are constantly on the rise. If their compensation doesn't increase at the rate of inflation, they face financial struggles. Compensation also acts as an indicator of the employer's priorities and the perception of how much the employer values the employee. Compensation has a direct impact on an employee's willingness to accept a job and remain with that employer. Employees are aware of their value and expect to be paid accordingly.*

Q48. *[Essay] · Cognitive Domain: Application*

Define extrinsic rewards and intrinsic rewards as they relate to compensation and provide some examples of both.

> ***Suggested answer:*** *Sample response: Extrinsic rewards refer to tangible and visible things of value employees receive from employers which are often used to reinforce, incentive, or motivate employee behavior. Examples of extrinsic rewards include direct payments which include wages and bonuses. They also include indirect payments such as paid time off, health benefits, flexible work schedules, recognition of accomplishments, retirement planning, and development opportunities. Intrinsic rewards refer to things that hold internal value from performing the job. Employees can experience interest and enjoyment from the work they perform that provides them with a sense of purpose associated with helping others. Autonomy and decision-making authority can make a job more intrinsically rewarding.*

Q49. *[Essay] · Cognitive Domain: Analysis*

Discuss the 5 elements of the WorldatWork total rewards model.

> ***Suggested answer:*** *Sample response: The five key elements of the WorldatWork total rewards strategy are designed to attract, motivate, and retain productive, inspired, and committed employees. Compensation is the first key element and encompasses fixed and variable pay provided to an employee in return for their contributions to the organization. Benefits refer to programs that focus on the health and welfare, income protection, financial preparedness, retirement and pay for time not worked. A third element relates to well-being and includes programs that are committed to success inside and outside of work and includes diversity and inclusion initiatives, work-place flexibility, wellness programs, and community volunteer programs. The advancement of one's career through rewards and opportunities is a fourth element and can focus on skills, competencies, sense of purpose, responsibilities and contributions as well as performance feedback, tuition reimbursement, training opportunities, mentorship programs, and career planning.*

Q50. *[Essay] · Cognitive Domain: Application*

Discuss some examples of unintended consequences of compensation.

> ***Suggested answer:*** *Sample response: Unintended consequences of pay are the unplanned, often undesired, outcomes that result from certain compensation decisions. Examples of unintended consequences of compensation include excessive risk taking by employees, excessive competition among employees, employees who focus on achieving performance measures for rewards at the expense of others, manipulation of the system to gain rewards, and resisting change if such change is viewed as a barrier to their ability to achieve an award. It is very important for the designers of total rewards programs to carefully consider employee reactions because certain aspects of compensation plans can lead to outcomes that are not desired.*