***Employment Law for Business, 9e* (Bennett)**

**Chapter 1 The Regulation of Employment**

1) Agency law, based on the traditional law called master and servant, governs employment relationships.

Answer: TRUE

Explanation: Laws relating to employment relationships are based on the traditional law called master and servant, which evolved into the law of agency. In an agency one person (the agent or employee) works on behalf of another (the principal or employer).

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

2) In an employment–agency relationship, if an agent acts beyond his or her authority, the principal may be liable for any resulting loss to a third party.

Answer: TRUE

Explanation: In an employment-agency relationship, the employee-agent is under a specific duty to the principal to act only as authorized. As a rule, if an agent goes beyond his or her authority or places the property of the principal at risk without authority, the principal is responsible to the third party for all loss or damage naturally resulting from the agent's unauthorized acts (while the agent remains liable to the principal for the same amount).

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

3) An employer has vicarious liability if an employee causes harm to a third party while the employee is in the course of employment.

Answer: TRUE

Explanation: An employer has vicarious liability if an employee causes harm to a third party while the employee is in the course of employment. While the employee may be required to reimburse the employer if the employer has to pay for the damages, generally the third party goes after the employer because the employee does not have the funds to pay the liability.

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

4) The National Labor Relations Act of 1935 (NLRA) protects independent contractors from unfair labor practices of employers.

Answer: FALSE

Explanation: The National Labor Relations Act of 1935 (NLRA) protects only employees and not independent contractors from unfair labor practices. However, independent contractors may be considered to be employers; so they may be subject to these regulations from the other side of the fence.

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

5) Myra provides accounting services as an independent contractor for Great Northern. Because of this relationship, Great Northern is responsible for withholding and paying Myra's employment taxes, including federal unemployment compensation (FUTA), Social Security (FICA) and FICA excise tax.

Answer: FALSE

Explanation: Great Northern is not responsible for withholding and paying Myra's employment taxes (Social Security (FICA), the FICA excise tax, and federal unemployment compensation (FUTA)). Myra is an independent contractor, and employers are only responsible for withholding and paying these taxes for employees. In addition, an employer is responsible for withholding a certain percentage of the employee's wages for federal income tax, and state and local taxes where applicable. As an independent contractor, Myra is responsible for all of these taxes herself.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

6) Employers are not liable for most torts committed by an independent contractor within the scope of the working relationship.

Answer: TRUE

Explanation: Employers are not liable for most torts committed by an independent contractor within the scope of the working relationship because Title VII of the Civil Rights Act of 1964 applies to employers and prohibits them from discriminating against employees. It does not, however, cover discrimination against independent contractors.

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

7) There is a single commonly accepted definition of "employee" used by courts, employers, and the government.

Answer: FALSE

Explanation: The courts, employers, and the government are unable to agree on one definition of "employee" and "employer," so it varies, depending on the situation and the law being used. In addition, some statutes do not give effective guidance.

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

8) A willful misclassification of workers by an employer may result in harsh sanctions under the Fair Labor Standards Act of 1938 (FLSA). These may include imprisonment and a fine of up to $10,000.

Answer: TRUE

Explanation: An employer who maintains employees has the responsibility to pay Social Security (FICA), the FICA excise tax, Railroad Retirement Tax Act (RRTA) withholding amounts, federal unemployment compensation (FUTA), Internal Revenue Service (IRS) federal income tax withholdings, Medicare, and state taxes. Employers may intentionally misclassify employees in order to avoid these other costs and liabilities. A willful misclassification under the Fair Labor Standards Act of 1938 (FLSA) may result in imprisonment and up to a $10,000 fine, imposed by the Department of Labor.

Difficulty: 1 Easy

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-03 Delineate the risks to the employer caused by employee misclassification.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

9) Fresh Ideas employs part-time workers through a staffing firm. After the staffing firm sent over a part-time office assistant, Fresh Ideas asked the firm to replace her with someone from a different race. The replaced office assistant cannot proceed with a discrimination claim under Title VII of the Civil Rights Act since she (the part-time office assistant) was never an employee of Fresh Ideas.

Answer: FALSE

Explanation: Fresh Ideas can be found liable because an employer using a staffing firm cannot avoid liability for discriminating against a temporary worker merely because it did not "employ" the worker. Employers may be held liable as "third-party interferers" under Title VII of the Civil Rights Act of 1964. For example, if an employer decides to ask its staffing firm to replace the temporary receptionist with one of another race, the receptionist could proceed with a Title VII claim against the employer because it improperly interfered with her employment opportunities with the staffing firm.

Difficulty: 3 Hard

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

10) One criteria for determining whether a worker is an employee or an independent contractor is the economic realities test. Under the economic realities test, a court considers whether a worker is economically dependent on the business, or is in business for himself or herself.

Answer: TRUE

Explanation: Under the economic realities test, courts consider whether a worker is economically dependent on the business or, as a matter of economic fact, is in business for himself or herself. In applying the economic realities test, courts look to the degree of control exerted by the alleged employer over the worker, the worker's opportunity for profit or loss, the worker's investment in the business, the permanence of the working relationship, the degree of skill required by the worker, and the extent the work is an integral part of the alleged employer's business.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

11) The Civil Rights Act of 1866 applies to all employers, regardless of the number of employees.

Answer: TRUE

Explanation: The Civil Rights Act of 1866 regulates the actions of all individuals or entities when entering into a contract to employ someone else. There is no requirement for a minimum number of employees in order to qualify as an employer under the Civil Rights Act of 1866.

Difficulty: 1 Easy

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

12) The Rehabilitation Act of 1973 applies to government contractors that maintain contracts with the federal government in excess of $10,000 annually.

Answer: TRUE

Explanation: The Rehabilitation Act of 1973 applies not only to all entities, programs, and activities that receive federal funds and to government contractors, but also to all programs and activities of any executive agency as well as the U.S. Postal Service. A covered federal contractor is one who maintains a contract with the federal government in excess of $10,000 annually for the provision of personal property or nonpersonal services.

Difficulty: 1 Easy

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

13) CMS, Inc. solicited bids from various contractors to develop and maintain the grounds of its new office complex. Roberta, the head of facilities management at CMS, told her secretary, LeAnne, that she will not accept any bids from a Russian contractor. She then rejected a bid made by a Russian contractor without any legitimate reason. If the Russian contractor brings a lawsuit against CMS for discrimination, what is the likely result?

A) Roberta's refusal to hire Russian contractors will be found to be a violation of the Social Security Act.

B) Roberta's refusal to hire Russian contractors will be found to be a violation of the Consumer Protection Act.

C) Roberta's refusal to hire Russian contractors will not be considered an offense because employers in the United States are free to discriminate against employees based on their race or national origin.

D) Roberta's refusal to hire Russian contractors will not be considered a violation of Title VII of the Civil Rights Act because that law does not cover discrimination against independent contractors.

Answer: D

Explanation: CMS, Inc. will not be charged for discrimination because Title VII of the Civil Rights Act of 1964 applies to employers and prohibits them from discriminating against employees. It does not, however, cover discrimination against independent contractors.

Difficulty: 3 Hard

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

14) Roger is a freelance accountant hired by Rudy's Hot Dogs whenever auditing work is needed in the back office. Roger is called to the office on a need basis and is paid $200 per day for his services. Which of the following is likely true of this scenario?

A) Rudy's Hot Dogs will need to withhold a certain percentage of Roger's wages for federal income tax purposes.

B) Roger cannot be held liable for any torts committed by him within the scope of the working relationship.

C) Rudy's Hot Dogs will be liable to Roger if he makes any discrimination or wrongful discharge claims.

D) Roger cannot make a claim for medical or retirement benefits from Rudy's Hot Dogs as he is an independent contractor.

Answer: D

Explanation: Roger cannot claim for medical or retirement benefits from Rudy's Hot Dogs because he is an independent contractor. In an effort to attract and retain superior personnel, employers offer employees a range of benefits that generally are not required to be offered such as dental, medical, pension, and profit-sharing plans. Independent contractors have no access to these benefits.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

15) Employment law based on agency principles imposes a duty on an employee to act as authorized. If the employee exceeds his or her authority, the employer is:

A) not liable for any loss or damage that results from the employee's unauthorized acts.

B) liable for damages or losses incurred by third parties and has no recourse against the employee for the losses incurred.

C) liable for damages or losses incurred by third parties, while the employee remains liable to the employer.

D) not liable for any loss or damage incurred by third parties, unless the damage is beyond $35,000.

Answer: C

Explanation: In an employment-agency relationship, the employee-agent is under a specific duty to the principal to act only as authorized. As a rule, if an agent goes beyond her authority or places the property of the principal at risk without authority, the principal is now responsible to the third party for all loss or damage naturally resulting from the agent's unauthorized acts (while the agent remains liable to the principal for the same amount).

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

16) Nelson is properly classified as an independent contractor for FunTime Toys. While driving to a meeting at FunTime's headquarters, Nelson caused a car accident in which a cab driver was hurt. Upon investigation, it was found that Nelson was on the phone with one of the managers at FunTime when he was driving that day. Which of the following may be true in the context of liability for the accident?

A) FunTime has no liability, because Nelson is not a full-time employee.

B) FunTime has vicarious liability.

C) FunTime has no liability, but only if Nelson is a member of a protected class.

D) FunTime has strict liability.

Answer: A

Explanation: FunTime Toys likely has no liability because Nelson is a properly classified independent contractor. Title VII of the Civil Rights Act of 1964 applies to employers and prohibits them from discriminating against employees. It does not, however, cover discrimination against independent contractors. In addition, employers are not liable for most torts committed by an independent contractor within the scope of the working relationship.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

17) Cassie works as a salesperson at Lumber Needs. While demonstrating to a customer how to use a power saw, she accidentally cuts the customer on the arm, requiring a visit to the hospital and several stitches. Which of the following is true of the scenario?

A) Lumber Needs is not vicariously liable because it was an accident.

B) Lumber Needs is vicariously liable because Cassie was not acting within the course of employment.

C) Lumber Needs is not vicariously liable because Cassie was not acting within the course of employment.

D) Lumber Needs is vicariously liable because Cassie was acting within the course of employment.

Answer: D

Explanation: Lumber Needs is vicariously liable because Cassie was acting within the course of employment. An employer has vicarious liability if the employee causes harm to a third party while the employee is in the course of employment. Liability may extend from an employee to the employer on this basis if the employee is acting within the scope of her or his employment at the time the liability arose.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

18) Salvatore and Annette are sales managers for Acme USA. Both work full-time in the Acme offices under the same manager, and share the same type of job responsibilities. Salvatore was hired as an employee, and is paid a salary. Required federal and state tax withholdings are made by Acme for Salvatore. Annette was hired as an independent contractor, and is paid by the project. No federal and state withholdings are taken for Annette, and she does not receive retirement or health insurance benefits. Which of the following is the likely true?

A) Acme properly classified Annette as an independent contractor.

B) Acme willfully misclassified Annette as an independent contractor and is liable under Fair Labor Standards Act of 1938.

C) Acme has no rights to withhold federal and state taxes for Salvatore if he is classified as a full-time employee.

D) Acme has to provide more health and retirement benefits to Annette than Salvatore because Annette is an independent contractor.

Answer: B

Explanation: Acme willfully misclassified Annette as an independent contractor, and is liable under Fair Labor Standards Act (FLSA) of 1938. Where a worker is considered an employee, the FLSA regulates the amount of money an employee must be paid per hour and overtime compensation. Employers may intentionally misclassify employees in order to avoid these and other costs and liabilities. A willful misclassification under FLSA may result in imprisonment and up to a $10,000 fine, imposed by the Department of Labor.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

19) Jeffrey works as an independent contractor for an accounting firm jointly owned and managed by the Matthews brothers. Which of the following implications can be drawn from the scenario?

A) Jeffrey will be solely responsible for making payments for his Social Security (FICA), federal income tax, state taxes, and Medicare.

B) The accounting firm will be completely responsible for paying Jeffrey's federal unemployment compensation (FUTA), Medicare, and state taxes.

C) Jeffrey will be protected from unfair labor practices just like an employee under the National Labor Relations Act of 1935 (NLRA).

D) The accounting firm will have to include Jeffrey in its dental, medical, pension, and profit-sharing plans.

Answer: A

Explanation: Jeffrey will be responsible for making payments for his Social Security (FICA), federal income tax, state taxes, and Medicare. An employer who maintains employees has the responsibility to pay Social Security (FICA), the FICA excise tax, Railroad Retirement Tax Act (RRTA) withholding amounts, federal unemployment compensation (FUTA), IRS federal income tax withholdings, Medicare, and state taxes. In addition, it is the employer's responsibility to withhold a certain percentage of the employee's wages for federal income tax purposes. On the other hand, an independent contractor has to pay all of these taxes on his or her own.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-02 Identify who is subject to which employment laws and understand the implication of each of these laws for both the employer and employee.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

20) Carol is a nurse in a rehabilitation facility run by Sun Retirement Systems. She works at least 50 hours every week. After looking at her payroll stubs for the past six months, she concludes that she has not received her share of overtime pay. With the help of a friend in the payroll department, Gabriel learns the she has been classified as a temporary employee so that her overtime pay can be avoided. She complains to her supervisor, but her employer makes no changes. Which of the following legal courses can Carol take against Sun Retirement Systems?

A) Carol can bring a complaint to the U.S. Department of Labor, under the Social Security Act.

B) Carol can bring a complaint to the U.S. Department of Labor, under the Fair Labor Standards Act of 1938 (FLSA).

C) Carol can bring a complaint to the U.S. Department of Labor, under the Employee Retirement Income Security Act of 1974 (ERISA).

D) Carol can bring a complaint to the U.S. Department of Labor, under Equal Employment Opportunity Act.

Answer: B

Explanation: Carol can bring a complaint to the U.S. Department of Labor, under the Fair Labor Standards Act of 1938 (FLSA).The FLSA was enacted to establish standards for minimum wages, overtime pay, employer record keeping, and child labor. Employers may intentionally misclassify employees in order to avoid these and other costs and liabilities. A willful misclassification under FLSA may result in imprisonment and up to a $10,000 fine, imposed by the Department of Labor.

Difficulty: 3 Hard

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-03 Delineate the risks to the employer caused by employee misclassification.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

21) Blockbuster Stores hired programmers at its headquarters to maintain its online retail operation. As the size of the online business grew, Blockbuster changed the status of the programmers from employees to independent contractors, although their job responsibility increased. For the past 3 years, all new programmers brought on board have signed documents classifying them as independent contractors. Some of the programmers brought a court case regarding their status and got a verdict that they were misclassified. Which of the following is an implication of this scenario?

A) The Internal Revenue Service (IRS) can hold the employer liable for its share of Social Security and federal unemployment compensation that should have been withheld.

B) The Internal Revenue Service (IRS) will require the employer to exclude its programmers from its dental, medical, pension, and profit-sharing plans.

C) The Internal Revenue Service (IRS) will hold the employer liable for a minimum of 10 percent of the wages received by the programmers.

D) The Internal Revenue Service (IRS) will require the programmers to pay all the outstanding federal taxes, state taxes, and Medicare on their own if their employer fails to pay.

Answer: A

Explanation: The Internal Revenue Service (IRS) can hold Blockbuster Stores liable for its share of Social Security (FICA) and federal unemployment compensation (FUTA) that should have been withheld. If a worker is classified as an independent contractor but later is found to be an employee, the punishment by the IRS is harsh. The employer is not only liable for its share of FICA and FUTA taxes but is also subject to an additional penalty equal to 20 percent of the FICA taxes that should have been withheld. In addition, the employer is liable for 1.5 percent of the wages received by the employee.

Difficulty: 3 Hard

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-03 Delineate the risks to the employer caused by employee misclassification.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

22) The three main tests courts use to classify employees and independent contractors are:

A) the common-law agency test, the *Darden* test, and the master-servant rule.

B) the Master-servant rule, the common-law agency test, and the GAP analysis.

C) the common-law agency test, the Internal Revenue Service (IRS) 20-factor analysis, and the economic realities test.

D) the Internal Revenue Service (IRS) 20-factor analysis, Myers-Briggs test, and earned value analysis.

Answer: C

Explanation: Several tests have been developed and are commonly used by courts to classify employees and independent contractors. These tests include the common-law test of agency, which considers several factors but focuses on who has the right to control the work; the Internal Revenue Service (IRS) 20-factor analysis; and the economic realities test.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

23) To determine whether a worker is an employee or an independent contractor, the Internal Revenue Service (IRS) 20-factor analysis includes a consideration of whether:

A) the worker was previously employed in the same industry.

B) an employer is engaged in interstate commerce.

C) an employer provides training to the worker.

D) the worker is the member of a minority group.

Answer: C

Explanation: One of the factors of the Internal Revenue Service (IRS) 20-factor analysis is training. Training a worker indicates that an employer exercises control over the means by which the result is accomplished.

Difficulty: 2 Medium

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

24) Which of the following factors is part of the economic realities test used by courts to determine whether a worker is an employee or an independent contractor?

A) The worker's investment in an employer's business.

B) The worker's productivity.

C) The worker's age and national origin.

D) The worker's personal savings and total liability.

Answer: A

Explanation: In applying the economic realities test, courts look to the degree of control exerted by an alleged employer over a worker, the worker's opportunity for profit or loss, the worker's investment in the business, the permanence of the working relationship, the degree of skill required by the worker, and the extent the work is an integral part of the alleged employer's business. Typically, all of these factors are considered as a whole with none of the factors being determinative.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

25) As used by the Equal Employment Opportunity Commission (EEOC), the term contingent worker includes a(n):

A) employee hired and trained directly by an employer.

B) permanent worker who works for only one employer at a time.

C) full-time worker.

D) independent contractor.

Answer: D

Explanation: A contingent worker is one whose job with an employer is temporary, is sporadic, or differs in any way from the norm of full-time employment. As used by the Equal Employment Opportunity Commission (EEOC), the term contingent worker includes those who are hired by an employer through a staffing firm, as well as temporary, seasonal, and part-time workers, and those considered to be independent contractors rather than employees.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

26) Karla's Boutique hired a temporary salesperson through a staffing firm. The salesperson is on the payroll of the staffing firm. After three months, the manager of the boutique asked the staffing firm to replace the salesperson with someone of another race. The replaced salesperson decides to file a case of racial discrimination. Which of the following is true of this scenario?

A) The salesperson cannot bring a legal case against Karla's Boutique because she is an employee of the staffing firm.

B) Karla's Boutique can be held liable for discrimination under Title VII of the Civil Right Act.

C) The salesperson cannot bring a case against the staffing firm because it did not initiate the discriminatory action.

D) The staffing firm alone will be held liable for discrimination because third parties cannot be held liable for violation of Title VII.

Answer: B

Explanation: Karla's Boutique can be held liable for discrimination under Title VII of the Civil Right Act of 1964.Title VII prohibits staffing firms from illegally discriminating against workers in assignments and opportunities for employment. Further, employers may be held liable as "third-party interferers" under Title VII. Therefore, an employer using a staffing firm cannot avoid liability for discriminating against a temporary worker merely because it did not "employ" the worker.

Difficulty: 3 Hard

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

27) According to the Office of Federal Contract Compliance Programs (OFCCP), one of the criteria for an individual to qualify as an Internet applicant for a job is to:

A) send an e-mail inquiry about the job.

B) submit an expression of interest in employment through the Internet.

C) simply use the Internet to find potential jobs for oneself.

D) post his or her resume on a third-party job board.

Answer: B

Explanation: According to the Office of Federal Contract Compliance Programs, there are four criteria that define an Internet applicant:

1. The individual submits an expression of interest in employment through the Internet or related electronic data technologies.

2. The employer considers the individual for employment in a particular position.

3. The individual's expression of interest indicates the individual possesses the basic qualifications for the position.

4. The individual does not remove himself or herself from the selection process at any time prior to receiving an offer or otherwise indicate that he is no longer interested in the position.

Thus an e-mail inquiry about a job does not qualify the sender as an applicant, nor does posting a resume on a third-party job board.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

28) Acme Solutions often hires Nicco to train its employees. He is paid $300 for every session. His job also requires him to travel once a month to different branches of Acme Solutions and train employees there. When he is required to travel, the company pays him $450 per session. All training materials have to be provided by Nicco himself. When he is not hired by Acme Solutions, Nicco works for other smaller companies as a trainer. Thus, Nicco is mostly like a(n):

A) full-time employee at Acme Solutions.

B) social worker.

C) independent contractor for Acme Solutions.

D) trade creditor.

Answer: C

Explanation: Nicco is mostly like an independent contractor for Acme Solutions. An independent contractor is generally a person who contracts with a principal to perform a task according to her or his own methods and who is not under the principal's control regarding the physical details of the work.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

29) Danielle works as an accountant at Legal Staffing, Inc. Per the company's payroll, Danielle is currently an independent contractor. Danielle will be misclassified as an independent contractor if:

A) Legal Staffing, Inc. has the right to discharge Danielle at any time.

B) Danielle can realize a profit from the business through management of resources.

C) Danielle has significant investment in the business.

D) Legal Staffing, Inc. allows her to work for more than one firm at a time.

Answer: A

Explanation: Danielle will be misclassified as an independent contractor if Legal Staffing, Inc. has the right to discharge Danielle at any time. The right of an employer to discharge a worker indicates that he or she is an employee. A worker is an employee if the right to end the relationship with the principal is available at any time he or she wishes without incurring liability.

Difficulty: 3 Hard

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

30) After graduating from college with a bachelor's degree in business administration, Joe sent an email, with his resume attached, to the Media Blitz Company (MBC). In his email, he was only inquiring about an entry level position at the firm. When he found out that MBC had hired two of his classmates who were not of his race, Joe filed a discrimination complaint against MBC under Title VII of the Civil Rights Act. Which of the following is true of this scenario?

A) Joe has a good case against MBC because his email was clear that he was interested in the entry level position at the firm, and they did not even consider him.

B) Joe does not have a valid case because employment laws do not permit people to apply for a job via the Internet or related electronic data technologies.

C) Joe does not have a valid case because sending an email inquiry about a job does not qualify the sender as an applicant.

D) Joe would have had a valid case against MBC had he submitted his resume via a third-party job board.

Answer: C

Explanation: Joe does not have a valid discrimination case against the Media Blitz Company (MBC) because an email inquiry about a job does not qualify the sender as an applicant, nor does posting a resume on a third-party job board. However, technology has changed the way people apply for jobs and also has raised questions about who is an applicant in the Internet age.

Difficulty: 3 Hard

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

31) Under the common-law agency test, the most critical factor in determining employee status is whether a(n):

A) employer has the right or ability to control the work.

B) worker has more than two years of experience in a particular industry.

C) employer is engaged in interstate commerce.

D) worker belongs to a protected group of individuals.

Answer: A

Explanation: The most persuasive indicator of independent-contractor status under the common law agency test, is the ability to control how the work is performed. The common-law test is specifically and consistently used to determine employee status in connection with employment taxes (e.g., FUTA and FICA), as well as in federal income tax withholding.

Difficulty: 1 Easy

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

32) When a company uses a staffing firm to acquire contingent workers, which of the following may be true?

A) The contingent workers can legally be discriminated against by the company using the staffing firm's services because they are not employees.

B) The contingent workers must be treated as employees of the company hiring them, and not as independent contractors.

C) The contingent workers can argue that there is joint liability between the staffing firm and the company hiring them.

D) The contingent workers are transferred to the payroll of the company using the staffing firm's services.

Answer: C

Explanation: As used by the Equal Employment Opportunity Commission (EEOC), the term contingent worker includes those who are hired by an employer through a staffing firm, as well as temporary, seasonal, and part-time workers, and those considered to be independent contractors rather than employees. What is unique about the worker placed by a staffing firm is the potential for joint liability between the staffing firm and the client.

Difficulty: 2 Medium

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

33) The provisions of Title VII of the Civil Rights Act of 1964:

A) prohibit individuals with temporary or permanent disabilities from seeking employment.

B) prohibit discrimination in employment based on specified protected class.

C) apply to government-owned corporations.

D) apply to bona fide private membership clubs.

Answer: B

Explanation: Title VII of the Civil Rights Act of 1964 prohibits discrimination in employment based on specified protected class. It applies generally to all firms or their agents engaged in an industry affecting commerce that employ 15 or more employees for each working day in the current or preceding calendar year.

Difficulty: 2 Medium

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

34) Title I of the Americans with Disabilities Act (ADA) of 1990 applies to:

A) all employers with 15 or more workers, excluding state and local government employers, employment agencies, and labor unions.

B) all employers with 35 or more workers, including state and local government employers, employment agencies, and labor unions.

C) Indian tribes and bona fide private membership clubs.

D) corporations fully owned by the U.S. government and the executive agencies of the U.S. government.

Answer: A

Explanation: Title I of the Americans with Disabilities Act (ADA) of 1990 applies to all employers engaged in interstate commerce with 15 or more workers, including state and local government employers, employment agencies, labor unions, and joint labor-management committees.

Difficulty: 1 Easy

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

35) The Plumbing Company (TPC) employs 2 supervisors, 7 plumbers, 4 helpers, 2 schedulers, 2 carpenters and 1 office manager. All are permanent, full-time (8 hours per day) workers. Are the employees of TPC covered under the provisions of Title I of the Americans with Disabilities Act (ADA) of 1990, Title VII of the Civil Rights Act of 1964, and the Age Discrimination in Employment Act (ADEA) of 1967?

A) All three laws apply to the employees of the company because the company has at least 15 employees who work throughout the year for eight hours each day.

B) The employees are covered only under the ADEA (Age Discrimination in Employment Act).

C) Only the plumbers and carpenters are covered under Title VII of the Civil Rights Act.

D) The employees are covered under Title VII of the Civil Rights Act and the Americans with Disabilities Act, but not under the Age Discrimination in Employment Act.

Answer: D

Explanation: The employees of TPC are covered by Title VII of the Civil Rights Act of 1964 and Title I of the Americans with Disabilities Act of 1990. Both the acts apply to all firms or their agents engaged in an industry affecting commerce that employ 15 or more employees. However, the Age Discrimination in Employment Act of 1967 applies only to entities or their agents that employ 20 or more employees on each working day.

Difficulty: 2 Medium

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

36) Jack, a 43 year old white male, applied for a job at a private club. He was not hired. During the application process, Jack noticed that the club employed younger, white male individuals. Can Jack file a discrimination claim under the ADEA (Age Discrimination in Employment Act) against the club?

A) Jack cannot file a complaint of race, sex, or age discrimination because he is white.

B) Jack can bring an age discrimination claim because the act does not recognize the business necessity defense.

C) Jack can file a complaint because the act does not exempt private membership clubs.

D) Jack cannot file a complaint of age discrimination because only individuals above the age of 60 can make claims under the act.

Answer: C

Explanation: Jack can file a complaint under the Age Discrimination in Employment Act (ADEA) of 1967 because the act does not exempt private membership clubs. Those exempted from ADEA are American employers who control foreign firms where compliance with the ADEA in connection with an American employee would cause the foreign firm to violate the laws of the country in which it is located.

Difficulty: 3 Hard

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

37) An employer who operates a private membership club (one that does not serve the general public) may be liable under:

A) Title VII of the Civil Rights Act of 1964.

B) Title I of the Americans with Disabilities Act of 1990.

C) The Age Discrimination in Employment Act of 1967.

D) The Whistleblower Protection Act of 1989.

Answer: C

Explanation: The Age Discrimination in Employment Act of 1967 (ADEA) prohibits discrimination in employment against anyone over the age of 40. ADEA, unlike Title VII of the Civil Rights Act of 1964, does not exempt Indian tribes or private membership clubs.

Difficulty: 2 Medium

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

38) In an employment context, the Civil Rights Act of 1866:

A) requires employers to include independent contractors in their dental, medical, pension, and profit-sharing plans.

B) prohibits individuals with temporary or permanent disabilities from seeking employment.

C) regulates the actions of all individuals or entities when entering into a contract to employ someone else.

D) mandates wages, hours, and ages for employment in the United States, among other labor standards.

Answer: C

Explanation: The Civil Rights Act of 1866 regulates the actions of all individuals or entities when entering into a contract to employ someone else. The Civil Rights Act of 1991 added a section to the CRA of 1866 to cover actions by the employer after the contract has been formed, including discrimination during employment or termination.

Difficulty: 1 Easy

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

39) Individual coverage under the Fair Labor Standards Act of 1938 refers to the protections (wages, hours, and ages for employment in the United States) offered to:

A) shareholders if a publicly held company incurs a minimum loss of $300,000.

B) consumers if the damages incurred by them from using a product is more than $10,000.

C) employees if their work regularly involves them in commerce between states.

D) employers if their work is temporary or seasonal.

Answer: C

Explanation: The Fair Labor Standards Act (FLSA) of 1938 mandates wages, hours, and ages for employment in the United States, among other labor standards. Individual coverage refers to the protections offered to employees if their work regularly involves them in commerce between states ("interstate commerce"). The FLSA provides coverage, even when there is no enterprise coverage, to workers who are "engaged in commerce or in the production of goods for commerce." The Civil Rights Act of 1866 regulates the actions of all individuals or entities when entering into a contract to employ someone else. There is no requirement for a minimum number of employees in order to qualify as an employer under the Civil Rights Act of 1866.

Difficulty: 1 Easy

Topic: The Definition of "Employer"

Learning Objective: 01-05 Articulate the various ways in which the concept "employer" is defined by the various employment-related regulations.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

40) A non-compete agreement (or covenant not to compete) is generally enforceable when:

A) the agreement violates the doctrine of promissory estoppel.

B) the employee receives something in exchange for the agreement.

C) the competitor receives something in exchange for the agreement.

D) the agreement is contrary to the public interest.

Answer: B

Explanation: To be enforceable, a non-compete agreement must be supported by consideration offered in a bargained-for exchange. In other words, the employee must receive something in exchange for his agreement not to compete with his employer. Often a non-compete agreement is signed at the time an employee is first hired. In most cases, the offer of employment is considered to be sufficient consideration for the agreement.

Difficulty: 2 Medium

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

41) To be enforceable by a court, a non-compete agreement within an employment relationship:

A) must be provide benefits to only the employer.

B) must not be supported by any additional consideration to the employee.

C) must have a reasonable scope and duration.

D) should be contrary to public interest.

Answer: C

Explanation: Generally, in order to be considered reasonable, the restrictive covenant will meet the following qualifications:

1. It protects a legitimate business interest.

2. It is ancillary to a legitimate business relationship.

3. It provides a benefit to both the employee and employer.

4. It is reasonable in scope and duration.

5. It is not contrary to the public interest.

Difficulty: 1 Easy

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

42) Harold works as head chef at the Italian Olive Restaurant in Macon, Georgia. When the management of the restaurant changed, Harold was asked to sign a non-compete agreement to keep his job. The non-compete agreement required Harold not to work as a chef for any other restaurant or open his own restaurant in the United States for the next 15 years if he decided to quit his job at the Italian Olive. A court would likely determine that this non-compete agreement:

A) violates common law.

B) is reasonable.

C) is enforceable.

D) violates the doctrine of unconscionability in contract law.

Answer: A

Explanation: A court would likely determine that the non-compete agreement violates common law. The common law generally prohibits the restriction if it is more broad than necessary to protect the employer's legitimate interests or if the employer's need is outweighed by the hardship to the employee and likely injury to the public.

Difficulty: 3 Hard

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

43) Colton was hired by Varney Associates in Atlanta, Georgia as its chief architect. At the time of his hire (two years ago), Colton signed a covenant not to compete stating that he cannot work with Varney's competitors in the state of Georgia for a period of one year in case his employment with Varney Associates ends. Varney found out that Colton was working part-time for himself, and immediately terminated him. Colton is now interested in being an architect for Team Architect in Macon, Georgia. Which of the following might be true in this situation?

A) Colton can work for Team Architect without any restrictions because he did not voluntarily quit his job at Varney Associates.

B) Colton can work for Team Architect without any restrictions because a covenant not to compete is only valid for six months, and Colton signed the agreement two years ago.

C) Colton cannot work for Team Architect if the location and time restrictions in the covenant not to compete agreement are deemed to be reasonable by a court.

D) Colton cannot work for Team Architect because he was terminated from Varney Associates which makes him ineligible for a new job for the next two years.

Answer: C

Explanation: Colton cannot take the job with Team Architect if the location and time restrictions in the covenant-not-to-compete agreement are deemed reasonable by a court. To determine reasonableness, courts look to the location and time limitations placed on the employee's ability to compete.

Difficulty: 3 Hard

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

44) Under the theory of inevitable disclosure, courts:

A) allow an employee to disclose trade secrets of his former employer to a customer.

B) prohibit a former employee from working for an employer's competitor if the employer can show that there is imminent threat that a trade secret will be shared.

C) protect government-owned corporations against the practice of whistle blowing.

D) require publicly-traded companies to publish all their financial activities at the end of every financial quarter to protect the investors' interests.

Answer: B

Explanation: Under the theory of inevitable disclosure, employers are protected against disclosure of trade secrets even if no non-compete applies. A court may prohibit a former employee from working for an employer's competitor if the employer can show that there is imminent threat that a trade secret will be shared.

Difficulty: 2 Medium

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

45) Which of the following refers to a clause in a contract that identifies the state law that will apply to any disputes that arise under the contract?

A) Non-compete clause.

B) Forum selection clause.

C) Due process clause.

D) Just cause clause.

Answer: B

Explanation: Because of the state-by-state differences in laws related to employment, it is critical to have forum selection clauses in contracts that stipulate the state law that will apply to the contract in question.

Difficulty: 2 Medium

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

46) Describe how the freedom to contract is important to freedom of the market.

Answer: The freedom to contract is crucial to freedom of the market; an employee may choose to work or not to work for a given employer, and an employer may choose to hire or not to hire a given applicant.

As a result, though the employment relationship is regulated in some important ways, Congress tries to avoid telling employers how to manage their employees or whom the employer should or should not hire. It is unlikely that Congress would enact legislation that would require employers to hire certain individuals or groups of individuals (like a pure quota system) or that would prevent employers and employees from freely negotiating the responsibilities of a given job.

Employers historically have had the right to discharge an employee whenever they wished to do so. However, Congress has passed employment-related laws when it believes that there is some imbalance of power between the employee and the employer. For example, Congress has passed laws that require employers to pay minimum wages and avoid using certain criteria such as race or gender in reaching specific employment decisions. These laws reflect the reality that employers stand in a position of power in the employment relationship. Legal protections granted to employees seek to make the "power relationship" between employer and employee one that is fair and equitable.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-01 Describe the balance between the freedom to contract and the current regulatory environment for employment.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

47) Stephanie's employer intentionally misclassifies her as an independent contractor in order to avoid the costs associated with a full-time employee. What are the consequences that Stephanie's employer will have to face for misclassifying her?

Answer: Workers and employers alike make mistakes about whether a worker is an independent contractor or an employee. If a worker is classified as an independent contractor but later is found to be an employee, the punishment by the Internal Revenue Service (IRS) is harsh. The employer is not only liable for its share of Social Security (FICA) and federal unemployment compensation (FUTA) taxes but is also subject to an additional penalty equal to 20 percent of the FICA taxes that should have been withheld. In addition, the employer is liable for 1.5 percent of the wages received by the employee. These penalty charges apply if 1099 forms (records of payments to independent contractors) have been compiled for the worker. If, on the other hand, the forms have not been completed, the penalties increase to 40 percent of the FICA taxes and 3 percent of wages. Where the IRS determines that the worker was deliberately classified as an independent contractor to avoid paying taxes, the fines and penalties can easily run into six figures for even the smallest business.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-03 Delineate the risks to the employer caused by employee misclassification.

Bloom's: Apply

AACSB: Reflective Thinking

Accessibility: Keyboard Navigation

48) To successfully classify a worker as an independent contractor, four criteria must be satisfied. List and briefly describe the four criteria.

Answer: The employer must provide evidence of each of the following to successfully classify a worker as an independent contractor.

(1) The business must never have treated the worker as an employee for the purposes of employment taxes for any period.

(2) All federal tax returns for the worker must be filed consistently with the claim that the worker is an independent contractor.

(3) The employer must treat all workers in any position substantially similar to the worker in question as independent contractors.

(4) The company must have a reasonable basis for treating the worker as an independent contractor.

Difficulty: 2 Medium

Topic: Introduction to the Regulatory Environment

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

49) Both staffing firms and clients of staffing firms may be held responsible as employers of an employee under a joint employer theory or joint and several liability. What are the significant factors used to determine whether joint employer liability exists.

Answer: In finding liability based on a joint employer concept, courts consider all relevant factors when determining if the staffing firm and client should be classified as joint employers. These factors include, but are not limited to, the following:

1. Whether the work was done on the employer's premises.

2. Whether the subcontractor brought his or her business from one employer to another.

3. Whether the subcontractor performed a specific role that was integral to the employer's work process of production.

4. Whether the responsibility under the contract could pass from one subcontractor to another without a lot of change.

5. The degree to which the employer supervised the subcontractor's work.

6. Whether the subcontractors worked exclusively or predominantly for the employer.

Further, employers may be held liable as "third-party interferers" under Title VII. Therefore, an employer using a staffing firm cannot avoid liability for discriminating against a temporary worker merely because it did not "employ" the worker.

Difficulty: 2 Medium

Topic: The Definition of "Employee"

Learning Objective: 01-04 Explain the difference between an employee and an independent contractor and the tests that help us in that determination.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

50) What are the qualifications for a valid restrictive covenant?

Answer: One employment constraint that has received varying degrees of acceptance by different states is the covenant not to compete or non-compete agreement. While individuals in positions of trust and confidence already owe a duty of loyalty to their employers during employment, a non-compete agreement usually includes prohibitions against disclosure of trade secrets, soliciting the employer's employees or customers, or entering into competition with the employer if the employee is terminated. All states allow employers some control over what information a former worker can use or disclose in a competing business and whether a former worker can encourage clients, customers, and former co-workers to leave the employer.

Generally, in order to be considered reasonable, a restrictive covenant should not prevent the employee from earning a living of any sort under its terms. It is generally accepted that a valid restrictive covenant will meet the following qualifications:

1. It protects a legitimate business interest.

2. It is ancillary to a legitimate business relationship.

3. It provides a benefit to both the employee and employer.

4. It is reasonable in scope and duration.

5. It is not contrary to the public interest.

Difficulty: 2 Medium

Topic: Covenants Not to Compete (Non-Compete Agreements)

Learning Objective: 01-06 Describe the permissible parameters of non-compete agreements.

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation