

A BUSINESS-ORIENTED TEXT

Business in the Contemporary Legal Environment, Fourth Edition, provides an introduction to the legal environment in which a business operates. Our goal is to explain various areas of the law in plain English, with an emphasis on the implications and applications of these areas in a business setting. We are not training aspiring lawyers. (Virtually every chapter in this text is a separate class in law school. For each topic that we cover in 20 to 30 pages, a law student will study in depth for 14 or more weeks.) We are, however, offering practical and useful information for businesspeople.

Businesspeople need to be able to anticipate legal problems. Hopefully, this ability to foresee difficulties will permit businesspeople to avoid problems. However, sometimes the difficulties cannot be avoided. In these situations, businesspeople need to recognize the nature of the problem and know how to work with their attorney to resolve it. Legal issues, including lawsuits, are business problems that can and should be managed. Businesspeople who understand many of the basics of the legal environment are better prepared to oversee these situations.

Our goals in this text are:

- To provide a student-friendly introduction to those legal topics most relevant to businesspeople
- To demonstrate how these topics apply to a business
- To show the interrelationship of many of the topics
- To provide exercises and examples that help students to identify and analyze legal issues that are frequently encountered in business
- To help students develop critical thinking skills and habits

We have included many recent court cases and examples throughout the text. Most of them will be engaging to undergraduate students. Some even involve students suing their schools or universities.

We also support the students and instructors using this text. Aspen Publishing offers a wide variety of supplementary materials for students and instructors.

AN OUNCE OF PREVENTION

We have included several strategy boxes in every chapter. These boxes, which we call “*An Ounce of Prevention*,” discuss situations that frequently occur in a business environment and strategies for handling the situations in a manner that will reduce potential legal problems.

These scenarios may mention common situations that occur and include a recommendation for handling such situations in your own business. Often, they suggest a practical method for dealing with potentially sticky legal problems.

EXHIBITS

There are numerous exhibits in the text. Tables, charts, and illustrations are used to assist students in organizing and understanding the material. These exhibits are not meant to replace the text. They provide a visual aid to comprehension and learning, but they do not replace reading and studying the text.

TOPICAL COVERAGE

Our goal is to provide a concise, up-to-date introduction to the legal environment of business. At the same time, we want to engage the students. The “An Ounce of Prevention” boxes provide useful tips and suggestions for the students to consider. Similarly, the “You Decide . . .” questions at the end of each chapter offer an opportunity to apply material from the chapter to relevant fact situations, often based on current events or issues. We chose to divide the text into six parts:

Part I Foundations of the Law and the U.S. Legal System

In Part I, we introduce students to the legal environment of business. Chapter 1 is an introduction to law and the legal process. Chapter 2 discusses business ethics, with an emphasis on the importance of ethics to a business and its decision making. Chapter 3 introduces the U.S. legal systems, courts, and the concept of jurisdiction. Chapter 4 covers dispute resolution, both through litigation and various alternative dispute resolution (ADR) techniques. Chapter 5 looks at international considerations for business, a key concept in the global marketplace.

Part II Governmental Influences

In Part II, we address the influence of governmental regulation. Every business, from the smallest online retailer to and including the largest multinational enterprise, must know and comply with a myriad of governmental regulations and requirements. Knowledge of this area is imperative for a business if it is to succeed.

Chapter 6 covers the constitutional bases for government regulation of businesses, as well as some of the limits on governmental regulatory power imposed by the Constitution. Chapter 7 addresses administrative regulation, those rules and regulations that influence the day-to-day operations of a business. Chapter 8 deals with intellectual property (IP). Many businesses rely on their IP in order to compete in the marketplace. It is essential to know the limits of IP protection and the best methods for protecting any IP the business owns.

Part III Contracts

Business as we know it could not exist without some form of contract law. In this section of the book, we examine contract law as it affects businesses and consumers in the United States. We also briefly mention some areas of international trade that are affected by contract law.

In Chapter 9, we discuss contract formations. We examine how a contract is made, and what will make that contract enforceable. In Chapter 10, we cover contract performance and remedies. What do the parties need to do in order to properly fulfill their contractual obligations? What remedies are available if one of the parties fails to carry out that party's duties? Finally, in Chapter 11, we look at contract writings, interpretations, and third parties. This discussion focuses on the Statute of Frauds along with the parol evidence rule. This chapter also includes a discussion of sales of goods in the United States under Article 2 of the Uniform Commercial Code. It also addresses the rights and obligations of any third parties to the contract.

Part IV Torts and Crimes

Businesses are also affected by civil wrongs and by criminal conduct. A business may be sued if any of its employees commit a tort, a civil wrong. A business may also decide to sue another party if the other party commits a tort that harms the business. Crimes, such as theft and shoplifting, can harm a business; on the other hand, some business conduct is considered criminal. If convicted, the business may be fined and its officers may be imprisoned. Chapter 12 covers the law of torts, while Chapter 13 discusses crimes and business.

Part V Agency and Business Organizations

Many businesses are incorporated, while others assume a different organizational structure. Choosing the proper form for a business to take is a significant decision, and one that is frequently made without adequate analysis. Regardless of the form chosen, most businesses will operate with or through agents.

In Chapter 14, we examine agency law. The topics include an explanation of what an agent is and how an agent's conduct can affect the principal. It also discusses employees and independent contractors. Chapter 15 addresses the various types of business organizations that exist in the United States, together with a discussion of the benefits and the disadvantages of each type of organization. Chapter 16 covers securities regulation. This includes an explanation of what a security is, the sale of various securities, including stocks, and the regulation of these sales. It also discusses statutes affecting securities, including the Sarbanes-Oxley Act and the Dodd-Frank Act.

Part VI The Regulatory Environment

We conclude our coverage of the legal environment by examining the regulations that every business must navigate. In Chapter 17, we cover strategic alliances and antitrust law. Strategic alliances provide many potential benefits, especially for smaller businesses that face competition from much larger enterprises. However,

care must be taken to ensure that such alliances do not violate the federal antitrust laws. Chapter 18 deals with consumer protection. Any business that regularly extends credit to consumers must ensure that it complies with these laws and regulations. The material is also of immediate practical use to students since most students are affected by consumer protection statutes. By learning their rights, students can help to protect their credit and their credit ratings. Chapter 19 discusses environmental protection and sustainability. This is a very complex area, but we have tried to simplify the coverage while still including key issues that affect business. Chapter 20 deals with labor law and fair employment practices. Labor law generally protects the workers as a group, especially when they negotiate with management. Fair employment laws tend to protect the workers as individuals. These laws extend protections to members of minority groups and workers who are disabled. Many students will enter the work force as entry-level managers, so an understanding of these topics will give them a competitive advantage.

APPLICATIONS

Every chapter begins with a Classic Case, a case from the past that helped to set the precedents for some of the material covered in the chapter. We conclude each chapter with a Contemporary Case, a recent decision that shows a current application of one of the principles discussed in the chapter. The Contemporary Cases for many chapters are recent U.S. Supreme Court decisions. We have summarized the Facts, Issues, and Holdings in our own words. The Reasoning is excerpted from the court's opinion.

There are also three Short Answer Questions and two “You Decide . . .” questions at the end of each chapter for student review, assignments, and discussions. These work well in class or in study group sessions.

In addition, the website that accompanies the text contains additional material for review and study. For example, it includes additional Classic and Contemporary Court Cases, exhibits, Short Answer Questions, and “You Decide . . .” questions.

AACSB CURRICULAR STANDARDS

In 2020, the AACSB implemented new accreditation standards with the adoption of the AACSB 2020 Guiding Principles and Standards for Business Accreditation, effective July 28, 2020. The Curriculum Standard says, “The school delivers content that is current, relevant, forward-looking, globally oriented, aligned with program competency goals, and consistent with its mission, strategies, and expected outcomes. The curriculum content cultivates agility with current and emerging technologies.” (Curriculum Standard 4.1, at 37.) We believe *Business in the Contemporary Legal Environment, Fourth Edition*, uniquely satisfies these standards in a readable yet rigorous format.

Under the standards, two of the important guiding principles for accredited schools are a Global Mindset and Diversity and Inclusion. According to the standards, a Global Mindset includes an “understanding of other cultures and values, and learners are educated on the global nature of business and the importance of understanding global trends.” (*Id.*, at 16).

Global issues are treated in several areas, beginning with Chapter 1 and its introduction to different legal systems, including those based on various religions. It includes several international examples. Chapter 4 covers international alternative dispute resolution. Global issues continue with Chapter 5, International

Considerations for Contemporary Businesses. This chapter includes the role of sovereign immunity and the extraterritorial application of U.S. law. Chapter 5 also examines methods for resolving disputes between individuals in different countries. Chapter 8 includes a discussion of how a business can protect its intellectual property in other countries. The United Nations Convention on Contracts for the International Sale of Goods (CISG), discussed in Chapter 11, affects international trade between merchants in different countries.

According to the standards on Diversity and Inclusion, “diversity is a culturally embedded concept rooted in historical and cultural traditions, legislative and regulatory concepts, ethnicity, gender, socioeconomic conditions, religious practices, and individual and shared experiences.” (*Id.*).

This text is dedicated to diversity and inclusion. Chapter 1 addresses different legal systems, including those based on religious teachings. Chapter 2, Business Ethics, addresses the ethical theories and how they can be applied in business. It stresses the importance of recognizing that individuals have varying ethical perspectives. It encourages students to learn to identify the ethical perspective of a speaker or writer. Chapter 18 discusses consumer credit protection. Included in the coverage is the Fair Credit Reporting Act and the Equal Credit Opportunity Act, each of which addresses protection against discrimination in the granting of credit, especially discrimination based on gender and age. Chapter 20 discusses current trends in protecting employees from discrimination, including the 2023 Supreme Court decision on accommodating an employee’s religious beliefs. It also covers Creating a Respectful and Open World for Natural Hair Acts (also called CROWN Acts).

The AACSB curricular standards relevant to business law and the legal environment of business state that the business curriculum should include ethical and global issues; the influence of political, social, legal and regulatory, environmental, and technology issues; and the impact of demographic diversity on organizations.

This text is dedicated to legal and regulatory concepts. Chapter 1 addresses various historic and contemporary sources of regulation, including religious beliefs. Chapter 2 discusses various ethical perspectives that individuals and entities may have. Chapter 3 addresses the balance of power among the branches of government. Chapter 6 discusses Constitutional Regulation of Business, and Chapter 19 addresses Environmental Protection and Sustainability. Chapter 15 has several current topics, including the business trend to consider and report on the firm’s environmental, social, and governance factors (ESG). ESG is also discussed in Chapter 2. There are several Short Answer Questions, which ask students to assume the role of governmental officials in making decisions for their community or state.

Several chapters discuss technology issues, including protecting employee passwords (Chapters 12 and 20); punishing computer crimes (Chapter 13); and protecting technology (Chapters 8). Students are asked to consider the impact of artificial intelligence (AI) in several chapters.

The focus on applications contributes to demonstrating how demographic diversity affects organizations. These include issues ranging from employee privacy to labor law, and from employee use of business computers to sexual harassment. Presenting these issues encourages sensitivity and an understanding of other points of view.

Consequently, the contents of the book stretch beyond the mere presentation of “legal topics” to encompass the spectrum of “political, social, legal and regulatory, environmental, and technology issues.” The pedagogical features are intentionally designed to support this approach.

We believe *Business in the Contemporary Legal Environment* satisfies the new AACSB standards in a readable yet rigorous format. It will align well with the goals of most business schools.

We have created a text that we hope is engaging, intuitive, and oriented toward providing the legal skills students will need in the business world. The focus on applications through the use of “An Ounce of Prevention” boxes, exhibits, and end-of-chapter materials all contribute to a unique treatment of the

legal environment of business. We cover issues ranging from employee privacy to employment law, from torts and crimes through contracts and securities. We examine governmental regulation of business and internal self-imposed regulation of business.

ACKNOWLEDGMENTS

Writing a textbook is a rewarding endeavor. However, it is also a significant undertaking. It would not have been possible without the help and support of several people along the way. We have enjoyed working together on this project. We each prepared half of the chapters and commented on the drafts prepared by our co-author. We hope this team effort has been successful and that you enjoy using this book as much as we have enjoyed writing it.

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A sincere thank you to our adopters, who trust us enough to use our text, and to the students who are using it. We approach our work based on our experiences in the classroom, trying to apply what we have learned, to provide a text that contains the essential material and is user friendly, readable, and enjoyable.

We also appreciate the encouragement and support of our students and colleagues.

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