**LEB- 620- Legal Environment of Business**

**Answer of the question n. 1**

**Law:**

Commercial law determines how businesses are created, the ways contractual arrangements are structured, the enforcement of contracts, and how businesses close down. It governs lending, debt collection, the protection of consumers, the promotion of competition, as well as the assertion of property rights.

The contract law definition refers to the governing body that will enforce and interpret contractual agreements. Most contract laws are bound by the state in which the contract was created. Contracts should include a governing law provision that outlines the laws specific to the state.

There are five essential elements in a contract which include the following: offer, which is a promise and a demand of some sort; acceptance, which is the agreement to the terms of the offer presented; consideration, which is what is actually presented in exchange for the something in the contract; capacity.

There are seven essential elements an agreement must have to be considered a valid contract. The elements of a contract include identification, offer, acceptance, consideration, meeting of the minds, competency and capacity, and contract legality.

For a contract to be legally binding, and therefore enforceable, it needs to satisfy four principles: offer, acceptance, consideration and the intention to create legal relations.

Enforcing a contract comes down to six key elements: offer, acceptance, awareness, consideration, capacity, and legality. If a contract lacks any of these elements, may not have the legal right to enforce it.

For a contract to be valid and recognized by the common law, it must include certain elements-- offer, acceptance, consideration, intention to create legal relations, authority and capacity, and certainty. Without these elements, a contract is not legally binding and may not be enforced by the courts.

Consideration is a promise, performance, or forbearance bargained by a promisor in exchange for their promise. Consideration is the main element of a contract. Without consideration by both parties, a contract cannot be enforceable.

To give orientation about different forms of organizations, functions in organizations, business strategies and environment, along with an exposure to elements of business laws and entrepreneurship.

Introduction and Features; Concepts of Vision & Mission Statements; Types of Environment-Internal to the Enterprise (Value System, Management Structure and Nature, Human Resource, Company Image and Brand Value, Physical Assets, Facilities, Research & Development, Intangibles, Competitive Advantage), External to the Enterprise (Micro- Suppliers, Customers, Market Intermediaries; Macro- Demography, Natural, Legal & Political, Technological, Economy, Competition, Socio-cultural and International); Business Environment with reference to Global Integration; Comparative Analysis of Business Environment: India and Other Countries.

Meaning of Law and its Significance; Relevance of Law to Modern Civilized Society; Sources of Law; Legal Terminology and Maxims; Understanding Citation of Cases.

Introduction; Role of Company Secretary under Companies Act, 2013- Role of Company Secretary in Employment, Role of Company Secretary in Practice; Recognition to Company Secretary in Practice under Various Laws.

**Different sources of law and their priority:**

In international legal systems, sources of law include treaties (agreements between states or countries) and what is known as customary international law (usually consisting of judicial decisions from national court systems where parties from two or more nations are in a dispute).

These laws sometimes conflict: a state law may conflict with a federal law, or a federal law might be contrary to an international obligation. One nation’s law may provide one substantive rule, while another nation’s law may provide a different, somewhat contrary rule to apply. Not all laws, in other words, are created equal. To understand which laws have priority, it is essential to understand the relationships between the various kinds of law.

Constitutions are the foundation for a state or nation’s other laws, providing the country’s legislative, executive, and judicial framework. Among the nations of the world, the United States has the oldest constitution still in use. It is difficult to amend, which is why there have only been seventeen amendments following the first ten in 1789; two-thirds of the House and Senate must pass amendments, and three-fourths of the states must approve them.

In Washington, DC, the federal legislature is known as Congress and has both a House of Representatives and a Senate. The House is composed of representatives elected every two years from various districts in each state. These districts are established by Congress according to population as determined every ten years by the census, a process required by the Constitution.

Each state has at least one district; the most populous state (California) has fifty-two districts. In the Senate, there are two senators from each state, regardless of the state’s population. Thus Delaware has two senators and California has two senators, even though California has far more people. Effectively, less than 20 percent of the nation’s population can send fifty senators to Washington.

Common law consists of decisions by courts (judicial decisions) that do not involve interpretation of statutes, regulations, treaties, or the Constitution. Courts make such interpretations, but many cases are decided where there is no statutory or other codified law or regulation to be interpreted.

For example, a state court deciding what kinds of witnesses are required for a valid will in the absence of a rule (from a statute) is making common law.

The US Constitution takes precedence over all statutes and judicial decisions that are inconsistent. For example, if Michigan were to decide legislatively that students cannot speak ill of professors in state-sponsored universities, that law would be void, since it is inconsistent with the state’s obligation under the First Amendment to protect free speech.

If the Michigan courts were to allow a professor to bring a lawsuit against a student who had said something about him that was derogatory but not defamatory, the state’s judicial system would not be acting according to the First Amendment. Free speech has its limits; defamation was a cause of action at the time the First Amendment was added to the Constitution, and it has been understood that the free speech rights in the First Amendment did not negate existing common law.

Statutes generally have priority, or take precedence, over case law (judicial decisions). Under common-law judicial decisions, employers could hire young children for difficult work, offer any wage they wanted, and not pay overtime work at a higher rate. But various statutes changed that.

For example, the federal Fair Labor Standards Act (1938) forbid the use of oppressive child labor and established a minimum pay wage and overtime pay rules.

There are different sources of law in the US legal system. The US Constitution is foundational; US statutory and common law cannot be inconsistent with its provisions. Congress creates statutory law (with the signature of the president), and courts will interpret constitutional law and statutory law.

Where there is neither constitutional law nor statutory law, the courts function in the realm of common law. The same is true of law within the fifty states, each of which also has a constitution, or foundational law.

Constitutions, statutes, regulations, treaties, and court decisions can provide a legal basis in the positive law. There are numerous sources of law. The main ones are (1) constitutions—both state and federal, (2) statutes and agency regulations, and (3) judicial decisions. In addition, chief executives (the president and the various governors) can issue executive orders that have the effect of law.

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As might expect, these laws sometimes conflict: a state law may conflict with a federal law, or a federal law might be contrary to an international obligation. One nation’s law may provide one substantive rule, while another nation’s law may provide a different, somewhat contrary rule to apply. Not all laws, in other words, are created equal. To understand which laws have priority, it is essential to understand the relationships between the various kinds of law.

A treaty or convention is considered of equal standing to a statute. Thus when Congress ratified the North American Free Trade Agreement (NAFTA), any judicial decisions or previous statutes that were inconsistent—such as quotas or limitations on imports from Mexico that were opposite to NAFTA commitments—would no longer be valid. Similarly, US treaty obligations under the General Agreement on Tariffs and Trade (GATT) and obligations made later through the World Trade Organization (WTO) would override previous federal or state statutes.

Ultimately, whether the United States remains a supporter of free trade and continues to participate as a leader in the WTO will depend upon citizens electing leaders who support the process. Had Ross Perot been elected in 1992, for example, NAFTA would have been politically (and legally) dead during his term of office.

**Answer of the question n. 2**

**Legal and political systems of the world:**

The common-law tradition is unique to England, the United States, and former colonies of the British Empire. Although there are differences among common-law systems, all of them recognize the use of precedent in judicial cases, and none of them relies on the comprehensive, legislative codes that are prevalent in civil-law systems.

The main alternative to the common-law legal system was developed in Europe and is based in Roman and Napoleonic law. A civil-law or code-law system is one where all the legal rules are in one or more comprehensive legislative enactments. During Napoleon’s reign, a comprehensive book of laws—a code—was developed for all of France. The code covered criminal law, criminal procedure, noncriminal law and procedure, and commercial law.

The rules of the code are still used today in France and in other continental European legal systems. The code is used to resolve particular cases, usually by judges without a jury. Moreover, the judges are not required to follow the decisions of other courts in similar cases.

As George Cameron of the University of Michigan has noted, “The law is in the code, not in the cases.” He goes on to note, “Where several cases all have interpreted a provision in a particular way, the French courts may feel bound to reach the same result in future cases, under the doctrine of jurisprudence constante. The major agency for growth and change, however, is the legislature, not the courts.”

Civil-law systems are used throughout Europe as well as in Central and South America. Some nations in Asia and Africa have also adopted codes based on European civil law. Germany, Holland, Spain, France, and Portugal all had colonies outside of Europe, and many of these colonies adopted the legal practices that were imposed on them by colonial rule, much like the original thirteen states of the United States, which adopted English common-law practices.

One source of possible confusion at this point is that we have already referred to US civil law in contrast to criminal law. But the European civil law covers both civil and criminal law.

There are also legal systems that differ significantly from the common-law and civil-law systems. The communist and socialist legal systems that remain (e.g., in Cuba and North Korea) operate on very different assumptions than those of either English common law or European civil law. Islamic and other religion-based systems of law bring different values and assumptions to social and commercial relations.

Legal systems vary widely in their aims and in the way they process civil and criminal cases. Common-law systems use juries, have one judge, and adhere to precedent. Civil-law systems decide cases without a jury, often use three judges, and often render shorter opinions without reference to previously decided cases.

Civil Law - The most widespread type of legal system in the world, applied in various forms in approximately 150 countries.

The Chinese legal system is a socialist legal system with uniquely Chinese characteristics; it is very different from common law and civil law systems. Today, the Chinese government characterizes its legal system as The Socialist Legal System of Laws with Chinese Characteristics.

India's legal system is drawn from three primary sources: the common law, religious law, and civil ('romanist') law. Departures from English law have been made according to what India's legislators deem the unique conditions of India and considerations of equity.

**Answer of the question n. 3**

**Explanation what is known as Ethics:**

Ethics refers to the action of choosing the right or best path and making the best choice from multiple options. Ethical communication, therefore, refers to exchanging information between two parties in a manner that is accurate, truthful, and acceptable. In the workplace, communication occurs in numerous forms.

Ethical communication is a type of communication that is predicated upon certain business values, such as being truthful, concise, and responsible with one's words and the resulting actions.

While project workflows, strategic planning, advanced technology, and business analyses are often topics associated with critical corporate discussions, an enterprise’s code of ethics – and its key ethical communication principles – is not often discussed.

Businesses of all sizes rely on optimal person-to-person communication so that projects can be effectively completed, management and employees can understand each other, and for business to flow in the most efficient manner possible.

While effective communication is necessary in all human relationships, it is even more critical in businesses of all sizes in order for confusion to be mitigated, and everyone is on the same page.

Humans rely on communication to express personal desires of what needs to be done, and how it is to be done. In a business, this is most important for both managers and employees to effectively express what they want done, and how they want it to be done.

Communication is always a two-way, mutual set of actions that includes the communicator, and the receiver. Typically, communication will include two or more communicators and receivers, and spoken communication will often illicit a reply from the initial receiver.

A set of clear-cut principles exists, that every business should follow, to ensure all personnel, including C-suite executives and employees, effectively and ethically communicate in the workplace. Ultimately creating a comfortable, efficient environment where everyone is on the same page, and everyone is aligned to the principles and values of the enterprise.

These ethical communication principles stem form a critical framework of values that every CEO should seek to discuss with all employees, executives, managers, and shareholders so the business is able to effectively leverage its relationships to better its bottom and top lines.

Business ethics refers to the standards for morally right and wrong conduct in business. Law partially defines the conduct, but “legal” and “ethical” aren't necessarily the same. Business ethics enhances the law by outlining acceptable behaviors beyond government control.

The seven business ethics principles are accountability, care and respect, honesty, healthy competition, loyalty and respect for commitment, information, respect for rule of law.

Ethics, for example, refers to those standards that impose the reasonable obligations to refrain from rape, stealing, murder, assault, slander, and fraud. Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty.

Business ethics inform a company's values and goals, as well as how it runs its day-to-day operations. An ethical company runs on principles such as honesty, integrity, fairness, trustworthiness, accountability, and respect for others.

Business ethics refers to the set of principles and standards that guide the conduct of individuals and organizations in the business world. It involves making decisions based on moral values and principles rather than solely on legal obligations.

Ethics is what guides us to tell the truth, keep our promises, or help someone in need. There is a framework of ethics underlying our lives on a daily basis, helping us make decisions that create positive impacts and steering us away from unjust outcomes.

**Answer of the question n. 4**

**Different major ethical perspectives:**

There are several well-respected ways of looking at ethical issues. Some of them have been around for centuries. It is important to know that many who think a lot about business and ethics have deeply held beliefs about which perspective is best. Others would recommend considering ethical problems from a variety of different perspectives.

Here, we take a brief look at (1) utilitarianism, (2) deontology, (3) social justice and social contract theory, and (4) virtue theory. We are leaving out some important perspectives, such as general theories of justice and "rights" and feminist thought about ethics and patriarchy.

An ethical perspective is the lens an individual uses to view a problem. Each person has such a perspective, whether or not they realize it.

There are a variety of theories you can use when figuring out an ethical decision. Several ethical perspectives have been around for centuries, including utilitarianism, natural law, consideration of rights and justice, virtue ethics, and the idea of social contract. Whatever perspective is used – or promoted within an organization – will ultimately shape how ethical decisions are reached.

Throughout history, people have pondered what it means “to do what is right.” Some of the main answers have come from the differing perspectives of utilitarian thought; duty-based, or deontological, thought; social contract theory; and virtue ethics.

An ethical perspective refers to the way in which an individual or group of individuals make moral judgments about what constitutes right or wrong behavior within society or other groupings, such as families, churches, or companies.

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Some, however, are debated more so than others by their properties and which are best to use when solving problems. Among the perspectives there is one that can be applied the best towards [morality](https://www.ipl.org/topics/morality) and solving problems. [Virtue](https://www.ipl.org/topics/virtue) is one of the strongest of the seven perspectives on ethical theory that can be used best to solve problems a society is faced with, based on the premise that this perspective is tied in with the importance of character building, is related to the Golden Mean and Aristotle, has concepts that humans naturally prefer, and is a more.

Unlike other theories it 's not something one should have to fight for, or earn, or know. One can only get better at it by practicing it. It creates an opportunity to not be selfish and look at how other people act and how they are virtuous and gives you a chance to be more like other people.

Emulating others who are virtuous allows for more rational thinking and a better sense in general of doing the right thing. According to an article titled, [Virtue Ethics](https://www.ipl.org/topics/virtue-ethics): An Approach to Moral Dilemmas in Nursing, “Virtues are beneficial to human interaction and communication, and to the functioning of human society,” (Arries, 2005). Characteristics of a virtuous person are essential to have in problem solving and allow people to talk to each other. One can be inspired to be good and to pursue the Good by the people around.

The basis of the theory believes that one who is virtuous, can attain the culmination of humanity and achieve eudaimonia. And solving problems in general is less difficult when the people involved believe in the same goals since those people believe their is always more to be accomplished.

Virtue makes people realize that it 's not all about them, and that sometimes it 's about the whole, or the issue, or the Good. It’s bigger than an individual but still allows one to concentrate own their strengths while at the same time working on their weaknesses. Virtue has many elements of other theories, but simply, it is the most natural, the most realistic, and the easiest one to practice.

**Answer of the question n. 7**

**Corporations and corporate governance:**

A corporation is a legal entity created by individuals, stockholders, or shareholders, with the purpose of operating for profit. Corporations are allowed to enter into contracts, sue and be sued, own assets, remit federal and state taxes, and borrow money from financial institutions. A legal entity created by individuals or shareholders with the purpose of operating for profit.

A corporation is a legal entity created by individuals, [stockholders](https://corporatefinanceinstitute.com/resources/accounting/stockholders-equity-guide/), or shareholders, with the purpose of operating for profit. Corporations are allowed to enter into contracts, sue and be sued, own assets, remit federal and state taxes, and borrow money from financial institutions.

The creation of a corporation involves a legal process called incorporation where legal documents containing the primary purpose of the business, name and location, and the number of shares and [types of stock](https://corporatefinanceinstitute.com/resources/career-map/sell-side/capital-markets/preferred-shares/) issued, are drafted.

The process of incorporation gives the business entity a distinct feature that protects its owners from being personally liable in the event of a lawsuit or legal claim.

A corporation can be created by a single shareholder or by multiple shareholders who come together to pursue a common goal. A corporate can be formed as a for-profit or a not-for-profit entity.

For-profit entities form the majority of corporations, and they are formed to generate revenues and provide a return to their shareholders, according to their percentage of ownership in the corporation.

Not-for-profit entities operate under the category of charitable organizations, which are dedicated to a particular social cause such as educational, religious, scientific, or research purposes. Rather than distribute revenues to shareholders, not-for-profit organizations use their revenues to further their objectives.

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many [stakeholders](https://www.investopedia.com/terms/s/stakeholder.asp), which can include shareholders, senior management, customers, suppliers, lenders, the government, and the community. As such, corporate governance encompasses practically every sphere of management, from action plans and [internal controls](https://www.investopedia.com/terms/i/internalcontrols.asp) to performance measurement and corporate [disclosure](https://www.investopedia.com/terms/d/disclosure.asp).

Governance refers to the set of rules, controls, policies, and resolutions put in place to direct corporate behavior. A board of directors is pivotal in governance, while proxy advisors and [shareholders](https://www.investopedia.com/terms/s/shareholder.asp) are important stakeholders who can affect governance.

Communicating a company's corporate governance is a key component of community and [investor relations](https://www.investopedia.com/terms/i/investorrelations.asp). For instance, Apple Inc.'s investor relations site profiles its corporate leadership (the executive team and board of directors) and provides information on its committee charters and governance documents, such as bylaws, stock ownership guidelines, and [articles of incorporation](https://www.investopedia.com/terms/a/articlesofincorporation.asp).

Most successful companies strive to have exemplary corporate governance. For many shareholders, it is not enough for a company to be profitable; it also must demonstrate good [corporate citizenship](https://www.investopedia.com/terms/c/corporatecitizenship.asp) through environmental awareness, ethical behavior, and other sound corporate governance practices.

Corporate Governance refers to the way in which companies are governed and to what purpose. It identifies who has power and accountability, and who makes decisions. It is, in essence, a toolkit that enables management and the board to deal more effectively with the challenges of running a company.

Corporate law dictates the formation and the activities of corporations, while corporate governance regulates the balancing of interests among a business's different stakeholders.

Some examples of corporate governance can be found in the following companies: Apple Inc., Google, and Walmart. Each of these companies has a different way of distributing power within the company in regard to its own corporate governance structure.

Governance is the process whereby elements in society wield power and authority, and influence and enact policies and decisions concerning public life, economic and social development.