




FOURTH EDITION



# THE LEGAL, ETHICAL AND INTERNATIONAL ENVIRONMENT OF BUSINESS

HERBERT M. BOHLMAN  
&  
MARY JANE DUNDAS



# The Legal, Ethical and International Environment of Business

*Fourth Edition*

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M. J. D. dedicates this book to the memory of her parents, R. J. and Marie A. Dundas, and her sisters, Jean and Marilyn, and their families.

H. M. B. dedicates this book to his wife, Mimi, and his children, Bill, Patti, Mike, and Laura, and their families.

# Preface

The American legal scene has changed tremendously during the last quarter century, and even more changes are expected as we approach the 21st century. As a result, the effect of the legal environment in which business operates has changed dramatically. *The Legal, Ethical and International Environment of Business*, Fourth Edition, was written with two goals in mind—to present to the student the breadth of the legal, ethical, and international environment of business and to provide a legal foundation that can be used in his or her business or government career.

To accomplish these goals, we have presented materials that cover both private and public regulation of business. Unit I gives students an introduction to law. This unit includes chapters on the judicial system and alternative dispute resolution procedures. The chapters on constitutional law, administrative agencies, and criminal law introduce students to the regulatory issues. Unit II covers business and private law. Topics include torts; contracts; sales law; negotiable instruments; international law; rights of consumers, debtors, and creditors; consumer protection; and property and computer law. Unit III examines the formation of business entities and agency and employment law. Unit IV sets out the various aspects of government regulation, which includes securities, antitrust, and labor and employment law; equal opportunity; and environmental law.

This fourth edition includes revised chapters on sources of the law, employment and labor law, and property law, which now includes intellectual property law. Every chapter includes both ethical and international considerations. Because faculty and stu-

dents now have access to the World Wide Web, many sites are provided in this text. Students are provided an opportunity to study the historical development of the U.S. legal system along with a general discussion of how constitutional issues affect businesses. The text integrates the American Assembly of Collegiate Schools of Business (AACSB) curriculum standards to cover ethical, global, political, social, legal, regulatory, environmental, and technological issues.

## TOTAL LEARNING/TEACHING PACKAGE

This text constitutes what we believe to be a total learning/teaching package. It contains numerous pedagogical aids and high-interest additions.

## CASE SELECTION AND PRESENTATION

Each chapter has several cases to illustrate the application of the law to specific business problems. We have tried to create a balance between classic cases that are well recognized and recent cases that have changed the law significantly. Each case starts with the citation that includes the court, the date, the federal or state reporter (if available), the West reporter, and, when possible, a World Wide Web citation. The *Background and Facts* focuses on the setting in which

the case arose and identifies the plaintiffs and defendants. Text from an actual court case is then presented in an abbreviated form. Finally the *Decision and Remedy* clearly states who prevailed in the case and why. When appropriate, we include a *Comment* section that presents additional material not available from the case itself or that indicates future trends.

## CHAPTER FEATURES

Each chapter includes one or more of the following special sections, which are designed to be instructive as well as interesting.

### Quotations

Each chapter opens with a brief quotation that is appropriate to the chapter material.

### Exhibits

Most chapters have at least one exhibit to illustrate important aspects of the law. Some exhibits are charts, such as the one setting out the federal court system; others focus on classifications or summaries; and others illustrate forms used in the legal or business world, such as a sample credit sale contract.

### Legal Highlights

All chapters have legal highlights that present practical advice, such as how to check on a social security account, or examples of how the law was applied in an unusual situation.

### Ethical Considerations

The emphasis on ethics in academic studies is reflected in the standards set by the American Assembly of Collegiate Schools of Business (AACSB). The new standards require that ethics be integrated into the study of business, and this text likewise integrates ethics into each chapter. Chapter 2 covers ethical theories and provides a basis for class discussion of the ethical problems set out at the beginning of

each chapter. A model is provided in Chapter 2 to assist students in resolving ethical issues.

## International Considerations

The economic future of the United States is dependent upon international trade. People involved with international business will need a working knowledge of how international trade functions and the legal problems that may arise. The AACSB also is concerned with integrating global issues into the academic studies of business. Each chapter has an *International Consideration* that discusses international aspects of the chapter's subject matter. Chapter 13 covers various aspects of doing business in the global environment.

## Facing a Legal Issue

Toward the end of each chapter is material entitled *Facing a Legal Issue*. In each discussion we have attempted to present a factual situation that a business person could confront in his or her career. These situations concern problems that are collateral to the rest of the material contained within the chapter. They provide students with practical advice on how to apply the law.

## Using the World Wide Web

Each chapter has a variety of references to World Wide Web sites on the Internet. This edition integrates into the text references to World Wide Web sites relating to cases, statutes, regulations, and organizations. Students can use these references to find more information on the issues discussed in the chapter. At the end of each chapter is a research problem involving the use of the World Wide Web.

## Key Terms

Each chapter ends with a list of key terms first identified by boldfaced type in the text.

## Questions and Case Problems

At the end of each chapter, there are ten *Questions and Case Problems*. The problems are a mix of hypothetical questions and problems taken from ac-



tual cases for which full citations are given. The last question involves a problem to be researched on the World Wide Web.

Complete answers to all of the *Ethical Considerations* and the *Questions and Case Problems* are found in a separate manual entitled *Answers to Ethical Considerations and the Questions and Case Problems*.

## Appendices

This book can serve as a reference because we have included a set of appendices. They are as follows:

- A The Constitution of the United States of America
- B The Uniform Commercial Code (Excerpts)
- C Restatement of Torts, Second (Excerpts)
- D The Sherman Act (Excerpts)
- E The Clayton Act (Excerpts)
- F The Federal Trade Commission Act (Excerpts)
- G National Labor Relations Act (Excerpts)
- H The Federal Civil Rights Laws (Excerpts)
- I The Uniform Partnership Act (Excerpts)
- J International Top-Level Domains (ITLDs)
- K Critical Thinking
- L Selected World Wide Web Government Addresses
- M Spanish Equivalents for Important Legal Terms in English

## SUPPLEMENTS

### Study Guide

The *Study Guide* was written by Thomas Brierton of the University of the Pacific. Each chapter reinforces what the text has presented. The *Study Guide* consists of descriptions of general principles discussed in each chapter, chapter summaries in sentence outline form, and true-false, fill-in-the-blank, and multiple-choice questions to test students' comprehension.

### Instructor's Manual

The *Instructor's Manual* was written by Larry D. Strate of the University of Nevada at Las Vegas. Each chapter includes a chapter overview, chapter outline,

case comments, discussion questions, ethical and international considerations comments, and instructional suggestions.

### Test Bank

The *Test Bank* was written by Wayne Wells and Janell Kurtz of St. Cloud State University. Each chapter of the *Test Bank* has approximately 25 true-false questions and 75 multiple-choice questions; many chapters have more items.

The *Test Bank* is available on Thomson World Class Testing Tools™, which offers computerized testing for IBM-PC and compatible microcomputers. Thomson World Class Testing Tools™ allows instructors to create new tests, modify existing tests, change the questions from the *Test Bank*, and print tests in a variety of formats. Instructors can add questions of their own to the *Test Bank*. Instructors should contact their West Educational Publishing sales representative to inquire about acquiring Thomson World Class Testing Tools™.

### Answers to Ethical Considerations and the Questions and Case Problems

The *Answer Manual* provides solutions to the questions and case problems found in the text. Also included are the answers to the Ethical Considerations that begin each chapter.

### Transparency Acetates

The supplements package contains a set of approximately 30 transparency acetates.

### Acknowledgments

Many people are involved in the production of a textbook. The initial impetus for *The Legal, Ethical and International Environment of Business*, Fourth Edition, came from Rob Dewey, our editor, who has been a strong supporter of this project. A hearty thanks to Amy Hanson, our production editor, who kept the project moving in a timely manner, and to Jan Lamar, our developmental editor, who coordinated all the reviews and provided expert analysis.

We also acknowledge the important contribution of Professor Arthur Gross Schaefer from Loyola

Marymount University in Los Angeles. His credentials as an attorney, certified public accountant, and Rabbi, along with his work in the development of ethical audits for profit and nonprofit organizations, make him a unique individual with a very broad background. Moreover, his work as an ethicist with practicing attorneys and judges has provided him with a critical outlook on dealing effectively with real-life situations. He has used these perspectives to create the ethics decision model, the ethics cases within each chapter, and model answers found in the *Answers to Ethical Considerations and Questions and Case Problems*. This material is an integral part of our book and greatly impacted the book's overall presentation.

A number of reviewers were kind enough to give us their ideas and comments on various drafts of the manuscript. They are listed below for the four editions.

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As careful as we have attempted to be, there are, no doubt, errors in this text for which we take full responsibility. We welcome comments from all users of the text, for it is by incorporating such comments that we can make this text even better in future editions.

Herbert M. Bohlman  
Mary Jane Dundas

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