This course supports the assessments for Fundamentals of Business Law and Ethics. The course covers 10 competencies and represents 6 competency units.

Introduction

Overview
This course covers the following topics:

- contractual relationship
- government regulation of business
- dispute resolution
- labor and employment law
- hiring and employment practices
- warranties, negligence, and liabilities
- Sarbanes-Oxley Act
- ethical issues in business
- ethical leadership
- ethics programs
- use of company resources

You have probably had some experience with the legal system, either through your own encounters or merely through media outlets, and you have read or heard about various ethical and legal issues causing financial upheaval in today's business world. This background will serve you well in this study. Now you can expand on that experience, and perhaps refine and enhance your own views on these issues. Once you complete this course, you will have demonstrated a level of competence that can immediately be used in your work setting and career.

Watch the following video for an introduction to this course:

Note: To download this video, right-click the following link and choose "Save as...": download video.

Competencies

This course provides guidance to help you demonstrate the following 10 competencies:

- **Competency 310.1.1: Contractual Relationships**
  The graduate can determine whether a contractual relationship exists and meets legal requirements.
- **Competency 310.1.3: Government Regulation of Business**
  The graduate can analyze business situations or practices to determine whether an organization meets U.S. regulatory requirements.
- **Competency 310.1.4: Dispute Resolution**
The graduate can select an appropriate approach to resolve a dispute.

- **Competency 310.1.5: Labor and Employment Law**
  The graduate can determine whether business activities in a given situation violate specific labor and employment laws.

- **Competency 310.1.6: Hiring and Employment Practices**
  The graduate can determine whether hiring and employment practices in a given situation are legal or wrongful.

- **Competency 310.1.7: Warranties, Negligence, and Liability**
  The graduate can determine an organization’s responsibilities with regard to warranties, negligence, and liability.

- **Competency 310.1.8: Sarbanes-Oxley Act**
  The graduate can determine if corporate practices comply with the provisions of the Sarbanes-Oxley Act of 2002.

- **Competency 310.2.1: Ethical Issues in Business**
  The graduate can determine ethical and socially responsible courses of action in a given business situation.

- **Competency 310.2.2: Ethical Leadership**
  The graduate can identify ethical considerations that shape business practices and leadership.

- **Competency 310.2.4: Use of Company Resources**
  The graduate makes appropriate judgments regarding proper use of company resources.

**Preparing for Success**

The information in this section is provided to detail the resources available to use as you complete this course.

**Your Learning Resources**

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to enroll manually in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

**Automatically Enrolled Resources**

You will be automatically enrolled at the activity level for the following learning resources. Simply click on the links provided within the activities to access the respective learning materials.

**VitalSource E-Texts**

The following textbooks are available to you as e-texts within this course. You will be directly linked to the specific readings required within the activities that follow.

Note: This e-text is available to you as part of your program tuition and fees, but you may purchase a hard copy at your own expense through VitalSource or a retailer of your choice. If you choose to purchase the text from a retailer, please use the ISBN listed to ensure that you receive the correct edition.

VitalSource Navigational Video

Print-On-Demand Option

Supplemental Cengage Student Resource Guide

The *Business Law and the Legal Environment* e-text for this course is paired with a Student Resource Guide. This resource includes online quizzes and additional supplemental material. You will be directly linked to the online quizzes within the activities that follow.

- Business Law and the Legal Environment Student Resource Guide

Topics and Pacing

This outline suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow these guidelines carefully to complete the course in the suggested timeframe.

Week 1:

- Contractual Relationships: The Basics
- Contractual Relationships: Remedies

Week 2:

- Antitrust Regulation
- Consumer Protection
- Environmental Regulation
- Resolving Disputes

Week 3:

- Employment Law
- Labor Law

Week 4:

- Warranty and Product Liability
- Negligence and Strict Liability
- The Sarbanes-Oxley Act
Week 5:

- Concepts of Ethics in Business

Week 6:

- Ethical Leadership
- Final Steps

**Additional Preparations**

**Preparing Flashcards**

Throughout this study plan you will find activities asking you to prepare flashcards. These should be self-created cards that you prepare with key concepts, terms, ideas on one side and the definition or description of that item on the other side. These can be 3x5 index cards, sticky notes, or anything that would work for your study needs. Flashcards are an excellent review technique to ensure your comprehension of the important concepts in your reading and study.

**Contractual Relationships I**

The activities for this subject will introduce you to the concepts associated with contractual relationships. Contracts are the lifeblood of any commercial organization. Good contracts save time and money, while bad contracts can lead to lawsuits, economic losses, and wasted time. These contractual concepts are essential to understand in order to protect an organization and maintain its commercial activity.

Contractual relationships cover a wide range of business agreements. You will study the basic concepts of **offer**, **acceptance**, and **consideration**, along with the types of contracts and possible remedies available should a breach of contract occur. Understanding how contracts are governed and when a legal agreement is formed is essential to properly managing a company and protecting it from false claims.

**Contractual Relationships: The Basics**

Dealing with contractual relationships is an integral part of a manager's responsibilities. Knowing what actions might obligate your organization is crucial to protecting the company and to maintaining legal benefits from business agreements. These contract law concepts are found daily in the operation of both large and small businesses. Once these concepts are understood, managers are better equipped to make good decisions regarding business relationships.

When you have completed this topic, you will be able to:

- define the elements of a legal agreement;
- recognize what constitutes a legal offer, acceptance, and consideration;
- identify when a contractual relationship has been entered into;
- describe the conditions that constitute a discharge of contract obligations;
- identify what constitutes **performance** under a given contract; and
- specify what constitutes a breach of a contract.

This topic addresses the following competencies:
• Competency 310.1.1: Contractual Relationships
  The graduate can determine whether a contractual relationship exists and meets legal requirements.

Introduction to Contracts

Read the following chapter in Business Law and the Legal Environment:

• Chapter 10 ("Introduction to Contracts")

Respond to the following items in your personal notebook:

• What is the definition of a contract?
• Describe the various types of contracts.
• Identify and describe the theories of recovery in contract law.

Chapter 10 Interactive Quiz

Take the optional interactive quiz for Chapter 10 to test your understanding of the basic contract concepts. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 10 to review any points that you missed on the quiz.

Performance and Discharge

Read the following chapter in Business Law and the Legal Environment

• Chapter 17 ("Performance and Discharge")

Respond to the following items in your personal notebook:

• What conditions would constitute a discharge of a contract?
• Describe the conditions for a discharge of a contractual obligation.
• Describe the types of acceptable performances of a contract.
• What constitutes a breach of a contract?

Chapter 17 Interactive Quiz

Take the optional interactive quiz for Chapter 17 to test your understanding of the concepts related to performance and discharge. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 17 to review any points that you missed on the quiz.

Contractual Relationships II

The activities for this section will continue and conclude your study of contractual relationships. Remember, these concepts are essential to the smooth function of any commercial organization.

Contractual Relationships: Remedies

You can now build on what you learned in the previous section and expand your knowledge to understand the consequences of violating or breaching a contract. Recognizing a potential
breach of contract is important in alerting managers to impending problems, helping them to mitigate the impact of such a breach, and determining the proper remedies available.

When you have completed this topic, you will be able to:

- identify what constitutes a breach of contract,
- define breach of a contractual obligation,
- identify the categories of damages available for a breach of contract, and
- describe the conditions for which specific types of breach of contract damages would apply.

This topic addresses the following competencies:

- **Competency 310.1.1: Contractual Relationships**
  The graduate can determine whether a contractual relationship exists and meets legal requirements.

### Remedies

Read the following chapter in *Business Law and the Legal Environment*:

- **Chapter 18 ("Remedies")**

Respond to the following items in your personal notebook:

- What is the definition of remedies?
- Describe the various types of remedies in contracts.
- Identify and describe the theories of recovery in contract law.

### Chapter 18 Interactive Quiz

Take the optional interactive quiz for Chapter 18 to test your understanding of the concepts related to remedies. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 18 to review any points that you missed on the quiz.

### Application of Knowledge: Contractual Relationships

Respond to the following study prompts in your notebook. Use your flash cards and notes as well as your textbooks and other resources to help you, if necessary.

1. What is the point at which a legal agreement is said to have occurred?
2. What are the differences among enforceable, unenforceable, express, and implied contracts?
3. Describe a situation in which a breach of contract has occurred.
4. If there is a breach of contract, what remedies are available?

### Government Regulation of Business I

Every successful business must deal with some form of government regulation, from regulation
of waste disposal to product safety and consumer protection. These regulations reach into every industry and govern many of the activities in both small and large companies. These regulations can be costly, and failing to follow them can be even costlier; understanding the regulatory environment of your business, and the particular regulations governing your activities, is essential to profitable management.

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**Antitrust Regulation**

Dealing with government regulation in business is an integral part of a manager's responsibilities. Knowing what actions might violate particular regulations is crucial to protecting the company and ensuring its profitable operation. Government regulation is found every day in the operation of businesses of any size, and recognizing these regulations allows managers to make good decisions regarding business practices.

When you have completed this topic, you will be able to:

- list the common types of antitrust violations,
- identify types of illegal aggressive strategies,
- describe the key provisions of the Sherman Antitrust Act of 1890, and
- describe the key provisions of the Clayton Antitrust Act of 1914.

This topic addresses the following competencies:

- **Competency 310.1.3: Government Regulation of Business**
  The graduate can analyze business situations or practices to determine whether an organization meets U.S. regulatory requirements.

**Antitrust**

Read the following chapter in *Business Law and the Legal Environment*:

- **Chapter 39 ("Antitrust")**

Respond to the following items in your personal notebook:

- What are the Sherman and Clayton antitrust acts?
- Describe the key provisions of the Sherman and Clayton antitrust acts.
- Describe the various aggressive business actions that are illegal as violations of antitrust regulations.

**Chapter 39 Interactive Quiz**
Take the optional interactive quiz for Chapter 39 to test your understanding of the concepts related to antitrust. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 39 to review any points that you missed on the quiz.

**Consumer Protection**

Dealing with government regulation in business is an integral part of a manager's responsibilities. Recognizing what actions might violate particular consumer protection regulations is crucial to protecting the company and ensuring its profitable operation. Government regulation is found every day in the operation of businesses large and small, and once understood, it allows managers to make good decisions regarding business practices.

When you have completed this topic, you will be able to:

- list the common types of regulations designed to protect consumers,
- identify types of illegal consumer credit practices,
- describe the warranty protection provided to consumers, and
- describe the purpose and role of the Federal Trade Commission (FTC) in consumer protection.

This topic addresses the following competencies:

- **Competency 310.1.3: Government Regulation of Business**
  The graduate can analyze business situations or practices to determine whether an organization meets U.S. regulatory requirements.

**Consumer Law**

Read the following chapter in *Business Law and the Legal Environment*:

- Chapter 40 ("Consumer Law")

Respond to the following items in your personal notebook:

- What is the role of the FTC?
- Describe prohibited sales activities under the FTC Act.
- How is consumer credit regulated?
- What is the Magnuson-Moss Warranty Act?
- What government regulations apply to consumer product safety?

**Chapter 40 Interactive Quiz**

Take the optional interactive quiz for Chapter 40 to test your understanding of the concepts related to consumer law. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 40 to review any points that you missed on the quiz.

**Environmental Regulation**

Dealing with environmental regulation in business is an integral part of a manager's responsibilities. Recognizing what actions might violate particular environment regulations is crucial to protecting the company and ensuring its profitable operation. Environmental laws have
a pervasive impact on business activity of all types, and violations of these laws carry great potential costs for both individual companies and the country as a whole. Thus, it is incumbent on managers to understand these basic regulations and how to abide by them.

When you have completed this topic, you will be able to:

- identify the primary function of the Environmental Protection Agency (EPA) in regard to business,
- describe the provisions of the Clean Air Act,
- describe the provisions of the Clean Water Act, and
- identify the primary regulations governing waste disposal.

This topic addresses the following competencies:

- **Competency 310.1.3: Government Regulation of Business**
  The graduate can analyze business situations or practices to determine whether an organization meets U.S. regulatory requirements.

"Environmental Law"

Read the following chapter in *Business Law and the Legal Environment*:

- **Chapter 41 ("Environmental Law")**

Respond to the following items in your personal notebook:

- What is the role of the EPA?
- Describe requirements of the Clean Air Act.
- Describe requirements of the Clean Water Act.
- Identify regulations regarding waste disposal that businesses must follow.

**Chapter 41 Interactive Quiz**

Take the optional [interactive quiz](#) for Chapter 41 to test your understanding of the concepts related to environmental law. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 41 to review any points that you missed on the quiz.

**Application of Knowledge: Government Regulation of Business**

Respond to the following study prompts in your personal notebook. Use your flash cards and notes as well as your textbooks and other resources to help you, if necessary.

- What are common types of antitrust violations?
- What is the Sherman Antitrust Act of 1890?
- Describe the Clayton Antitrust Act of 1914.
- What is the role of FTC?
- What requirements were specified by the FTC Act of 1914?
- What requirements are set forth by the Environmental Protection Agency?

**Dispute Resolution**

This section will help you understand how business disputes may be resolved, either through legal processes using the court system or through what is known as "alternative dispute resolution," an often viable and economical mechanism to resolve disputes. The textbook readings and exercises will help you understand the various ways in which businesses can resolve disputes.

Every business must effectively deal with some form of dispute at some time, such as a formal legal action, a complaint from a neighbor, or a claim made for some employee action. These types of disputes, whether small or large, require managers to be aware of the options available to resolve them and be able to follow a dispute-resolution strategy that will be the most cost effective and effectual.

**Resolving Disputes**

Disputes in business are found daily in the operation of both large and small businesses. Once resolution options are identified, managers are able to make good business decisions regarding how to handle those disputes.

When you have completed this topic, you will be able to:

- list the common types of alternative dispute resolution,
- describe the legal process for dispute resolution,
- describe the general functioning of the court system and litigation, and
- identify the positive and negative aspects of various dispute resolution options.

This topic addresses the following competencies:

- **Competency 310.1.4: Dispute Resolution**
  The graduate can select an appropriate approach to resolve a dispute.

**Dispute Resolution**

Read the following chapter in *Business Law and the Legal Environment*:

- [Chapter 3 ("Dispute Resolution")](#)

Respond to the following items in your personal notebook:

- Describe alternative dispute resolution techniques.
- List the advantages and disadvantages of the various alternative dispute resolution options.
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- How does the court system function in resolving disputes?
- Compare and contrast the legal process for dispute resolution with alternative dispute resolution options.

Chapter 3 Interactive Quiz

Take the optional interactive quiz for Chapter 3 to test your understanding of the concepts related to dispute resolution. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 3 to review any points that you missed on the quiz.

Labor & Employment Law & Hiring & Employment Practices

This section will help you identify proper employment practices and laws and regulations governing labor and employment issues. You will explore concepts related to employment security, safety, and privacy in the workplace; employment discrimination; and federal regulations concerning labor and employment. The textbook readings and exercises will help you to recognize the various ways in which businesses can resolve disputes.

Employers must effectively deal with their employees and maximize the effectiveness of their workforce while also abiding by employment and labor regulations and protecting the rights of their employees. Labor and employment law covers a wide range of issues and practices including hiring, firing, monitoring, paying, and providing benefits. There is a large and complex set of considerations that managers must understand in order to attract and maintain a strong workforce and avoid costly and time-consuming employment disputes.

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Employment Law

Identifying the various federal acts relating to employment and recognizing improper management behavior toward employees is an integral part of a manager's responsibilities. Identifying what is required of a business to meet its obligations is crucial to protecting the company and to ensuring its profitable operation. Issues related to employment law are found daily in the operation of businesses of all sizes and need to be recognized by managers in order to avoid employment disputes and costly claims for improper actions.

When you have completed this topic, you will be able to:

- list the major federal acts governing employment,
- describe what constitutes wrongful discharge,
- explain workplace safety requirements,
explain the key provision of the Fair Labor Standards Act and the Worker’s Compensation Act, and
identify actions that constitute employment discrimination.

This topic addresses the following competencies:

- **Competency 310.1.5: Labor and Employment Law**
The graduate can determine whether business activities in a given situation violate specific labor and employment laws.

- **Competency 310.1.6: Hiring and Employment Practices**
The graduate can determine whether hiring and employment practices in a given situation are legal or wrongful.

**Employment Law**

Read the following chapter in *Business Law and the Legal Environment*:

- **Chapter 30 ("Employment Law")**

Respond to the following items in your personal notebook:

- Describe the Family and Medical Leave Act (FMLA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA).
- What are actions that would constitute wrongful discharge of an employee?
- What are workplace safety requirements under the Occupational Safety and Health Administration (OSHA)?
- What rights do employees have to privacy in the workplace?
- What actions by an employer constitute employment discrimination?
- What are appropriate and inappropriate hiring practices?

**Chapter 30 Interactive Quiz**

Take the optional interactive quiz for Chapter 30 to test your understanding of the concepts related to employment law. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 30 to review any points that you missed on the quiz.

**Labor Law**

Recognizing the various federal acts related to unions and employers of union workers is an integral part of a manager's responsibilities. Identifying what is required of a business to meet its obligations to union employees and what the rights of a union are is crucial to protecting the company and ensuring its profitable operation. Issues related to unions and federal labor law are found in the news almost weekly. These issues need to be recognized by managers in order to avoid costly union disputes or claims for improper actions.

When you have completed this topic, you will be able to:

- describe the key provisions of the National Labor Relations Act of 1935,
• identify regulations governing the formation and operation of unions,
• explain the process of collective bargaining, and
• identify legal and illegal actions by unions and companies.

This topic addresses the following competencies:

• **Competency 310.1.5: Labor and Employment Law**
  The graduate can determine whether business activities in a given situation violate specific labor and employment laws.

• **Competency 310.1.6: Hiring and Employment Practices**
  The graduate can determine whether hiring and employment practices in a given situation are legal or wrongful.

**Labor Law**

Read the following chapter in *Business Law and the Legal Environment*:

• **Chapter 31 ("Labor Law")**

Respond to the following items in your personal notebook:

• Describe the process of union formation.
• What are the rights of union workers and employers in a labor dispute?
• What are legal and illegal actions during a labor dispute between a union and an employer?
• Describe the concept of collective bargaining.

**Chapter 31 Interactive Quiz**

Take the optional interactive quiz for Chapter 31 to test your understanding of the concepts related to labor law. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 31 to review any points that you missed on the quiz.

**Application of Knowledge of Labor Law**

Respond to the following study prompts in your personal notebook. Use your flash cards and notes as well as your textbooks and other resources to help you, if necessary.

1. Describe the National Labor Relations Act of 1935, the Family and Medical Leave Act of 1993, the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Fair Labor Standards Act of 1938. List the main components of each of these acts.
2. What constitutes wrongful discharge under the law?
3. Explain the responsibilities of the OSHA.
4. What constitutes an employee's right to privacy?
5. Describe the main points of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and the Americans with Disabilities Act of 1990. Who do these acts serve?
6. What challenges can organizations face when hiring non-U.S. residents?
7. What is a contractual employment relationship?
8. Describe how to design an effective performance review.
9. What are progressive discipline programs?
10. Differentiate between appropriate and inappropriate interview questions.

**Warranties, Negligence, and Liability**

This section will help you to discover the basic concepts related to warranties, negligence, and liability. These concepts directly impact the profitability of a business. If managers are not able to identify potential warranty or liability issues, the resulting cost in lawsuits and customer claims could ruin a business. The textbook readings and exercises will help you identify the various ways in which managers may identify warranty issues, recognize the company's warranty obligations, and potential negligence and liability problems.

Manufacturers must deal effectively with warranty and strict liability issues, and service organizations deal with negligence. Whatever your business issues may be, warranty, negligence, and liability are essential to recognize. Managers must be aware of the possible legal claims and be proactive in avoiding such claims in the most cost-effective manner.

Every business must effectively deal with one of the following topics: for manufacturers, warranty and strict liability issues are important; for a service organization, negligence becomes a significant risk. Whatever your business issues may be, warranty, negligence, and liability are essential to recognize. Managers must be aware of the possible legal claims and be proactive in avoiding such claims in the most cost-effective manner.

**Warranty and Product Liability**

Understanding how to resolve warranty and product liability is a major part of a manager's responsibilities. Knowing the distinctions between various types of warranties, and recognizing potential product liability issues, are key to protecting the company and ensuring its profitable operation. These issues of warranty and product liability are found daily in almost any business operation, and their recognition by managers is crucial to making good business decisions for the long-term success of the business.

When you have completed this topic, you will be able to:

- describe the differences between express and implied warranties,
- identify the obligations of a manufacturer under warranty law,
- recognize the disclaimers and defenses to warranty actions,
- define negligence,
- describe the requirements for a claim of negligence,
- define strict liability,
- describe the requirements for a claim of strict liability, and
- describe the key provision of the Magnuson-Moss Warranty Act.

This topic addresses the following competencies:

- **Competency 310.1.7: Warranties, Negligence, and Liability**
  The graduate can determine an organization's responsibilities with regard to warranties,
negligence, and liability.

Warranties and Product Liability

Read the following chapter in *Business Law and the Legal Environment*:

- Chapter 21 ("Warranties and Product Liability")

Respond to the following items in your personal notebook:

- What is an express warranty?
- What is an implied warranty?
- What is a disclaimer?
- What are the limitations on remedies for breach of warranty and product liability?
- What is negligence, and how does that concept apply to a manufacturer?

Chapter 21 Interactive Quiz

Take the optional interactive quiz for Chapter 21 to test your understanding of the concepts related to warranties and liabilities. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 21 to review any points that you missed on the quiz.

Negligence and Strict Liability

Negligence and strict liability are legal doctrines that managers must recognize in order to protect their company from the consequences of a long and costly legal action. These concepts affect how a company operates—how it deals with customers and the public, how it manufactures its products, and how it trains its employees. It is essential that managers recognize and appreciate the legal responsibility connected with negligence and strict liability in order to ensure the well-being of the organization.

When you have completed this topic, you will be able to:

- explain the concepts of *duty of care*,
- list the defenses to an action for negligence, and
- describe the legal doctrine of strict liability.

This topic addresses the following competencies:

- **Competency 310.1.7: Warranties, Negligence, and Liability**
  The graduate can determine an organization’s responsibilities with regard to warranties, negligence, and liability.

Negligence and Strict Liability

Read the following chapter in *Business Law and the Legal Environment*:

- Chapter 7 ("Negligence and Strict Liability")
Please review the following video:

Note: To download this video, right-click the following link and choose "Save as...": download video.

Respond to the following items in your personal notebook:

- What is negligence?
- What is strict liability?
- What are the defenses available to an action for negligence or an action for strict liability?

Go over the end-of-chapter review, and be sure you understand the concepts presented. If not, check out the “Supplemental Content Lectures” link in Course Tips.

**Chapter 7 Interactive Quiz**

Take the optional interactive quiz for Chapter 7 to test your understanding of the concepts related to negligence and strict liability. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 7 to review any points that you missed on the quiz.

**The Sarbanes-Oxley Act**

This section will introduce you to the significant legislation that was enacted in response to the corporate scandals of the late 1990s. This legislation, known as the Sarbanes-Oxley Act, has changed the way corporations handle their financial operations, report on financial activity, and monitor proper accounting procedure. For managers of publicly traded corporations, this legislation changed the way they manage and imposed severe penalties for failure to operate according to its provision. The textbook readings and other exercises will help you to identify the various ways in which managers can identify warranty issues and recognize the company's warranty obligations as well as potential negligence and liability problems.

Every publicly traded corporation must effectively respond to and follow the requirements of the Sarbanes-Oxley Act; if violations of its provisions occur, corporate managers, officers, and directors are subject to civil and criminal penalties. Therefore, identifying the requirements of this act is essential to the well-being of the corporation.

Every publicly-traded corporation must effectively respond to and follow the requirements of the Sarbanes-Oxley Act; if violations of its provisions occur, corporate managers, officers, and directors are subject to civil and criminal penalties. Therefore, identifying the requirements of this act is essential to the well-being of the corporation.

**The Sarbanes-Oxley Act**

Operating within the provisions of the Sarbanes-Oxley Act has now become an integral part of a manager's responsibilities. Recognizing what procedures must be followed for accounting, corporate governance, and monitoring and reporting financial information is essential to
protecting the corporation as well as ensuring ethically prescribed behavior. The penalties may be severe, so adherence to the Sarbanes-Oxley Act is a significant management function.

When you have completed this topic, you will be able to

- describe the provisions included in the Sarbanes-Oxley Act,
- identify the responsibilities of corporate officers and directors under the Sarbanes-Oxley Act,
- identify the disclosure requirements under the Sarbanes-Oxley Act, and
- describe proper corporate governance under the Sarbanes-Oxley Act.

This topic addresses the following competencies:

- **Competency 310.1.8: Sarbanes-Oxley Act**
  The graduate can determine if corporate practices comply with the provisions of the Sarbanes-Oxley Act of 2002.

**Shareholders**

Read the following chapter in *Business Law and the Legal Environment*:

- Chapter 36 ("Shareholders")

Respond to the following items in your personal notebook:

- What are the basic provisions of the Sarbanes-Oxley Act?
- What are the rights of shareholders?
- What recourse do shareholders have against corporations if shareholder rights are violated?

Go over the end-of-chapter review, and be sure you understand the concepts presented. If not, check out the “Supplemental Content Lectures” link in Course Tips.

**Chapter 36 Interactive Quiz**

Take the optional [interactive quiz](#) for Chapter 36 to test your understanding of the concepts related to Sarbanes-Oxley Act. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 36 to review any points that you missed on the quiz.

**Securities Regulation**

Read the following chapter in *Business Law and the Legal Environment*:

- Chapter 37 ("Securities Regulation")

Respond to the following items in your personal notebook:

- What are the key provisions of the Securities Act of 1933?
• What are the disclosure requirements of the Securities Act of 1933?
• How did Sarbanes-Oxley change the disclosure requirements of the Securities Act of 1933?

Go over the end-of-chapter review, and be sure you understand the concepts presented. If not, check out the “Supplemental Content Lectures” link in Course Tips.

Chapter 37 Interactive Quiz

Take the optional interactive quiz for Chapter 37 to test your understanding of the concepts related to securities regulations. After you are done taking the quiz, check your answers against those provided. Be sure to go back into Chapter 37 to review any points that you missed on the quiz.

Accountants: Liability and Professional Responsibility

Read the following in Business Law and the Legal Environment:

• Chapter 38 ("Accountants: Liability and Professional Responsibility"), pages 901-907

Please review the following video:

Note: To download this video, right-click the following link and choose "Save as": download video.

Respond to the following items in your personal notebook:

• What are the audit requirements for a publicly-traded corporation?
• How did the Sarbanes-Oxley Act change the audit requirements for a publicly-traded corporation?

Go over points 1 a-e in the end-of-chapter review, and be sure you understand the concepts presented. If not, check out the “Supplemental Content Lectures” link in Course Tips.

Ethical Issues in Business I

The term ethics is a concept that encompasses the actions, activities, and attitudes found in business and in the way in which managers act within the business environment and the larger community. Corporate ethics is often described as an obligation to be fair and to do well. Having high ethical standards is good business and has a positive effect on the organization's ultimate success. To see that business ethics are upheld, managers must be actively involved in establishing an ethical culture within an organization.

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culture within an organization.

**Concepts of Ethics in Business**

This is your opportunity to develop not only your recognition of business ethics issues but also your competence in applying these principles to a variety of business settings, including your own work setting and career.

When you have completed this topic you will be able to

- describe, define, and explain business ethics from an organizational perspective,
- describe the historical foundations and the evolution of business ethics,
- list the ways in which ethical value systems support business performance,
- define and identify ethical issues,
- delineate types of behavior that pose business ethics issues, and
- identify improper uses of company resources (e.g., e-mail, phone, and computer).

This topic addresses the following competencies:

- **Competency 310.2.1: Ethical Issues in Business**
  The graduate can determine ethical and socially responsible courses of action in a given business situation.
- **Competency 310.2.4: Use of Company Resources**
  The graduate makes appropriate judgments regarding proper use of company resources.

**The Importance of Business Ethics**

Read the following chapter in *Business Ethics*:

- [Chapter 1 ("The Importance of Business Ethics")](#)

Respond to the following items in your personal notebook:

- How would you define *business ethics*?
- How has business ethics developed over time?
- What is involved in developing an ethical culture in an organization?
- What are three benefits of a clear ethical framework to businesses?

Think about the key terms listed at the end of the Chapter 1. Prepare a set of flash cards, one for each term, identify the term, its definition, and a short statement of how that term relates to business ethics concepts.

**Stakeholder Relationships, Social Responsibility, and Corporate Governance**

Read the following chapter in *Business Ethics*:

- [Chapter 2 ("Stakeholder Relationships, Social Responsibility, and Corporate Governance")](#)
Respond to the following items in your personal notebook:

- What are various stakeholder roles in business ethics?
- What is an accepted definition of social responsibility?
- Describe the relationships between stakeholder orientation and social responsibility.
- What should be the role of corporate governance in establishing an ethical climate within an organization?
- List the steps involved in implementing a stakeholder perspective in business ethics.

Think about the key terms listed at the end of the Chapter 2. Prepare a set of flash cards, one for each term, identify the term, its definition, and a short statement of how that term relates to ethics concepts.

**Emerging Business Ethics Issues**

Read the following chapter in *Business Ethics*:

- Chapter 3 ("Emerging Business Ethics Issues")

Respond to the following items in your personal notebook:

- Describe ethical issues in the context of organizational ethics.
- How do ethical issues relate to the basic values of honesty, fairness, and integrity?
- Delineate and identify unethical behaviors that pose business ethics issues.
- What are three challenges in determining an ethical issue in business?

Review the list of end-of-chapter terms on page 85 of *Business Ethics* and prepare a set of flash cards for any terms you have difficulty defining. On each card list the term, its definition, and how it relates to concepts of business ethics.

**The Institutionalization of Business Ethics**

Read the following chapter in *Business Ethics*:

- Chapter 4 ("The Institutionalization of Business Ethics")

Respond to the following items in your personal notebook:

- How do you distinguish between voluntary and mandated boundaries of ethical behavior?
- What are the key regulatory efforts to provide incentives for ethical behavior?
- What are the ethical standards and requirements established by the Sarbanes-Oxley Act?

Review the list of end-of-chapter terms on page 116 of *Business Ethics* and prepare a set of flash cards for any terms you have difficulty defining. On each card list the term, its definition, and how it relates to concepts of business ethics.
Ethical Leadership

The activities for this subject will introduce you to the concepts associated with ethical leadership. With any activity or program an organization undertakes, if there is not clear and strong leadership, the activity or program flounders. Thus, the importance of managers taking a clear leadership role in ethics should not be underestimated. Without ethical leadership, no ethical program can be successful.

When you have completed this topic you will be able to:

- explain why people justify unethical behavior,
- describe techniques for managers to use to respond to unethical behavior,
- describe how companies can create a more ethical organizational culture,
- explain why companies should have an ethics program, and
- list the essential components of a code of ethics.

This topic addresses the following competencies:

- **Competency 310.2.2: Ethical Leadership**
  The graduate can identify ethical considerations that shape business practices and leadership.

**Ethical Decision Making and Ethical Leadership**

Read the following chapter in *Business Ethics*:

- **Chapter 5 ("Ethical Decision Making and Ethical Leadership")

Respond to the following items in your personal notebook:

- What are the components of a comprehensive framework for ethical decision making in business?
- How can knowledge about ethical decision making be used to improve ethical leadership?
- What are leadership styles and habits that promote an ethical culture in a business?

Review the list of end-of-chapter terms on page 143 of *Business Ethics* and prepare a set of flash cards for any terms you have difficulty defining. On each card list the term, its definition, and how it relates to concepts of ethics in business.

**Individual Factors: Moral Philosophies and Values**

Read the following chapter in *Business Ethics*:

- **Chapter 6 ("Individual Factors: Moral Philosophies and Values")

Respond to the following items in your personal notebook:
• How do moral philosophies and values influence group ethical decision making in business?
• What are the stages of cognitive moral development, and how do those relate to ethical development?
• How does white-collar crime relate to moral philosophies, values, and corporate culture?

Review the list of end-of-chapter terms on page 169 of *Business Ethics* and prepare a set of flash cards for any terms you have difficulty defining. On each card list the term, its definition, and how it relates to concepts of business ethics.

**Organizational Factors: The Role of Ethical Culture and Relationships**

Read the following chapter in *Business Ethics*:

• *Chapter 7 ("Organizational Factors: The Role of Ethical Culture and Relationships")*

Respond to the following items in your personal notebook:

• What is the influence of corporate culture on business ethics?
• How does leadership, power, and motivation relate to ethical decision making in organizations?
• How do work groups influence ethical decision?
• What is the relationship between individual and group ethical decision making?

Review the list of end-of-chapter terms on page 201 of *Business Ethics* and prepare a set of flash cards for any terms you have difficulty defining. On each card list the term, its definition, and how it relates to concepts of business ethics.

**Developing an Effective Ethics Program**

Read the following chapter in *Business Ethics*:

• *Chapter 8 ("Developing an Effective Ethics Program")*

Respond to the following items in your personal notebook:

• What is the company's responsibility as a moral agent?
• Why do businesses need to develop ethics programs?
• What are the minimum requirements for an ethics program?
• How are ethical standards monitored, audited and enforced? Why is continuous improvement necessary?

**Final Steps**

Congratulations on completing the activities in this course! You are now prepared to complete the assessments associated with this course. If you have not already been directed to complete the assessments, schedule and complete them now.