**Describe legal issues affecting businesses**

A patent is legal protection of an invention or a process granted by government to its owners for a certain number of years. A patent gives a business the sole right to make, use, or sell its invention within that period of time. One of the reasons why the federal government awards patents is to encourage businesses to do research and continue to develop new ideas and products. If businesses have the sole right to profit from their inventions, they are more likely to continue investing money in research and development. Patents protect the business that invented the product rather than the consumer. A patent actually gives a business a monopoly on the invention for a number of years. Patents are not a method of monitoring advertising.

The Civil Rights Act requires businesses to hire, train, transfer, and promote employees without regard to race, color, gender, religion, or national origin. The Robinson-Patman Act deals primarily with pricing practices. The Sherman Antitrust Act deals with monopolies and competition. The Federal Reserve Act created the Federal Reserve.

Many businesses own both tangible and intangible property. Intellectual is a type of intangible property because it is not capable of being detected through the senses. Examples of intellectual property include trademarks and trade names such as Xerox and M&M's. Businesses usually register their trademarks in order to legally protect them from being used or copied by other businesses. Tangible property is capable of being touched, smelled, tasted, seen, or heard, such as office equipment. Statutory and administrative are not types of property.

A business might be sued for negligence if it does not take reasonable precautions to protect workers from risks or health hazards on the job. The basis of negligence is that the problems could have been easily avoided if the business had made some minor adjustments. Consequently, businesses usually try to make the workplace as safe as possible in order to avoid being sued for negligence. Misrepresentation involves making unrealistic claims about products. Libel is making false statements that harm an individual's reputation. Incompetence involves not having the skills or abilities necessary to perform satisfactorily.

There are several forms of bankruptcy and one is Chapter 11. The advantage to a business of filing Chapter 11 bankruptcy is that the process allows the business to reorganize in an attempt to keep operating. Businesses that are unable to pay their debts but think that they can become solvent by reorganizing often file Chapter 11. As a result, they have time to restructure or find additional financing to pay creditors. A business liquidates when it files Chapter 7 bankruptcy. Filing bankruptcy does not eliminate the obligation to pay taxes. As part of reorganizing, a business might sell certain assets to generate income to pay creditors. However, selling assets is not usually considered an advantage.

**Discuss the global environment in which businesses operate**

The environment in which businesses operate have an effect on their performance. Many businesses market products on a global level so the political situation in different countries is an important environmental factor. Businesses often evaluate the risk of operating in certain countries based on the political stability of the government. If the government is unstable, it may be too risky for a business to operate in that country. Storage space, health coverage, and land formation are not environmental factors that affect the performance of businesses that market products on a global level.

An embargo is an action that suspends all import-export trade with another country. Most government-imposed embargoes are used for political reasons or during hostilities. Currency (exchange) rates, business cycles, and competitors are economic factors, which are often affected by political factors.

By offering their products in other countries, businesses are able to reach new markets to which they have not previously been able to sell their products. Using international markets as a dumping ground for obsolete, outdated products would be a short-term strategy that would eventually create a negative company image. Governments may subsidize developing countries; businesses do not. Although people in other countries may gain employment, that is not a reason for a company to offer its products in other countries.

Technologies of all types have enabled global markets to function effectively. As examples, refrigeration has enabled perishable products to be transported between countries; and computers have facilitated communication and exchange of payments. Government, culture, and exchange rates have both facilitated and hampered global trade.

Globalization, which is the rapid and unimpeded flow of capital, labor, and ideas across national borders, has had both positive and negative effects on world trade. Because many developing countries have less stringent labor laws than the U.S., some U.S. based businesses have moved some of their operations (e.g., call centers) to other countries. This practice is often called outsourcing. By moving operations to developing countries, the businesses save money because they can pay laborers lower wages. A negative effect of outsourcing is that domestic workers lose jobs or job opportunities, which creates domestic discord. Currency fluctuations are a normal occurrence, and are not a primary factor when a business decides to move its operations to another country. Communication standards are a primary reason for moving business operations to another country.