

13.1: Why It Matters- Legal Environment

Why summarize the role of the legal system in governing and shaping the climate for business?

Imagine yourself in the following story: When you were in high school, you sometimes worked for your father, a house painter. Now that you're in college, you've decided to take advantage of that experience to earn some extra money during your summer vacation. You've set yourself up as a house-painting business and hired your college roommate to help you out.

One fine summer day, the two of you were putting a coat of Misty Meadow acrylic latex on the exterior of a two-story Colonial. You were working on the ground floor around the door of the house while your roommate was working from scaffolding over the garage. Looking up, you noticed that—despite several warnings—your roommate had placed his can of paint at his feet rather than having fixed it to the ladder bracing the platform. You were about to say something yet again, but it was too late: He accidentally kicked the bucket (so to speak), which then bounced off the homeowner's red sports car, denting the hood, and splattering it with Misty Meadow.

As luck would have it, the whole episode was witnessed by the homeowner's neighbor, who approached the scene of the disaster just as your roommate climbed down from the scaffold. "Man, you must be dumber than a bag of hammers," the neighbor said to your roommate, who was in no mood for unsolicited opinions—and before you knew what was happening, he broke the neighbor's nose with a single well-placed punch.

The homeowner sues you and your roommate for negligence, and the neighbor sues you and your roommate for assault and battery.

In this module, we will discuss how our legal system shapes the business environment. We will explore how legal situations like this and others could impact your business.

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