Answers to Chapter 1 Homework Questions in MindTap

1. Outline five purposes of business law.

ANS: The five purposes of business law are:

* to define general rules of commerce
* to protect business ideas and more tangible forms of business property
* to provide mechanisms that permit businesspeople to select their desired degree of participation and exposure to risk in business ventures
* to seek to ensure that losses are borne by those who are responsible for them
* to facilitate planning by ensuring compliance with commitments

2. What is the broad definition of the law?

ANS: The law is broadly defined as a set of rules and principles intended to guide conduct in society, primarily by protecting persons and their property, facilitating personal and commercial interactions, and providing mechanisms for dispute resolution.

3. How does the law protect members of society?

ANS: The law protects members of society in two ways. First, it sets rules with penalties to encourage compliance. Second, it seeks to make those who break the law accountable for their misconduct.

4. How does the law facilitate commercial activity?

ANS: The law facilitates commercial activity by providing rules governing the marketplace. These rules help prevent disputes, provide definition and context to doing business, allow businesses to plan for the future, and to enforce their commitments to one another.

5. What is considered to be one of the most important contributions that law can make to the commercial arena?

ANS: The creation of business certainty in business relationships is one of the most important contributions that law can make to the commercial arena.