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SKU: 9781394328499-SOLUTIONS

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Chapter 1: The Changing Face of Business

1 Define business.
Business consists of all profit-seeking activities that provide goods and services necessary to an economic system. Not-for-profit organizations are business-like establishments whose primary objective is public service over profits.

2 Identify and describe the factors of production.
The factors of production consist of four basic inputs: natural resources, capital, human resources, and entrepreneurship. Natural resources include all productive inputs that are useful in their natural states.

Capital includes technology, tools, information, and physical facilities. Human resources include anyone who works for a company. Entrepreneurship is the willingness to take risks to create and operate a business.

3 Describe the private enterprise system.
The private enterprise system is an economic system that rewards companies for their ability to perceive and serve the needs and demands of consumers. Competition in the private enterprise system ensures success for companies that satisfy consumer demands. Citizens in a private enterprise economy enjoy the rights to private property, profits, freedom of choice, and competition. Entrepreneurship drives economic growth.

4 Identify the seven eras in the history of business.
The seven historical eras are the Colonial period, the Industrial Revolution, the age of industrial entrepreneurs, the production era, the marketing era, the relationship era, and the social era. In the Colonial period, businesses were small and rural, emphasizing agricultural production. The Industrial Revolution brought factories and mass production to business. The age of industrial entrepreneurs built on the Industrial Revolution through an expansion in the number and size of companies. The production era focused on the growth of factory operations through assembly lines and other efficient internal processes. During and following the Great Depression, businesses concentrated on finding markets for their products through advertising and selling, giving rise to the marketing era. In the relationship era, businesspeople focused on developing and sustaining long-term relationships with customers and other businesses. In the social era, businesses use technology and relationship management to connect and communicate with consumers and promote innovation. Strategic alliances create a competitive advantage through partnerships. Concern for the environment also helps build strong relationships with customers.

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5 Explain current workforce trends in business.

The workforce is changing in several significant ways: (1) it is aging and the labor pool is shrinking, and (2) it is becoming increasingly diverse. The nature of work has shifted toward services and a focus on information. More businesses now rely on outsourcing, off shoring, and nearshoring to produce goods or fulfill services and functions that were previously handled in-house or in-country. In addition, today's workplaces are becoming increasingly flexible, allowing employees to work from different locations. And companies are fostering innovation through teamwork and collaboration.

6 Identify the skills and attributes needed for today's manager.

For today's managers, the ability to communicate and strategically apply critical thinking skills and creativity to both challenges and opportunities will be a top priority. Critical-thinking skills and creativity allow managers to pinpoint problems and opportunities and plan novel solutions. Finally, managers are dealing with rapid change, and they need skills to help lead their organizations through shift s in external and internal conditions.

7 Outline the characteristics that make a company admired.

A company is usually admired for its solid profits, stable growth, a safe and challenging work environment, high-quality goods and services, and business ethics and social responsibility.

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Excel Activity Lesson 01: Formulas and Dates

(Estimated Time: 10 minutes)

TED Talk Marketing Managers are working with potential speakers, and a question came up about how long it takes for a recorded video to be posted online. They have provided you with a spreadsheet that includes 100 of the videos recorded between 2001 and 2017. Using this data, calculate the average, minimum and maximum number of days between the recording and publishing dates.

Detailed Instructions:

1. Download the spreadsheet. TED Talk Activity 1.xlsx.
2. Highlight both the film date and publish date columns. Make sure both are formatted as dates.
3. Write a formula that will calculate the difference in the publish date and the film date.
4. Be sure to format this new column as a number rather than a date.
5. Beneath the newly created data, write a formula that will calculate the average number of days between the publish date and the film date. Be sure to set the number of decimal points to 0.
6. Beneath the average formula, write another formula that will display the minimum number of days between the publish date and the film date.
7. Beneath the minimum formula, write a final formula that will display the maximum number of days between the publish date and the film date.
8. Be sure to label your average, min, and max using the cell directly to the left of each formula so any viewer will know what they are viewing.

Excel Activity 1: MC Questions

1. What is the average (to the hundredth decimal place)?
   a. 218.56
   b. 216.58
   c. 215.86 **(correct)**
   d. 230.7
2. What is the minimum?
   a. 1 **(correct)**
   b. 2
   c. 10
   d. 5
3. What is the maximum?
   a. 2307 **(correct)**
   b. 1703
   c. 1207
   d. 2370

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Appendix B, BUSINESS LAW

Appendix Overview

In this appendix, we provide a general overview of legislation at the federal, provincial, and local levels. We point out that, although business executives may not be legal experts, they do need to be knowledgeable in their specific area of responsibility. Some common sense also helps to avoid potential legal problems. This appendix looks at the general nature of business law, the court system, basic legal concepts, and the changing regulatory environment for business.

Learning Objectives

B.1. Identify the seven kinds of laws that form the core of business law and describe how they affect businesses.

Appendix Outline

1. Overview
2. Legal System and Administrative Agencies
3. Types of Law
4. Regulatory Environment for Business
5. The Core of Business Law
    a. Contract Law and Law of Agency
    b. Property Law and Law of Bailment
6. Trademarks, Patents, and Copyrights
    a. Law of Torts
7. Bankruptcy Law
8. Tax Law

Appendix Figures

Figure B.1 Four Elements of an Enforceable Contract
Figure B.2 Three Basic Types of Property

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Lecture Ideas

Lecture Topic

Annotated Lecture Notes

Opening Vignette: **Apple's iPhone – Don't Touch the Patents!** Smartphone users knew right away they really liked the iPhone. And the iPhone quickly grabbed a big chunk of the cellphone market. The innovative device also led to a long line of imitators. The iPhone has many groundbreaking features. Apple either already has the patents to protect those features or is in the process of filing those patents. A patent gives an inventor exclusive rights to an invention for a period of time. Several years ago, Apple applied for a patent for the iPhone's multi-function touchscreen. The United States Patent and Trademark Office granted Apple patent number 7,479,949. This patent covers the touchscreen and the technology behind the phone's hardware and some of its software, including its operating system and some of its phone and camera functions. But patent protection doesn't mean that Apple is protected from lawsuits. Since the iPhone was launched, Apple has been the target of patent infringement lawsuits by other firms. The lawsuits include claims that Apple copied multi-touch technology, visual-voice technology, and digital-camera and imaging technology. The biggest suit so far came from Nokia, which was then the world's largest manufacturer of mobile phones. Nokia said that Apple infringed on 10 of its patents related to wireless handsets. But Apple countersued Nokia, claiming that Nokia infringed upon 13 of Apple's patents. Do these lawsuits sound childish to the average consumer? Maybe. But the technology industry is very complex. Innovations happen so fast that it can be hard to know who came up with an idea first—and at what stage of development an idea should be considered proprietary, or under the ownership of its inventor. Patents take a long time to process, and patent infringement cases can take even longer. Many firms are turning to the U.S. International Trade Commission instead of other courts and agencies because it can move these cases along more quickly. But because these cases often involve	

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more than two companies, they can become a tangled web of suits and countersuits. Apple sued the Taiwanese mobile phone manufacturer HTC, alleging infringement of 20 Apple patents relating to the iPhone, mostly patents related to iPhone's graphical user interface. Apple was seeking a permanent injunction that would ban HTC from selling its phones in the United States. "We can sit by and watch competitors steal our patented inventions, or we can do something about it," said Steve Jobs, Apple's co-founder and CEO at the time. "We think competition is healthy, but competitors should create their own original technology, not steal ours." HTC claimed that it was completely surprised by Apple's lawsuit. "HTC is a mobile-technology innovator and patent holder that has been very focused over the past 13 years on creating many of the most innovative smartphones," said a company spokesperson in response to the suit. "HTC values patent rights and their enforcement, but is also committed to defending its own technology innovations." Some business law experts find it interesting that Apple did not name software makers Google or Microsoft in its legal action against HTC, which made such popular phones as the Nexus One. The Nexus One was sold by Google, and several other phones named in the suit used Microsoft's Windows Mobile software. And in case you thought that things were different in Canada, consider the lawsuit BlackBerry (formerly known as Research In Motion or RIM) filed against Ted Livingston and his company, Kik Interactive Inc. Livingston was accused of using proprietary software knowledge gained while he was a student at the University of Waterloo and while he was employed at RIM. Livingston's comment on his blog spoke volumes about the hurt feelings and assumptions made at one's own risk: "RIM sued us yesterday. A courier came to drop off a package. I opened up the letter to see a stack of papers with a big gold seal on the first page. Plaintiff: Research In Motion Inc. The company I worked for as a co-op student. The company I loved. The company I thought could benefit from Kik's vision of a mobile community. The company that placed Kik on BlackBerry App World without issue. The company I shared our entire plan with every step of the way, is suing us. I'm not afraid. I'm not surprised. But I am disappointed."	

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These cases highlight the importance of every businessperson understanding the basics of business law. It doesn't matter whether you plan to market high-tech devices such as smartphones or sell a simple pair of shoes online—as a businessperson, you will need to know the laws that govern your business activities.	

Lecture Topic

Learning Objective B.1: Identify the seven kinds of laws that form the core of business law and describe how they affect businesses.

Legal System and Administrative Agencies

Annotated Lecture Notes

Business law includes contract law and the law of agency; sales law and negotiable instruments law; property law and the law of bailment; trademark, patent, and copyright law; tort law; bankruptcy law; and tax law. Contract law is the legal foundation on which business dealings are conducted. A contract is a legally enforceable agreement between two or more parties regarding a specified act or thing. Contracts can also cover an agency relationship: when one party appoints another party (an agent) to enter into contracts on their behalf. Sales law is the law governing the sale of goods or services for money or on credit. Negotiable instruments law governs the use of negotiable instruments: commercial paper that is transferrable among individuals and businesses, such as a cheque. Property law determines the rights of owners of property: tangible personal property, such as equipment; intangible personal property, such as mortgages; and real property, or real estate. The law of bailment deals with the surrender of personal property by one person to another when the property is to be returned at a later date. Trademarks, patents, and copyrights provide legal protection by giving a firm the exclusive right to use its key business assets. The law of torts applies to a tort, a civil wrong inflicted on another person or on another person's property, such as libel. In the event of bankruptcy—legal non-payment of financial obligations—bankruptcy law protects both creditors and debtors. Tax law governs the obligations of businesses to collect and pay various kinds of taxes to governments, such as income and sales taxes.

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THE LEGAL SYSTEM AND ADMINISTRATIVE AGENCIES	
a. The **judiciary**, or course system, is the branch of government responsible for applying laws to settle disagreements between two or more parties.	For example generally the federal government has exclusive powers over areas that concern the entire country including criminal law, defence, currency and telecommunications. The provinces rule mainly on civil matters and may empower municipal governments to pass local laws.
b. Court systems are organized at the federal, provincial and local levels each with a specific jurisdiction or area of responsibility.	
c. Administrative agencies such as the Canadian Radio-television and Telecommunications Commission CRTC also perform such judicial functions but are viewed as regulatory branches of government.	
d. Canada's court system is divided between the federal and provincial legislatures. Generally, the federal government has exclusive powers over areas that concern the entire country, including criminal law, defence, currency, and telecommunications. The provinces rule mainly on civil matters such as property law. The provinces may empower municipal governments to pass local laws. Both the federal and provincial courts hear civil and criminal cases.	
e. The Supreme Court of Canada will only hear lower-level appeal court cases that it selects. Based upon their perceived importance for the entire country.	

Lecture Topic

TYPES OF LAWS

Annotated Lecture Notes

a. **Law** consists of the standards set by government and society in the form of either legislation or custom.	

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b. Common law refers to laws that result from judicial decisions, some of which can be traced to early England. i. For example, in many countries and provinces, an unmarried couple who has lived together for a certain period of time is said to be legally married by common law.	
c. **Statutory law** is written law and includes provincial and federal constitutions, legislative enactments, treaties of the federal government and ordinances of local governments.	
d. **International law** includes numerous regulations that govern international trade, i. Companies must also be aware of domestic laws of their partners for example trade agreements such as the former NAFTA and rulings by the WTO..	
e. **Business law** consist of those parts of law that most directly influence and regulate the management of various types of business activities.	
i. Provincial and local statutes also differ in how widely their laws apply. Some laws affect all businesses that operate in a province. **ii.** One example is the workers' compensation laws, which cover payments to workers for workplace injuries. Other provincial laws apply to only certain firms or business activities. Provinces have specific licensing requirements for businesses such as law firms, funeral directors, and hair salons. Many local ordinances deal with specific business activities. Local and provincial regulations often guide the sizes and types of business signs allowed. Some communities even restrict the sizes of stores, including height and square footage.	

Lecture Topic

Regulatory Environment for Business

Annotated Lecture Notes

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a. Government regulation of business in North America has changed over time. Depending on public opinion, the economy, and the political climate, governments swing between increased regulation and deregulation.	
i. The goal of both types of legislation is the protection of healthy competition.	
b. **The federal Competition Act** guards against monopolies, price-fixing, and other limitations on competition. The act protects consumers by ensuring that they have a choice in the marketplace.	
i. The objectives of the Competition Act are to encourage competition and to prevent monopolies.	
ii. The act specifically prohibits any contract or agreement for the purpose of limiting trade.	
iii. *Price-fixing* is an agreement between two or more businesses to set a price for the goods they sell in the marketplace.	
iv. A *market allocation* is an agreement to divide the market among potential competitors	
v. A *boycott in restraint of trade* is an agreement between businesses not to sell or buy from a particular entity.	

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Lecture Topic

The Core of Business Law

Annotated Lecture Notes

THE CORE OF BUSINESS LAW	
a. Contract law is the foundation of business dealings.	
i. A **contract** is a legally enforceable agreement between two or more parties regarding a specified act or thing.	
ii. Shows the four elements of an enforceable contract: agreement, consideration, legal and serious purpose and capacity.	Figure B.1
iii. Breach of contract is a violation of a valid contract.	
iv. An agency relationship exists when one party appoints another to enter into contracts with third parties on their behalf.	
v. **Sales law** governs the sales of goods or services for money or on credit.	
vi. Warranties: Product can carry two types of warranties: an expressed and an implied one. An *expressed* one is a specific representation made by the seller regarding the product. An *implied* one is legally imposed on the seller.	
vii. A *negotiable instrument* is commercial paper that is transferrable among individuals and businesses.	Most common example is a cheque but sometimes drafts and certificates of deposits are also considered negotiable instruments.
The law specifies that a negotiable instrument must be written and must meet the following conditions: **1.** It must be signed by the maker or drawer.	

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2. It must contain an unconditional promise or an order to pay a certain sum of money. **3.** It must be payable on demand or at a definite time. **4.** It must be payable to order or to the bearer. Cheques and other forms of commercial paper are transferred when the payee signs the back of the instrument, a process known as endorsement.	
b. Property law is a key feature of the private enterprise system.	
i. Property is something for which a person or firm has the unrestricted right of possession or use.	
ii. Property can be divided into three basic categories: tangible property, intangible property, and real property. The law of bailment deals with the surrender of personal property by one person to another when the property is to be returned at a later date.	Figure B.2 Bailment disagreements are most likely to arise in business settling such as hotels, restaurants, banks and parking lots. The law focuses on the actual delivery of an item. For example a café owner is not responsible for a stolen coat if the customer has not given the coat to the café for safe keeping.

Lecture Topic **Trademarks, Patents, and Copyrights** Annotated Lecture Notes	
a. Trademarks, patents, and copyrights provide legal protection by giving a firm the exclusive right to use its key business assets.	
i. A **trademark** is a brand that has been given legal protection.	CLASS ACTIVITY: Discuss with the class which brands are amongst the most recognized trademarks in

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	the world. Coca-Cola and McDonalds are two of the world's most recognized trademarks.
ii. **Patent** guarantees an inventor exclusive rights to an invention for 20 years.	
iii. A **copyright** protects of written or printed materials such as books, designs, cartoon illustrations, photos, computer software, music and videos.	
b. A **tort** is a civil wrong inflicted on another person or on another person's property. Tort law deals with compensation for injured people who are the victims of noncriminal wrongs.	
i. A tort maybe intentional or it may be caused by negligence or carelessness.	Examples of intentional torts include assault, slander, libel and fraud.
ii. *Unintentional torts* result from negligence which in essence is careless behaviour that causes injury to another person.	A business can be held liable for the negligence of their employees or agents.
iii. *Product liability* is another area of tort law. These laws hold businesses liable for negligence in the design, manufacture, sale or use of products.	
Lecture Topic **Bankruptcy Law** Annotated Lecture Notes	
a. **Bankruptcy**, legal nonpayment of financial obligations is a common occurrence in contemporary society.	
i. Bankruptcy has two purposes: to protect creditors by providing a way to obtain	

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compensation through debtors' assets and to protect debtors allowing them to have a fresh start.	
Lecture Topic **Tax Law** Annotated Lecture Notes	
a. ***Tax*** *is an assessment by a government unit. Federal, provincial and local government and special taxing authorities all levy or charge taxes.*	*Appendix D, "Personal Financial Planning," also covers tax law*
i. Governments can charge taxes on the basis of several different terms: income, sales, business receipts, property and assets.	

Notes:____

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Projects and Teamwork Applications

1. **Consumer protection is an idea that started in the early 1900s and continues today. Choose an industry that you think should—or will—be the next area of concern for consumer protection law. For example, you could choose travel, organic foods, health care, or any area that interests you. Research the consumer protections that may already be in place in this industry. Outline a plan for future protections.**

   LO: Identify the seven kinds of laws that form the core of business law and describe how they affect businesses.
   DIFFICULTY: Hard
   Bloomcode: Synthesis
   AACSB: Reflective Thinking

2. **To be effective, laws must be practical and enforceable; they must also be updated periodically to reflect changes in societal views and values. Go online and research your home community. Can you find any outdated, unenforceable, or strange laws that affect businesses? Present these laws in class and discuss how they could be revised so that they actually work.**

   LO: Identify the seven kinds of laws that form the core of business law and describe how they affect businesses.
   DIFFICULTY: Med
   Bloomcode: Analysis
   AACSB: Analytic

3. **The business world is filled with tort cases, and many involve product liability. One of the most famous cases is the customer who sued McDonald's because she spilled a cup of its hot coffee in her lap, suffering burns and scalding. A jury awarded her $2.7 million in damages, an amount that a judge later reduced to less than $500,000. On your own or with a classmate, go online to research other famous product liability cases. Choose a case and learn as much as you can about it, including the effect of the case's outcome on the firm or firms involved. Present your findings in class.**

   LO: Identify the seven kinds of laws that form the core of business law and describe how they affect businesses.
   DIFFICULTY: Med
   Bloomcode: Comprehension
   AACSB: Analytic

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