

7. **Free Consent:** Consent should not be obtained through coercion, undue influence, fraud, or misrepresentation.

Question 2: (15 marks)

Explain the concept of "Tort" in business law. Provide examples of different types of torts and their implications in the business context.

Answer 2:

A tort is a civil wrong that involves a breach of a duty owed to someone else, resulting in harm or injury. In the business context, various types of torts can occur, including:

1. **Negligence:** Negligence is the failure to exercise reasonable care, leading to harm. For example, if a business fails to maintain its premises, and a customer slips and gets injured, it can lead to a negligence claim.

2. **Defamation:** Defamation includes both slander (spoken defamatory statements) and libel (written defamatory statements). If a business spreads false information about a competitor, it may lead to a defamation lawsuit.

3. **Fraud:** Fraud involves intentional misrepresentation or concealment of material facts to induce another party to rely on the information to their detriment. A business engaging in fraudulent activities can be held liable.

4. **Product Liability:** When a product sold by a business is defective and causes harm to consumers, the business may be held liable for product liability.

5. **Strict Liability:** Strict liability applies when a business is held responsible for certain activities, such as the storage and transportation of hazardous materials, regardless of fault.

Torts can result in financial damages and, in some cases, criminal liability, affecting a business's reputation and financial standing.

****Section B: Business Ethics****

****Question 3:** (10 marks)**

Define the term "Ethics" in the context of business. Explain why ethics are important in the business world.

****Answer 3:****

Ethics in business refers to the principles, values, and moral standards that guide decision-making and behavior within a business organization. Ethics are crucial in the business world for several reasons:

1. ****Reputation and Trust:**** Ethical behavior helps build and maintain a positive reputation, which, in turn, fosters trust among customers, employees, and stakeholders.
2. ****Legal Compliance:**** Ethical conduct ensures that a business complies with laws and regulations, reducing the risk of legal troubles and penalties.
3. ****Employee Morale and Productivity:**** When employees perceive their workplace as ethical, they tend to be more motivated, engaged, and productive.
4. ****Customer Loyalty:**** Ethical practices can lead to increased customer loyalty and repeat business.
5. ****Stakeholder Satisfaction:**** Ethical behavior satisfies the needs and expectations of various stakeholders, including investors and communities.

Disadvantages: More complex tax structure than other types of business organizations; subject to more regulation

3. What are the main elements of a contract?

Answer: The main elements of a contract are:

- Offer
- Acceptance
- Consideration
- Mutual assent
- Capacity
- Legality

4. What are the different types of contracts?

Answer: There are many different types of contracts, but some of the most common include:

- Employment contracts
- Sales contracts
- Lease contracts
- Loan contracts
- Service contracts

5. What are the remedies for breach of contract?

Answer: The remedies for breach of contract vary depending on the type of contract and the nature of the breach. Some common remedies include:

- Damages
- Specific performance
- Rescission
- Injunction

Section 2: Business Ethics

1. What is business ethics?

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PAPER # 7

****Multiple Choice (20 Marks)****

1. Which of the following best defines "ethics" in the context of business?

- a) The study of legal rules and regulations.
- b) A system of moral principles that govern the conduct of individuals and organizations.
- c) The pursuit of profit at all costs.
- d) The act of maximizing shareholder wealth.

****Answer: b****

2. What is the main purpose of contract law in business?

- a) To ensure all business contracts are written and notarized.
- b) To punish businesses for unethical behavior.
- c) To provide legal enforceability to agreements between parties.
- d) To encourage businesses to engage in fair competition.

****Answer: c****

3. Which of the following is an example of an ethical dilemma in business?

- a) Firing an employee for consistently poor performance.