

Name: Abdulkarim Zulaihat

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Course Title: Legal and Ethical Issues in Events Management

Continuous Assessment

## LEGAL ISSUE

A legal issue can be defined as a situation or an undisputed evidence that forms the basis of a case requiring court intervention and interpretation of the law. There are many laws that protect the employer and the employees as well as the business and to organize an event, one has to get all the required licenses and permits but if violation occurs consequences such as Law enforcer intervention may occur thus leading to certain legal issues. Some examples of legal issues in event management include:

- Copyright
- Event ownership
- Contracts and agreements
- Licenses and permissions
- Insurance
- Taxation

## ETHICAL ISSUES

This refers to a problem or situation that requires a person or organization to choose between alternatives that must be evaluated as either right (ethical) or wrong (unethical). Employees of a company are very important and it is the employer's ethical responsibility to take care of their health and safety. For any given risk, event management can choose to accept the risk based on the relatively low value of the asset, the relatively low frequency of occurrence, and the relatively low impact on the business. Some examples of these ethical issues in event management include:

- Privacy Legislation
- Tipping
- Familiarization
- Casa payment
- Product Recommendation

## CONTRACT

A contract can be defined as an agreement between two or more parties to perform a service, provide a product or commit to an act and is enforceable by law. There are basically two forms of a contract:

- a. Verbal, Oral or Unwritten contract which is a contract where the terms of the agreement have been expressed through spoken communication or words.
- b. Expressed, Implied or Written contract is the most common form of contract where all elements of the agreement of the parties are expressed in words, either in oral or written form.

For a contract to be held true certain ingredients must be in place such as:

- I. **Offer:** an offer specifically details exactly what will be provided. In other words, when something is to take place between two parties, one party will suggest for A to take place B must be provided or take place.
- II. **Acceptance:** there must be agreement by the other party to the offer presented
- III. **Consideration:** money or some interest being exchanged between parties
- IV. **Capacity:** the age or mental ability to handle a contract
- V. **Intent:** Intent of both parties to carry out their own promise
- VI. **Legally enforceable terms and conditions:** this can also be referred to as "object of contract." The terms and conditions must be legally enforceable.

#### Corporate Affairs Commission

This is an agency saddled with the responsibility of registering business under the Companies and Allied Matters Act of 1990 (CAMA) with their functions listed below:

- To administer the Act, including the regulation and supervision of the formation, incorporation, management and winding up of companies
- To establish and maintain companies registry and offices in all the states of the Federation suitably and adequately equipped to discharge its functions under the Act or any law in respect of which it is charged with responsibility
- Arrange and conduct an investigation into the affairs of any company where the interests of the shareholders and the public so demand
- To undertake such other activities as are necessary or expedient for giving full effect to the provisions of the Act.
- The Commission also registers Business Names, and Incorporated Trustees as well as provides a wide range of ancillary services.

Under the Companies and Allied Matters Act of 1990 (CAMA) the various forms of business ownership are:

- **COMPANY LIMITED BY GUARANTEE** Limited by guarantee companies are most often formed by non-profit organisations such as sports clubs, workers' co-operatives and membership organisations, whose owners wish to have the benefit of limited financial liability. A company limited by guarantee does not have any shares or shareholders but is owned by guarantors who agree to pay a set amount of money towards company debts. There generally are no profits distributed to the guarantors as they will instead be re-invested to help promote the non-profit objectives of the company. If any profits are distributed to the owners, then the company will forfeit its right to apply for a charitable status.
- **UNLIMITED LIABILITY COMPANY:** An Unlimited Liability company is a type of company having the liability of its members unlimited by the memorandum to any amount. In the event of an unlimited company being wound up, and its liabilities exceed its assets, the liquidator will go to the members asking for contribution i.e. in proportion to the numbers of shares they hold to make good the deficit.
- **SOLE PROPRIETORSHIP:** A business owned and operated by a single individual and business debts are personal debts, meaning you could lose everything you own if the business fails or loses a major lawsuit; limited sources of financing, meaning that it is based on your creditworthiness, limited skills, hence the sole proprietor really must be a

"jack-of-all-trades," part manager, marketer, accountant, etc.; and limited lifespan -- the business ends when the owner dies.

- **PARTNERSHIP:** A business that is owned and operated by two or more people and there are two basic forms of partnerships, general and limited. In a general partnership, all partners have unlimited liability, while in a limited partnership, at least one partner has liability limited only to his or her investment while at least one other partner has full liability. Most states require a legal document called the "Articles of Partnership" that delineates details about each partner's investment and role in the new company. In partnership, under the unlimited liability all business debts are personal debt, there will be reconciling partner disagreements and action, each partner is responsible for the actions of all the other, sharing of profits i.e all money earned has to be shared and distributed to the partners per the articles of partnership and there is a limited lifespan i.e the partnership ends when a partner dies or withdraws.
- **PRIVATE LIMITED COMPANY:** A private limited company, or LTD, is a type of privately held small business entity. This type of business entity limits owner liability to their shares, limits the number of shareholders to 50, and restricts shareholders from publicly trading shares. Private limited companies continue their existence even after the owner dies or leaves the business. Private limited companies are incorporated meaning they are able to sue or own assets separate from the company owner.
- **PUBLIC LIMITED COMPANY:** A Public Limited Company (PLC) is a limited liability Company whose shares may be freely sold and traded to the public. The membership ranges from two to infinity and the shares are easily transferable. In other words, no restriction. The cost of running a public limited Company is reasonably higher than that of a private limited liability Company. It is better suited for large organizations.

## LITIGATION

This refers to the act, process, or practice of settling a dispute in a court of law. It is typically settled by agreement between the parties involved but may also be heard and decided by a judge or jury in court. In the events and hospitality industry, certain matters may arise that will lead to litigation and some of them may include:

- Trademark violation and infringement
- Labor and employment matters
- Purchase and sale transactions
- Vendor disputes
- Construction litigation
- Vicarious liability claims, including personal injury.

It is highly important for every event or hospitality manager and other staff members to know enough about the various hospitality laws or innkeepers laws as they are sometimes referred to in state law, to avoid breaking them and with every law broken accompanies litigation which have various effects such as:

- Reputation damaging
- Reduced Patronage from customers
- Decreased business partnership
- Broken agreements

## SOURCES OF LITIGATION IN EVENTS AND HOSPITALITY INDUSTRY

- a. **General negligence:** this indicates that a business has not exercised reasonable care in protecting its clients. For instance, in terms of the restaurant business, it can mean that a dining establishment has not created a safe and secure environment for their guests to dine in or it could also mean that it hasn't maintained a clean and hygienic kitchen so unfortunately, it may mean that the restaurant has been serving food that has caused its guests to experience food poisoning or other health problems. This can plunge the establishment into litigation in the event that a customer decides to lay a complaint.
- b. **Hotel assault:** Incidents like robbery, assault, and even rape happen at hotels many times but these incidents don't only destroy the hotel's reputation but will also make it liable in a hotel assault litigation and to avoid all these issues things like modern security equipment, and ensuring employees know how to use it, as well as hiring skillful and experienced security guards can really help.
- c. **Disabilities ignorance:** facilities or amenities like wheelchair ramps, pool lifts, and other features are imperative for making their premises more accessible to those who have disabilities and completely disregarding the need for them can result in litigation. So to avoid paying millions of currency settling a case it is important the disabled are also considered and facilities made available.
- d. **Intentional tort/premises liability:** facilities like bars and nightclubs are always at risk of personal injury liabilities because of the amount of alcohol involved, along with the large number of people that are usually present. Guests that are injured by bouncers or security guards can file an intentional tort as well as a premises liability against the bar or club since the incident happened within the business' property.