Apply: Duties of Corporate Directors and Officers

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[Name of the Institution]

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Purpose

The purpose of the policy is to describe the legal duties of the corporate directors and officers. The policy will help in finding out whether the staff or director is not violating any policy of the organization and will help in evaluating how such behavior of them will affect the organization and its stakeholders. The company also wants to build a policy for violating legal duties to the organization because during past year there were three directors who were forced to leave the organization because they violated their legal duties to the organization.

Scope

The board asked to work with corporation's legal counsel to the CEO to create a policy for company staff and directors about their legal duties to the corporation to avoid further problems which were faced by the corporation in the past year. The chairman wants that owners and staff are to understand their legal duties and in future avoid violating any policy of the company.

Legal duties of directors and officers

Directors and officers are responsible for the success of the organization. It is the responsibility of them to participate regularly in the activities of an organization. They are responsible for every operation of the organization. It is the duty of directors and officers to review the financial reports of the company and help the corporation in building a strong strategic plan that identifies and helps the organization in managing risks. Directors and officers are required to take additional steps to help an organization in achieving their goals. They are required to read about all the current programs of the organization. Directors and officers should participate in daily meetings and represent their ideas. Directors of the corporation are responsible for every activity of the organization. Directors and officers have some similar duties, but these duties vary from corporation to corporation (Eisenberg, 2017).

Benefits of compliance

Compliance is very important for any organization. It makes sure that your company meets industry rules and regulations. There are many benefits of compliance. Compliance helps the company to maintain their reputation in the market. It helps the company to avoid legal risks and built trust with their customers. Compliance helps in improving effectiveness and helps in reducing the costs of business. It helps an organization to save themselves from any loss by finding defects at an early stage which reduces the risk of failure (Chenoweth, 2018).

Consequences of non-compliance

Companies who don't use compliance can face a lot of problems. Non-compliance can be very costly for businesses. Companies need to provide a safe environment to their employees. Workers must be paid fairly and on time. Paying workers, not on time is a violation of policy. Many business practices are effect by non-compliance. A company can face a lot of consequences. Employees can do the case on them if they will not give them payment on time and they might have to pay heavy fines if they break the rules and regulations of the contract. A company might lose their reputation in the market, and the directors of the company might be imprisoned for breaching law. They might lose their staff because of their bad reputation. Many businesses required licenses to keep operating if the company doesn't have right credentials they might shut down. One of the real world examples of noncompliance is of the business who were found showing discrimination against an applicant's religion, nation, origin and sex can expect to pay 0.3 million dollars to compensate with the applicant. These compliance requirements can be very complex, and business owners are not fully educated about the latest rules and regulations. It is not a choice for an organization to use compliance it is mandatory for them to avoid any kind of consequences.

**References**

Eisenberg, M. A. (2017). Legal models of management structure in the modern corporation: Officers, directors, and accountants. In *Corporate Governance* (pp. 103-167). Gower.

Chenoweth, J., & Bird, J. (2018). Balancing the cost implications and benefits of compliance with advanced risk analysis. In *The Business of Water and Sustainable Development* (pp. 39-50). Routledge.