

# Duties of corporate people essay examples

[Business](#), [Company](#)



## **Duties of Corporate People**

Corporations are made up of different segments and stakeholders; all designed to achieve a common objective. Every stakeholder has a defined role to accomplish within the organization. Stakeholders such as the corporation directors, officers of the corporations as well as the corporations' shareholders have different roles within the corporation. Publicly held corporations are much different from close corporations because of many features. This essay focuses on the different duties of corporate directors, officers and shareholders. It also explains the difference between close and publicly held corporations.

The directors of a corporation have several duties of which they must fulfill to make the organization successful. The duties must also be exercised competently and with diligence. Directors have the duty to care for the corporation. Care involves carefully considering all options and material information available before making business decisions. Directors must express diligence by taking the corporate affairs seriously. Secondly, directors must be loyal to the company. This is by putting the corporate interests ahead of their personal interests and those of other entities. Directors also have the duty to disclose any schemes that could defraud the company. They must also disclose all information that is controllable by the board when required by the shareholders. Finally, directors must make informed decisions, which are honest and in good faith in the corporate interest.

Corporate officers in a corporate setting include the president, treasurer, vice president and secretaries. These officers' duties are defined in corporate bylaws. These officers are agents of the company. For instance, if a CEO signs a contract on the company's behalf, it becomes binding legally. The officers' duties include the fiduciary duty where they are expected to be loyal and caring to the corporation. If officers' actions are found to be harmful to the company, the officers could be held liable on the company's behalf. The officers should make informed and sound decisions in the corporation's best interests.

Shareholders are investors who own shares in a corporation. They have several duties as well. They have the duty to vote to change the company's bylaws and elect the board of directors. Even though they can only vote on a few issues concerning the corporate, they can control the company's corporate dealings. Another duty is to investigate and inspect the corporate record books. This helps in ensuring that the company has a healthy financial condition and that it is being run the right way. Since shareholders are owners of the company, they should ensure the corporate has sufficient bylaws; a board of directors and the financial status of the company are stable.

A close corporation is a company which is owned by a few shareholders, usually not more than 50 individuals as stipulated by the law. Furthermore, a close corporation's stock are not listed on the stock exchange markets. An example is a company owned by a family. A public corporation is one whose stocks are traded publicly over the counter or on the stock exchange

markets. Public corporations could also be profitable corporations owned by the government such as railroad or utilities which require the government to exercise unique powers.

In conclusion, the duties of share holders, officers and directors of a corporation are important for the successful day to day operations and long term objectives of the company. Each of these stakeholders has a well defined duty to perform. A close corporate are that whose ownership is limited to a few people, less than 50. The shares of close a corporate are not sold in stock exchange markets unlike those of a publicly held corporate.

## **References**

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