

# Responses from dq1 and dq@ cc and aaw2d2 1 and 2

Law



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Task The view that there is conflict between duty of loyalty and duty of care whenever corporate insiders unearth illegal activities in their organization is very much agreeable. First, insiders are wary of losing their positions in the affected organizations. Secondly, safeguarding the organization's image in the eyes of investors is of uttermost priority (Savitz & Weber, 2006). The duties, therefore, to loyalty and care among organizational insiders clash in the event of unearthing organizational malpractices. There is also agreement that the Sarbanes-Oxley act (2002) does not fully cover the public from corporate fraud. It does also not protect junior employees from manipulation by their seniors. The act is therefore more concerned with accurate financial reporting of corporations to the Securities and Exchange Commission. A spot check on the act shows that it only affects external auditors, boards of directors, corporate roles, and the PCAOB in a move to heighten investor confidence in the organizations (Halbert, 2010).

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It is exceptionally true that corporate employees fear losing their jobs if they decided to talk about illegal activities in their organizations. However, employees have of late been enlightened of their rights in case of unjustified work termination. According to Cox (2009), the Sarbanes-Oxley act (2002) is exceptionally clear on the responsibilities of senior executives regarding their roles in their respective organizations. Of importance to the executive is giving truthful financial information to the Securities and Exchange Commission and this is his or her duty to loyalty towards the organization, and to some extent, duty to care (Harris, 2003). The Sarbanes-Oxley act also protects the corporations from executive malpractices; therefore, external auditors and PCAOB are mandated to check any irregularities that may arise

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from senior corporate executives. It is therefore very much agreeable that the Sarbanes-Oxley act has helped streamline corporations that are prone to malpractices.

#### References

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