

# How the sarbanes-oxley act has made an impact on business

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Sarbanese-Oxley Act The Sarbanes-Oxley Act (SOX) of 2002 was enacted in response to the wide ranging high profile financial scandals in auditing circles and other areas of private and public interests. The aim of the act was to safeguard shareholders and the general public against the unethical acts of unscrupulous editors who used the loopholes in the previous accounting procedures to rob the public and shareholders significant amounts of money. The act presented a considerable shift in auditing and other financial management practices in the public and private firms. For example, the Canada's long standing principles-based stock exchange was replaced with a hybrid rules and principles based corporate governance regime that was modeled in SOX and administered by security regulators (Sibold, 2009). Largely, as Sibold elaborates, the act aims to harmonize the global fiscal management policies by shifting these from the previous rules based to principles based management, where a global platform on financial management can be achieved. The act largely bases on management through virtues and morals as compared to through rules. However, Sibold (2009) argues that there are possibilities of more executives and editors using the trust and moral trust enhanced by this act to act unethically as compared other previous management through rules. Family owned enterprises according to Sibold portray better performance of family influence that focuses the investments of the firm, and this lessens the moral hazards due to the minority equity claimants and increasing firm values. Therefore, as a profession in financial management or any other related field, the act requires that moral standing, virtues and business ethics have to be more pronounced in an individual to avoid conflict of interest in the

workplace, where one is tempted to behave unethically. As a professional in financial management, it would be necessary to integrate both the rule based and principles based approach in financial management to ensure a wider approach to management problems in finances and reduce possible cases of unethical behaviors in managing finances.

Sibold, S. P., (2009). Assessing Canada's regulatory response to the Sarbanes-Oxley Act of 2002: lessons for Canadian policy makers. *Alberta Law Review*. 46(3), 769-797.