# Free corporations accountability essay sample

Business, Company

# Question One

A corporation is a business entity that is completely separate from its owners. It enjoys legal rights and responsibilities like those of an individual. Corporate accountability is the legal obligation of a company to do what is right. A Corporation is accountable to several parties in its area of operation. For the effective running of a corporation it should fulfil its legal duties towards the home government. A corporation is entitled to meet the set standards in its home country. It should only participate in the activities which it is registered. Breaching of this leads to prosecution by Law. A Corporation is also accountable to the government of its host country. It should meet the set rules and regulations of the country it wishes to establish it activities in. A corporation is also entitled to be accountable to the consumers. It is held answerable by the consumers of its product. If is wrong with the products of a particular corporation, the consumers can take a legal action against it (Kenan 27).

In addition, corporations are also expected to meet some legal obligation by the investors. If there was to be a breach of contract, the corporation is held liable and can be prosecuted in a court of law. Corporations are also accountable of their actions towards the public in general. The image of the corporation is made or destroyed according to the performance of a corporation towards the public. Therefore, corporations are also accountable to the public whom they serve.

In order to have an effective accountability system, all the parties working in the corporation should be properly enlightened of what is expected. Managers should be able to enforce and instill the proper ethics and codes of conduct into the employees. Subsequently, the corporation as whole will be able to be accountable to all its parties.

## Question Two

Arbitration and Litigation

Arbitration is one of the processes of solving business disputes. Parties to a dispute present the differences to be judged by a person who should be impartial. The person is appointed by either mutual consent or statutory provision.

## Risks of arbitration

Arbitration is not always a fair process. The parties in a dispute stick to the decision that is made by an arbitrator. Therefore, they risk falling victims of misjudgment of the arbitrators. This is the biggest risk of arbitration process (Kelly 5). Arbitrators are neither bound by the parties' terms of contract nor the law. Therefore, they may pass judgment based on vague ideas of equity instead of the facts or the laws relevant to the argument. An arbitrator may even ignore the contract so as to get an equitable result, leading to rough justice.

## Where non-lawyer arbitrators are employed, they may rely on their own understanding of fairness and therefore making an incorrect decision.

Benefits of Litigation

A company may prefer to use litigation when it wants to found a legal precedent to minimize similar suits. Or, when a company is out for maximized compensation, authority of a court order or a testimony from an expert.

## Advantages of arbitration

It is efficient in that it takes less time and is easy compared to lawsuits. It is also cheaper as arbitrators are paid less than attorneys. It is also a non-adversarial setting and the parties can engage in business again. Arbitration does not become a matter of public record and thus preserves confidentiality.

## Work Cited

Kenan, Dennis J, and Sarah Riches. Business Law. Harlow: Pearson Longman, 2007. Print

Kelly, David, Anne E. M. Holmes, and Ruth Hayward. Business Law. London: Cavendish, 2005. Print