

# Professional Practices Organization Structure

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# Organization Structure

We live in a civilized society and have a close relationship with large organizations i.e. Schools, University, Government, Commercial companies and so on.

## The legal form of an Organization:

### ➤ Incorporation :

This means which companies or the organization have a legal existence than its incorporation e.g. Public or Private companies (Act 1985 & 1989).

# Organization Structure

## Law recognizes individuals:

We all are under the provision of law bodies. If we break it then we are doing it against the law & charged with it.

## Types of Commercial Organization:

### 1. Sole trader:

Don't need a legal ship of law. e.g. Local shop, Plumber (Single person)

# Organization Structure

## 2. Partnership:

All will be at risk. It consists of two or more persons. e.g Doctors, Lawyers, Accountants

## 3. Limited Company:

It may be Private or public.

Limited	Unlimited
Exist, if debt occur shareholder pay fix amount.	Mostly unexist because on debt all the investment will be on hand on shareholder.

# Company

## Public or Private Company:

### Public limited company(PLC):

1. Trades shares to the public

### Company limited(Co. Ltd):

1. Trades cannot be shared with the public
  2. Can sell share privately
  3. Limited by share (Commercial companies)
  4. Limited by Guarantee(Charities involves)
- Independence existence

# Company

## Divided

Shareholders and members of company.

- Normally  $> 1$  shareholders
- 1992 act allows single member



# Company Constitution

**1.** Share Capital

**2.** Company Constitution

**3.** Directors responsibilities

# 1. Share Capital

Share capital is the total value of all the shares issued by a company

- Shareholders own company
- At the start of company
  - Say 100 share @ \$10

If debt > assets

Shareholders lose share.





## 2. Company Constitution

a. Memorandum of association

a. Controls External Relations

b. Articles of association

a. Controls Internal Relations

C. Shareholders Agreements

# a. Memorandum of association

- ☐ Company name

- ☐ Restrictions.

- ☐ Country of Registration

- ☐ Pakistan, India, Uk, Scotland

- ☐ Objects of Company

- ☐ Companies act 1989 allows general commercial company

- ☐ A Liability Clause

- ☐ Liability of member is limited

- ☐ Authorized share value

- ☐ Normal share value and number

## b. Articles of association

- ☐ Rules of Share capital
- ☐ Transfer of Shares
- ☐ Meetings of Members
- ☐ Rules Governing Directors' Appointments
- ☐ Power of Directors
- ☐ Dividends and Reserves

## c. Shareholders Agreements

- ☐ Protect interests of minor shareholders
- ☐ Article of Association
  - ☐ Changed at General Meeting
  - ☐ Needs 75% majority
- ☐ Agreement Between Shareholders
  - ☐ All must sign

# 3. Directors responsibilities

- ☐ Directors Elected by Shareholders
  - ☐ Act In the best interest of the Company
  - ☐ Honest
  - ☐ Declare Interests
  - ☐ Aware of the Company's Trading Position
  - ☐ Executive & Non-Executive Directors
- ☐ Company Secretary
  - ☐ Could be Director

# Functional Units of An Organization

Five groups of functions exist in almost any organization:

1. **Production:** Activities that directly contribute to creating the products or services that the company sells.
2. **Quality management:** Quality activities are necessary to ensure that the quality of the products and services produced is maintained at the agreed level.

# Functional Units of An Organization

**3. Sales and Marketing:** Sales is concerned directly with selling the product, while marketing is concerned with establishing the environment in which the product is sold (e.g. through advertising) and with deciding how the range of products sold by the company should develop.

**4. Finance and Administration:** To pay bills, to look after its funds, All central services.

# Functional Units of An Organization

**5. Research and development:** How can the company do better the things that it already Does and what other things might it profitably be doing?





# Geographical organization

An organization operates in more than one country.

The most obvious examples are in the field of food and drink. E.g. KFC.




# Centralization v. Decentralization

In a centralized organization, the detailed operational decisions are taken at the center.

In a decentralized organization, as many details as possible are settled at the local level.

# Management

- Managers of an organization can be project managers, production managers, general managers, or corporate managers.
- The goal of project managers is to produce systems that meet the users' needs, on time and within budget.
- Their main concerns are therefore planning, progress
- monitoring, allocation of resources, and quality control.
- The tools of their trade are bar charts, activity networks, critical path analysis, and so on.

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- **Production Manager:** Production management is concerned with productivity, efficiency, and maintenance of quality.
  - **General Manager:** General or corporate management deals with the management of the organization as a whole.
  - **Corporate Manager:** Corporate managers are responsible for the long-term strategy of the organization.
    - Monitor the overall performance of the organization and be prepared
    - to handle serious problems that arise anywhere in the organization.



Thank You!