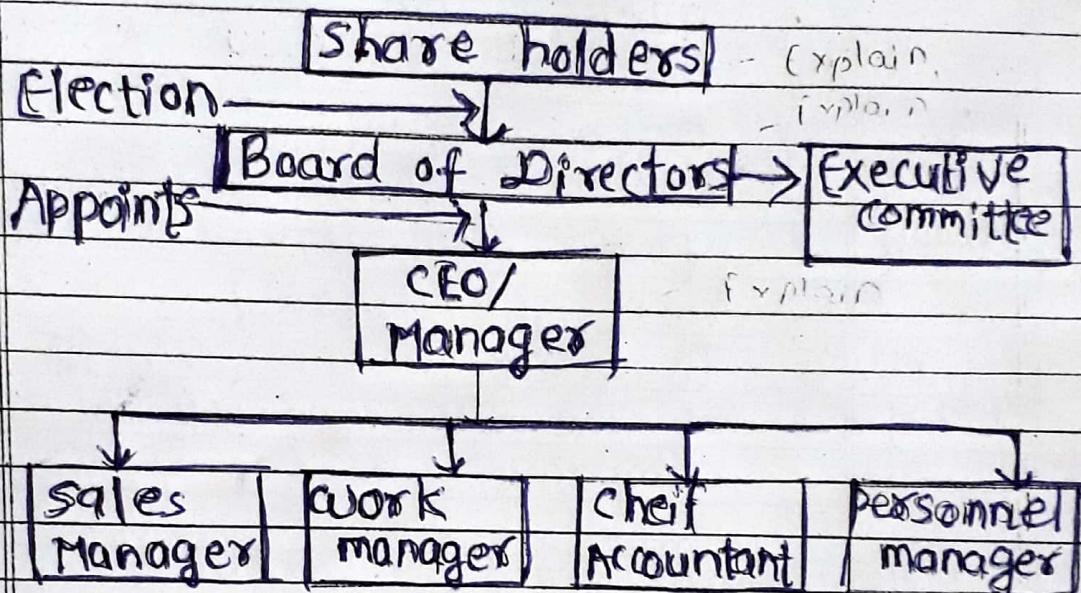


## Unit II

### Company Management -

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~~Imp~~Que. State and explain structure of Company management.



- 1) Company is an instrument it will unite the effort of great number of people like share holders, directors and members of top management team.
  - 2) The Share holders who provide the fund for our company are commonly called as 'owner' of the company and a business.
  - 3) Actually they are not owner of company, they have some authority to control the company management.
  - 4) In a practice share holder in most

Cases, cannot exercise / take post or work in the management. They delegate their powers and authority to their selected members. Usually board of director appoint their member as a chairman just like CEO and also to the position of managing director. Generally, the control of company in the hand of share holders, but in practise it is different situation the board of director and chief executive handle the management of a company.

#### Existing forms of Management:

The form of management which company may be select-

- 1) The board of director
- 2) The board of director with managing director.
- 3) The board of director with manager.

The share holder are investor in the company but they have limited right, they are not manager. The actual direction and management is in the hand of board of director. The board of director are responsible for the appointment of chief executive officer for execution of policy done by the board of director. The CEO

may be managing director or manager of a company. Under CEO small group of manager have been worked

Ques Imp what is share holder? Explain the group and individual right of share holder.

→ A share holder is an individual or entity that own the share of a corporation or a company. Their may be only a small number of share holder (small private company) or their may be thousands of share holder. As a common for public or government organization whose share trade on a major stock exchange.

Rights of share holder:

Share holder provide fund to a company or organization. Bear a risk, they may hold group right also known as collective rights. These rights held by group rather than any member and individual right which are held by individual people.

1) Individual right:

- i) Receiving a notice of general meeting of company.
- ii) Attending meeting.
- iii) Make voting.
- iv) Receive dividends (part of company profit that payed to the people to own the share)
- v) To share in the assets of a company on the time of dissolution of a company.

2) Group right:

- i) The group right are important as the consideration of company management. The board policy are decided by the share holder as a group every year at the annual general meeting.

The share holder also involve to discuss the profit and loss and a balance sheet of a company and give their approval for the new policy. They elect the director and declare the dividend at the rate as a recommended by in the board of meeting. They also have right to call the extra ordinary meeting at the time of emergency. If the board fail to hold the meeting

the share holder has to take charge of it.

### Board of director:

The board of director are the share holder of a company. Mostly the director are selected by the share holder and they may be term into managing director. The ultimate authority which have been provided to the board of director, however the authority of board of director is subject to the limitation impose by the law, the article of association of a company and their relevant provision.

#### Disqualification of a director:

- (i) personally insolvent
- (ii) Undischarged bankrupt
- (iii) Disqualified by court order

#### Number of director:

- (i) A private company must have at least one director and public company must have two or more director. There is no rule for maximum number of director for private company.

# BOD - function (Approval of Budget)

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A company at least one director must be a natural person -

A person age greater than 16 - section 157

3) Appointment of board of director :

The function and responsibility of board of director is different based on the structure of board and relationship with a company and its management. Some director on the board are appointed by the government. Some director are appointed by financial institution like industry or finance purpose. Some expert person are appointed on the board to use their talent for improvement of company.

4) Board meeting :

A meeting of the board of every company must be held in every 3 month and at least four such a meeting will be held in every year. The objective is that the board of meeting should be held at a different interval so that the director may be monitor the function and a progress of a company.

## Power and function of board of director:

The executive of company the board of director perform the following function:

### Satutory function:

The company act provide the power to the director and the board of director should be use the power provided by the act. Generally to exercise (use) all the power of the company which have been provided to the director in the general meeting. The power of board of director are divided into four section are as follow-

- i) The power must be exercise at the board meeting and cannot be delicate to a committee. By means that the resolution pass in the meeting the director has to perform the following right
- ii) To make a call share holder or a payment of a unpaid balance on their share
- iii) To complete the vacancy in the office
- iv) To appoint the person as a

## managing director

- i) The power should be normally exercise at the board meeting but may be delcite by a resolution pass at board meeting.
  - (i) To invest the fund of the company
  - (ii) Invest the fund under the calus : and resolution
- iii) Power which can be exercise by the board only with the share holder given by the ~~as~~ resolution pass in the general metting.
- iv) Power which can be exercise with the approval of central government

## 2) Manager function:

The director carry specific manager responsibility in addition to their legal responsibility which are as follow:-

- i) To establish a long term objective for a company
- ii) To define a specific policy
- iii) To maintain the management of

organization.

- i) To maintain effective planning and control of the system
- v) To issue and control additional securities to the share holder

### chief executive officer: (CEO)

The chief executive officer is a member of companies board of director general structure and his function can be combine with the function of chairman of the board of director. The CEO delicate by the board when the board get establish, CEO has administrative power.

### Function of chief executive officer:

Chief executive officer there is no standard function all list of major function carried out by chief executive officer. The function of chief executive officer are as follow-

- ii) Board administration and support - The support operation and administration of the board by inform to the

board member have been perform, interfacing between staff and board member

- 2) Program, product and service delivery - Marketing, and promotion of product, quality and delivery of the product.
- 3) Financial, tax, risk and facilitate the management -

By this point CEO mention budget for the organization and he will manage the organizational resources within the budget.

- 4) Human resource management - Effectively manage the human resources for the organization according to authorize personnel policies and procedure.

- 5) Community and public relation -

Board of director ensure the organization and his mission, program, product and services are constantly present in a strong and as a positive image in front of consumer and stock holder or share holder.

Managing director:

- ① a company ensure that sufficient and profitable sale are obtain in

Manager - "Maintain the work, try to generate large profit"

- Maintain & control the staff

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② accordance with our strategy and he will notify administrative function are carried out in an efficient and effective manner.

### \* Function of managing director: \*

- 1) Implement operational strategy as per our organizational strategy.
- 2) Monitor and control companies performance and control the finance as per the budget approve by the board of director.
- 3) To ensure that all the staff are effectively in a working and properly frame trained.
- 4) Board of director maintain efficient utilization of the companies physical asset.

### Manager :

A business manager is a person who maintain the work in order to control or run the major business or the different task of a business efficiently and try to generate large profit to our company.

According to the law a manager means "an individual person" who subject to the Superintendent

control and maintain the direction of board of director"

The person as a manager they have to attempt certain responsibility as a head of sub-ordinate branch of a company. They have right to maintain and control their staff and their policy. And they have to achieve their goal decided by board of director.

### Patterns and problems of company management :-

The problem of company management are related to the controller of (BOD) Company management. The board of director are responsible for problem of company management. The various problem of company management are given below-

- 1) The problem of oligarchy (Govern by the few person)
- 2) Effectiveness of board of director
- 3) changing the pattern of Company management.

- ① As shareholders holds shares of multiple companies, they have no knowledge time for the company
- ② Ineffectiveness of shareholders at company meetings

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### In difference of share holder:

- 1) In general concept share holder are master of ~~all~~ owner of our company, but in actual practise they are often sleeping partner. Because, they hold share of a several company instead of single company. They have neither time nor knowledge, also they do not think write a right about their company. The share holder purchase the share for their profit and not to control the company management.
- 2) Ineffectiveness of a share holder at a meeting:- The companies act require to hold ~~organize~~ annual general meeting of a company and gives right to the share holder to power and exercise their right in the meeting. But practically the majority of share holder feel inconvenient to attend such meeting because of their knowledge and indifference.
- 3) Absences of unity among the share holder -
- In general practise the share holder have multiple company share

③ Absence of unity among shareholders

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or they have small number of share of a different company. So, in this case share holders doesn't show their unity for their company.

4) Retention of director -

The directors are appointed by the shareholder, but this is a theoretical position. In general practice this is not true. The election for the director is a rare event, in actual practice the director are selected by the higher authority.

Managing agency system:

Managing agency system had play very important role in the industry development and controlling the industry structure and they are responsible for complete the management structure.

5) Managing agent -

Agent who manage business on the behalf of the other management this called as managing agent. The managing agent they do not have complete knowledge and skill of management

So, that sometime they generate problematic situation for the management.

## Company Meeting : & Resolutions

A company is an association of several persons and decisions are made according to the view of majority. Various matters have been discussed and decided in the meeting. These discussions take place at the various meetings which have been decided between the members and board of directors. The important meetings have been noticed under the Companies Act contain several provisions regarding the meeting.

For a meeting there must be at least two persons attend the meeting.

### Types of meeting:

# Types of Meetings

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company Meeting

Shareholder  
meeting

Directors  
meeting

Special  
meeting

Statutory  
meeting

Annual general  
meeting

Extra ordinary  
general meeting

Director meeting

Board meeting

Committee  
meeting

Special meeting

Class  
meeting

Creditors  
meeting

Several type of meeting should be arrange for the business purpose these are -

a) shareholder meeting:

when the meeting is held with shareholder of a company it is called as shareholder meeting.

i) Satutory meeting -

According to the Company law after the beginning / of the commencement (स्वरूपात् शुरू).

the company arrange a meeting after one month. This is the first general meeting of the company and during the life time of a company. These type of meeting arrange for a single time. The company gives circular before 21 days of the meeting. A private company or public company have most share capital or shareholder their is no need to arrange this types of meeting.

ii) Annual general meeting:

After registration of a

company must call first general meeting. Then the general meeting will be arrange in every year. The difference of two general meeting not more than 15 month.

### iii) Extra ordinary meeting:

According to the necessity of the company this type of meeting may be arrange on any time. The director or shareholder may invite this meeting.

### b) Directors meeting:

(when the meeting is arrange among the director of a company ) it is called as director meeting. It is classified in two parts they are -

#### \* Board meeting :

The meeting of board of director is called as board meeting. According to the rule of company law a company is bounded to arrange the meeting once in the month or atleast four time within a year.

## Administrative

Basic → ① collect info  
② supply / provide

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### 2) Committee meeting:

The board of director sometime make a special committee to complete any work among the director of a company. This committee member sometime meet together for coordination of work. This type of meeting is called as committee meeting.

### 3) Special meeting:

For any special situation when the meeting is arrange by the company is called as special meeting. This type of meeting are as follow -

### 4) class meeting -

The company has different kind of share, when the meeting is arrange by any kind of share holder is called as class meeting.

### 2) Creditors meeting -

The director of their appointed lower authority may invite this type of meeting. Other hand this type of meeting may be arrange by the

~~paper handling activity~~

② prepare record ③ process info?  
de info' to higher authority.

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order of court. If necessary to reconstruct or to resolve or to combine that time creditors may call this type of meeting.

## Company Office

que-1 State and explain basic function of company office

que2 Describe the activities of office and office manager.

An office is a place where the control mechanism of a business are located - where paper record for the purpose of control information and efficient operation are prepared.

The paper handling activity may be found every where it cannot be said that office work. The point however, at which the greatest concentration of a paper work activity is found is mostly referred as the office.

As a function of office is concerned with providing of services of a communication and record co-ordination, to communicate means

- Basic  
① collect info (from organization/outside)
- ② prepare record (phone calls, letters, emails)
- ③ process info (generate reports, son)
- ④ provide info to higher authority

to give and revise information

### \* Function of the office -

The function of modern office can be divided into two categories -

- i) Basic or routine function:  
i) To receive or collect information -

The primary function of office is to receive the information from the various department of the organization or outside through the report, order, complaint message.

If the information which is received is not complete information then office try to collect information by sending outside enquiry.

- ii) To prepare record of information -

Information is usually received in the form of letter, enquiries and phone call etc and this information has to be converted into the other format so, which can easily followed by the management. All these record of a information will be stored for the future reference. This record are maintained by office and it will be reference for

(Side)  
enquiries → some specific format)  
some result)

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future activity, moreover every business has to store the data or information of the business transaction.

- (iii) \* To process and arrange the information -

Information received by the office it may be a higher length and the same in its original form may not be much useful for the management therefore after collecting such information it will be process and keep this information in a systematic format and create a record certain information have to be converted in the different type of a format for a business purpose just like chart and statement.

- (iv) To supply ready made information to the higher authority -

An office is a machine which receive raw material and produce various information through the process of office. The different kind of information have been received by the office it will be adjust for the future purpose.

These piece of information have been furnish and converted into useful information for the management.

The management and authority use

## Administrative & management function

① planning → organize → directing → communicating  
→ controlling → motivate

② Development of office system & procedure.

readymade information for business purpose.

2) Administrative and management function -

(i) Management function -

The most important administrative function of the manager include planning, organizing, staffing, directing, communicating, controlling and motivate. The office manager must organize the office on the bases of efficient and effective performance.

(ii) Development of office system and procedure -

All the job in the office are interrelated and interdependent for a smooth flow of a work is essential for the development of office and the organization.

(iii) Selection and purchase of office appliance -

The office manager must purchase the appropriate machine or equipment or the other just like furniture for the office.

③ office manager purchase appropriate machine equipment, furniture for the office.

④ personnel fun? (selection of employee)

⑤ maintenance of record (copies of all info for future reference)

(IV) \* personnel function -

The personal function is perform by the personal department it is control by the office. By these department the selection of the employee have been done and this department is responsible for the provision of efficient employee and their selection for the office.

(V) \* Maintainance of record -

This is a secondary function of an office. Copies of all information must be stored for the future reference.

\* Planning the scheme and policies -

In present stage, product is always in the critical situation of a demand. Therefore manufacturing concern if become essential to plan the activity of the concern for the future use.