

Organization

- ❑ Impossible to live in a civilized society without close contact with many large organizations
- ❑ Like schools, universities, public utilities, government and local government departments, the Health Service, commercial and industrial companies, and so on.
- ❑ In many ways, these organizations resemble each other.



Legal Form of An organization

☐ Law recognises individuals

- Enter into contracts
- Tried for crimes
- Sued
- Act of Parliament impose duties on the individual etc

☐ Incorporation

- Making into a body (*Corpus*)
- Organization should be given a legal existence, through a process known as *incorporation*.



Incorporated Organisations

☐ Incorporated

- Royal Charters – IET, BCS, IMechE, RAeS
- Acts of Parliament – Ceredigion County Council
- Public or Private Companies (Companies Act 1985 and 1989)



Types of Commercial Organizations

1. Sole Trader

Local Shop, Plumber

2. Partnership

Doctors, Lawyers, Accountants

3. Limited Company

Private or Public



Sole Trader

☐ Individual

- Sole person responsible for all debts
- All assets including “private” at risk
- Does NOT have to be the only employee



Partnership

- ☐ Two or More People
- ☐ All at Risk. Similar to sole trader but >1 person
- ☐ Normally professionals
 - Doctors
 - Lawyers
 - Accountants
- ☐ Inflexible in Normal Commercial World

- Movement of key Personnel

Too risky

Companies

☐ Public or Private Companies

▪ Public – Public Limited Company (PLC)

☐ Trades shares to public

▪ Private – Company Limited (Co Ltd)

☐ Cannot sell shares to Public

☐ Can sell shares privately

☐ Limited by Shares

☐ Commercial Companies

☐ Limited by Guarantee

☐ Charities, Professional Bodies

☐ (Unlimited Companies)



Companies (Contd)

☐ Independent Existence

☐ Divided

- Shareholders
- Or Members of the Company

☐ Normally > 1 shareholder

☐ 1992 Act allows single member



Company Constitution

1. Share Capital
2. Company Constitution
3. Directors responsibilities



1. Share Capital

- ☐ Shareholders (Subscribers) own Company
- ☐ At start of Company
 - Authorised share capital
 - ☐ Number & Nominal (par) Value
 - ☐ Say 100 shares @ £1
- ☐ If debts > assets Shareholder lose shares



2. Company Constitution

- a. Memorandum of Association
 - a. Controls External Relations
- b. Articles of Association
 - a. Control Internal Relations



a. Memorandum of Association

☐ Company Name

- Restrictions

☐ Country of Registration

- England & Wales, Wales, Scotland

☐ Objects of Company

- Companies Act 1989 allow general commercial company

☐ A Liability Clause

- Liability of members is limited

☐ Authorised Share value

- Nominal 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
- Can govern way voting is done



3. Directors Responsibilities

☐ Directors Elected by Shareholders

- Act In best Interest of Company
- Honest
- Declare Interests
- Aware of 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 necessary to ensure that quality of the products and services produced is maintained at the agreed level.
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.

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.



Centralization v. decentralization

- ☐ In a centralized organization, the detailed operational decisions are taken at the centre.
- ☐ In a decentralized organization, as many details as possible are settled at local level.



Management

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



- ❑ 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 which arise anywhere in the organization.

