

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-V

PROCEDURES, POLICIES, RULES & STRATEGIES

4. Procedures: Procedures indicate the specific manner in which a certain activity is to be performed. Whereas policies lay down the broad area of action, the procedures determine the sequence of definite acts. They are developed to avoid the chaos of random activities and mark a fixed path through the defined area of policy. Thus, they show the way to implement policies.

According to **G.R. Terry**, "A procedure is a series of related tasks that make up the chronological sequence and the established way of performing the are plans that establish work to be accomplished."

According to **Koontz and O'Donnell**, "Procedures a required method of handling future activities."

Characteristics of Procedures

The basic characteristics of procedures are- (i) Procedures essentially involve with many departments; (iii) Procedures are pervasive in nature; (iv) Procedures facilitates decision-making; and (v) Procedures help in implementation of policies.

Advantages of Procedures

Procedures help in achieving the following advantages:

- (i) Procedures minimise the burden of decision-making because the sequence of steps to be followed is standardised.

- (ii) Procedures are an important aid to communication because they communicate the step to be followed to complete a particular piece of work.
- (iii) Procedures are developed after careful analysis of various operations which are necessary for bringing co-ordination in the organisation.
- (iv) Procedures serve as a medium of control by enabling the managers to evaluate the performance of their sub-ordinates.

Limitations of Procedures

The limitations of procedures are as follows:

- (i) A procedure lays down the fixed way of doing a particular job and thus a more effective way of doing a job may not be given proper attention.
- (ii) Procedures need to be reviewed and updated constantly because they become obsolete with the change in the business operations.
- (iii) Procedures bring about rigidity in the performance of operations. Thus, they discourage the search for any improvement.

Differences between Policies and Procedures

Differences between Policies and Procedures

S.No.	Basis of Difference	Policies	Procedures
1.	Meaning	Policies are guides to thinking.	Procedures are guides to action.
2.	Scope	Policies delimit an area of action.	Procedures fix a path within that area.
3.	Relation	Policies are usually determined by administrators.	Procedures are made both at administrative and operational levels.
4.	Nature	Policies suggest what to do.	Procedures suggest how to do it.
5.	Discretion	Policies allow some discretion on the part of executives.	Procedures leave no room for individual discretion.
6.	Decision	In a way, policies include decisions.	It is not so in case of procedures.
7.	Substance	Policies are strategies of an organisation.	Procedures are operational tools for implementing policies.

5. Rules: Rules are rigid and definite plans that specify what is to be done or not to be done in given situations. A rule provides no scope for discretion and judgement. It is a prescribed guide to conduct or action. No deviation is expected from the rule. A rule may or may not be a part of a procedure. The rule "No smoking in the factory with a part of any procedure. But the rule, 'All orders must be acknowledged within 48 hours of their receipt' is a part of the procedure for processing orders. A rule generally lays down penalty for its violation. Rules help to regulate behaviour and to facilitate communication. They facilitate uniformity of action and avoid the need for repeated approval from higher levels for routine matters.

According to Koontz and O'Donnell, "A rule requires that a specific and definite action be taken or not with respect to a situation."

Characteristics of Rules

(i) Rules are based upon procedures; (ii) Rules are framed for specific situation or specific job; (iii) Rules do not have any procedures; (iv) Rules are not the method of doing a work; and (v) Rules are the decisions taken earlier and are applied in specific circumstances.

Differences between Policies and Rules

Differences between Policies and Rules

S.No.	Basis of Difference	Policies	Rules
1.	Meaning	Policies are broad guides to thinking.	A rule is a specific principle of action.
2.	Relation	Policies guide decision-making.	Rules relate to the conduct of employees.
3.	Nature	Policies are general statements to aid decision-making.	Rules are specific statements telling what should not be done.
4.	Discretion	Policies have room for individual discretion.	Rules allow no discretion in their application.
5.	Deviation	Policies may allow limited deviation.	Rules are more rigid and allow no deviation.

Differences between Rules and Procedures

S.No.	Basis of Difference	Rules	Procedures
1.	Decision	Rules is a pre-determined decision which has to be applied in special circumstances.	Procedure is a way of doing work and not a decision.
2.	Relationship	Rules do not have any procedures.	Procedures may have their rules.
3.	Scope	A rule has no procedure.	The scope of procedure is wide because it has its own rules.
4.	Method	Rules are not the methods of doing a work.	Procedures are the methods of doing work.

5.	Exact and Rigid	Rules are exact and rigid.	Procedures are not so much exact and rigid.
6.	Penalty	Violation of rule is punishable.	Violation of procedure is not punishable.
7.	Flexibility	Rules lack flexibility	Procedure is flexible.

Differences between Rules and Procedures

Differences between Policies and Strategies

S. No.	Basis of Difference	Policies	Strategies
1.	Meaning	A policy is a guide to thinking and decision-making.	A strategy is a guide for deployment of resources.
2.	Type of plan	It is a standing plan for repetitive use.	It is a contingent plan.
3.	Area of action	It is formulated to deal with repetitive problems.	It is formulated to meet environmental threats and opportunities.
4.	Coverage	Concerned with the company as a whole or particular departments.	Concerned with the company as a whole.

6. Strategy: The word 'strategy' has originally come from Greek and denotes the art and science of guiding military force in the light of what an opponent might or might not do. According to McFarland, it is the "behaviour whose purpose is to achieve success for organisational or personal goals in a competitive environment, based on the actual or probable action of others."

The strategy is a special kind of plan basically formulated to meet the challenges of special circumstances. They are actually counter plans. For example, strategy can be planned to face the excessive competition in marketing field. Choice of strategy depends on a number of factors like available resources, urgency of achieving an objective, external atmosphere, temperament of the concerned executive, etc.

According to Theo Haimann, "Strategy is an interpretative policy..... It is a policy that has been formulated by the top management for the purpose of the interpreting and shaping the meaning of other policies."

According to Koontz and O'Donnell, "Strategies are a general programme of action towards the attainment of comprehensive objectives."

Characteristics of Strategy

(i) Strategy provides a direction to human and physical resources of the enterprise; (ii) Strategies are applied to meet specific challenges caused by competitor's policies and unpredictable situations; (iii) Strategies meet specific situations whereas policies are framed to meet general situations; and (iv) Modified methods, techniques and approaches of applying human and physical resources is the special feature of strategy.

Differences between Policies and Strategies

7. Methods: A method is a manual or mechanical way by which each operation is performed. It deals with the best way to perform a particular task. Thus, it is limited in scope as compared to a procedure. A method is more specific and detailed in how a task is to be done. According to Kazimer, "Method specifies how one step of a procedure is to be performed." A method prescribes a course of action to accomplish a task. Thus, it is limited in scope as compared to a procedure. A method is more specific and detailed in how a task is to be done

Distinction between Rules and Methods

- (i) **Concept:** Rules are statement of action to be undertaken in specified circumstances; while methods detail out the best way of performing one particular step of a procedure.
- (ii) **Purpose:** The purpose of rules is to ensure a disciplined way of organisational life, while the purpose of methods is to ensure most efficient and economical operations.
- (iii) **Area:** There might be rules in respect of all areas of organisational life; while methods are mostly specified in areas like production management, accounting, research, etc.,
- (iv) **Application:** Rules relate to behavioural aspects of the organisational life while methods relate to physical-technical aspects of organisational life.

Distinctions between Standing Plans and Single Use Plans

Following are the main differences between standing plans and single use plans:

- 1. Use:** Standing plans are made for repeated use whereas single use plans are made for single use.
- 2. Period:** Standing plans are generally for 5 to 6 years whereas single use plans are for about one year.

3. Programmes: Standing plans provide general programmes whereas single use plan provides concrete action and time based on programmes.

4. Guidance: Standing plans provide general guidance to management whereas single use plans guide in specific situations for which they have been prepared.

5. Sub-plans: Sub-plans of standing plans are objectives, policies, procedures, rules and strategies whereas sub-plans of single use plans are programmes, budgets and projects.

6. Nature: Standing plans are mechanical in nature whereas single use plans are not mechanical in nature.

7. Routine and Specific: Standing plans are routine plan whereas single use plans are specific plan.