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Level:300 LEVEL

Department: BUSINESS ADMINISTRATION

Course: BUS 312

Matric no: 17/SMS03/003

**ASSIGNMENT**

**Question**

1(a) In your own words, explain the concept 'Business Policy'.

  (b) State the major difference between a Policy and a Strategy.

2(a) Business Policy is a Capstone, integrative course. Explain.

  (b) In what direction is Strategic Management likely to move in the future?

3(a) What is the relationship between Objectives, Policies and Strategies?

  (b) State the uses of Policies and explain them.

Solution

1a. **Business policy** refers to the roles and responsibilities of top-level management, the. significant issues affecting company-wide performance and the decisions affecting companies. in the long run. Corporate strategy is the strategy developed and implemented to the goals set.

Business Policy defines the scope or spheres within which decisions can be taken by the subordinates in an organization. It permits the lower level management to deal with the problems and issues without consulting top level management every time for decisions.

Business policies are the guidelines developed by an organization to govern its actions. They define the limits within which decisions must be made. Business policy also deals with acquisition of resources with which organizational goals can be achieved.

An effective business policy must have following features-

1. **Specific-** Policy should be specific/definite. If it is uncertain, then the implementation will become difficult.
2. **Clear-** Policy must be unambiguous. It should avoid use of jargons and connotations. There should be no misunderstandings in following the policy.
3. **Reliable/Uniform-** Policy must be uniform enough so that it can be efficiently followed by the subordinates.
4. **Appropriate-** Policy should be appropriate to the present organizational goal.
5. **Simple-** A policy should be simple and easily understood by all in the organization.
6. **Inclusive/Comprehensive-** In order to have a wide scope, a policy must be comprehensive.
7. **Flexible-** Policy should be flexible in operation/application. This does not imply that a policy should be altered always, but it should be wide in scope so as to ensure that the line managers use them in repetitive/routine scenarios.

**Stable-** Policy should be stable else it will lead to indecisiveness and uncertainty in minds of those who look into it for g**uidance.**

1b. State the major difference between a Policy and a Strategy

### Difference between Policy and Strategy

The term “policy” should not be considered as synonymous to the term “strategy”. The **difference between policy and strategy** can be summarized as follows-

1. Policy is a blueprint of the organizational activities which are repetitive/routine in nature. While strategy is concerned with those organizational decisions which have not been dealt/faced before in same form.
2. Policy formulation is responsibility of top level management. While strategy formulation is basically done by middle level management.
3. Policy deals with routine/daily activities essential for effective and efficient running of an organization. While strategy deals with strategic decisions.
4. Policy is concerned with both thought and actions. While strategy is concerned mostly with action.
5. A policy is what is, or what is not done. While a strategy is the methodology used to achieve a target as prescribed by a policy.

2(a) Business Policy is a Capstone, integrative course. Explain.

By capstone course is meant a course that comes at the end of the delivery of a curriculum inan educational programme. Business Policy course is taught at the end of a managementeducation programme so it is a capstone course. By being an integrative course, BusinessPolicy attempts to bring together knowledge gained in various functional areas of management.

2(b) In what direction is Strategic Management likely to move in the future?

Strategic management is likely to move in a more balanced approach in the future as explained below

**Explanation:**

In the future, strategic management will take a more balanced approach that involves employees in the creation of realistic and detailed goals that match their personal goals. In the past, management has solely been involved in developing goals and the vision for their companies. Over time, employees are increasingly involved in creation of objectives. This makes employees part of the vision creation and allows them to have increased motivation to attain these objectives.

Additionally, the future of strategic management will entail consistent and open performance measurements. In the past, organizations have not been keep to measure progress of employees consistently and fairly. The future of strategic management involves proper and consistent evaluation of employee performance and proper guidance towards employee growth. This will aid in professional growth and retention of employees in the organization.

3(a) A Strategy is a special plan made to achieve a market position and to reach the organizational goals and objectives, Organizational objectives are short-term and medium-term goals that an organization seeks to accomplish. Policy refers to a set of rules made by the organization for rational decision making to meet the organizational objectives.

Business strategy and policies have a strong relationship. A strategic vision is typically set by top management to provide an overall plan for the company moving forward. New or established policies provide a framework for decision-making and activities carried out by lower-level managers and their employees.

  (b) State the uses of Policies and explain them.

1. Policies are used in preventing deviation from planned course of action by providing definite guide to follow. They provide the communication channels between organisational units thus facilitating the delegation process.

2. Policies provide a conceptual framework within which other plans can be established to form a balanced and coordinated structure of plans Since they serve as guide to further action, the existing policies’ relieve managers of the necessity to ask superiors for permission to do or not to do certain things. As long as managers are conforming to the organisation's policies, they can safely proceed and use their own initiatives.

3. Through policies, closer coordination and cooperation can be promoted among the organisation elements. Closer coordination and easier delegation will permit a greater degree of decentralization within the organisation.

4. Employees are more likely to take action and voluntarily assume greater responsibility when they are aware of organisational policies. If the personnel are confident that their actions are consistent with organisational policies, they are more likely to take actions than do nothing.

5. Definiteness and flexibility are both desirable to goals attainment, but calculating the trode-off lies the problem. In certain cases, decisions are too trivial to require policy and at the other extreme, decisions may be too important to rule; hence, in between these extremes, there is need for policies to save time and increase the speed of decision making.

The concept of workers participation in management policy formulation has always been controversial. The principal perspectives in which workers participation in management policy may be seen as:

(i) Workers participation is viewed as a means of advancing the interest of workers;

(ii) Workers participation is a way of distributing power within the enterprise more equally and in handling conflicts of interest by democratic procedure otherwise known as industrial democracy.

(iii) by involving workers in policy formulation, this will bring about effective utilization of the human resources of the enterprise.