NAME: ONUNKWO IFUNANYACHUKWU DIVINE

DEPARTMENT: BUSINESS ADMINISTRATION

MATRIC NO: 17/SMS03/015

COURSE: BUSINESS POLICY AND STRATEGY I

COURSE CODE: BUS312

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**ASSIGNMENT**

**1(a) in your own words explain the concept “Business Policy”.**

In recent time, all around the world severe competition has surfaced due to number of factors

such as globalization, rapid technological changes, new markets and changing customer

expectations which has lead to increased competition, thereby forcing the businesses to think

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ANSWER:

In recent times, there was a demand for a critical outlook towards the fundamental concept of business and its relationship with rest of the environment. The concept of business policy fulfilled this requirement and hence the understanding of these concepts becomes imperative. In day-to-day processes every organization involves in a complicated pattern of decisions from board level about the objectives of the organization. Some of these decisions have long term effect while others have only short-term effect. Such long-term decisions are integrative in nature, involving more than one functional area of the organization. Business policy will provide an opportunity to put together what they have learnt in the separate business fields and utilize this knowledge in the analysis of complex business problems.

Business policy

The term “Business policy” comprises of two words, Business and Policy. Business as we know means exchange of goods and services for increasing utilities. While, policy may be defined as “the mode of thought and the principles underlying the activities of an organization or an institution” . Policies are general statements of principles which guide the thinking , decision-making and actions in an organization. Business policy focuses on top management functions. Top management is responsible for overall management of the organization. Overall management means determination of organizational objectives and goals, overall planning and overall control in the organization .

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. Business policy is the study of the roles and responsibilities of top level management, the significant issues affecting organizational success and the decisions affecting organization in long-run.

Policies help the management of an organization to determine what is to be done in a particular situation . These have to be applied over a long period of time to avoid discrepancies and overlapping. According to R.E THOMAS “ Business Policy, basically deals with decisions regarding an ongoing enterprise . Such policy decisions are taken at the top level management after carefully evaluating the organizational strength and weakness in relation to its environment”.

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

ANSWER

In business practices, policy and strategy play a vital role. Generally, they are thought to be similar in many ways. However, there are very different from each other even in their core definitions.

A major distinction between policy and strategy is, Policy deals with actions and thoughts of those who make the decision, whereas strategy deals with actions more . Policies are rules for activities which are faced repetitively in an organization. On the other hand, strategy concerns the direction in which human and physical resources will be deployed and applied in order to maximize the chance of achieving a selected objective the face of difficulties . strategy is formulated usually for dealing with a fresh objective or problem which has not been encountered or considered earlier. The process of strategy and policy formulation is similar. However, in formulation of the strategy it is more difficult to identify and analyze the factors associated with a problem.

Strategy is a comprehensive plan of action formulated or designed in order to achieve a particular goal. On the other hand, policy is a set of guidelines which help people to take appropriate decisions or act in a specific situation.

A strategy helps the organization to reach to the desired platform from the current platform. On the other hand, policy is like a blueprint formulated for the routine types of activities.  It provides guidance in dealing with regular types of activities. Policies are also very important for any organization. It helps in answering the questions like what to do in a particular situation. Policies are implemented firmly as they work as a protocol.

Policy and strategy are different in many ways. Policies are generally framed by top management, whereas strategies are usually framed by middle management. Policy helps the lower management to deal with a routine type of problem without requiring any interference from the top management.

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

Business policy as a capstone, basically means the foundation at which students learn to help them prepare for the adult life or modern career it tends to encourage students to apply skills and investigate issues as well as think critically about setting up business policies.

As an integrative course, this helps students to draw similarities with past knowledge and experience and relating them to new information or experiences.

Anisya S. Thomas of Florida International University says that the fundamental objectives of the capstone business policy course have remained relatively stable over a long period of time that is the Integration of functionally specific knowledge. Business policy acts as an integrative, capstone course demonstrating the interdependence between separate functional areas, such as marketing, finance, and so on. Business policy is a capstone that seeks to integrate the knowledge and experience gained in various functional areas of management. Theoretical advances in the field of business policy are taking place rapidly. It is necessary for the students to evaluate the relative merit and applicability of theoretical advances to deal with the rapid environmental and strategic changes that characterize the business arena and know how go about it in reports. It enables the learner to understand and make sense of the complex interaction that takes place between different functional areas. Business policy deals with the constraints and complexities of real-life businesses. In contrast, the functional area courses are based on a structured, specialized and well-developed body of knowledge, resulting from a simplification of the complex overall tasks and responsibilities of the management. To develop a theoretical structure of its own, business policy cuts across the narrow functional boundaries and draws upon a variety of sources – other courses in the management curriculum and a wide variety of disciplines, like economics, sociology, psychology, political science, and so on. In so doing, business policy offers a very broad perspective to its students. Business policy makes the study and practice of management more meaningful as one can view business decision-making in its proper perspective and real life situations. For instance, in the context of business policy, a short-term gain for a department or a sub-unit is willingly sacrificed in the interest of the long-term benefit that may accrue to the organization as a whole.

Business policy tries to build up the teamwork spirit by illustrating the finer aspects of group dynamics and by bringing together students from different specialization areas. Enhancement of comprehension and communication skills. Business policy lays great emphasis on allowing students to be active participants in the learning process. In contrast to the functional courses, there is a stress on using methodologies, such as case discussions, and oral and written presentations and reports. The objective business policy, in terms of knowledge, skills and attitude could be further extended to the areas of behavior and performance. After having attained knowledge of the objectives in the classroom, or in an executive development programme , the learner is expected to exhibit appropriate behavior and good performance on the job. The structure of business policy, built through the accumulation of experience as one moves up the managerial ladder. Working in, managing, and leading a team as well as working with and managing a diverse and flexible team is a critical priority with the corporate recruiters. (Interestingly, a similar view is expressed on the basis of surveys conducted by the Indian business magazines too).

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

Strategic management focuses on an organisation's transformation and development. It is a tool to take an organisation from its current position to a chosen future position. The process helps managers to establish an organisation's long-term direction, set specific performance objectives, develop strategies to achieve these objectives, and execute a chosen action plan. But it is different from business planning which focuses on a particular activity, opportunity or business division.

Planning can set an organisation in any particular direction. However, successfully reaching a desired future position depends on the quality of the analysis in strategy selection and the quality of personnel, operations and procedures responsible for strategy implementation.

Strategic management is still one of the most commonly-used management tools in the business world. Managers use it to help companies benefit from market opportunities, avert threats posed from the business environment and ensure profitable business activity.

Management behaviour affects profit performance and strategic planning has been demonstrated to have a positive impact on profit patterns. Too many businesses fail to properly assess their position and direction on a regular basis. These companies tend to coast, show declining profitability and reduced cashflow, followed by a significant attempt at remedial action which can prove to be costly, disruptive and not always successful .if inadequate strategic management is put in place the business crumbles , a good strategic management keeps the business going on a long term i.e is for a long time.

The direction in which strategic management is moving can be anticipated from what (Ansoff, 1984) calls an emerging comprehensive approach of ―management of discontinuous change, which takes account of psychological, sociological, political, and systemic characteristics of complex organizations‖. With the emergence of futuristic organizations, which, in the words of Toffler, are no longer responsible simply for making a profit or producing goods but for simultaneously contributing to the solution of extremely complex ecological and social problems,‖ (Toffler, 1980) the demands on business policy are expected to rise tremendously. The general managers of tomorrow may be called upon to shoulder a set of entirely new responsibilities necessitating a drastic review of the emerging concepts and techniques in business policy. The resolution of strategic issues that affect the future of a business firm has been a continual endeavour in the subject of business policy. The endeavour is based on the development of strategic thinking. As Whitefield says ―really useful training (in strategic management should yield) …. a comprehension of a few general principles with a thorough grounding in the way they apply to a variety of concrete details‖. Most likely, the students will forget the details and principles but ―remember (usually unconsciously) new, non-obvious ways of thinking strategically‖ (Kazmi, 2006). The general principles undergirding strategic thinking have been the focus of the efforts of researchers and academicians in the field of business policy. What, then, are these general principles? As a first step, the model of strategic management that has developed so far, and is under constant review, incorporates these general principles.

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

Policies are general statements specifying how objectives are to be accomplished; they stem directly from organization‘s objectives and can be no better than the objectives set, Business strategy is the course of action or set of decisions which assist the entrepreneurs in achieving specific business objectives. Organizational objectives, policies and strategies are not mutually exclusive components of the management process. Rather, the relationship between policy ,strategy and objective is that they are highly interdependent and inseparable. The three are interlocked and interrelated; and while objective defines standard of what the organization should accomplish, policy directs action towards the attainment of the standard set by the objective. Policies are standing plans that guide the management that is engaged in managerial operations. The policies of the organization also prescribe the boundaries within which the managers have to make decisions and it also ensures that all the decisions made by the managers are directed towards achieving the goals of the organization. strategies are used by the managers in the field of business operations also. In this way, strategies can be described as the comprehensive and integrated plans that are designed by the managers with a view to make sure that the organization achieves its objectives. The managers cannot make policies if they have not established the organizational strategies first. While the objectives of the enterprise are the basic plans of the firm put in place to start up the business policy and strategy.

The relationship between policy, strategy and objective as explained above can be shown on an organogram as shown below:



CHAPTER 1

INTRODUCTION TO BUSINESS POLICY AND STRATEGY

CHAPTER OUTLINE

1.1 Introduction

1.2 Meaning of Business Policy

1.3 Definitions of Business Policy

1.4 Characteristics of Business Policy

1.5 Meaning of Strategy

1.6 Definitions of Strategy

1.7 Features of Strategy

1.8 Nature and Importance of Business Policy & Strategy

1.9 Comparison Between Policy and Strategy

After reading this chapter, students should be able to:

• Understand the concepts of Business Policy and strategy

• Explain the Differences between strategy and Policy

• Describe the features of business policy

• Explain characteristics of strategy

1.1. INTRODUCTION

In recent time, all around the world severe competition has surfaced due to number of factors

such as globalization, rapid technological changes, new markets and changing customer

expectations which has lead to increased competition, thereby forcing the businesses to think

strategically and make decisions accordingly. In the present day, the main goal of businesses

is developing strategy and methods which present the best service and production in a most

productive and effective way. That is possible with having a long-term mission to be able to

adapt their business in the fast changing world. So, the necessary strategies need to be

identified, formul

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