
UNIT 5 PLANS, POLICIES, SCHEDULES AND PROCEDURES

Structure

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5.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the concepts of single use plans and standing plans.
- describe the types of single use and standing plans, with special reference to objectives, strategies, policies and procedures.
- explain the importance of policies and outline the process of policy formulation.
- relate and distinguish between objectives, strategies, policies and procedures.

5.1 INTRODUCTION

In Unit 4, you have learnt the nature and importance of the managerial function of planning. You have also got an understanding of the various steps involved in the planning process. At the same time you **have** been acquainted with different types of planning: strategic and tactical planning, long-range and short-range planning and principles of planning. In this unit, you will learn the network of **organisational plans** which includes objectives, strategies, policies, procedures, schedules, and their **role** in organisations. You will also learn the process of policy formulation and differences between major types of plan.

5.2 ORGANISATIONAL PLANS

The term 'plan' may be defined as a course of action determined in advance by the management. A plan has a time frame, whether it is explicit or implied. It is a commitment to action and commitment of resources. It is also a package of decisions on intended efforts to achieve some results. It is a relatively static picture or blue print of action which is partly a means of mechanism of planning and partly an end product of the planning process.

A single use plan is one which is specific to particular situations of a non-repetitive nature. It may not have use for different situations, It becomes obsolete Once its purpose is over. Examples of single use plans are objectives, strategies, projects, programmes, schedules, budgets and so on. Let us say a business **firm** sets a target to achieve 15% increase in its sales volume for the year **1988-89**. Once this objective is achieved this plan ceases to exist.

However, some objectives, like **the** objective of continuous **updating of** modern technology, continue to remain relevant. Such objectives may perhaps be regarded

as policies. The other examples of single use plans, such as strategies, projects, budgets etc. are 'tailor made' to specific needs of the organisation. For example each project is unique in respect of its environment, resource requirements, completion time and so on.

As against single use plans, standing plans are those which are of a relatively long standing by nature. They are meant to serve as standing guidelines, criteria and constraints on managerial decision making an action. A standing plan can be repeatedly used over a period of time for tackling a range of frequently recurring and related problems and issues. Policies, procedures, rules and methods are generally categorised as standing plans. For example, an enterprise's policy of selling its products and services only on cash terms provides a standing guideline and constraint to managers in concluding sales deals with customers. A procedure on purchase of materials and components will continue to be useful over a period of time for a range of actions on purchases of such items. Thus, standing plans are meant for ready guidance, steady observance and repeated reference for managers and others for their decision making and action behaviour.

Let us discuss a few single use plans and standing plans. For this purpose, we select objectives and strategies from single use plans and policies and procedures from standing plans.

5.3 OBJECTIVES

The term 'objectives' may be defined as a **planned target of performance** or the **desired end result of an activity which one attempts** to realise. It provides meaning and purpose to the organisation. It has definite scope and direction. It is a commitment to a course of action. It is to be followed by determining the ways and **means** of achievement. Often, a time frame is determined for its achievement; in other words objectives may be of a time bound nature. Objectives are variously termed as purposes, goals, missions, aims, ends and so on. These terms are often used interchangeably. However, it is possible to distinguish among them. Thus, purpose is the basic reason for the existence of an entity, whether it is a human being or a human organisation. The purpose of an educational institution is to systematically spread knowledge. Goal is viewed as a milestone along the path towards the objective. It is a part of an objective. Mission is the specific and well-defined roles and activities in which an organisation concentrates its efforts.

All organisations have objectives, whether or not they are stated explicitly. However objectives may differ from organisation to organisation. The objectives of a university differ from those of a business enterprise. The objectives of a government department differ from those of a hospital. Objectives may also change over a period of time with respect to a single organisation.

Objectives provide the basis for planning. They are also the focal point for all managerial functions. They give meaning and a sense of direction to organisational efforts. They set boundaries in the sphere of operations of the organisation and its relations with the external environment. They serve as the foundation for the entire management, process of planning, organising, direction and control. They provide the framework for formulation of strategies, policies, programmes, procedures and so on. Objectives serve as criteria and constraints for managerial decision making on acquisition and utilisation of resources. They are the rallying points for the motivation of members of the organisation. They provide a foundation for the standards of organisational performance and the evaluation of performance.

Single vs. multiple objectives

An organisation may have a single objective or more than one objective. It is often stated that the only objective of a business firm is to maximise its profits and that all its activities focus on this single objective. This may or may not be true. In general, an organisation has more than one objective. For example, a business enterprise not only aims at profit making but is also concerned with healthy growth of its activities, customer service, employee welfare, efficient operations and upgradation of its technology. Organisations establish objectives in all key areas of their activities. For example, a large business enterprise needs to formulate its objectives with respect of its

various functions like manufacturing, purchasing, finance, **marketing personnel** and so on. However, it is necessary that the multiple objectives of the **organisation are related** to each other in some way.

Classification of objectives

With respect to a single organisation, we may think of its objectives from several **perspectives** which provide a basis for **their classification** along the following lines:

Broad organisation-wide objectives such as services, rapid growth, profitable **operations**, public image and so on, and sub-corporate objectives **applicable** to its **various** departments, divisions and functions.

Long-range objectives and short range objectives;

Primary objectives and secondary objectives. For example, Survival and stability are primary objectives while social responsibility is a **secondary objective**.

Economic, commercial objectives and **non-economic** social objectives. Profit is an economic commercial objective while concern for environmental safety is a social objective.

Quantifiable and Qualitative objectives. Achieving a market share of 35% is a quantifiable objective while gaining reputation as a clean and honest enterprise is a qualitative objective.

Nature and importance of objectives

Organisations differ not only in their objectives but also in the priorities which they accord to them. One enterprise may give priority to stability while the second enterprise may emphasise rapid growth of its business. In some situations **conflict** among two or more objectives is possible. For example, the objective of bringing down the cost of doing business clashes with the objectives of satisfying the needs and demands of employees. Organisations have to be sensitive to such conflicts and devise ways and means of resolving them to the extent possible. The **basic major objectives** of an organisation are generally set by its top management, after taking into careful consideration of the purpose and the function of the organisation. In setting objectives, the values of top management and the realities of its resource endowment also play a **significant** role. Basic or major objectives have to be operationalised into subsidiary and derivative objectives at middle and lower organisational levels. **The latter** are set through processes of formal or **informal** consultation and discussion with **middle** and lower level managers in the organisation.

With the above discussion the importance of objectives may be listed as below.

- i) Objectives provide direction to the individual efforts and activities of an organisation.
- ii) They provide the basis for determining policies, procedures, strategies, programmes, budgets and other plans.
- iii) They serve as a means for achieving personal goals.
- iv) They help in effective delegation of authority.
- v) They serve as standard for the evaluation of actual performance.
- vi) **They** help in coordinating the efforts of the people.

5.4 STRATEGIES

In Unit 4, you have learnt the meaning and **nature** of strategic planning. Strategic plans or strategies are derived from the process of **strategic planning**. The term 'strategy' may be **defined** as a unified and critical plan of action to achieve an objective or set of objectives. It is a plan prepared for **meeting** the challenge posed by the environmental forces. It addresses the 'how' aspects of achieving an objective. As a student one of your objectives is **to pass** the examination. In order to achieve this, you may evolve a strategy, **of continuous** hardwork along with discussion of relevant issues with your friends and **teachers**. Similarly, an objective of a business enterprise may be to achieve a sales **volume** of Rs. 50 crores **over** the next two years from the present level of Rs. 25 crores.

The enterprise may evolve a composite strategy of product improvement, introduction

as policies. The other examples of single use plans, such as strategies, projects, budgets etc. are 'tailor made' to specific needs of the organisation. For example each project is unique in respect of its environment, resource requirements, completion time and so on.

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The enterprise may evolve a composite strategy of product improvement, introduction

of one or two new products, aggressive advertising, expansion of marketing channels and so on. These are the ways and means of achieving the objective. Strategy is thus closely related to objective. It should be consistent with the objective. It is to be 'tailor-made' to achieve the objective. It is to be formulated with reference to relevant internal and external factors.

In business and other organisations, strategies are needed for managing the achievement of objectives especially in the context of growing competition and other complexities. Corporate and business strategies are necessary for survival, growth, diversification, market dominance, competitive standing, technological dynamism etc. so as to accomplish relevant objectives. There are also occasions for strategies for management development and succession, acquisition of scarce raw materials, and other resources, negotiations with labour unions, changing the structure of the organisation and so on.

A strategy consists of at least three factors: a course of action, a commitment of resources, and a detailed blue print for consistent combination of moves, initiatives, responses with an eye on their timing. It is a master plan of moving the organisation towards its objectives through the complex and volatile environment. It attempts to relate the organisations capabilities with external opportunities. A strategic plan must accurately state objectives, define the policies which are to be pursued, underline the assumptions regarding the internal and external forces, and outline the courses of action and the means of mobilising resources. It must also specify the possible alternative courses open if the expected conditions change. So development of contingency plans for handling a range of situational changes is also a plan of strategic action plan.

Classification of strategies

Just like objectives, strategies may also be classified along several dimensions. They are below.

On the basis of scope: Master or grand strategies, programme strategies and sub-strategies;

On the basis of organisational level: Corporate headquarter strategies and divisional strategies.

On the basis of purpose: Growth strategy, survival strategy, market development strategy, acquisition strategy and so on.

On the basis of function: Marketing strategy, manufacturing strategy, financial strategy, and so on. In fact, strategies provide basic and integrated frame of reference to managers to take advantage of external opportunities, to cope with challenges and threats, and to deploy organisational resources and efforts in an intelligent manner. They aid management in four ways. First, they help management in relating the present state of the organisation with its desired future state and tackle them together. Strategic decisions and actions replace impulsive and hasty ones. Second, they offer a technique and discipline to manage and cope with changes in the internal and external environment. Third, they increase the prospect of efficient and effective resource mobilisation and utilisation. Fourth, they provide a framework for making integrated decisions by managers at the top management and lower levels.

Importance of strategy

The importance of strategies has been listed below.

- i) Strategies provide directions for the achievement of organisational goals.
- ii) They help the organisation in meeting the demands of a difficult situation.
- iii) They give meaning to other plans.
- iv) They help in relating an organisation to its external environment.

Check Your Progress A

1 Fill in the blanks:

- i) A plan is a commitment to and a commitment of
- ii) Single use plans relate to particular situations of nature.
- iii) Profit earning is aobjective while environmental protection is aobjective.
- iv) Strategy should be with the objectives.

- v) A strategic plan must accurately state and define to be pursued.
- 2 State whether the following statements are True or False:
- A budget is a single use plan.
 - A schedule is a standing plan.
 - Strategies are the end and objectives are the means.
 - All organisations have objectives.
 - A strategy is a standing answer to recurring questions.
 - It is desirable to have multiple objectives rather than a single objective.

5.5 POLICIES

Policies are general statements or understandings which guide or channel thinking and action in decision making. They are concerned with the administrative action. They serve as a principle for conduct. They are routes to the realisation of objectives. Harold Koontz defined **policy** as a **means of encouraging discretion and initiative but within units**. They are predetermined decision rules applicable for a range of managerial decisions and action. Moreover, policies are aids to the managers on how objectives are to be achieved.

Managers are required to make decisions and handle action situations on a wide range of matters. For this purpose, a policy framework is needed so that the functioning of managers takes place in a coordinated and consistent manner. Policies lay down the broad scope and limits within which managers are allowed to commit the organisation to specific decisions and actions. However, policies do not offer readymade decisions or solutions. Nor do they specify how exactly managers should make decisions and handle events. They only indicate to managers the broad considerations to be kept in mind while making decisions. They also set constraints and outer-boundaries for managerial discretion and judgement in decision-making. To be sure, policies leave sufficient discretion and freedom to managers within the set boundaries and constraints, so that managers will be in a position to handle decision situations in a pragmatic manner.

Many organisations formulate a wide range of policies in several areas of their **activity**. They include the products to be manufactured, prices to be **charged**, the markets to be served, and so on. Policies are also needed on purchasing, quality control, inventory, depreciation, produce sales promotion and distribution, unemployment and service matters of employees and workers, on production technology and so on. For example it is the policy of the company to promptly attend to customer complaints by replacing the defective product, if it is within three months from the date of sale. In short policies tend to predecide issues and avoid repeated analysis and give a **unified** structure to the organisation. Major policies covering the entire organisation are formulated by the top management. They are often translated into derivative policies at the level of middle and subordinate managers. Policies may be in written form or may take the form of implied, unwritten practices, precedents principles, and conventions. It is generally believed that written policies tend to minimise the scope for confusion and misinterpretation and tend to promote unified thinking for decision-making and action purposes. However, there is a danger that written policies may **become** useless and theoretical postulates may be divorced from organisational realities. They may be ignored by managers in their **day-to-day** work behaviour.

Distinction between plans and policies

You have already learnt the concept of plans and policies. The term plan is a more comprehensive concept covering not **only** policy but also several other predetermined courses of action. In this sense plans and policies are different concepts but they are not distinctly different. Well-formulated policies are a key to the success of any plan. The implementation of any plan requires policy guidelines. Organisations plans are based on established policies. Thus planning and policy-making go together as important functions of management.

Importance of policies

Organisational policies serve a range of important **purposes** which are listed below:

- i) They are among the most important standing plans to **guide, and** direct the future course of managerial action in specific areas of activity.
- ii) They clarify and crystallise the real values and intentions of top management.
- iii) They facilitate delegation of authority among the various managerial levels, by defining the decision-making authority and the constraints on its exercise.
- iv) They contribute to the **organisations evolution** as an orderly system of **goal-oriented** activity.
- v) They facilitate uniformity of action and coordination of effort.
- vi) Policies minimise the destruction of decision-making process.

Types of Policies

Policies may be classified into four types. They are: originated policies, appealed policies, implied policies and **externally imposed** policies. These are briefly discussed below.

Originated policies

Originated policies are deliberately **formulated** by top managers on their own initiative in order to guide the actions of their subordinates. Top **management** formulates its policies in **consultation** with the middle and lower level management. These policies are corporate in nature. For example personnel policies, **financial** policies, marketing policies etc. They may or may not be in writing.

Appealed policies:

Appealed policies are those which are formulated at higher managerial levels in response to appeals or reference made by lower level managers. At times managers at lower levels experience policy gaps or vacuum in their areas of activity. They may **find** themselves unable to make decisions on particular issues or problems because of the absence of clear-cut **policies**. In such cases, they refer the matters to higher level **managers** who might pronounce their Stand on the same, whereupon it takes the form of a policy. Appealed policies can originate at any level but are common at **middle** and lower levels. They generally tend to be unwritten.

Implied policies.

Implied policies evolve themselves when a series of decisions on related matters are made by managers over a period of time. They emerge when managers do not have the will or time to formulate formal or explicit policies. They are set by precedents and conventions. A series of relatively consistent decisions on particular matters form themselves as implied policies which are unstated and unwritten. Implied policies are pervasive in a large number of organisations, as for example for employee selection, promotions and transfers, product quality, customer service, social responsibility and so on.

Externally imposed policies

They are the **ones** which are imposed upon **the** organisation directly or indirectly by external agencies such as government, labour unions, trade associations etc. The organisation has little **option** but to incorporate the dictates of the external agencies into its own policy framework which may be in such areas as personnel, marketing, purchasing, quality control, social responsibility, and so on,

The process of **policy** formulation

An **examination** of the elements of **the above** categories of policies give an idea on how policies emerge and are formulated in organisations. Policy formulation is an important **function** of managers especially at the top level of the organisation. It is also a process, just like **planning**, consisting of the following **elements** or steps:

- 1 Recognition of the pressure or desirability of policy.
- 2 Defining the aspects and dimensions that the proposed policy is required to cover.
- 3 Formulation of preliminary views of management and collection of relevant **information** which may serve as bases for formulation of policy.
- 4 Formulation of alternative **policy** proposals.

5 **Thorough discussion** of the proposals at all relevant managerial levels.

6 **Finalisation** of the policies:

The above steps are only **suggestive**. In general the objectives and strategies of the organisation provide the framework for policies. Organisational policies have to be consistent with and contribute to the smooth accomplishment of organisational objectives. Policy formulation in organisations is also significantly influenced by the values of the top management and the resources and capabilities of the organisation. External factors such as socio-political factors (for example government policies and programmes), product market factors (e.g., incomes, tastes and buying patterns of customers, structure of industry and competitive conditions in the market) and resource market factors (like conditions in labour market, capital market and so on) also influence the process of policy formulation.

It is desirable that policy proposals are extensively discussed at relevant managerial levels. Once policies are finalised at the relevant managerial level, they should be formally or informally communicated to the managers and others at lower levels for their information and compliance. Steps are also to be taken to ensure that policies are followed by managers on a consistent basis while making decisions.

Relationship and distinction between policies, strategies and objectives

Objectives and policies belong to the category of strategic postulates of an organisation. Objectives are 'ends' and policies are the means to achieve the ends. Policies focus on objectives and throw light on how the latter are to be achieved. They give meaning and content to the objectives. It is often stated that policies reflect the real intents and character of an organisation as against objectives which are somewhat vague and abstract. Policies are more specific and clear. They spell out the implications of objectives in pragmatic terms.

The points of **distinction** between policies and objectives are:

- i) Objectives are single use plans while policies fall into the category of standing plans.
- ii) Objectives have often got a time frame within which they are to be achieved; policies have no such time limits.
- iii) Objectives are basic and critical to the very existence of an organisation. We cannot think of an organisation without any objective. Policies are not that basic to the existence of an organisation. It is possible for an organisation to function without policies. For example, several small and medium-sized organisations are managed in a rather opportunistic and adhoc manner without any policy framework.
- iv) Objectives are meant to be achieved while policies are meant to be **observed** as guidelines.

In the machinery of organisational plans, objectives occupy a higher place than policies.

As regards the relationship and distinction between policies and strategies, both reinforce each other and jointly contribute as the means of achievement of organisational objectives. Also, the formation of strategies has to be done within a policy **framework**. Managers need policy guidelines for design of organisational strategies. Policies may be truly regarded as part of strategic plans of the organisation; **they** have significant strategic content.

Following are the differences between policies and **strategies**:

- i) Strategies are single use plans like objectives while policies are standing plans.
- ii) Policies are formulated to deal with specific problems. Strategies are formulated to meet environmental **threats** and opportunities.
- iii) Policies are concerned with the company as a whole or particular departments. Strategies are concerned with the company as a whole.
- iv) Strategies are closer to objectives as the means of achieving them than policies.

Check Your Progress B

1 Fill in the blanks:

- i) **Policies** are more than objectives.
- ii) **Objectives** are the and policies are to achieve the ends.

- iii) Policy formulation is also a like planning.
 - iv) Policies which are formulated on the initiative of top management are known as policies.
 - v) Policies are among the most important plans.
- 2 State whether the following statements are True or False:
- i) A policy is predetermined decision-rule.
 - ii) Policies set constraints on managerial discretion in decision making.
 - iii) Policies should always be in writing.
 - iv) Policies facilitate delegation of authority.
 - v) Appealed policies are imposed on the organisation.
 - vi) Objectives are the bases of policies and strategies.

5.6 PROCEDURES

The term 'Procedure' is **defined** as a set of steps determined in advance and standardised for initiating, **carrying through** and completing a time-bound activity. Examples of such activities include purchase of raw materials for the manufacturing department, passing vendors' bills for payment, settlement of workers grievances, hiring manpower for the **office**, sanctioning earned leave, and so on. A procedure specifies the tasks to be done sequentially for completing a piece of work. It lays down the process of doing routine and repetitive activity, for the guidance of those who are to carry out such activity. In other words, a procedure may be regarded as a guide to action — how a sequence of steps should be performed. For example, the procedure for admission of students in a university is (a) candidates should apply in advance on the prescribed application form and furnish the required information **and** documents (b) the university office receives and records the applications received before the last date (c) the applications will be screened by the appropriate committee to ensure that all the requirements are satisfied (d) the applicants will be ranked according to their merit and depending on the number of seats available, candidates will be selected and offered admission.

It is clear from the above that a procedure outlines the sequence of actions or steps to be taken in performing specific jobs of a repetitive nature. The series of steps or actions **are** mostly **administrative/clerical** in nature. The formulation of procedure is a managerial function. Managers at relevant levels lay down and specify the procedures to be followed by the subordinate administrative and clerical personnel for carrying out the myriad of routine activities in organisations. A large number of standard operations or procedures are to be found in almost all business and other organisations for facilitating smooth, orderly and expeditious work flow in administration and related areas.

The characteristics of a good procedure include the following:

- 1 It should be purposeful **and functional**.
- 2 It should be in a written form.
- 3 It should be simple and clear.
- 4 It should really serve as a guide to those who have to follow it.
- 5 It should not be overly rigid.
- 6 It should be exposed to **periodic** review and reform.

Uses and importance of procedures

In **organisations**, procedures serve several useful purposes. Let us **briefly** discuss them.

- 1 Procedures provide guidance and **instruction** to **administrative** and other personnel on how to carry out specific activities in a systematic manner. They aid in **simplifying**, **organising** and standardising the day-to-day paper work in organisations.
- 2 Procedures facilitate smooth, effective and orderly flow of activity **in** organisations and thus promote '**management** by system: Procedures also permit consistency of action in various **departments** or sections at a point of time and over a period of **time**.
- 3 They serve as tools of supervision, control and coordination **in the** hands of managers with regard to the task performance of their subordinates.

4. Since procedures are laid down by managers after careful thinking they represent the correct and **proper** Ways of doing work.
5. **Procedures** save clerical and **administrative** time. They also **safeguard** the interests of those who have to **carry** out work or **are affected** by them in some way. If employees faithfully follow standard procedures, they **will** be saved **from** harassment by their superiors, colleagues and outsiders.

Relationship and distinction between Policies and Procedures.

Although policies and procedures are interrelated still there are some differences between them as follows:

The formulation of procedure takes place within the framework of policies. In fact, procedures are partly meant to **subserve** and implement policies. Hence procedures are to be consistent with policies. For example "it is (the policy of the company that every employee is entitled **to** a safe and congenial working environment and every effort should be made to prevent accidents in any phase of operation". In **order to** implement the above policy a procedure is laid down on maintenance of machinery and equipment. A part of the procedure is specified as follows for illustrative purposes:

1. Each maintenance person assigned to work on a job will look out the machine properly and disconnect it with his own safety lock and keep the key in his possession. If he does not finish the job before the shift change, he will remove his lock and put a seal on the disconnect. He will hang a danger tap on the control station, stating why the equipment is shut down.
2. Policies have a significant strategic content and are **closer to** objectives and strategies than procedures. Procedures are mere operational and tactical plans formulated at relatively lower managerial levels.
3. Policies are basically guide posts to managers for purposes of decision-making and action. procedures are only-guides to orderly administrative action largely at the non-managerial level.
4. Policies set broad parameters and constraints on the discretion and freedom of managers in their decision making function. They leave considerable latitude to managers for innovation and manipulation while deciding upon relevant issues. Procedures are more detailed and specific in their nature. They do not offer much scope for discretion or departure to those who have to observe them.

5.7 SCHEDULES

The term 'Schedule' is defined as a plan of action which focuses on the 'when' aspects of initiating and completing operations regarding specific jobs. In manufacturing operations, **machines** and manpower are to be optionally **utilised** for production of concerned products and components have to be systematically planned in advance. For **this** purpose **time** schedules are prepared for the starting and completion of the whole operation. **While** preparing such a schedule, managers at the operational level take into consideration several factors like delivery schedules of the completed products/ components, the plant capacity, the machine **work loads already** committed but are pending to be executed, availability of labour, position regarding availability of materials and other inputs and so on.

Distinction between procedures and schedules

Following are the differences between procedures and schedules:

1. Procedures lay down the sequence of operations to be done for completing a particular piece of work or job. Schedules lay **down** the **starting** time for each operation and the length of time required for completing that operation.
2. Procedures are generally administrative aids and **tools** while schedules are largely concerned with technical operation.
3. Very high degree of coordination, **synchronisation** and balancing is needed in working out schedules for different operations **and for** different procedures

especially when production facilities are common for them. In the case of procedures, no such problems are generally experienced.

Check Your Progress C

- 1 Fill in the blanks:
 - i) Procedure lays down **the** process of doingand activities.
 - ii) **Procedure** outlines the of steps to be taken in performing a specific job.
 - iii) Procedures **save**time.
 - iv) Policies **and** procedures are but also from each other.
 - v) Schedules define theaspects of starting and completing operations.

2. State whether the following statements are True or False.
 - i) Procedures are operational guides in action.
 - ii) Procedures are helpful in performing non-routine tasks.
 - iii) Faithful adherence of **procedures** is expected of clerical personnel.
 - iv) Procedures are formulated in very general **and** broad **terms**.
 - v) There is no distinction between procedures and schedules.
 - vi) Schedules **are** generally **reversible** in manufacturing work situations.

5.8 LET US SUM UP

Planning is a course of action determined in advance by the management. Plans are of **two** types — single use plans and multi-use plans or standing plans. A single use plan is specific to a particular situation and made for a short term period for example programmes, budgets, schedules, progress etc. A Standing plan is enduring and serves as standing guidelines for decision-making process for example objectives, strategies, policies, procedures etc.

Objectives are goals established to guide the efforts of the company and each of its components. They are the means for determining policies, procedures, strategies, programmes, budgets and other plans. They provide foundation for effective management. Top management sets wide **range** of objectives considering the nature and functions of the organisation. Strategies are unified and critical plans of action to achieve an objective or a set of objectives. They provide basic and integrated frame of reference to managers. They give direction for the achievement of organisational goals. Policies are general statements or understandings which guide or channel thinking and action on decision making. They define the area or limits within which decisions are made to achieve organisational objectives. Policies are of several types like originated policy, appealed policy, implied policy and externally imposed policy. **In the process** of policy formulation various concerned aspects and dimensions are discussed thoroughly for the finalisation of the policy. Procedures are series of steps established to accomplish a specific project. They indicate how a policy is to be implemented and carried out. A schedule on the other hand **specifies time** limits within which activities are to be completed. It avoids delay and ensures continuity of operations.

5.9 KEY WORDS

Appealed Policies: Policies formulated at higher managerial levels in response to appeals or reference made by lower managers.

Implied Policies: Policies which evolve on the basis of **precedents** and conventions but not explicitly formulated.

Imposed Policies: Policies adopted by organisation as a result of direct or indirect dictates of external agencies such as government, trade unions etc.

Multiplicity of objectives: Objectives relating to all key areas of activity of an organisation.

Objective: Planned target of **performance** or the desired **end result** of an activity.

Originated Policies: Policies formulated on the initiative of top management of an organisation.

Policies: Policies are general statements or understandings which guide or channel thinking and action in decision-making.

Procedure: A set of sequential steps determined in advance and standardised for performing a time-based activity.

Schedule: A schedule specifies time limits within which activities are completed.

Strategy: A unified and critical plan of action to achieve one or more objectives focusing on the how aspects of achieving objectives.

5.10 ANSWERS TO CHECK YOUR PROGRESS

- A) 1 i) action, resources ii) non-repetitive iii) commercial; social.
2 i) True ii) False iii) False iv) True v) False vi) True.
- B) 1 i) specific ii) ends, means iii) process iv) originated v) standing.
2 i) True ii) True iii) False iv) True v) False vi) True.
- C) 1 i) routine, repetitive ii) sequence iii) administrative iv) interrelated distinct
v) 'when'
2, i) True ii) False iii) True iv) False v) False vi) True.

5.11 TERMINAL QUESTIONS

- 1' Define the concept of 'Planning' and distinguish it from that of a 'plan'.
2. What do you understand by single use and standing plans? Give examples. Briefly outline the role of single use plans in organisations.
3. Explain the meaning and nature of objectives. In what specific ways are objectives important for organisations?
4. What is a strategy? What is the difference between strategy and objective? Give examples of strategies relevant for business enterprises.
5. Why are policies regarded as standing plans? Outline at least four uses of policies to an organisation.
- 6' Explain in brief originated policies, appealed policies and implied policies.
- 7 Briefly explain the distinction between:
 - i) Procedures and Schedules ii) Policies and Procedures iii) Plans and Strategies
 - iv) Objectives and Policies.

Note: These questions will help you to understand the unit better. Try to write answers for them. But do not submit your answers to the university. These are for your practice only.