



SNS COLLEGE OF TECHNOLOGY



Coimbatore-35

An Autonomous Institution

Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A++’ Grade
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

DEPARTMENT OF MCA

23CAT604– PRINCIPLES OF MANAGEMENT

I YEAR I SEM

UNIT 2 –PLANNING

TOPIC 5 – TYPES OF POLICIES



POLICY

Policies are general statements or understandings which guide managers thinking in decision making.



POLICY

George R. Terry defined “policy is a verbal written or implied overall guide setting up boundaries that supply the general limits and direction in which managerial action will take place”.

Brench defined, “policies are a pattern of direction for the guidance of those who carry responsibilities for the management of the activities of the enterprises.”





TYPE OF POLICIES

A. On the Basis of Source:

(i) Originated Policy.

By originated policy they refer to policy which originates from the top management itself. These policies are aimed at guiding the managers and their subordinates in their operations.



(ii) Appealed Policy.

In case of doubts, an executive refers to higher authority on how he should handle the matter.

(iii) Implied Policy.

Policies may be imposed externally that is from outside the organisation on such as by Government control or regulation

(iv) Externally imposed policy.

Guidelines may be provided by the decision makers unconsciously and become implied policy.



B. On the Basis of different Levels:

1. Basic Policies.

Policies which are followed by top management level are called as basic policies. For **Example**, the branches will be opened in different place where the sales exceed Rs. Five, lakh



2. General policies

These policies affect the middle level management and more specific than basic policies.

Example:

Payment will be provided for overtime work only if it is allowed by the management.

3. Departmental Policies

These policies are highly specific and applicable to the lower levels of management.

Example:

Tea will be provided free for workers in night shifts



ASSESSMENT-I

1. Functional policies can be classified as follows:

1. Marketing policies.
2. Production policies.
3. Both (1),(2)
4. None of the Above

2. Policies which are in writing or included in the manual or records are called _____

1. Written statements
2. Oral dissemination
3. Marketing policies.
4. Production policies



C. On the Basis of Managerial Functions: Policies arise from decision pertaining to fundamental managerial functions are called managerial policies.

1. Planning Policies:

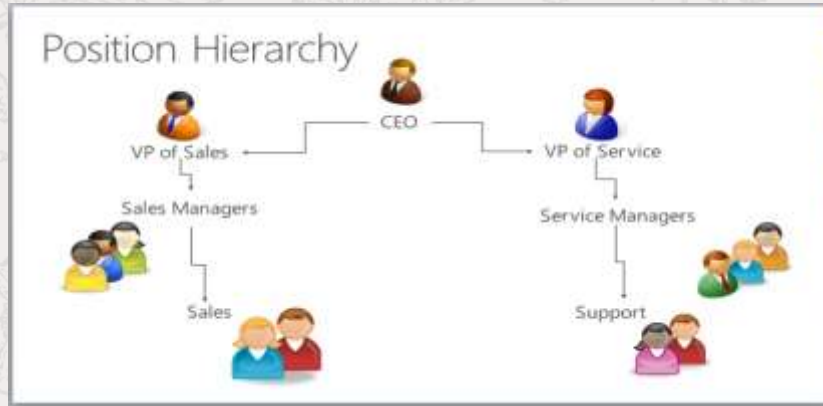
Planning policies involve the future course of action. Mere policies are formulated as to achieve the targets regarding the future.

2. Organisation Policies:

These policies are highly specific to organisational goals and objectives.

3. Motivation and Control Policies:

Here policies are formulated to motivate people and control the activities, which leads to achieve the organisational objectives with the fullest satisfaction of employees.





D. On the Basis of Dissemination:

1. Written statements—Explicit policies.

Policies which are in writing or included in the manual or records are called explicit policies. In case of written statements adequate media should be used.

The following are some of the written media:

- (a) Bulletins or notice boards.
- (b) News releases.
- (c) Company manuals or handbooks.

2. Oral dissemination—Implicit policies.

Implicit policies are disseminated merely by word of mouth through the key people in an organization. Policies which are not in writing or not included in the manuals or records but which are well understood and practiced are called implicit policies.





E. On the Basis of Functions: Policies which affect the functions of business are called as functional policies.

1. Marketing Policies:

- (a) Product,
- (b) Pricing,
- (c) Promotion, and
- (d) Physical distribution.





2. Production Policies:

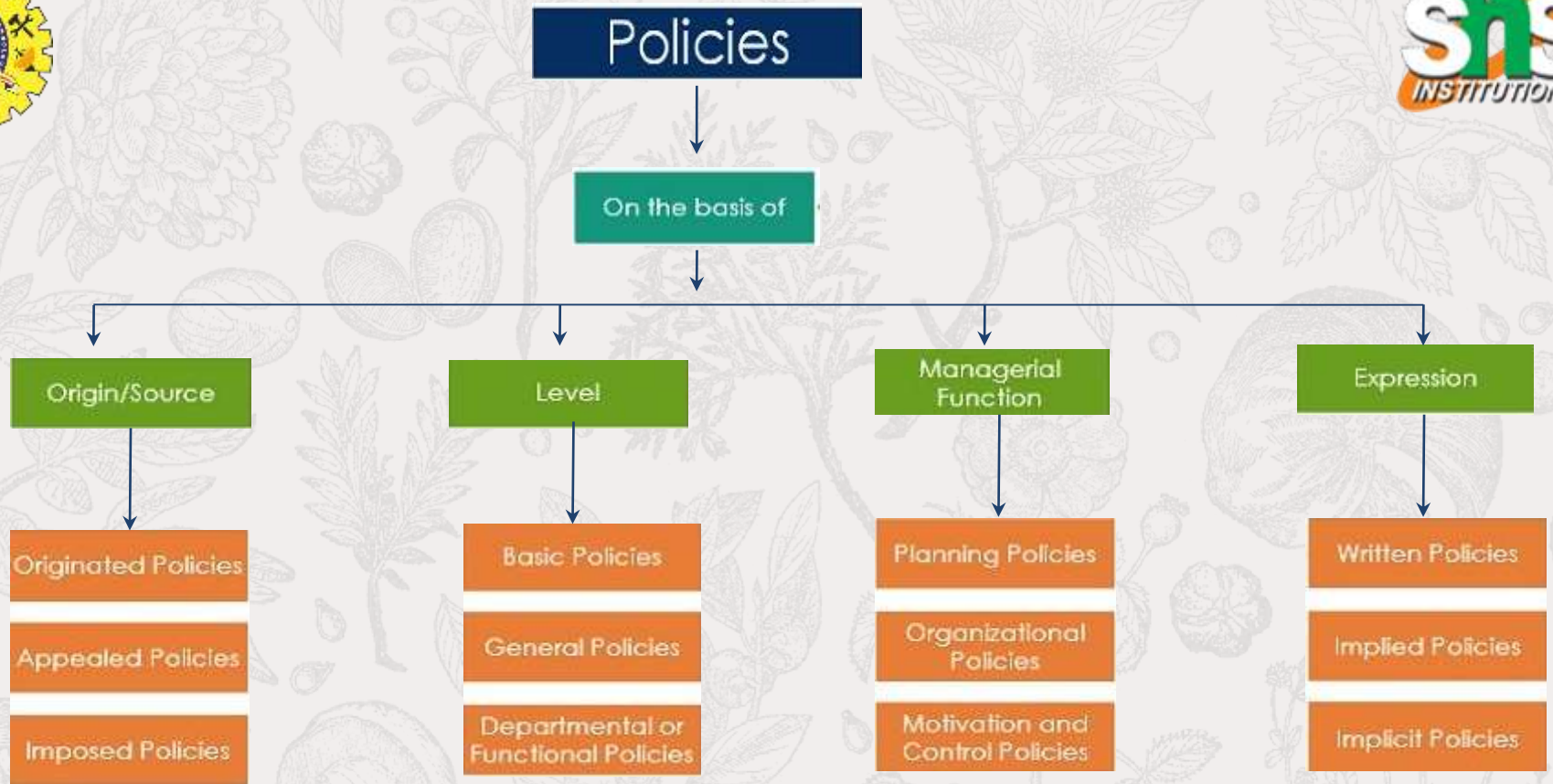
- a) The size of the run,
- b) Automation,
- c) Production stabilisation,
- d) Extent of making or buying component, and
- e) Inventory levels.



3. Financial Policies:

- (a) Sources of capital
- (b) Working capital
- (c) Profit distribution.
- (d) Depreciation allowances.







ASSESSMENT-II



1. Basically marketing policies relate to each of the “four Ps in marketing”

- (a) Product,
- (b) Pricing,
- (c) Both of (a), (b)
- (d) None of the above

2. Policies which are followed by top management level are called _____

- 1. Basic Policies.
- 2. General policies.
- 3. Departmental Policies.
- 4. None of the above



REFERENCES

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- ESSENTIAL OF MANAGEMENT by **Koontz and O'Donnell**
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