

# sección especial en idioma inglés

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developing your management philosophy

## the factors that really matter

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RUNNING an organization without policies may be compared to trying to guide a rowboat without a paddle. In both cases there is a great deal of floundering about without any definite path of direction being followed. Surely it is an obligation of the organizational executive to stress, the formulation and implementation of policies throughout the firm. The word "policy" is often used in a broad,

almost generic, sense to mean plans, rules, and practices with the implication that they have a common meaning. However, a policy should be considered as a broad, general guide to actions. It is under such a broad guide that more specific plans, rules, techniques, etc., may be formed. A policy typically has more stability than does a plan. In fact, a policy may be formed early in the organization's



history and never change. The policy indicates the intentions of those who guide the organization.

### **The importance of Policies.**

Without the establishing of objectives and the setting of definite guides to reach those objectives, the managers within the organization may well become lost in the detailed minutia of their work and lose sight of the major elements. The philosophy of management should involve a well established system of policy making and the necessary procedures to follow the resulting policies.

Policies are essential to the successful organization for a variety of reasons. They will prevent deviation from the chosen course of action because there are definite guides to follow. The process of delegation is, thus, made less difficult for the executive. In the manner, policies will help to promote better cooperation and coordination of effort on the part of everyone. Actions will more lively be geared toward the attainment of the goals of the organization or specific function. Such actions will also tend to be more consistent in nature, assuming, of course, that the policies have been made known to all. Furthermore, personnel are less reluctant to take some action and assume more responsibility voluntarily if they know they are on the "right path". Such willingness to take some initiative may be especially important to the younger and less experienced managers. Finally, sound policies are vital in the application of reflective thinking in preparing the organization for future action as well as for the present.

### **Policy Formulation.**

As is true of the manager's work in most respects, making involves the rendering of decisions. And the decisions must take into account the primary and secondary objectives of the firm. Once the objectives are clearly es-

tablished, the obstacles and difficulties may be identified insofar as is possible, and measures may be determined to overcome them. Phases of the activities necessary to follow the policies may be assigned to different functions or areas within the Organization. Then, of course, time schedules and checks and measures may be fixed to indicate progress.

### **Factors to analyze when forming policies.**

Perhaps the most important factor for consideration when policies are being formed is the appraisal of objectives. Certainly the wise manager must know where he hopes to go—what goals he hopes to reach—before he sets his guides to action. Policies then become a guiding force for continuing operations. Coupled with the analysis of the objectives is the time factor. Policies may be formed either for the long or for a shorter period of time such as the firm's fiscal period.

Since the organization must always be concerned with its "public image", policy makers should consider the social and ethical philosophy which is to be followed. The type of goals set and the procedures used to reach those goals will help in great measure to determine the image projected to employees, customers, competitors, the government and others. Another factor of consequence is the type of organizational structure involved. For example, the firm with a multi-plant structure may well have different policies for different plants or for different geographic location. More particularly, this may be true for firms with overseas divisions. The physical environmental factors are closely related to the structure and may well help to determine the type of policies formed. Such factors include everything of a physical nature, from the buildings in which the organization is located to the machinery, the products, equipment, etc.

Another element which is of almost constant concern to the makers of policies is that of competition. Today many business firms are reevaluating their policies and

setting new ones because of what their competitors are doing. The trend to widespread diversification is an example of this. Other examples have to do with such components as collective bargaining, employee benefits, management development, and practices having an effect on employee morale and attitude.

Finally, the policy formulation progress involves continuous analyses concerning the state of the economy in which the firm operates. Neither long-run nor short-run policies would normally be established without a good look at the anticipated changes in the economy and the rapidity with which such changes are likely to occur.

**Types of policies.** Policies may be classified in a number of ways and it must be recognized that many policies usually exist simultaneously within the organization. Policies may be looked at from the standpoint of where they are formed and to what do they apply. The broad general policies are formed at the very top of the organization and apply to the entire firm. Such policies may deal with such factors as long-run growth or product diversification. Next, basic or major policies may be established which pertain to a major function, division, or geographic area. And, thirdly, there are the policies which are called departmental and cover those specific objectives within individual departments. The important thing to keep in mind is that such an array of policies do overlap, but they must **not** conflict with other.

Policies may also be designated in accordance with the functions to which they pertain. Thus we speak of production policies, sales policies, procurement policies, financial policies, etc. There may even be a further breakdown in such policies. For example, sales policies may be divided into those dealing with customers, prices, and product or service promotion.

#### Criteria for a Satisfactory Policy

Perhaps the most important measure for a

policy is that it facilitate the reaching of the organization's goals. Unless it is designed to aid in that process, it is of no value regardless of its other features. In this connection, the policy must recognize and sometimes define the major obstacles likely to be encountered in following the guide. Of course, policies usually should be written. If the policy makers know that the policies will be written, they are more likely to give greater consideration to their merit. Further, the written policy is there for all to see and check from time to time. Naturally, the written policy should follow the sound rules for any worthwhile statement of management's intent. It should be as clear and concrete as it can be made. Due stress on clarity will minimize misunderstandings and biased judgment on the part of subordinates. And while the policy should be simple and definite, through comprehensiveness should not be sacrificed.

It should also be kept in mind that the policy is normally a guide that is changed very infrequently; thus, it should be stable, but at the same time incorporate sufficient flexibility so that a variety of plans, procedures, and practices can be taken under it. One is again reminded that the policy should be broad and consistent with other policies in the organization; that is, there should be no conflicts. Consistency of policies throughout will help to foster uniformity in treatment of employees, customers, stockholders, and others of concern to the firm. If there is disagreement among the policies or if there is misinterpretation of them, numerous human relations problems likely will occur.

A final characteristic of a sound policy is that it should be considered as a limitation concerning authority and responsibility of those whom it serves. In spite of the broad and general aspects of policies, they may tend to limit the actions of personnel—to more or less define what personnel at various levels within the organization may or may not be held accountable for. Consequently, a well-established

