Managerial and Leadership Think-Work Functions

and
Associated Concepts and Practices

Formulating and Updating

Policies, Procedures, and Rules

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**MANAGERIAL THINK-WORK FUNCTIONS
AND ASSOCIATED PRINCIPLES AND PRACTICES**

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Policies, Procedures, and Rules</u>**

Formulating and Updating
Policies, Procedures, and Rules

Policies, procedures, and rules are often called "standing plans." All three types are usually applied in an on-going manner to influence day-to-day decisions and behavior in some desired manner. However, as discussed below, policies deal mostly with decision making (and subsequent actions), procedures deal mostly with tasks and activities, and rules deal mostly with personal and interpersonal behavior on the job.

Policies

Basic Definition and Description

Policies are general statements or understandings aimed at guiding thought during decision-making processes. They allow individuals to exercise some discretion or judgment during decision making. (Rules, on the other hand, do not.)

As described here, policies are an integral part of a Participative/Team atmosphere. Along with goals and plans, they are used to guide (rather than direct and control) job-related decision making (and subsequent actions). Statements of participative organizations' policies say, in effect, "Make your decision and take action based on these recommended guidelines for dealing with various circumstances and issues." On the other hand, authoritarian organizations tend to use policies (rather than guideline goals/plans) to avert decision making and direct actions. Statements of their policies say, in effect, "When faced with this particular situation or issue, ('decide' to) take this prescribed action."

Policies can be classified or typed in several ways. First, they can be typed according to the matters with which they deal—e.g., employment/personnel policies, general internal operating policies, product policies, purchasing/procurement policies, production policies, marketing/sales policies, financial policies, public relations policies, union relationships policies, and social responsibility policies. Second, they can be typed according to their context—e.g., standard operating policies ("SOPs") and plans-related policies. Third, they can be typed according to their scope—e.g., organization-wide policies, unit-specific policies, and job/

task-specific policies. Fourth, they can be typed according to their origin—e.g., top management policies, planning-generated policies, precedent-based policies, assumed/implied policies, and externally-imposed policies. Many of these types overlap.

Purposes and Benefits of Policies

1. To assure that decisions will further, and/or will be consistent with, organizational philosophies, objectives, goals, and approaches:

    A. To guide or aid decision making concerning . . .

        1. general operational matters or situations having organization-wide implications;
        2. the implementation and control of particular plans (strategies, tactics, programs, projects, or plans of action); and
        3. units' and individuals' performance of specific functions or tasks.

    B. To guide or aid decision making in various ways:

        1. To establish/provide guidelines (parameters/limitations) for decision-making activities:

            a. To delimit areas where decisions can be made (to prevent unauthorized decisions).
            b. To prescribe parameters within which decisions are made.
            c. To set limits on employees' decisions (and subsequent actions).

        2. To establish/provide guidelines for applying organizational philosophies and approaches in various (decision-making) situations.

2. To save time by "predeciding" certain issues (and thereby avoiding repeated analysis of various courses of action).

3. To assure that particular situations and issues are handled in a consistent manner.

4. To enable managers to delegate decision-making authority without giving up ultimate control.

5. To help integrate internal decisions and activities with those of suppliers and customers.

6. To help solve problems or bring about improvements (in conjunction with goals and plans).

7. To support personnel with official reasons or "outs" that they can cite when having to (a) justify certain appropriate decisions/actions, and/or (b) refuse certain inappropriate requests/suggestions. ["It's because of our policy that I must (or can't/won't) decide to (or do) _____ ."]

Types of Policies
In Terms of the Matters with Which They Deal

Policies essentially deal with the <u>circumstances and issues</u> involved in various matters. They are primarily based on organizational philosophies, objectives, and approaches, which, in turn, are generally influenced by laws, regulations, societal norms, and accepted business practices.

The following are some of the matters with which policies typically deal:

1. <u>Employment/Personnel Policies</u>
   a. hiring/selection and promotion
   b. termination/discharge
   c. discipline
   d. training and development
   e. compensation and benefits
   f. vacations and sick leave
   g. outside employment

2. <u>General Internal Operating Policies</u>
   a. usage of information systems
   b. reporting data/results
   c. communicating up/down/across

3. <u>Product Policies</u>
   a. product/line selection
   b. product development
   c. product quality

4. <u>Procurement Policies</u>
   a. source selection
   b. bidding requirements
   c. materials/parts quality

5. <u>Production Policies</u>
   a. "make or buy" decisions
   b. responsiveness to market demand
   c. production/inventory trade-offs
   d. quality vs. quantity of output

6. <u>Marketing/Sales Policies</u>
   a. pricing (e.g., base prices, and schedules/application of discounts)
   b. advertising (e.g., tone and ethics)
   c. sales practices (e.g., obtaining accounts, and entertaining customers)
   d. usage of distribution channels

7. <u>Financial Policies</u>
   a. capital procurement
   b. level/usage of working capital
   c. buying vs. leasing
   d. depreciation method used
   e. profit disposition (retain/dividends)

8. <u>Public Relations Policies</u>
   a. organizational image to project
   b. public statements

9. <u>Union Relationships Policies</u>

10. <u>Social Responsibility Policies</u>

Types of Policies
In Terms of Their Context

1. **<u>Standard Operating Policies:</u>** These policies are designed to guide decision making concerning day-to-day operations and everyday situations in various areas.

2. **<u>Plans-Related Policies:</u>** These policies are specially designed to guide or aid decision making with respect to (a) implementing plans (strategies, tactics, programs/projects, and action plans), or (b) controlling (monitoring, measuring, and evaluating) the implementation of plans. (A particular plan can have one plan-related policy—or a number of plan-related policies—associated with it. Here we will use the plural term, "plans-related policies," to refer to the body of policies associated with all plans.)

Organizations usually have more standard operating policies than plans-related policies.

Policies of either contextual type can (a) involve any of the matters listed above, and (b) be organization-wide, unit-specific, or job/task-specific.

Types of Policies
In Terms of Their Scope

1. **Organization-Wide Policies** generally apply to all units and personnel.

   a. Organizational Standard Operating Policies:
   These contain decision-making guidelines that deal mostly with employment and personnel (Item 1 on page PPR-2), general internal operations (Item 2 on page PPR-2), public relations (Item 8 above), union relationships (Item 9 above), and social responsibility (Item 10 above)—all of which involve matters having organization-wide implications. Basically, such policies are aimed at making responses to situations and issues more standardized, uniform, and consistent throughout an organization. However, many of them are specially aimed at dealing with and treating all personnel in an equitable, uniform, and consistent manner.

   b. Organizational Plans-Related Policies:
   These contain broad guidelines for all units to follow when making decisions with respect to implementing, and controlling the implementation of, particular plans. They, too, are basically aimed at assuring more standardized, uniform, and consistent decisions and actions throughout an organization.

2. **Unit-Specific Policies** apply to the unit-specific functions and activities of particular units (e.g., marketing, production, and finance).

   a. Unit-Specific Standard Operating Policies:
   These guide/aid decision making within a unit as it performs certain normal/everyday unit-specific functions or activities. For example: production department policies generally deal with matters such as those under Item 5 on page PPR-2. Marketing department policies generally deal with matters such as those under Item 6.

   b. Unit-Specific Plans-Related Policies:
   These guide/aid a unit's decision-making processes as it implements, and controls its implementation of, either (a) its unit-specific portions of organizational plans, or (b) its own internal, unit-specific plans.

   Those unit-specific standard operating and plans-related policies that are more detailed or specific versions of broader or more basic organizational policies should be formulated within the context of the corresponding organizational policies.

   While all the policies applying to a particular unit should be compatible with each other (be consistent with and not conflict with each other), they should also be compatible with policies applying to other units. If they are not mutually compatible, the working relationships between units can be adversely affected.

3. **Job/Task-Specific Policies** apply to particular jobs or finite tasks.

   a. Job/Task-Specific Standard Operating Policies;
   These guide/aid individuals' decision making with respect to their performance of certain everyday technical or functional tasks.

   b. Job/Task-Specific Plans-Related Policies:
   These guide/aid individuals' decision making with respect to specific tasks involved in implementing and controlling particular plans.

   Those task-specific standard operating and plans-related policies that are more detailed or specific versions of broader or more basic organizational or unit policies should be formulated within the context of the corresponding organizational or unit policies.

   While all the policies applying to a particular job/task should be compatible with each other, they should also be compatible with policies applying to jobs/tasks in the same unit and in other units. If they are not mutually compatible, the working relationships between individuals and units can be adversely affected.

Types of Policies
In Terms of Their Origins

1. **Top Management Policies**: Many policies—especially organizational standard operating policies—are established by top managers in order to guide or control decisions and actions. (Participative managements use them mostly to guide; authoritarian managements, to control.)

2. **Planning-Generated Policies**: These are the policies formulated during a (formal) goal-setting and planning process (as opposed to those formulated on an ad hoc basis).

3. **Precedent-Based Policies**: These policies—usually standard operating policies—reflect the precedents that have been established when personnel have successfully challenged or appealed past policies.

4. **Assumed or Implied Policies**: Especially when formal policies have not been established, or when established policies have not been properly formulated and communicated, these (unwritten) policies tend to develop as personnel try to interpret decisions and actions. Even when policies have been properly formulated and communicated, they are still subject to some interpretation.

5. **Externally-Imposed Policies**: Many standard operating policies are imposed on organizations by governmental regulatory agencies (e.g., OSHA, EPA, FDA, FTC, FCC, EEOC), industry regulatory agencies, suppliers, customers, unions, and industry associations.

Procedures

Basic Definition and Description

Procedures prescribe (exactly specify) (a) the series of related steps to take in order to accomplish certain functions or tasks; or (b) customary actions to take in order to deal with certain situations. In general, a particular procedure prescribes the specific, predetermined actions that are to be taken in a predetermined sequence so as to achieve some particular purpose.

Procedures and action plans both prescribe sequences of activities, but they deal with different levels of activities.

Action plans specify sequences of tasks involved in particular programs or projects. Procedures specify sequences of actions/steps involved in particular tasks, which may or may not be parts of action plans.

Procedures are similar to policies in that both are ultimately aimed at influencing behavior. However, they differ in that policies are aimed at influencing decisions that will affect actions, while procedures are aimed at replacing decision making with some prescribed (predetermined) sequence of specific actions.

In organizations having a participative/team atmosphere, the establishment of procedures does not preclude personnel's development of more effective and efficient procedures. On the other hand, in authoritarian organizations, established procedures tend to be regarded as the "only ways" in which activities can be accomplished most effectively and efficiently.

Just like policies, procedures can be categorized or typed in several ways. First, they can be typed according to the (policy-like) matters with which they deal. Second, they can be typed according to their context—e.g., standard operating procedures (or SOPs) and plans-related procedures. Third, they can be typed according to their scope—e.g., organization-wide procedures, unit-specific procedures, and job/task-specific procedures. Fourth, they can be typed according to their origin—e.g., procedures that are externally designed by consultants, manufacturers, and regulatory agencies, and procedures that are designed internally by engineers/specialists, managers and supervisors, or managers/supervisors and their subordinates.

Purposes and Benefits of Procedures

1. To outline how policies are to be implemented.

2. To aid in implementing, or controlling the implementation of, particular programs, projects, or plans of action.

3. To increase the effectiveness and efficiency with which personnel perform their technical, functional, or professional tasks:

   a. To streamline and routinize tasks/activities by predetermining the most efficient and effective way to perform each of them.

b. To save time by alleviating the need to make decisions while tasks are being performed.

4. To assure uniformity, consistency, and coordination throughout an organization:

   a. To assure that similar situations will be dealt with in a predetermined, uniform, consistent, and predictable manner.

   b. To assure that various organization-wide functions/tasks (performed in all units or by all personnel) are performed in a standardized (uniform) manner.

   c. To assure that certain interrelated tasks/activities are performed in a coordinated manner.

5. To help integrate or align certain internal functions/ activities with those of suppliers and customers.

6. To help solve problems or bring about improvements (in conjunction with goals and plans).

7. To support personnel with official reasons or "outs" that they can cite when having to (a) justify doing certain things in certain appropriate ways, or (b) refuse to do certain things in certain inappropriate requested/ suggested ways. ["Because of our procedure, I must (or can't/won't) do _____ that way."]

Types of Procedures
In Terms of the Matters with Which They Deal

   The following are some of the functions/tasks for which procedures are normally established:

1. Employment/Personnel Procedures
   a. applying for a job
   b. requesting vacations and sick leave
   c. making suggestions and complaints
   d. applying for another internal job
   e. hiring and selecting
   f. terminating/discharging
   g. taking disciplinary action
   h. determining compensation and benefits

2. General Internal Operating Procedures
   a. goal-setting, planning, budgeting, and formulating policies/procedures/rules
   b. organizing and staffing
   c. evaluating performance
   d. utilizing the computer/information system
   e. requisitioning equipment and supplies
   f. filling out and submitting forms and reports

3. Operating Procedures for Equipment/Machines

4. Product (R&D) Procedures
   a. selecting new products and product lines
   b. designing new products
   c. engineering/developing new products
   d. engineering new production facilities

5. Procurement/Purchasing Procedures
   a. developing specifications
   b. soliciting bids/quotes
   c. selecting sources
   d. ordering materials/parts/supplies
   e. purchasing facilities and equipment

6. Production Procedures
   a. determining production levels
   b. coordinating production processes
   c. controlling quality
   d. determining inventory levels
   e. measuring output
   f. assuring safety
   g. maintaining/repairing equipment

7. Marketing/Sales Procedures
   a. establishing prices
   b. selling to customers
   c. taking orders
   d. maintaining accounts
   e. developing/monitoring/evaluating advertising and promotions
   f. obtaining information about competitors

8. Financial Procedures
   a. applying accounting principles
   b. evaluating capital projects
   c. maintaining financial records
   d. preparing financial reports

9. Public Relations Procedures
   a. issuing public statements
   b. utilizing mass media

10. Union Relationships Procedures
    a. negotiating contracts

b. dealing with grievances
c. modifying work rules
d. modifying job classifications

Types of Procedures
In Terms of Their Context

1. **Standard Operating Procedures (SOPs)**:
These prescribe standardized or uniform actions/steps for (a) performing certain day-to-day functions/tasks, and (b) dealing with certain everyday situations. Standardization helps keep personnel from performing the same function/task/activity in many different ways (e.g., reporting the same type of data in different formats, or dealing with the same personnel matter in inconsistent ways).

2. **Plans-Related Procedures**:
These prescribe special actions/steps for performing the finite functions, tasks, or activities involved in implementing, or controlling the implementation of, particular plans (strategies, tactics, programs/projects, or action plans). They can accompany, or be integral parts of, particular plans. (A particular plan can have one plan-related procedure—or a number of plan-related procedures—associated with it. Here we will use the plural term, "plans-related procedures," to refer to the body of procedures associated with all plans.)

Organizations usually have many more standard operating procedures than plans-related procedures.

Procedures of either contextual type can (a) involve any of the matters/areas listed above, and (b) be organization-wide, unit-specific, or job/task-specific.

Types of Procedures
In Terms of Their Scope

1. **Organization-Wide Procedures** prescribe standardized actions/steps for all units and their personnel to take when performing certain functions, tasks, or activities.

a. Organizational Standard Operating Procedures:
These procedures prescribe standardized actions or steps for all units and personnel to take when carrying out those common functions, tasks, or activities that are performed throughout the organiza-

tion. Such procedures deal mostly with employment and personnel (Item 1 on page PPR-6), general internal operations (Item 2), public relations (Item 9), and union relationships (Item 10). They are aimed at (a) standardizing the manner in which common functions/tasks/activities are performed; (b) maximizing the effectiveness and efficiency with which common functions/tasks/activities are performed; and/or (c) assuring that all personnel are treated in an equitable, uniform, and consistent manner.

b. Organizational Plans-Related Procedures:
These prescribe how units and their personnel are to perform the more finite functions/tasks/activities involved in (a) carrying out the basic steps of particular organizational plans (strategies/tactics, programs/projects and action plans), and (b) controlling the implementation of particular plans. Such procedures are generally aimed at (a) maximizing the effectiveness and efficiency with which functions/tasks/activities are performed; and (b) standardizing the manner in which they are performed.

Many organizations will prescribe plans-related procedures for controlling the implementation of organizational plans, but will make their units responsible for formulating unit-specific plans-related procedures for actually implementing organizational plans (based on guidelines provided by top management).

2. **Unit-Specific Procedures** prescribe actions/steps for a particular unit's personnel to take when performing particular unit-specific functions, tasks, or activities.

a. Unit Standard Operating Procedures:
These prescribe the actions/steps for a unit's personnel to take when performing certain normal/everyday unit-specific functions/tasks/activities. For example: Production department standard operating procedures generally deal with functions/tasks/activities such as those under Item 6 on page PPR-5. Marketing department standard operating procedures generally deal with functions/tasks/activities such as those under Item 7.

b. Unit Plans-Related Procedures:
These prescribe actions/steps for a unit's personnel to take as they implement, or control the imple-

mentation of, (a) unit-specific portions of organizational plans, and (b) the unit's own internal, unit-specific plans.

Some of a unit's standard operating and plans-related procedures deal with certain functions/tasks/activities performed only by that particular unit. Such procedures are generally aimed at both (a) the maximization of effectiveness and efficiency, and (b) (internal) standardization.

Others are unit-specific versions of organizational standard operating and plans-related procedures. These prescribe in more unit-specific detail how a particular unit's personnel are to perform those aspects of organizational procedures that specifically (or only) apply to that unit. Such procedures are generally aimed at both (a) standardization, and (b) the maximization of effectiveness and efficiency.

Since many of the functions of various organizational units are interrelated, each unit's procedures should be formulated in a manner that takes account of their possible impact on other units. (Procedures often affect a unit's material, service, or informational outputs or results, which, in turn, may be inputs to another unit's functions. Thus, one unit's procedures may affect another unit's performance.)

3. **Job/Task-Specific Procedures**:
    As their name indicates, these procedures prescribe actions/steps to be taken by individuals as they perform certain (finite) functions, tasks, or activities involved in their jobs.

    a. Job/Task-Specific (Performance) Procedures:
        Each of these prescribes the specific, detailed actions/steps for an individual to take when performing a particular job-related function/task/activity. For example, many job/task-specific procedures deal with (a) operating a specific machine, (b) maintaining or repairing a specific piece of equipment, (d) processing certain information, or (e) filling in a specific report.

        Some of these procedures are essentially detailed, job- or task-specific versions of basic (organizational) standard procedures. Such procedures are generally aimed at (a) standardizing functions/

tasks/activities, and (b) maximizing the effectiveness and efficiency with which they are performed.

Some are detailed, task-specific versions of unit-specific procedures. These are generally aimed at (a) the maximization of performance, and (b) standardization.

Many, however, are purely job- or task-specific. These are generally aimed at maximizing performance.

    b. Job/Task-Specific Plans-Related Procedures:
        Each of these prescribes the special actions or steps for an individual to perform when carrying out a function/task/activity involved in implementing, or controlling the implementation of, a particular organizational plan, unit-specific plan, or job-specific plan.

        Here again, since many functions/tasks/activities in an organization are interrelated, standard operating and plans-related procedures should be developed in a manner that takes into account how systems of functions/tasks/activities may be affected.

Types of Procedures
In Terms of Their Origins

1. **Externally-Designed and/or Imposed Procedures**:

    a. Consultant-Designed Procedures:
        Many sophisticated organizational, unit-specific, and job/task-specific procedures (such as those pertaining to information systems and production/inventory systems) are often developed by outside systems analysts and operations researchers.

    b. Manufacturer-Designed Procedures:
        Many procedures involving the operation of machines, electrical equipment, electronic equipment, and computers are designed by the equipment, hardware, or software manufacturers themselves.

    c. Externally-Imposed Procedures:
        Many procedures are imposed on organizations, units, and individuals by, for example, government regulatory agencies, suppliers, customers, unions, and trade/industry associations.

2. **Internally-Designed Procedures**:

a. Engineer/Specialist-Designed Procedures:
Especially in larger organizations having their own experts, many procedures involving the operation of machinery and equipment are modified if not designed by internal engineering and technical personnel using, for example, time and motion studies and various operations research methods.

b. Manager/Supervisor-Designed Procedures:
Especially in smaller and/or authoritarian organizations, many if not most organizational, unit-specific, and job/task-specific procedures are developed by the managers or supervisors who are responsible for overseeing them.

c. Team-Developed Procedures:
Especially in participative organizations, organizational, unit, and job/task-specific procedures are generally developed by managers, supervisors, and the personnel who will be using them.

Relationships Between Policies and Procedures

The following are two illustrations of the relationships that can exist between policies and procedures:

a. Certain organizational standard hiring policies may be accompanied by procedures for performing particular functions/tasks/activities involved in implementing those policies.

b. Certain organizational standard hiring procedures may be accompanied by policies that guide decision making with respect to circumstances and issues involved in carrying out those procedures.

Rules

Basic Definition and Description

Rules prescribe and/or prohibit certain personal and interpersonal behavior. They specify how to behave (or what to do)—and/or how not to behave (or what not to do)—in various types of situations. They normally carry penalties (negative sanctions) for violations. (Penalties can vary according to the nature and seriousness of an infraction.) They may also carry rewards (positive sanctions) for adherence or compliance.

Rules are generally based on organizational philosophies, objectives, and approaches, which, in turn, are often influenced by laws, regulations, and accepted social norms.

Rules are usually simpler and more straightforward than policies and procedures. Unlike policies, they leave little if any room for interpretation and allow for no discretion or judgment with respect to their application. The only element of choice is whether or not a particular rule applies to a particular situation.

Since most rules are established by top management to govern general conduct throughout an organization, we will not type rules as we did in the cases of policies and procedures.

Purposes and Benefits of Rules

1. To govern or control employees' personal and interpersonal behavior on the job.

a. To provide "formalized vehicles" for informing personnel about what they can/should and cannot/should not do.

b. To assure that personnel will conduct themselves in a predetermined, functional, uniform, consistent, and predictable manner.

c. To assure that similar situations involving personnel's behavior/demeanor will be handled in a predetermined, functional, uniform, consistent, and predictable manner.

d. To prevent unauthorized behavior or actions.

2. To govern or control certain behavior associated with the performance of particular tasks.

3. To govern or control certain behavior associated with the implementation of particular plans.

4. To help solve problems or bring about improvements (in conjunction with goals and plans).

5. To support personnel with official reasons or "outs" that they can cite when having to (a) justify certain appropriate behavior, or (b) refuse to behave in certain inappropriate requested/suggested ways. ["To comply with an organizational rule, I must (or can't) _____."]

Matters with Which Rules Deal

In most organizations, rules deal primarily with on-the-job conduct. They are sometimes established to govern behavior associated with a particular task—e.g., the manner in which a customer service representative behaves toward customers while dealing with their problems and complaints. Also, they are sometimes established to govern specific behavior associated with certain plans.

The following are some of the more common matters for which rules are established to govern employees' on-the-job behavior:

1. Personal Conduct on the Job
   a. consuming/using, or being under the influence of, drugs (such as alcohol, marijuana, and cocaine) while on the job (prohibitions)
   b. sleeping on the job (usually prohibitions)
   c. smoking (usually conditions or prohibitions)
   d. eating at the workstation (usually conditions or prohibitions)

2. Interpersonal Conduct and Behavior on The Job
   a. physical punishment/retaliation (prohibitions)
   b. fighting (prohibitions)
   c. sexual harrassment (prohibitions)
   d. coordinating with others on matters or decisions that will affect them (requirements)

3. Managerial/Supervisory Behavior Toward Personnel
   a. administering discipline (usually prescriptions, restrictions, and prohibitions)
   b. discrimination (prohibitions)

4. Relationships and Behavior Toward Outside Groups and Individuals
   a. accepting gifts from suppliers/vendors and customers (usually prohibitions or conditions)
   b. doing favors for suppliers/vendors and customers (usually conditions or prohibitions)
   c. behaving in a cheerful, understanding, patient, and helpful manner toward customers (general prescription)

5. Safety Rules (both requirements and prohibitions)

Scope of Rules

Most rules are established for organization-wide application.

It is sometimes appropriate to establish more specific rules for particular units and tasks (based on organizational rules/guidelines).

It is generally inadvisable, however, for managers and supervisors to establish more specific rules and/or greater rewards or penalties for particular subordinates.

Origins of Rules

Most rules—especially those dealing with general conduct—are established by top management (based on laws, regulations, and accepted social norms). The few rules that apply to personnel of particular units are usually established by those units' managers (within the context of organizational rules).

Guidelines For Formulating and Implementing Policies, Procedures, and Rules

1. They should be consistent with, and help further, organizational philosophies, objectives/goals, approaches, and plans.

2. They should not be used in place of goals and plans.

3. They should not simply be used by themselves as easy ways to solve problems or improve situations. They should be among the various solutions or improvements that are aimed at dealing with the systems of numerous factors or variables involved in situations.

4. They should evoke decisions, actions, and behavior patterns that are functional for relationships with outside organizations and individuals.

5. They should be formulated with input from, and should be established with decision-making participa-

Table 1: Summary Descriptions of Policies, Procedures, and Rules

	Policies	Procedures	Rules
Definition/ Description	General statements or under-standings for guiding thought during planning and decision-making processes.	Prescribe (exactly specify) series of sequential or related steps to take when performing certain functions or tasks.	Prescribe or prohibit certain personal and interpersonal behavior (based on philosophy, laws, regulations, social norms).
Purposes/ Benefits	Assure that decisions are consistent and compatible with organizational philosophies, mission, goals/objectives, strategies, and plans.	Aid implementation of plans. Save problem-solving time by predetermining who should do what and when. Help increase effectiveness and efficiency.	Govern behavior on the job. Assure functional, uniform, consistent, predictable behavior.
Deal with:	Circumstances and issues involving personnel, operations, products, procurement, pro-duction, marketing/sales, finance, public relations, public responsibility, and safety.	Procedures involving: employ-ment/personnel; general opera-tions; operating equipment; product development; procure-ment; marketing/sales; finance; public relations; union relationships; and safety.	Personal and interpersonal conduct on the job. Managerial, leadership, super-visory behavior toward subor-dinates. Behavior toward outsiders. Safety.
Contexts:	Standard operating policies Plans-related policies	Standard operating procedures Plans-related procedures	Personal and interpersonal behavior on the job.
Scope:	Organization-wide policies Unit-specific policies Job/task-specific policies	Organization-wide procedures Unit-specific procedures Job/task-specific procedures	Most rules are established for organization-wide adherence. Some may apply to units/jobs.
Origins:	Top management policies Planning-generated policies Precedent-based policies Assumed or implied policies Externally-imposed policies	Externally-designed/imposed Internally-designed procedures	Most established by top man-agement based on laws, regu-lations, social/cultural norms, and organizational values.

tion of, those to whom they will apply—otherwise people will tend to resent and resist them.

6. The cost of their formulation and implementation (including the paperwork involved) should be considered.

7. Policies should be compatible with other policies; procedures should be compatible with other procedures; and rules should be compatible with other rules.

8. Policies, procedures, and rules should all be compatible with each other.

9. Policies, procedures, and rules applying to units and individuals should be consistent with organizational policies, procedures, and rules.

10. They should be be flexible enough to allow for timely and successful response to change.

11. They should be fair to those to whom they apply—otherwise people will resent and resist them.

12. They should be applied and administered equitably, uniformly, and consistently throughout an organization or unit—otherwise people will resent and resist them.

13. Policies should be explicitly distinguished from procedures and rules, so that people are aware of how much latitude they have concerning decision making and action taking.

14. All policies, procedures, and rules should be set forth in writing, and should be expressed in clear and understandable terms.

15. They should be taught and explained (at least informally), so that people (a) fully understand them, and (b) are fully aware of how much latitude they have concerning decision making and action taking.

16. They should be readily available (for reference) to those to whom they apply.

17. They should be enforced (at least in principal) otherwise they may become unheeded.

18. They should be reviewed and updated at regular intervals—in order to prevent them from becoming obsolete and/or dysfunctional.

  Table 1 briefly summarizes descriptions of policies, procedures, and rules.