

Chapter 4: Planning

Period	Policies do not have a time dimension.	Organisation may have short and long-term objectives.
Need	Although they are needed to achieve objectives, but an organisation can exist without them.	Objectives are basic and critical for the existence of an organisation.
Formulation	They are formulated by the managers of all levels.	They are generally determined by top level.
Source	They are derived from objectives.	They are derived from goals.

Q13. Differentiate between Policies and Strategy.

Ans.

Basis	Policies	Strategy
Purpose	Policy aims to deal with repetitive issues.	Strategy aims to counter unforeseen problems or environmental threats.
Validity	Policies remain valid for the situations or problems which are recurring in nature.	Strategies are single use plans and designed to suit specific situations.
Role of Competitors	Policy may not be formulated on the move of competitors.	It is formulated after considering activities of the competitors.
Hierarchy of plans	Policies, which are supportive in nature, occupy lower place in hierarchy of plans.	Strategies are considered to be superior and occupy higher place.

Q14. Explain 'Rules' and 'Methods' as types of Plans. Differentiate between the two on any four basis. {CBSE, Delhi 2006}

Ans. Rules are specific statements that inform what is to be done.

- Rules are framed by the organisation to regulate and control working behaviour and performance of employees
- Employees are expected to comply with the rules while performing an activity.
- Rules help to maintain discipline and avoid disorder and chaos in the organisation.
- Rules are rigid & demand strict compliance and their violation is generally associated with some disciplinary action.
- Example: Rule of 'No smoking' in the factory premises.

Method is a prescribed process in which a particular operation or an activity is performed.

- Methods specify the manner in which each segment of a task can be performed efficiently and effectively.
- They are standardised ways of doing repetitive and routine jobs.
- Methods should be stated in clear and precise terms to improve organisational efficiency and to bring orderliness to the work place.
- Example: Different methods are available to value stock like FIFO (First in first out), LIFO (Last in first out), etc.

Basis	Rules	Methods
Purpose	Rules are designed to achieve order and discipline.	Methods are designed to achieve efficiency and economy.
Effect of violation	The guilty has to face penalty in case of violation.	There is no penalty specified for violation of methods.
Flexibility	Rules are rigid and there is no scope for deviations.	Methods are flexible statements.
Application	Rules are applied to human beings to make them behave in a particular manner.	Methods relate to manual and mechanical ways of doing a task.

Q15. Distinguish between Policies and Rules.

Ans.

Basis	Policies	Rules
Nature	Policy is a general statement.	Rule is the most specific statement.
Purpose	Policy aims to guide in decision-making.	Rules aim to guide to human behaviour.
Flexibility	Policies are generally flexible.	Rules are rigid and there is no scope for deviations.
Effect of violation	There is no penalty specified for violation of policies.	The guilty has to face penalty in case of violation.
Example	Make payments more than one lakh by cheque	Rule of "No Smoking" in the company.

Q16. Distinguish between Procedures and Rules.

Ans.

Basis	Procedures	Rules
Nature	They indicate broad guidelines within which management can exercise discretion.	Rules strictly define the guidelines and there is no scope for discretion.
Flexibility	Procedures are more flexible as compared to rules.	Rules are rigid statements.
Effect of violation	There is no specific penalty for violation of procedure.	The guilty has to face penalty in case of violation.
Example	Procedure for selection of employees.	Rule of 'No Smoking' in the organisation.