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Advancing Business Growth and Success: The Role of Business Policy and Strategy

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***Abstract**: Businesses need to implement sound strategies to succeed. Those strategies form part of an overall management and business policy that guides the business in connecting with customers, generating profits and managing resources. This paper explores the role of business policy and strategy in driving organizational success and growth. Effective policy and strategy formulation are crucial for organizations to achieve their goals and sustain competitiveness in today's dynamic business environment. We examined the key elements of business policy and strategy, their interrelationship, and how they impact organizational performance. Our analysis highlights the importance of aligning policy and strategy with organizational vision, mission, and values and continuously reviewing and adapting them to respond to the changing internal and external context. We conclude that a well-crafted business policy and strategy are essential drivers of organizational success and growth.*

***Keywords:** Advancing business growth, Business policy, Business, Strategy, Success.*

INTRODUCTION

The origins of business policy can be traced back to 1911 when Harvard Business School introduced an integrative course in management aimed at the creation of general management capability (The Institute of Chartered Accountants of India). The introduction of business policy in the curriculum of business schools and management institutes came much later. In 1969, the American Assembly of Collegiate School of Business, a regulatory body for business schools, made the course of business policy, a mandatory requirement for recognition. Within a short period from then, the business policy as a course spread to different management institutes across different nations and became an integral part of the management curriculum.

Business policy is the study of the functions and responsibilities of senior management, the crucial problems that affect success in the total venture, and the decisions that determine the direction of the organization and shape its future and the mobilization of resources for the attainment of goals in the face of competition or adverse circumstance. Business policy tends to emphasis on the rational analytical aspect of strategic management. It presents a framework for understanding strategic decision-making. Such a framework enables a person to make preparations for handling general management responsibilities. In today's fast-paced and competitive landscape, organizations must have a clear direction and roadmap to achieve success and growth. Business policy and strategy play a vital role in guiding organizations towards their goals and objectives. This paper delves into the significance of business policy and strategy, their key components and their impacts on organizational performance.

LITERATURE REVIEW

Business Policy Process

Business policy refers to the overall vision, mission and objectives of an organization, which is considered as the strategic intentions of an organization, while strategy outlines the actions needed to achieve them, (Chandler, 1962). Effective policy and strategy formulation involves analyzing the internal and external environment of a business, identifying strengths, weaknesses, opportunities and threats (SWOT Analysis), and selecting appropriate strategies to leverage strengths and address weaknesses (Porter, 1980). Thus, the key elements associated with business policy and strategy to achieve success and growth are vision, mission statement and organizational objectives, environmental analysis, (SWOT), strategy formulation (cost leadership, differentiation and focus), implementation and execution, performance evaluation and control and review. Alignment and adaptation are also important. Business policy and strategy must align with organizational values and cultures, (Schein, 1985). Regular review and adaptation of policy and strategy are crucial to changing internal and external context, (Mintzberg, 1994). Considering the above, we are looking at the four most important business policy processes which are: Environment scanning, policy formulation, policy implementation, evaluation and control (SMRITI CHAND).

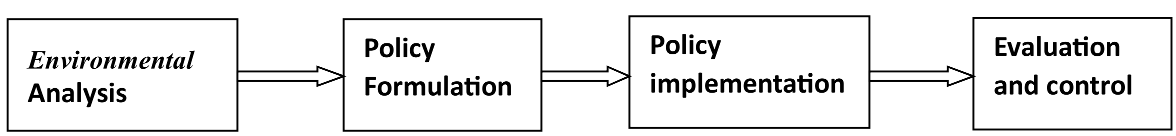

Figure 1: Basic Elements of the Business Policy Process

1. Environment scanning: Environment scanning is the monitoring, evaluating and disseminating information from the external and internal environments to key people within the corporation. Its purpose is to identify strategic factors those external and internal elements that will determine the corporation's future. We used environmental scanning to describe those particular strengths, weaknesses, opportunities, and threats that are strategic factors for a specific company. The external environment consists of variables "opportunities and threats" that are outside the organization and not typically within the short-run control of top management. These variables form the context in which the corporation exists. The internal environment of a corporation consists of variables "strengths and weaknesses" that are within the organization itself and aren't usually within the short run. Control of top management these variables form the context in which work is done. They include the corporation's structure, culture, and resources. Key strengths form a set of core competencies that the corporation can use to gain competitive advantage.

2. Policy Formulation: The development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses. It includes defining the corporate vision, and mission, specifying achievable objectives, developing strategies, and setting policy guidelines.

i. **Vision:** Very early in the strategy-making process, company senior managers must fight with the issue of what directional path the company should take and what changes in the company's product, market, customer and technology focus would improve its current market position and prospects. Deciding to commit the company to one path how to try to modify the company's business makeup and the market position it should stake out. A strategic vision delineates management's aspirations for the business, providing a panoramic view of "where we are going" and a convincing rationale for why this makes good business sense for the company. A strategic vision thus points an organization in a particular direction, charts a strategic path for it to follow in preparing for the future, and moulds organizational identity. A clearly articulated strategic vision communicates management's aspirations to stakeholders and helps leadership the energies of company personnel in a common direction. A strategic vision is a road map of a company's future providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of company that management is trying to create.
ii. **Mission:** An organization's mission is the purpose or reason for the organization's existence. It tells what the company is providing to society, like service houses, cleaning or products. The mission is the fundamental, unique purpose that sets the company apart from the other firms of its type and identifies the scope of the company operations in terms of products offered and markets served. Mission includes the firm's philosophy about how it does business and treats its employees. It puts into words not only what the company is now, but also what it wants to become management's strategy vision of the firm's future. The mission statement describes what the organization is now, vision statement describes what the organization would like to become. A company's Mission statement is typically focused on its present scope "who we are and what we do"; a mission statement broadly describes the organization's present capabilities, customer focus, activities, and business structure.
iii. **Objectives:** Objectives are the results of planned activity. They state what is to be accomplished by when and should be quantified if possible. The achievement of corporate objectives should result in fulfilling a corporation's mission. In effect, this is

what society gives back to the corporation when the corporation does a good job of fulfilling its mission. The term "goal" is often used interchangeably with the term "objective". In this paragraph, we prefer to differentiate the two terms. In contrast to an objective, we consider a goal statement of what one wants to accomplish with no quantification of what is to be achieved and no time criteria for completion. For example, a simple statement of "increased profitability" is thus a goal, not an objective, because it doesn’t state how much profit the firm wants to make the next year. An objective would say something like, "increase profits by 5% over last year".

iv. **Strategies:** A strategy of a corporation forms a comprehensive master plan stating how the corporation will achieve its mission and objectives. It has a maximum competitive advantage and minimum competitive disadvantage. Often, the typical business firm considers three types of strategy: Corporate, business and functional.

v. **Corporate Strategy-** Describes a company's overall direction in terms of its general attitude towards growth and the management of its various businesses and product lines. Corporate strategies typically fit within the three main categories of stability, and growth strategy by acquiring other related companies to have a full line of major product lines and services.

vi. **Business Strategy-** This usually occurs at the business unit or product level, and it emphasizes the improvement of the competitive position of an organization’s products or services in the specific industry or market. Business strategy may fit within the two overall categories of competitive or cooperative strategies. For example, APPLE computer uses a differentiation competitive strategy that emphasises innovative products which create design.

vii. **Functional strategy-** The approach taken by a functional area to achieve corporate and business unit objectives and strategies is by maximum resource productivity. It is concerned with developing and a distinctive competence to provide a company or business unit with a competitive advantage. Functional strategies are technological followership and technological leadership. This helped the company to keep its costs lower than its competitors and consequently to compete with lower prices. In terms of marketing functional strategies, the process of spending huge amounts on advertising to create customer demand awareness can support the competitive strategy of differentiating its products from its competitors.

viii. **Policies** - A policy is a broad guideline for decision-making that links the formulation of strategy with its implementation. Companies use policies to make sure that employees throughout the firm make decisions and take actions that support the organization's mission, objectives and strategies.

3. Policy Implementation

This is the process by which strategies and policies are put into action through the development of programs, budgets, and procedures. This process might involve changes within the overall culture, structure, and or management system of the entire organization.

4. Evaluation and Control

The process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels of the organization use the resulting information to take corrective action and resolve problems.

Policy and Strategy in Business Success

In examining the responsibility of business in environmental policy, modern environmental movements by groups and organizations the world over help to set the supporting agenda and formulate environmental policies to influence decision-making in the management of organizations. Global businesses and environmentalists have been among the most significant policy actors at all levels of government and organizations. They have made concerted efforts to set out positions on a range of environmental protection, natural resource, and energy issues, influence public opinion, and advance political strategies to attain their goals (as cited by Ribdi 2017). Organizations engage in political activities to influence policies of government agencies on business and environmental policymakers more systematically. There are several key questions at the hub of such an evaluation. What does business try to achieve in the policy process? What factors affect whether it succeeds in getting its way? How does such success vary from one institutional venue to another? For example, from the senate to the executive, the judiciary, state and local governments.

From the organizational perspective, it is the roadmap or tactics used by organizations to achieve set goals. Businesses have to respond to dynamic and often hostile external forces in pursuit of their mission statement. Strategy seeks to relate the goals of the organization to the means of achieving them. Strategy is the game plan management used to take the market position, conduct its operations, attract and satisfy customers, compete successfully, and achieve organizational objectives. Strategy is associated with unified design and action for achieving major goals, gaining command over the situation with a long-range perspective and securing a critically advantageous position. Its implications for corporate functioning are obvious. Strategy is a consciously considered and flexibly designed scheme of corporate intent and action to achieve effectiveness, mobilize resources, direct effort and behaviour, handle events and problems, perceive and utilize opportunities, and meet challenges and threats to corporate survival and success.

Strategy provides an integrated framework for the top management to search for, evaluate and exploit beneficial opportunities, perceive and meet potential threats and crises, make full use of resources and strengths, offset company weaknesses and make major decisions in general. Top management operates in an environment of partial ignorance and uncertainty. Strategies are formulated at the corporate, divisional and functional levels. Corporate strategies are formulated by the top managers. They include the determination of the business lines, expansion and growth, vertical and horizontal integration, diversification, takeovers and mergers, new investment and divestment areas, these corporate-wide strategies need to be operational by divisional strategies regarding product lines, production volumes, quality ranges, prices, product promotion, market penetration, purchasing sources, personnel development.

Strategy is partly proactive and partly reactive. A company's strategy is typically a mix of proactive actions on the part of managers to improve the company's market position and financial performance and as needed reactions to unanticipated developments and fresh market conditions. The biggest portion of a company's current strategy flows from previously initiated actions. This part of the management game plan is deliberate and proactive, standing as the product of management analysis and strategic thinking about the company's situation and its conclusion about how to position the company in the marketplace. A portion of a company's strategy is always developed as a reasoned response to unforeseen development. So, apart from adapting strategy to changes in the market, there is also a need to adapt strategy as new learning emerges about which pieces of the strategy are working well and which are not working.

Strategic thinking involves the orientation of the firm's internal environment with the changes in the external environment. The competitive strategy evolves out of consideration of several factors that are external to the firm as shown in the figure context in which competitive strategy is formulated, (WCED). The economic and technical components of the external environment are considered as major factors leading to new opportunities for the organization and also closing threats. The strengths and weaknesses of organizations are the internal factors, which determine the corporate strategy. It is to be analyzed and find out in which functional areas such as marketing, R&D, and operations the organization has superiority over the competitors. The strength is to consider in the context of the opportunities arising in the external environment. The personal values of the key implementers also play major roles in formulating the competitive strategy.

CONCLUSION

The relationship between organizations and society has been subject to much debate, often of a critical nature, evidence continues to mount that the best companies make a positive impact on their environment. Furthermore, the evidence continues to mount that such socially responsible behaviour is good for business, not just on ethical terms but also on financial terms. Business policy and strategy, formulation, and implementation affect the whole organization and link with internal and external, society, environment, and sustainability. It focuses on the factors that influence societal or business behaviour and thereby contribute towards social responsibility. In particular, it focuses on the increasingly important topic of sustainability and its link to business strategy. In conclusion, business policy and strategy are essential drivers of organizational growth and success. Organizations must develop a clear and compelling vision, mission statement and objectives, and formulate strategies to achieve them. Continuous review and adaptation of policy and strategy are necessary to respond to changing environment and sustained competitiveness.

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