

## THE CONTENT OF BUSINESS POLICY<sup>1</sup>

### The activity of governance

Business Policy is a field of study that aims to support senior managers in the management of their companies. Such a bold aspiration implies that it is an open discipline, related with many other branches of knowledge. To use an analogy, it could be said that policy-makers in companies are like internists responsible for taking charge of situations, calmly listening and exploring, accurately diagnosing and selecting the most appropriate solution to be applied to each given situation, aware of the impact such decisions can have, the time required to implement the chosen solution and the direction of the overall process<sup>2</sup>

Policy-making can be a difficult or even impossible task, but in practice many company managers are actually the political leaders of their companies. They focus on the facts, maintain their sense of observation well-honed at all times, are free of all prejudice and do not fall victim to premature acquiescence, and they focus on action as a key element for the advancement of the institution. They are politicians who do not expect business or problems to come to their office but rather look for business and resolve problems on the playing field. Nor do they spend all day pondering over details and dealing with pressure or act in an epic manner. Instead, they focus on a few key aspects to which they dedicate sufficient time and take some joy in performing their work.

Policy-makers in companies will always encounter difficult political situations and make mistakes. The key is to stay on course, have a little patience and specialize in

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<sup>2</sup> According to Doctor P. Farreras, "The perspective from which we, as internists, approach daily clinical practice is not as a closed sector or field; instead, it focuses on the individual as a whole and almost always guided by a symptom or sign thereof, in order to obtain an overall picture of that person through an in-depth review of their clinical condition."

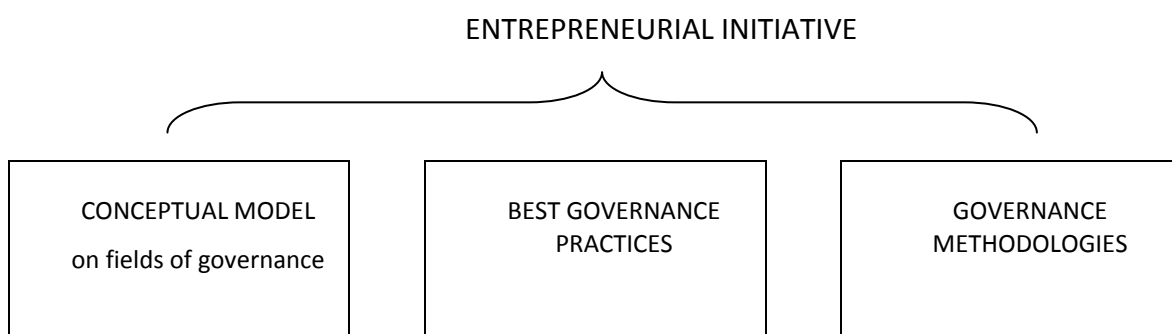
implementing solutions, ensuring that the company always moves forward or backward but stays on the right course.

Of course, there may be different approaches and theories regarding the way companies should be managed. From the Business Policy standpoint, this is essentially a political task that pursues the improvement of the company as a whole, ensuring acceptable levels of efficiency and justice, answerable for the resources used and ensuring compliance with legislation and, if possible, the institution’s continuity beyond the grand designs of its directors at each given moment in time<sup>3</sup>.

According to one writer, one of the most noble and delicate missions of public policy is to show citizens who they really are – what they are like, who they are, what they want and what they can achieve. The author in question stated that “I have used two adjectives rarely applied to politics: noble and delicate”. Business Policy is about discovering and directing the potential of all those involved in the business process of creating and distributing wealth and it would be nice not to have to feel ashamed [about this] in either the short or long term; in this sense, business is about objectives, results and also principles.

In order to understand the specific proposal, Figure 1 presents the content of Business Policy in the form of a conceptual model or framework on fields of governance, and recommends best practices or criteria to facilitate governance, highlighting the need to develop work methodologies, all underpinned by the entrepreneurship factor, thus making the landscape much more colourful.

Figure 1. The scope of Business Policy



Since no universally applicable laws or models have yet been developed, there is still much to reflect upon and investigate. In this sense, nothing could be further from the truth than to expect certainties and general principles if the fieldwork has not yet been completed. This in itself should be an incentive to continue monitoring realities and, with as much intellectual sobriety as possible, try to take small steps

<sup>3</sup> Professor A. Valero preferred to refer to business leaders as “company policy-makers” instead of chairmen/women or chief executive officers, since the former indicated the nature of the profession while the latter referred only to hierarchical position.

towards understanding the work of directors and develop concepts and methods to help them in their mission. The following sections present a series of proposals prepared by the Academic Department of Business Policy to help directors and managers reflect on their mission.

### **A. Entrepreneurial initiative as a starting point for a commercial enterprise**

Observation of the business world reveals the existence of the phenomenon of initiative as an action to achieve something, the spur to think, want and, above all, act and dare to complete something. Conceiving a commercial result and being courageous enough to put it into practice is the privileged subject of study of Business Policy. Although it may seem a waste of time or a deviation into other fields of knowledge, this may prompt reflection on the objectives of companies as social entities, not in order to build a philosophy or ideology but to understand the intricacies of initiatives and try to improve corporate governance.

Professor A. Valero argued that companies have at least three objectives:

1. Offer goods and services.
2. Create value (economic and non-economic, for shareholders, employees and society in general); and
3. Ensure the self-continuity of the company (which does not imply permanency and much less so if the company remains in the hands of the same owners).

The matter of the conception of a company and its social role has important implications for the overall system of coexistence or conviviality. The Western system of life embraces free enterprise and therefore free trade. Capitalism has existed in different periods of history but the free entrepreneurial initiative has often been prohibited or blocked (not everyone could be an entrepreneur in Spain in the 19<sup>th</sup> century, nor in the 1940s to 1960s, and not everyone can be an entrepreneur in modern-day Morocco). In this connection, it should be made clear that freedom belongs to individuals and not leaders at a given moment in time, and the freedom to become an entrepreneur forms part of the essential political freedoms of individuals.

Money is an instrument that has always existed and is not equivalent to capitalism since the latter is a formula through which entities own capital. There are many non-capitalist institutions in the real world such as public administrations, national governments, churches, NGOs, cooperatives, mutual savings banks, partnerships, international organisations, etc. and they all use money. Perhaps it is worthwhile considering whether labels condemning money and capital are simply attacks on freedom.