General Policy

A **policy** is a [deliberate](#) [system](#) of [principles](#) to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol. Policies are generally adopted by the [Board of or senior governance body](#) within an organization where as procedures or protocols would be developed and adopted by senior [executive officers](#). Policies can assist in both *subjective* and *objective* [decision making](#). Policies to assist in subjective decision making would usually assist senior management with decisions that must consider the relative merits of a number of factors before making decisions and as a result are often hard to objectively test e.g. [work-life balance](#) policy. In contrast policies to assist in objective decision making are usually operational in nature and can be objectively tested e.g. password policy.[1]

The term may apply to government, private sector organizations and groups, as well as individuals. [Presidential executive orders](#), [corporate privacy policies](#), and parliamentary [rules of order](#) are all examples of policy. Policy differs from [rules](#) or [law](#). While law can compel or prohibit behaviors (e.g. a law requiring the payment of taxes on income), policy merely guides actions toward those that are most likely to achieve a desired outcome.[*citation needed*]

Policy or [policy study](#) may also refer to the process of making important organizational decisions, including the identification of different alternatives such as programs or spending priorities, and choosing among them on the basis of the impact they will have. Policies can be understood as political, [managerial](#), financial, and administrative mechanisms arranged to reach explicit goals. In public corporate finance, a [critical accounting policy](#) is a policy for a firm/company or an industry which is considered to have a notably high subjective element, and that has a material impact on the [financial statements](#).