

Objectives of Business:

Every business unit should have certain well-defined objectives. It should conduct various activities in order to achieve such objectives.

Profit making, social recognition and business growth are some universal business objectives.

Objectives indicate the destination towards which the business unit desire to move.

Running a business unit without well-defined objectives is like travelling without fixed destination.

Business Objectives are not stable over a long period. In fact, they are redefined from time to time as per the environmental changes.

According to D. E. Mc. Farland,

“Objectives are the goal, aims or purposes that organisations wish to achieve over varying period of time.”

Business objectives are many and varied in nature. The success of any organisation depends on how well these are balanced. Business objectives can be broadly classified into five major categories which are as follows:



A] Organic Objectives :

The organic objectives also called as three-fold objectives of business. Organic objectives are the primary objectives relating to a firm. Every firm has to give attention to three basic objectives. These Objectives are as follows –

Survival :

Survival is the basic objective of every organisation. Other objectives can be thought of only if the organisation survives. Due to globalization, liberalization and privatization, the business environment has become extremely competitive. Further, technological advancements and changing consumer behaviour has made the business environment complex. This has made survival extremely difficult. Constant monitoring of the business situation and strategic planning are necessary for survival in the competitive business environment.

Growth :

Growth is the second major organic business objective. Growth takes place through expansion or diversification. Expansion involves increase in business by introducing a product which is similar to the existing product line of the business. While diversification involves introducing a product which is totally different.

Growth brings more profit, opportunities for advancement, better utilisation of resources, reputation and goodwill etc.

Recognition and Prestige :

Every business organisation desires to have social recognition and prestige.

Prestige of an organisation is due to standard quality of its products, regularity in their supply, reasonable prices and satisfactory service to customers.

Recognition indicates public confidence on an organisation. Such recognition is possible only after a long period of useful service to the society.

B] Economic Objectives :

The main economic objective of business is profit. To earn profit, there are several other economic objectives, which are to be accomplished. The important-economic objectives of business are as follows.

Profit :

The main economic objective of business is to earn profit. Business activity is primarily undertaken for earning profit. It enables a business to realise other objectives of business.

Profit is the main motive of all business activities and is necessary for survival, growth and prestige of an enterprise. Profit is an indicator of business performance and a sign of efficiency. It is a reward for bearing risk and uncertainty in business. It is a lubricant which keeps the wheels of business moving.

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Creation of Wealth :

Creation of wealth is one of the important objectives of business. Creating wealth involves increasing the wealth of the shareholders.

It happens only if the business grows steadily whereby the shareholders get higher dividends and there is an appreciation in the market value of the shares.

Creation of Customer :

Customer is the foundation of a business. The purpose of business is to create a customer.

Every businessman must find customers for his goods or services. Thus, the objective of the business should be to identify the customer for their goods and services. This requires creation of customer in the market and distribution of goods and services.

Innovation :

In order to survive and succeed in today's competitive business environment, a business organisation needs to be innovative.

Innovation means to bring new methods, new ideas and concepts and modern efficient techniques.

It is useful in improving quality, reducing costs and satisfying the customer better.

Utilisation of Resources :

Effective utilization of resources is the most important economic objective of a business enterprise, it is expected to utilise available resources fully i.e. to the optimum level.

The resources available with an enterprise may be limited but they must be utilized fully.

The production capacity of plant, machinery, and equipment must be used fully wastages of all kinds should be avoided or minimized. Modern technology should be used for more production and superior quality production. It leads to bring down the cost of production.

Expansion of Market :

A business enterprise may increase its market share by effective distribution network, maintaining good relations with dealers, effective advertising and publicity, providing effective and efficient after-sale-service, effective sales promotion etc.

A business firm may aim at entering into new market. i.e. domestic as well as in international market. This would enable the firm to survive during recession grow and gain reputation not only in the domestic markets but also in the international market.

Growth of business :

Growth of business activities is one of the economic objectives of business.

Growth is desirable for more production and turnover in business. Business expansion also gives advantages of large-scale operations. Introduction of new products, setting new production unit, and use modern techniques of production are some methods useful for the growth of business activities. Such growth is necessary for meeting market competition.

C] Social Objectives :

Business is a part of a social System. A social system involves people and their Organisations in mutual relationship to each other. Business is an integral part of society. Following are the social objectives of business –

Social Objectives towards Customers :

The Survival and success of any business organisation depends on its consumers.

Social objective of business is to satisfy consumers by providing goods and services as per their needs and expectations.

Business have to supplied quality good at reasonable price to the customer.

Social Objectives towards Employees :

The Social objective of a business firm towards its employees is to treat them with respect and provide them with the right compensation and facilities.

Business should provide better wages, working conditions, good treatment to the employees, It also provide monetary and non-monetary benefits for satisfaction of the employees.

Social Objectives towards shareholders :

Shareholders invest their money in the business in the form of shares, debentures, bonds etc.

The objective of the business is to utilise efficiently the money of the shareholder and give them fair return on their investment in the form of dividend and interest.

Social Objectives towards Government :

A business organisation can't function smoothly without the support and co-operation of the government.

Hence, it becomes necessary on the part of the organisation to fulfil its social duties towards the government. These include payment of taxes and duties, following the rules and regulations framed

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by the government from time to time, contributing towards the welfare activities of the government and so on.

Social Objectives towards Suppliers :

The suppliers can play an important role in the success of an organisation by supplying the right quality and quantity of material at the right time.

Therefore, a business firm needs to have social objectives towards supplier in respect of timely payment of dues. helping the suppliers in their financial requirements by making advance payments.

Social Objectives towards Dealers :

Dealers assist business firm by promoting and pushing goods and services in the market at the right time at the right place.

It is one of the basic social objectives that goods of special quality be produced and supplied. If this basic demand of the society is met, the business may survive in the long run.

Social Objectives towards Society :

Business organisation gain profit because of the support of the society.

they are expected to provide financial support for various social, educational and cultural activities and support social welfare programmes.

This is also necessary for maintaining cordial relations with the society.

D] Human Objectives :

One of the objectives of business is to look after the interest of the people who make business successful. It has been widely recognised that human beings should be treated as an individual. Businessman should have parental approach towards human being.

Following are the human Objectives of business. –

Fair wages :

Employees should be treated as human beings first and then as workers. The employees should be paid fair wages. Apart from this, they should also be given other monetary and non-monetary benefits, incentives and other facilities.

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Better working condition :

The working conditions provided to the employees must be hygienic. Good lighting ventilation, good recreation facilities, better labour management relations etc. provide a healthy work atmosphere. This is necessary so that the health of the workers is not adversely affected.

Job Satisfaction :

Business enterprise should provide challenging and interesting job opportunities to the employees.

If Jobs are routine and less challenging, then it brings boredom and may lead to labour turnover and absenteeism.

Jobs can be made more challenging and interesting through techniques like job enlargement, job enrichment, Job rotation etc. Sometimes promotions and transfers can also be used to bring job satisfaction.

Motivation :

The employees should be motivated to work hard. This can be done by offering monetary and non-monetary benefits to them.

Monetary rewards include high salaries, housing allowance, car allowance etc. while non-monetary incentives include appreciation, recognition, promotions, Job title etc.

Workers participation in the management :

Workers participation in the management has been recognised.

Their representation in the management may create healthy co-operation. The problems and disputes can be solved on human grounds.

This enables both employees and managers to understand each other's problems and improve relations.

Human Resources Development :

The management must undertake human resource development programmes.

Necessary training should be given to the employees to improve their skills.

Suitable conditions should be created to enable them to use their latest talents like creativity, communication skills, decision-making ability etc.

This develops their overall personality, which ultimately benefits to the organisation.

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Welfare facilities :

The Organisation should provide to its employees' proper welfare facilities like canteen facilities, transport facilities, sports and recreation facilities, education facilities and so on.

E] National Objectives :

These are aimed at fulfilment of national needs and aspirations. The government has to implement the national plans and policies in accordance with the accepted priorities. Business organisation should consider these priorities, policies and plans making business decisions.

Social Justice:

Social justice means providing equal opportunities to all, protecting the interest of neglected, unorganised and economically backward sections of the society and prevention of any sort of exploitation. For example, a business organisation should do social justice to its handicapped workers, and women employees.

Development of small scale industries :

Small scale industries are those that require less capital and generate more employment.

In the present era of globalization, this sector is adversely affected; In order to boost this industry, big business organizations should assist the growth of small-scale industries by purchasing raw material from them.

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Self Sufficiency :

Every business organisation should make use of available natural resources and human resources for economic development. It should reduce the countries dependence on foreign countries by producing goods indigenously or by promoting exports and reducing imports.

Social welfare :

Business Organisation may also support directly or indirectly welfare schemes in the society.

The welfare schemes that business has to adopted i.e. adopting schools in backward areas, providing funds for rural development activities such as construction of roads, irrigation etc. organizing health camps etc.

Development of Backward Areas :

Business organisation can contribute towards development of backward areas of the nation. This can be done by setting up industries in such areas.

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Also, financial and technical assistance can be provided to units in such backward areas.

The government should encourage the development of backward areas by providing lots of incentives such as tax holidays, low rates of taxation, tax exemptions and so on.

Creation of Employment opportunities :

Business creates employment opportunities either directly or indirectly.

In a country like India where unemployment and disguised employment are at a very high level, it is advisable for the industries to adopt wherever possible labour intensive techniques so as to employ more number of people and thereby reduce the number of people below the poverty line.



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