

# OBJECTIVES OF BUSINESS

The objective of business means the purpose for which a business is established and carried on. Proper selection of objectives is essential for the success of a business.

The businessmen always have multiple objectives. All objective may be classified into two broad categories. These are (1) Economic objectives and (2) Social Objectives (3) Human Objectives

## 1. Economic Objectives

Business is an economic activity and therefore, its purpose is to show economic results. The economic objectives of business are follows:

**(i)Earning profit:** Profit means excess of income over the expenditure. The foremost and prime objective of every businessman is to earn profit. A business cannot service without earning profit. Not only for survival but it is also required for growth and expansion of business.

**(ii)Market standing/creation of customer:** Business can survive for a longer period only if is able to capture a big share in the market & has market standing. It is possible only when business provides goods and services to satisfy the needs & wants of customers. Therefore, creation and satisfaction of customers (market) is an important objective of business.

**(iii)Innovations:** Innovation means making new products or adding new features of old products for making it more useful, improving methods of production & distribution exploring new markets, etc. In these days of competition, a business can be successful only when it creates new designs, better machines, improved techniques, new varieties etc.

**(iv)Optimum utilization of resources:** It refers to the best use of men, material, money and machinery employed in business. The resources of business are scarce so these must be utilized in the best possible manner so that the business can get maximum benefit from their resources.

**(v)Improving productivity:** It is used as a measure of efficiency. Every business enterprise must aim at greater productivity – to ensure continuous survival and growth. This objective can be achieved by reducing wastages and making efficient use of machines and equipments, human resources, money etc.

## **2. Social Objectives**

Business is an integral part of society. It makes use of resources of society. It earns profit by selling its products or services to members of society. So it becomes obligatory on the part of the businessman to do something for the society. The important social objectives of business are as follows:

**(i) Quality goods and services at Fair Price:** The first social objective of business is to provide better quality product at reasonable price and in proper quantity on continuous basis to consumers examples.

**Example:** Consumers look for ISI mark on electrical goods, FPO mark on food products. Hallmark on Jewellery.

**(ii) Generation of Employment:** Now days, employment is the biggest problem of society. Business should provide employment to more and more people living in the country. Handicapped and disabled people should be given extra care.

**(iii) Employee Welfare:** Employees are a valuable asset and they make significant contributions towards the success of business. Another social objective of business, therefore, is to ensure welfare of employees by providing good working conditions, fair wages and facilities such as housing, medical and entertainment etc. such welfare facilities help to improve physical and mental health of employees.

**(iv) Community service:** Business should contribute something to the society where it is established and operated Library, dispensary, educational institutions etc. are certain contributions which a business can make and help in the development of community.

### **(3) Human Objectives**

Human objectives refer to the objectives aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

**(i) Economic well being of the employees-** In business employees must be provided with fair remuneration and incentives for performance, benefits of provident fund, pension and other amenities like medical facilities, housing facilities etc. By this they feel more satisfied at work and contribute more for the business.

**(ii) Social and psychological satisfaction of employees** - It is the duty of business units to provide social and psychological satisfaction to their employees. This is possible by making the job interesting and challenging, putting the right person in the right job and reducing the monotony of work. Opportunities for promotion and advancement in career should also be provided to the employees. Further, grievances of employees should be given prompt attention and their suggestions should be considered seriously when decisions are made. If employees are happy and satisfied they can put their best efforts in work.

**(iii) Development of human resources-** Employees as human beings always want to grow. Their growth requires proper training as well as development. Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time. Thus, it is important that business should arrange training and development programmes for its employees.

**(iv) Well being of socially and economically backward people** - Business units being inseparable parts of society should help backward classes and also people those are physically and mentally challenged. This can be done in many ways. For instance, vocational training programme may be arranged to improve the earning capacity of backward people in the community. While recruiting its staff, business should give preference to physically and mentally challenged persons. Business units can also help and encourage meritorious students by awarding scholarships for higher studies.