

## **Objectives of Business:**

In general, the business is carried on only for profit. It is true to some extent. But earning of profit cannot be the sole objective of the business. Business is an economic activity carried on by the people (entrepreneurs and managers) through the people (employee) for the people (consumers and the society at large). Therefore, it cannot be carried on in isolation of the society.

The objectives of the business may be broadly classified as:

- 1. Economic objectives**
- 2. Socio- Economic objectives**
- 3. Social objectives**
- 4. Human objectives**
- 5. National objectives**

### **1. Economic objectives**

Business is basically an economic activity. So, its primary objectives are economic.

The main economic objectives are :

#### **a) Earning of adequate profit:**

Earning of profit by business is necessary for the following reasons:

- Profit is reward to the entrepreneur for undertaking the risk of business
- Certain minimum profit is necessary for the survival of the business. Without profit, no business can hope to stay in the business for long .
- Profit helps to generate sufficient resources to finance further expansion and growth.
- Profit is the measuring rod of business performance and the test of effective business operations
- Profit ensures the stability and prosperity of the organization

In the words of Peter F. Drucker , “ the problem of any business is not the maximization of profit but but the achievement of sufficient profit to cover the risks of economic activity and thus to avoid loss.”

#### **b) Creation of customers:**

Business activity of an enterprise can be sustained only if there are enough customers to buy the products and services offered by the enterprise. Without customers, a business enterprise cannot survive. The creation of customers is one of the economic objectives of the business. A business can create customers by supplying the goods and services which the customers want. Through market research , a business can understand what the customers want.

**c) Innovation:**

This is a dynamic world . in a dynamic world, change is only permanent. Therefore, there must be changes in every business in tune with the change in society. A business can create customers and earn profit only when it produces newer and better products and services.

Innovation in the business means adaptation to the changes taking place in the society. Innovation may take place the form of new techniques, adopting of new processes, introducing new designs , providing new and better products and suggesting new uses of the products. Innovation is quite essential for a growing business. Without innovation , an enterprise cannot hope to cope up with the changes in the society.

Research and development helps a concern to find out a new market, new product , a new method of production and distribution etc.

## **2. Socio – Economic objectives**

As business is an economic activity, which cannot be carried on in isolation, there arises, the socio- economic objectives of the business. The important socio-economic objectives are:

**a) Supply of goods which the society wants:**

A business can enjoy the goodwill of the community only if it is alive to its responsibility of supplying goods and services of the standard quality which the community wants. If a business fails to maintain a continuous supply of good quality goods and services, it will incur the wrath in the society. So, continuous supply of good quality goods and services to the society is an important socio-economic objective of every business.

**b) Avoidance of profiteering and anti-social practices :**

One of the socio-economic objective is avoidance of profiteering. Means, not to overcharge the customers and make profit at their cost.

Business should not indulge in unfair trade practices like hoarding, black marketing etc.

**c) Providing employment:**

One of the important socio economic objective is to provide employment to the people in the society. This objective , may sometimes conflict with the economic objective of cutting down costs and increasing profits . but, sti;;, in a country like India, where there is high degree of unemployment, providing employment is very important.

**d) Paying fair wages and providing other benefits to the employees:**

One of the important socio-economic objective is to provide fair wages to its employees. It is also important to provide other benefits to the employees such as, housing, ,medical facilities, education , recreation , transportation etc. fair wages and other benefits will keep the employees contented (satisfied) and will help the enterprise to run smoothly and effectively.

### 3. social objectives

A business has to run in the society . So it has certain social objectives . The important social objectives are:

**a) regular and timely payment of taxes:**

One of the important social objective and obligation of every business to pay the taxes to the Government regularly and in time. A business should not evade payment of taxes. It should adhere to the tax laws of the country. This is necessary because the taxes paid by the business to the Government are spent by the Govt, for the society.

**b) Social welfare:**

one of the important social obligation of the business is to participate in social welfare activities of the area in which it functions. A business unit can contribute to the social welfare by running schools and colleges, hospitals, maintaining public gardens etc. a business concern can also participate in welfare by investing in Government bonds , the amount of which is used for welfare of the society.

**c) Prevention of pollution:**

With the growth of industries, pollution has become a serious matter. Pollution affects the hygiene and the health of the human beings and the animals . so, every business has to make efforts to prevent the pollution of air and water.

**d) Respect for the ethical and moral norms of the society:**

A business is a part of society. So, an important social objective of every business is to respect the ethical and moral norms of the society in which it functions. For example, it should not practice any discrimination on the basis of religion , caste, social status etc.in matters regarding employment and other help to the society.

**e) Ensuring balanced developments of all regions:**

Another most important objective is to ensure balanced regional growth of all regions.

### 4. Human objectives

Human objectives of a business arises from expectations of the people working in it. There are number of human objectives. Important human objectives are:

**a) Human treatment:**

Human beings are not machines. They are moved by emotions , emotions, instinct, happiness in their families, etc. so, the employees should be treated as human beings , not

machines. Their problems should be dealt with sympathetically. Their feelings should not hurt.

**b) Fair deal to employees:**

To get best out of the workers, they should be given a fair deal by the business. That is, they should be given fair wages and other benefits.

**c) Job satisfaction:**

A business should provide job satisfaction to its employees by reducing the unpleasantness of work and by making the job interesting and challenging. Good working conditions, environment, wages and perks, growth opportunities contribute greatly on job satisfaction.

**d) Workers participation in decision making:**

To motivate and to get the best from its employees, they must be allowed to participate in the management. The employees must be given an opportunity to participate in making decisions which affect them.

**e) Development of human resources:**

Human resources can be developed by a business by giving opportunities to develop new skills and abilities and individual development. Training and development and management development programs will be helpful in this process

## **5. National objectives**

Besides these objectives, a business also has some national obligations and objectives. National objectives of a business refer to those objectives which make a business to contribute to the national development.

Some of the important national objectives are:

**a) Import substitution:**

Every business must help in the endeavour of import substitution. It must help the country to be self-sufficient by producing goods which are otherwise been imported.

**b) Export promotion:**

A business should contribute towards export promotion. That is it should produce those goods which have export markets.

**c) Help to small scale enterprises:**

Every business has the responsibility of encouraging the growth of small scale units by resisting from assuming monopolistic position and by patronizing small ancillary units. SSI's contribute to the economic growth of the country.

**d) Development of skilled personnel:**

Every industry has the responsibility of giving training to young men as apprentices and contributing to the development of skilled personnel required for the industrial and economic growth.

**e) Establishment of a democratic, socialistic society:**

One of the social objective is to contribute towards development of democratic and socialistic society. This is done by giving special attention to the weaker and neglected sections of the society, by giving fair opportunities to all to work and prosper, and by ensuring social justice.