

Objectives of the Business

Whatever we do in our life, it has some definite objectives, purposes or goal. Every humans activity is started with some definite objective. According to Peter F. Drucker, “ Objectives are needed in every area where performance and results directly and vitally, affect survival and prosperity of business.”

As regards the objective of business, it is also a human activity and is directed towards achieving some definite objectives. Most of us think maximisation of profit or money making is the sole objective of business. It is true to some extent only but not completely. Of course, earning of profit by a business enterprise is necessary for its survival and growth but it can never be the sole objective of business. There are other objectives as well, which are equally important.

1. Economic Objectives- Since business is basically a human economic activity, its primary objectives are economic. Economic objectives of business are as follows-

1. Profit Motive-We have seen earlier that profit is the primary objective of business. A business needs profit not only for survival but also for its growth and diversification. It works as basic incentive for business pursuits. It is the legitimate reward for entrepreneurship, right motive in private enterprise, key to efficiency, drive and initiative. A business enterprise must earn sufficient profits so as to give adequate return to those persons who have invested their capital in the business. But the profit motive does not mean that consumers, workers and investors should be exploited. In the words of Peter F. Drucker, “ The problem of any business is not the maximisation of profit but the achievement of sufficient profit to cover the risk of economic activity and thus, to avoid loss.”

2. Creation of Customers- Any business enterprise can be sustained only when there are sufficient number of customers who are willing to purchase the goods or services offered by it. Further, the customers should also be satisfied with the goods or services and then only they will continue to buy your product or services and in this view new customers will also be created. Without a large number of satisfied customers we cannot imagine a business to last long. In the words of Peter F. Drucker, “There is only one definition of business purpose-to create a customer.” The customer is the foundation of business and keeps its existence intact.

3. Creation of Utilities- Goods or services offered by a business enterprise can be purchased only if they possess some utility. Thus, creation of utilities is another economic objective of business. A business enterprise creates time, place, and form utilities which meet the needs of the society.

4. Technical Innovation and Growth-Technical innovation and growth is another economic objective of business. Changes in the economic and business world are so fast and complex that a business enterprise cannot survive-unless it pays due attention to innovation and growth. It is through pursuing the purpose of innovation and growth that the business enterprise can increase its competent strength, expand its business and improve its image in the mind of customers. Innovation leads improvement in quality, more production and reduction in the cost of production.

(II) Social Objectives- Business is an economic institution which operates in the society. It cannot be separated from the society. Hence, it must meet the needs the expectations of the society, failing which, its very existence will be in danger. As such, it is the responsibility of business to fulfil its obligations to the society. Social objectives of business may be summarised as under-

1. **Supply of Goods or Services**- It is the social responsibility of any business enterprise to supply goods or services of right quality at right time, at the right place and at a reasonable price.
2. **Avoid Profiteering and Antisocial Practice**-Another social objective of business is that it should avoid profiteering and antisocial practices, such as, hoarding, black-marketing, smuggling, tax-evasion etc.

3. Welfare of Worker-The business enterprise should look after the welfare of its workers and they should be properly rewarded. The workers should be given incentive, wages, and necessary facilities, such as housing, medical care, education, good working conditions, freedom from environmental pollution etc.

4. Customer Satisfaction-Since the business is meant for consumers, it is the social responsibility of the business to provide them full satisfaction. Consumer's satisfaction is the key to success of any business enterprise.

5. Proper Return to Investors- Since investors provide necessary capital to the business enterprise, it is the social objectives of any business enterprise to provide them necessary return on the capital provided by them.

6. Co-operation with the Government- The Government of every country has to formulate –Plans, Policies and Programmes for the growth and development of that country. The plans, policies and programmes cannot be successfully executed without the active co-operation of business or business enterprises. Thereby, it is also a social objective of business to help and co-operate with the government of the country to enable it to fulfil its social obligations to the public at large.