



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: BBA & BCH

SUBJECT: BUSINESS ORGANIZATION

SUBJECT CODE:

BCH204

LECTURE: 6

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LECTURE-6



BUSINESS – OBJECTIVES

They can be classified into four categories, namely:

1. Economic Objectives
2. Social Objectives
3. Human Objectives
4. National Objectives

(1) Economic Objectives:

The economic objectives of a business are discussed below:

(i) Earning of Profits – Profits are needed to provide adequate reward to the entrepreneur and to provide funds for future growth. Entrepreneurship is one of the important factors of production. Just as other factors get their rewards, the entrepreneur must get reward for his efforts and taking of risk. Moreover, every businessman will like to see that the business he is managing should grow. This is possible only if the business earns sufficient profits for investing them into the business for expansion.

(ii) Satisfaction of Customers – The survival of the business depends upon the satisfaction of customers. Thus, the business must aim at winning and satisfying the customers. Peter F. Drucker has rightly said, “There is only one valid definition of business purpose, i.e., to create a customer.” Customers are created through advertisement and sales promotion and delivering them ‘want satisfaction’.

(iii) Innovation – Innovation means developing new technology, new products and their multiple uses. Business cannot succeed without designing new products and finding their new uses.

(iv) Effective Utilisation of Resources – Business requires the use of men, machines and materials which are considered scarce resources. Every business is expected to make the best possible use of these resources. This objective can be achieved by employing efficient personnel, making full utilisation of machines and reducing wastage of raw materials.