Why Businesses Need Objectives (Edexcel IGCSE Business)

Business objectives are the **specific goals** that a business aims to achieve within a certain time. They give direction, purpose, and a clear target for the organisation.

1. Why Businesses Need Objectives

1. To Provide Direction

- Objectives tell the business where it is going.
- Without objectives, the business has no clear path.
- Helps everyone understand the priorities.

Example:
A start-up sets an objective to "break even within 12 months."

2. To Motivate Employees

- Clear goals help employees know what they are working for.
- Motivated workers are more productive.
- Creates teamwork and a sense of purpose.

Example:
Sales staff aim to increase sales by 10% — gives them a target to achieve.

3. To Help in Planning

- Objectives act as the foundation for planning business activities.
- Helps managers allocate resources (money, workers, time).
- Allows the business to prepare strategies for growth or survival.

Example:
If the objective is to "enter the Asian market," planning will focus on research, marketing, and exporting.

4. To Measure Performance

- Objectives allow the business to see how well it is doing.
- Performance can be compared against targets.
- Helps identify strengths and weaknesses.

Example:
If the goal was to increase profit by 15% and the business achieved 10%, managers know there is a gap.

5. To Make Decisions Easier

- Objectives act as a guide to choose the best option.
- Helps managers make consistent and logical decisions.

Example:
If the objective is growth, managers may invest in new equipment instead of cutting costs.

6. To Reduce Uncertainty

- Objectives give a sense of stability.
- Everyone knows the direction even when the market is changing.
- Helps reduce confusion within the organisation.

7. To Coordinate Departments

- Different departments (marketing, finance, HR, operations) work towards one shared goal.
- Prevents conflict between departments.

Example:
Marketing aims to increase customers by 20%, and operations increases production to match demand.

Types of common business objectives

You can use these examples in exam answers:

- **Profit**
- **Survival**

- **Growth**
- **Market share**
- **Providing good service**
- **Social responsibility / ethical objectives**
- **Return to shareholders**