Why Evolution in Business Causes Objectives to Change

(IGCSE Edexcel Business Studies)

As a business grows and develops, its **needs, priorities, and challenges change**. Because of this, the **objectives it sets at the beginning do not stay the same** throughout its life. Businesses evolve over time, and every stage requires new goals.

Below are the **main reasons why business evolution causes objectives to change**:

1. Business Size Changes

- When a business is **small**, it mainly focuses on:
    - **Survival**
    - **Breaking even**
    - **Building customer base**
- When it **grows**, it can shift objectives to:
    - **Increasing profit**
    - **Expanding market share**
    - **Entering new markets**

Why?
A larger business has more resources and higher expectations, so it can aim for bigger goals.

2. Changes in Market Conditions

Markets are always changing due to:

- Consumer tastes
- Competitor actions
- New trends
- Technology
- Economic conditions

Example:
If demand drops, the business may change objective from **growth** to **cost reduction** or **survival**.

3. Changes in Competition

- If new competitors enter the market, the business may switch objectives to:
  - **Improving quality**
  - **Lowering prices**
  - **Increasing promotion**
- If competition is weak, it may pursue:
  - **Market dominance**
  - **Higher profits**

4. New Technology

Technology changes the way businesses operate.
It may force objectives to change to:

- Improve efficiency
- Reduce costs
- Invest in automation
- Develop online presence

Example:
A retail business may shift to an objective of **growing online sales**.

5. Changes in Ownership

When a business is:

- Taken over
- Merged
- Sold to new owners

The new leadership may set new objectives such as:

- Higher profits

- Faster growth
- Cutting costs
- Expanding internationally

6. Changes in Internal Resources

If a business gains more:

- Finance
- Skilled workers
- Equipment
- New premises

It can expand its objectives.

If it loses resources, objectives may shift toward:

- Stability
- Survival
- Reducing debt

7. Social and Ethical Pressures

Modern businesses face pressure to act responsibly.
Objectives may change to include:

- Reducing pollution
- Improving working conditions
- Ethical sourcing
- Supporting communities

8. Legal Changes

New laws can affect business operations.
Objectives may change to:

- Meet safety standards

- Reduce carbon emissions
- Improve data protection
- Follow labour laws

9. Change in Business Strategy

As businesses mature, they may change direction.
Examples:

- From being a low-cost producer → focusing on quality
- From local operations → expanding globally

So objectives update to fit the new strategy.

Summary Table

Stage	Typical Objective
Start-up	Survival, break-even
Growth	Profit, sales, market share
Maturity	Efficiency, innovation, brand strength
Decline	Cost reduction, diversification, survival