1. FINANCIAL OBJECTIVES

Financial objectives focus on the **money-related goals** of the business.
Most businesses aim to improve their financial performance so they can survive and grow.

1. Profit

- The most common financial objective.
- Profit = revenue – costs.
- Needed for survival, rewards to owners, reinvestment, and expansion.

Example:
Increase profit by 15% in the next year.

2. Increase Revenue (Sales)

- A business may aim to **sell more products** or earn more income.
- Helps the business grow and compete.

Example:
Boost sales by 10% in 6 months.

3. Growth

- Expansion of operations, market, number of stores, or product lines.
- Larger firms can benefit from **economies of scale** (lower average costs).

Example:
Open 5 new shops next year.

4. Market Share

- Increase the percentage of total market sales.
- Shows how competitive the business is.
- Helps gain power over pricing and suppliers.

Example:
Gain 5% more market share in the mobile phone market.

5. Cost Reduction

- Objective to lower costs to increase profit.
- Achieved through more efficient equipment, cheaper suppliers, or reducing waste.

Example:
Cut production costs by 7%.

6. Cash Flow Improvement

- Ensuring the business always has enough cash to pay bills.
- Especially important for **small / new businesses**.

Example:
Reduce overdue customer payments by 20%.

7. Return on Investment (ROI)

- Owners/shareholders want a good return for the money they invested.
- A financial objective is often to **increase dividends** or **share value**.

2. SOCIAL OBJECTIVES

Social objectives are about the business trying to **benefit society**, not just make profit.
These are often part of **corporate social responsibility (CSR)** or ethical behaviour.

1. Protecting the Environment

- Reducing pollution, waste, and carbon footprint.
- Using sustainable resources.

Example:
Use 50% recycled packaging.

2. Providing Employment

- Offering jobs to local communities.
- Training workers and improving skills.

Example:
Create 100 new jobs in two years.

3. Fair Treatment of Employees

- Safe working conditions, fair wages, equal opportunities.
- Improves motivation and reputation.

4. Supporting the Local Community

- Donating to charities, sponsoring events, helping local schools.
- Builds goodwill and positive brand image.

Example:
Donate 5% of profits to community projects.

5. Ethical Trading

- Treating suppliers fairly, avoiding child labour, transparent sourcing.
- Improves reputation and customer trust.

6. Customer Wellbeing

- Producing safe, high-quality products.
- Avoiding misleading advertising.
- Promoting healthy lifestyle choices.

Differences Between Financial & Social Objectives

Financial Objectives	Social Objectives
Focus on money, profit, and growth	Focus on society, ethics, and community
Aim to increase income and reduce costs	Aim to improve wellbeing and sustainability
Benefit owners/shareholders	Benefit employees, community, environment

Measured in numbers	Often non-financial measures

Why Businesses Use Both

Modern businesses often combine both types:

✔ Better reputation

✔ Customer loyalty

✔ Long-term sustainability

✔ Ability to attract skilled employees