1. Why Do Business Organisations Exist?

Business organisations exist to **produce goods or provide services** that satisfy **consumer needs and wants**.
They combine resources (land, labour, capital, enterprise) to create **value**.

Main reasons they exist:

- To **create value**
- To **meet customer needs**
- To **provide goods and services**
- To **earn profit** (most businesses)
- To provide **employment**
- To contribute to the **economy** (tax, growth, innovation)

2. Objectives of Business Organisations

Businesses set objectives to give direction, measure progress, and motivate employees.

Common Business Objectives

1. Profit

- Main objective for most private-sector businesses.
- Profit → expansion, rewards for owners, survival.

2. Survival

- Important for **new businesses** or during **economic downturn**.
- Means staying open and covering costs.

3. Growth

- Businesses want to become larger.
- Growth leads to:
    - higher profits
    - more market power
    - economies of scale

4. Increasing Market Share

- Market share = percentage of total market sales a business holds.
- Higher market share leads to stronger brand recognition and competitive power.

5. Customer Satisfaction

- Keeping customers happy ensures repeat sales and loyalty.
- Important in service industries (retail, hotels, etc.).

6. Social Responsibility

- Being environmentally friendly and ethical.
- Includes reducing waste, paying fair wages, and caring for the community.

7. Providing Quality Products

- High quality attracts and retains customers.
- Builds reputation.

3. Types of Business Organisations

Private Sector

- Owned by **individuals or groups**.
- Aim: **Profit**.

Examples: Shops, factories, restaurants.

Public Sector

- Owned by **government**.
- Aim: Provide **services**, not profit.

Examples: Schools, hospitals, police.

Non-Profit / Third Sector

- Aim: Social or community goals.
- No profit distribution.

Examples: Charities, NGOs, community groups.

4. Why Businesses Need Clear Objectives

Businesses need objectives because they:

- Give **direction**
- Help with **decision-making**
- Allow performance to be **measured**
- Motivate employees
- Attract investors
- Help coordinate different departments

Example:
A business with a goal to "increase sales by 20%" will plan marketing, production, and HR activities accordingly.

5. Changing Business Objectives

Objectives change depending on:

- **Size of business**
- **Age of business**
- **Economic conditions**
- **Pressure from stakeholders**
- **Competition**
- **Profit levels**

Examples:

- New business → **survival**
- Growing business → **profit and expansion**
- Successful business → **brand image, social responsibility**

6. Stakeholders and Objectives

Stakeholders influence business objectives.

Stakeholders include:

- Owners
- Customers
- Employees
- Managers
- Government
- Suppliers
- Local community

Each group has different interests → sometimes conflicting.

Example:
Owners want higher profit, but employees want higher wages.

📄 Summary Box for Handout

Purpose of Business Organisations

- Satisfy needs and wants
- Produce goods and services
- Create value
- Earn profit
- Provide employment

Key Objectives

- Profit
- Survival
- Growth
- Market share
- Customer satisfaction
- Social responsibility

Sectors

- Private → profit
- Public → public service
- Third sector → community/social goals

Stakeholders

- Groups interested in the business, each with different goals