

Chapter 5: Business Objectives and Stakeholder Objectives

- Business objectives are the aims or targets that a business works towards.

What objectives do businesses set?

- Market share
 - Business survival
 - Profit
 - Returns to shareholders
 - Growth of the business
 - Service to the community
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- **Profit** is total income of a business (sales revenue) less total costs
 - **Market share** is the proportion of total market sales achieved by one business
 - A social enterprise has social objectives as well as an aim to make profit to reinvest back into the business

Importance of Business Objectives

- Help the business have something to work towards
 - To assess business performance
 - For motivation of key stakeholders
 - Measurement of success
 - It gives a sense of purpose
 - Provides a vision and mission
 - It is a strategic plan
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- A **stakeholder** is any person or group with direct interest in the performance and activities of the business
 - The following groups of people are involved in business activity in one way or another, or are affected by it:
 1. Owners- profits return on capital
 2. Consumers
 3. Workers: satisfying work, incomes and job security
 4. Government: employment, taxes, increasing national output
 5. Managers: status and salary control
 6. Banks
 7. The community: jobs, clean environment, safe products

Business Objectives (Private Sector)

- Increase market share
 - Make profits
 - Growth
 - Survival
 - Provides a service to the community
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- May change over time