



1.3 Business objectives

Terminology exercise

Check that you understand the terminology used in this subtopic by dragging the correct word into each space.

A _____ approach to business management involves expectations that, in the 21st century, businesses should aim for a higher purpose beyond profit-making.

In a business context, _____ is any benefit experienced by a stakeholder connected to the organisation. For a long time, the dominant view was that business should make its main objective to maximise profits for its _____.

When a business sees its main purpose as maximising profits, it is likely to set objectives focused on _____.

_____ . But prioritising profits for shareholders can result in what economists call excessive _____, where one group of stakeholders captures for itself a very large portion of the value created by the business. This is more likely to occur where shareholders or business managers are only considering short-term, profit-making objectives rather than the long-term health of the business.

Businesses are increasingly seeing their objectives broaden from growth and _____ profit to a wider set of objectives related

promote a wider set of objectives related to corporate responsibility (CSR). Businesses are realising the importance for all stakeholder groups tied to a business to thrive. CSR requires a business to examine its impacts on the two domains of society and the natural environment. It also requires the business to consider impacts on both local and global scales. Businesses can be designed, or re-designed, to be more

and distributive.

value

social

value extraction

normative

growth

generative

shareholders

✓ Check



Question: 1 of 2 questions

